

BEFORE THE KARNATAKA ELECTRICITY REGULATORY COMMISSION,
BANGALORE

Dated 30TH November 2010

Present

- | | |
|-------------------------------|----------|
| 1. Shri M.R.Sreenivasa Murthy | Chairman |
| 2. Shri Vishvanath Hiremath | Member |
| 3. Shri K.Srinivasa Rao | Member |

**In the matter of the Approval of the
“Power Purchase Agreement of Bellary Thermal Power Station (BTPS),
Unit-1”**

BETWEEN

BESCOM, MESCOM, HESCOM, CESC & GESCOM

AND

KARNATAKA POWER CORPORATION LIMITED

Parties to the cause:

- 1) Managing Director, Bangalore Electricity Supply Company, Bangalore
- 2) Managing Director, Mangalore Electricity Supply Company, Mangalore
- 3) Managing Director, Hubli Electricity Supply Company, Hubli
- 4) Managing Director, Gulbarga Electricity Supply Company, Gulbarga
- 5) Managing Director, Chamundeshwari Electricity Supply Corporation, Mysore
- 6) Managing Director, Karnataka Power Corporation Ltd. No.82, Shakthi Bhavan,
Race Course Road, Bangalore – 560 001

ORDER

1. Karnataka Power Transmission Corporation Limited (hereinafter referred to as KPTCL) vide its letter No. KPTCL/B-36/5703/T-1/134-35 dated 28.05.2004 had submitted a Power Purchase Agreement (PPA) signed by it with Karnataka Power Corporation Limited (KPCL) for purchase of power from the 1st Unit of 500 MW capacity of Bellary Thermal Power Station (BTPS) established at Kudifini village of Bellary District.

2. On examination of this PPA, the Commission, vide its letter dated 02.07.2004 had sought certain clarifications / additional information in respect of certain clauses and terms and conditions from KPTCL. While doing this the Commission intimated KPTCL that, it would consider the initialed PPA guided generally by the (Terms and Conditions of Tariff) Regulations, 2004, issued by CERC (as at that time the Commission had not yet issued its Regulations on the Terms and Conditions of Tariff for generating companies) and therefore PPA shall be as per the CERC Regulations, 2004.
3. With effect from 10.6.2005, KPTCL came to be barred from engaging in trading of electricity under Section 39 of the Electricity Act, 2003 and five distribution companies were formed in place of KPTCL for carrying on the functions of Distribution and Supply of electricity. Therefore Government of Karnataka on 10.05.2005 assigned all the existing power purchase agreements of KPTCL with the generating companies to the five ESCOMs with effect from 10.06.2005.
4. In view of the assignment of PPAs to ESCOMs, the Commission, vide its letter dated 21.01.2009, informed the ESCOMs to furnish the information sought earlier from KPTCL on the PPA of BTPS, so that, it can proceed to consider the approval sought to the PPA.
5. In response, BESCO vide its letter dated 12.03.2009, submitted a fresh PPA signed by all the ESCOMs and KPCL on 03.02.2009 in place of the earlier PPA for approval of the Commission.
6. KPCL vide its letter dated 11.06.2009, submitted a statement of material changes between the revised PPA and the earlier PPA and requested the Commission to approve the fresh PPA as per the norms of CERC (Terms & Conditions of Tariff) Regulations 2004 considering the fact that the unit had pumped 1,200 MUs to the grid by March 2009 and that the unit had been commissioned before 31.3.2009.

7. The Commission noted that the procedure stipulated in Article 2.A.5 of the PPA for carrying out Commissioning test with continuous operation of the unit for 72 hours in the presence of an independent Engineer was not followed before 6.3.2009, the date of commercial operation as claimed by KPCL. In this regard the Commission sought the views of the ESCOMs on the request of KPCL for considering the PPA as per 2004 norms of CERC and also regarding the commissioning of the unit before 31.3.2009.
8. In reply, BESCO submitted that cumulative generation and pumping of electricity of 1,200 MUs to the grid by the unit cannot be taken as COD and therefore 2004 norms may not be applied.
9. Thereafter, the Commission conducted a hearing on 17.05.2010 to elicit the views of the parties namely KPCL and the ESCOMs on the issue of the date of COD and the applicability of the CERC norms as per the 2004 Regulations referred to above. During the hearing, KPCL reiterated its contention that the plant may be deemed to have achieved the COD on 6.3.2009 as it had continuously generated and pumped energy of 1,200 MUs up to the end of March 2009 and has operated continuously for 72 hours from 2.3.2009 to 5.3.2009 at 100 % MCR. KPCL further submitted that since COD is achieved prior to 1.4.2009, CERC norms of 2004 may be applied and the PPA be approved as per the CERC (Terms and Conditions of Tariff) Regulations, 2004. KPCL also furnished the following documents issued by M/s Fitchner Engineers in support of its submission.
 - i) Letter dated 26.03.2008 for generation of power from the unit with coal firing on 25.03.2008.
 - ii) Letter dated 11.10.2008 for commissioning of the unit on 10.10.2008.
 - iii) Letter dated 06.03.2009 for reliability operation test of the unit.

10. MD, BESCOM considering the additional facts submitted by KPCL during the hearing conceded the request of KPCL to treat 06.03.2009 as the date of COD for the unit. He further submitted that –

- i) The unit had delivered an average of 11.4 MUs per day as against 12 MUs per day of rated output, which works out to 95 % of the installed capacity of 500 MW.
- ii) This case may not be treated as a precedent for the other projects of KPCL or any other generator.
- iii) The liquidated damages collected from BHEL but not transferred to ESCOMs should be either transferred to ESCOMs or should be set off against the project cost.
- iv) KPCL may be directed to carry out Annual Capacity Test as per the terms of PPA.

11. The other ESCOMs also agreed with the submissions made by the MD, BESCOM.

12. The Commission further held a public hearing in the matter on 02.09.2010 after issuing a public notice through the newspapers to elicit the views of other stakeholders such as consumers.

13. Sri Shridhar Prabhu for FKCCI, Sri R. Nagaraj, Director (Finance) for KPCL, Legal Officer for BESCOM also appeared and made their submissions.

14. Sri Shridhar Prabhu mainly submitted that since PPA is being approved now in 2010 it shall be considered only in accordance with the CERC Regulations of 1.4.2009 and not as per 2004 Regulations. He also submitted that before PPA is considered for approval, KPCL shall confirm the capital expenditure actually incurred.

15. The Legal Officer, BESCOM reiterated the earlier stand that the Commission can take 'COD' date as 6.3.2009 in view of the factual material furnished by KPCL. Further he submitted that the liquidated damages collected by KPCL from BHEL towards delay in commissioning of the unit has to be accounted and deducted from the capital cost. The representative appearing for MESCOM also endorsed the views of BESCOM.

16. In response to the submissions made on behalf of FKCCI and the ESCOMs, Finance Director, KPCL submitted that since the plant has continuously generated electricity for 72 hours at 100 % MCR between 2.3.2009 and 5.3.2009, the plant be deemed to have achieved the COD on 6.3.2009. Consequently, according to him, Regulations of 2004 have to be applied and not 2009 Regulations. He further submitted that the KPCL has already reduced the capital cost by deducting the amount of liquidated damages it has received to the extent of Rs.243 crores from BHEL and this meets the request of the ESCOMs / FKCCI.
17. The Commission has considered the submissions made by KPCL, ESCOMs and FKCCI and also the material placed in the form of documents and written submissions.
18. The main issue that is required to be decided is the date on which the plant should be deemed to have achieved COD.
19. It is admitted by all the parties that the plant had continuously run for 72 hours at 100 % MCR between 2.3.2009 to 5.3.2009. This in our view, generally satisfies the requirement of the PPA for the purpose of achieving COD, subject to establishing the capacity of the unit at not less than 98 % of the 500 MW Installed Capacity in line with clause 2.A.4 & schedule VI of PPA.
20. We have considered the factual material placed before us. It is seen that the PPA requires that for achieving COD the unit shall operate continuously for 72 hours at maximum continuous rating with prior notice to the buyers and in the presence of an independent Engineer. Submitted facts show that the continuous operation of the unit for 72 hours has been recorded prior to 6.3.2009 at 95% capacity even though the presence of an independent Engineer has not been secured to observe the operation. On behalf of the ESCOMs also the above position has been accepted. Further the unit has been operating continuously delivering significant energy to the grid all these months and therefore, we are inclined to accept the contention of KPCL that the requirement of the COD is generally satisfied. We are therefore accepting

6.3.2009 as the date of COD and hold that the CERC (Terms and Conditions of Tariff) Regulations 2004 will apply for determination of tariff for BTPS unit. For the above reasons, we are not inclined to accept the contention of the counsel for FKCCI that the PPA has to be considered in the light of the 2009 Regulations of CERC. However, we also feel that, for the purpose of claiming full capacity charges, it is necessary that the unit should once again demonstrate the capacity within the near future.

21. Accordingly, the Commission hereby approves the PPA dated 3.2.2009 subject to the following conditions and norms enumerated hereunder:

(1) The Seller shall conduct initial capacity test for 72 (seventy two) hours within one year from the date of this Order strictly in accordance with Article 2.A.4 and Schedule VI of the PPA and submit the same to the Commission for orders, if any.

(2) The results of this capacity test should show that the unit's tested capacity is not less than 98% of its contracted capacity as existing on the effective date in order to claim full capacity charges from the date of COD. In case the unit fails to achieve 98% of the contracted capacity, the fixed charges shall be claimed on a prorata basis for the actual percentage of capacity recorded during the test with effect from the COD 6.3.2009.

(3) As regards the energy pumped into the grid up to the date of COD, as per clause 19 of the CERC (Terms & Conditions of tariff) Regulations 2004, the same shall be treated as infirm power and accounted as unscheduled interchange and paid for at the applicable frequency linked UI rates. Such revenue earned by the seller shall be applied for reduction in capital cost and shall not be treated as revenue.

22. The provisions of the PPA are discussed with reference to the norms stipulated in the CERC (Terms and Conditions of Tariff) Regulations 2004 and the Commission's decisions thereon are as follows:-

Operating Norms:

22.1. Technical Norms

22.1.1.Target Availability:

As per the PPA, target availability (Scheduled Generation @ 0.8 times the contracted capacity) is indicated as 80%. As per CERC (Terms & Conditions of tariff) Regulations 2004 also the target availability is 80%. Accordingly, the Commission approves the target availability at 80% of the installed capacity minus the normative auxiliary consumption in MW from Unit 1 of BTPS.

22.1.2. Incentive Payment:

The PPA provides for payment of incentive at the rate of Rs.0.25 per kWh for every additional unit of electricity delivered to the interconnection point(s) beyond a PLF of 80% during the tariff period which is as per CERC (Terms & Conditions of tariff) Regulations 2004. The Commission approves the same.

22.1.3. Gross Station Heat Rate:

The PPA provides for Gross Station Heat Rate of 2450 Kcal/kwh, which is as per CERC (Terms & Conditions of tariff) Regulations 2004. The Commission approves the same.

22.1.4. Auxiliary Consumption:

The PPA provides for the Auxiliary Consumption of 7.5% of the Gross generation at the end of each tariff period which is as per CERC (Terms & Conditions of tariff) Regulations 2004. The Commission approves the same.

22.1.5. Secondary Fuel Oil consumption:

The PPA provides for Secondary Fuel Oil consumption of 4.5 ml per kwh during the first six months after COD and 2ml per kwh at all times thereafter.

However, the relaxed norm of secondary fuel oil consumption of 4.5 ml per kwh during the first six months after COD has been deleted from 01.04.2006 in the amendment to CERC (Terms & Conditions of tariff) Regulations 2004. The Commission therefore approves the Secondary Fuel Oil consumption at 2 ml per unit of gross generation at all times.

22.2 Financial Norms:

22.2.1.Capital Expenditure:

As per the PPA, capital expenditure is defined as the actual expenditure incurred by the generating company as per the original scope of the project upto the first financial year closing after one year from the date of commercial operation of the unit as admitted by KERC for determination of tariff. During the hearing held on 02.09.2010, FKCCI submitted the following on capital expenditure.

- i) "Original scope of the project" is not defined in the PPA based on which the capital expenditure has to be admitted.
- ii) Capital expenditure on the project beyond the commercial operation date of the unit should not be allowed.
- iii) The capital expenditure of the project should be tested on the anvil of prudent norms.
- iv) "Cut off date" upto, which "Additional Capital Expenditure" has to be admitted, has not been defined.
- v) This PPA will be a precedent for other PPAs, which would be filed before the Commission for approval.
- vi) The distribution companies have to give their views.

BESCOM represented in the hearing that the liquidated damages collected from BHEL towards delay in commissioning of the unit has to be deducted from the project cost, as otherwise it would result in unlawful enrichment of KPCL.

The Commission has considered the above submissions carefully. The Commission observes that the "original scope of the project", though not defined, is covered in detail in Annex-XIII of the PPA, giving DESCRIPTION OF THE FACILITY AND SITE.

As per the PPA "Capital Expenditure" means the actual expenditure incurred by the generating company, as per the original scope of the project upto the first financial year closing after one year of the date of commercial operation of the unit as admitted by the KERC for determination of tariff. However as per CERC (Terms & Conditions of tariff) Regulations 2004, Capital cost is defined as the actual expenditure incurred on completion of the project upto date of commercial operation which is subject to prudence check and shall include capitalized initial spares with a ceiling norm of 2.5% of the original project cost.

The Commission approves the definition of capital expenditure as per the CERC (Terms & Conditions of tariff) Regulations 2004.

As regards defining "Cut Off Date", the Commission notes that though the same is not defined in the PPA, Article 1.2(c) of the PPA provides that "Any undefined terms will have the same meaning as in the Electricity Act 2003 or Central Electricity Regulatory Commission (Terms & Conditions of Tariff) Regulation, 2004 or Indian Electricity Grid Code. The Commission also notes that the term "Cut Off Date" is defined in the CERC (Terms & Conditions of Tariff) Regulation, 2004, as follows:

"Cut Off Date" means the date of first financial year closing after one year of the date of commercial operation of the generating station.

The Commission, in accordance with the definition of capital cost as per CERC (Terms & Conditions of Tariff) Regulations, 2004, approves capital cost based on the audited accounts as on the date of COD (06.03.2009) duly deducting the liquidated damages collected from M/s BHEL and the revenue earned by the sale of infirm power as in Para 21 (3) above.

22.2.2.Additional Capital Expenditure:

The PPA provides for additional capital expenditure as per the CERC (Terms & Conditions of Tariff) Regulations 2004 and the Commission approves the same.

22.2.3.Operation and Maintenance expenses:

As per the PPA, The Operation and Maintenance expenses for the first Tariff Period will be equal to 2.5% of Capital Expenditure including the expenditure during the Cut-off date of the Unit (base year = X), and in each subsequent Tariff Period after the first Tariff Period shall be increased to $X * (1.04)^n$.

Where

X = Base year of Operation and maintenance expenses.

n= No. of years from the base year. (e.g. $X * (1.04)^2$ for second tariff period;
 $X * (1.04)^3$ for third tariff period; and $X * (1.04)^n$.

As per CERC (Terms & Conditions of tariff) Regulations 2004, normative O&M expenses allowable is Rs 9.36 Lakhs per MW per year for the base year 2004-05. The same works out to Rs 10.95 Lakhs per MW for 2008-09. This is considered as the base O&M expenses. For each subsequent year, the base O&M rate shall be escalated at 4% per annum.

The Commission approves provision of O& M expenses as per the CERC (Terms & Conditions of Tariff) Regulations 2004.

22.2.4.Interest on Working Capital:

In the PPA, interest on working capital is proposed to be computed for a Target Availability of 80%.

Working capital is proposed to be computed based on the following:

- a) Operation and maintenance expenses for one month;
- b) Cost of Primary fuel for Sixty days;
- c) Cost of Secondary fuel for Sixty days;
- d) Maintenance spares at 1% to be on plant & equipment and Additional Capital Expenditure with escalation at 6% per annum;
- e) Receivables equal to two months on fixed and variable charges on Target Availability.

The above is as per the provisions in the CERC (Terms & Conditions of tariff) Regulations 2004 and the Commission approves the same.

In the PPA the rate of interest allowed on loan for working capital has not been indicated. However, as per CERC (Terms & Conditions of tariff) Regulations 2004, the rate of interest on working capital shall be on normative basis and shall be equal to the short-term prime lending rate of State Bank of India as on 1st of April 2004 or on 1st of April of the year in which the generating station or a unit thereof is declared under commercial operation, whichever is later. Interest on working capital shall be payable on normative basis, notwithstanding that the generating company has not taken working capital loan from any outside agency.

The Commission approves the interest on working capital on the above basis.

22.2.5. Depreciation:

As per the PPA, the rate of depreciation is computed based on the following:

- (i) The value base for the purpose of depreciation shall be the historical cost of the assets.
- (ii) Depreciation shall be calculated annually, based on straight line method over the useful life of the asset at the rates prescribed in Annexure X. The residual life of the asset shall be considered as 10% and depreciation shall

be allowed up to a maximum of 90 % of the historical capital cost of the asset. Land is not a depreciable asset and its cost shall be excluded from the capital cost while computing 90% of the historical cost of the asset.

(iii) On repayment of the entire loan, the remaining depreciable value shall be spread over the balance useful life of the asset.

(iv) Depreciation shall be chargeable from the first year of operation. In case of operation of the asset for part of the year, depreciation shall be charged on pro rata basis.

The Commission notes that the above proposal relating to depreciation is as per the provisions of CERC (Terms & Conditions of tariff) Regulations 2004 and hence approves the same.

22.2.6. Advance against Depreciation

In addition to allowable depreciation, the seller shall be entitled to Advance Against Depreciation, computed in the manner given hereunder:

AAD= Loan repayment amount subject to a ceiling of 1/10 th of loan amount as per Annexure XI minus Depreciation as per Annexure X.

Provided that Advance Against Depreciation shall be permitted only if the cumulative repayment up to a particular year exceeds the cumulative depreciation up to that year.

Provided further that Advance Against Depreciation in a year shall be restricted to the extent of difference between cumulative repayment and cumulative depreciation up to that year.

The Commission notes that the above proposal is as per the provisions of CERC (Terms & Conditions of tariff) Regulations 2004 and hence approves the same.

22.2.7. Interest Charges:

As per the PPA,

- (a) Interest on loan capital shall be computed loan wise on the loans calculated in the manner indicated in Annexure III.
- (b) The seller shall make every effort to swap the loan as long as it results in net benefit to the buyers. The costs associated with such swapping shall be borne by the buyers.
- (c) The changes to the loan terms and conditions shall be reflected from the date of such swapping and benefit passed on to the buyers.
- (d) In case of any dispute, any of the parties may approach the KERC with proper application. However, the buyers shall not withhold any payment as ordered by the KERC to the seller during pendency of any dispute relating to swapping of loan.
- (e) In case any moratorium period is availed of by the seller, depreciation provided for in the tariff during the years of moratorium shall be treated, as repayment during those years and interest on loan capital shall be calculated accordingly.
- (f) The seller shall not make any profit on account of swapping of loan and interest on loan.

As per CERC (Terms & Conditions of tariff) Regulations 2004,

- (a) Interest on loan capital shall be computed loan-wise on the loans arrived at in the manner indicated in Annex X.
- (b) The loan outstanding as on 1.4.2004 shall be worked out as the gross loan in accordance with Regulation on Debt Equity ratio minus cumulative repayment as admitted by the Commission or any other authority having power to do so, up to 31.3.2004. The repayment for the period 2004-09 shall be worked out on a normative basis;

- (c) The generating company shall make every effort to re-finance the loan as long as it results in net benefit to the beneficiaries. The costs associated with such re-financing shall be borne by the beneficiaries.
- (d) The changes to the loan terms and conditions shall be reflected from the date of such re-financing and benefit passed on to the beneficiaries;
- (e) In case of dispute, any of the parties may approach the Commission with proper application. However, the beneficiaries shall not withhold any payment ordered by the Commission to the generating company during pendency of any dispute relating to re-financing of loan.
- (f) In case any moratorium period is availed of by the generating company, depreciation provided for in the tariff during the years moratorium shall be treated as repayment during those years and interest on loan capital shall be calculated accordingly;
- (g) The generating company shall not make any profit on account of re-financing of loan and interest on loan;
- (h) The generating company may, at its discretion, swap loans having floating rate of interest with loans having fixed rate of interest, or vice-versa, at its own cost and gains or losses as a result of such swapping shall accrue to the generating company:

Provided that the beneficiaries shall be liable to pay interest for the loans initially contracted, whether on floating or fixed rate of interest.

The Commission approves the provisions relating to interest on loan capital as per CERC (Terms & Conditions of tariff) Regulations 2004.

22.2.8. Return on Equity:

As per the PPA, the Seller shall be entitled to receive a return on the equity base determined in accordance with Annexure III equal to 14% per annum. The Commission notes that the above proposal is as per the provisions of

CERC (Terms & Conditions of tariff) Regulations 2004 and hence approves the same.

22.2.9. Tax Component:

As per PPA, the Tax on income is proposed to be applicable as per CERC Regulations applicable from time to time.

The Commission notes that as per CERC (Terms & Conditions of tariff) Regulations 2004,

- (1) Tax on the income streams of the generating company from its core business, shall be computed as an expense and shall be recovered from the beneficiaries.
- (2) Any under-recoveries or over-recoveries of tax on income shall be adjusted every year on the basis of income-tax assessment under the Income-Tax Act, 1961, as certified by the statutory auditors.

Provided that tax on any income stream other than the core business shall not constitute a pass through component in tariff and tax on such other income shall be payable by the generating company.

Provided further that the generating station-wise profit before tax in the case of the generating company as estimated for a year in advance shall constitute the basis for distribution of the corporate tax liability to all the generating stations.

Provided further that the benefits of tax-holiday as applicable in accordance with the provisions of the Income-Tax Act, 1961 shall be passed on to the beneficiaries.

Provided further that in the absence of any other equitable basis the credit for carry forward losses and unabsorbed depreciation shall be given in the proportion as provided in the second proviso to this regulation.

Provided further that income tax allocated to the thermal generating station shall be charged to the beneficiaries in the same proportion as annual fixed charges.

Accordingly the Commission approves the provisions relating to tax on income as per the above provisions of the CERC (Terms & Conditions of tariff) Regulations 2004.

22.2.10. Rebate on LC Payment

In the PPA, provision for rebate for payment through Letter of Credit is made as noted below:

For payment of bills of Recoverable fixed charges, Energy charges and Incentive payment on presentation (Acknowledgment date), a rebate of 2% shall be allowed. If the payments are made by a mode within a period of one month (Due date of payment) of presentation of bills by the Seller (Acknowledgement date), a pro-rata rebate of 1% shall be allowed.

The Commission notes that the above provision is as per the CERC (Terms & Conditions of tariff) Regulations 2004 except that the rebate of 1% is in respect of payments by a mode other than through Letter of Credit. The Commission approves the provision as per CERC (Terms & Conditions of tariff) Regulations 2004.

The approval of this initialed PPA is based on the factual material placed before the Commission and therefore shall not be treated as a precedent for approval of any other PPA submitted / to be submitted.

23. Any other issues not specifically covered in this order may be mutually discussed and agreed to between the parties and submitted for approval of the Commission.

24. The tariff for BTPS (I) Unit shall become effective from date of commercial operation i.e., **06.03.2009**. The difference in tariff now

claimed and the tariff to be claimed by the seller after establishing the capacity of the unit as per Para 22 of the Order shall be tried up.

25. Parties are directed to execute the PPA approved on stamp paper (as required under Karnataka Stamp Act) with corrections pointed out in Annexure-I to this Order within a period of thirty (30) days from the date of this Order and send three (3) sets of copies to the Commission for its record.

26. This Order is signed on 30th Day of November 2010.

(M.R. Sreenivasa Murthy)
CHAIRMAN

(Vishvanath Hiremath)
MEMBER

(K. Srinivasa Rao)
MEMBER

Annex-1 CORRECTIONS TO BE MADE IN THE PPA OF BTPS UNITS 1

Page	Corrections	Remarks
Article-1		
6	Definition of Capital Expenditure- To be as per CERC (Terms & Conditions of tariff) Regulations 2004	Capital Expenditure is allowable only upto COD and not upto the end of the first financial year closing one year after COD. The definition needs to be in line with CERC (Terms & Conditions of tariff) Regulations 2004
6	Definitions of CERC (Terms & Conditions of tariff) Regulations 2004 The phrase 'and successor Regulations' – To be deleted	Amendments issued from time to time to CERC (Terms & Conditions of tariff) Regulations 2004 only are applicable.
6	Definition of Commercial Operation date- The phrase 'of all the units'- To be deleted	Present PPA is for Unit 1 only. Similarly, corrections are to be made to suit one unit wherever applicable.
7	Definition of Electricity: Interconnection point is referred as per Annexure II. Interconnections points as well as location of main, check and stand-by meters shall be clearly indicated. Also, the locations of Main meter, Check meter and Standby meter shall be in accordance with the Central Electricity Authority (Installation and Operation of Meters) Regulations and its amendments. Further, in Annexure II, reference to Annexure XIV is made and the same is not enclosed. Annexure XIV may be enclosed.	Location of main, check and stand-by meters has to be clearly indicated.
8	Definition of Facility: The words 'to be' shall be deleted	The plant is already commissioned.
9	Definition of Fuel: To be deleted	Primary & Secondary fuels have been defined separately.
9	Definition of Government Instrumentality: To insert coma between Commission and Inspectorate	Typographic error to be corrected
9	Definition of Gross calorific value: Sampling and analysis procedures are stated to be set out in Annex-VII. The same is to be annexed.	Annex VII does not indicate the sampling and analysis procedures. Further there are two more Annexures indicated as Annex VII viz., coal limitation specification and startup curve. Hence Annexures are to be

		numbered correctly with appropriate reference to be made in the PPA.
10	Definition of Gross Installed Capacity: To be revised as " means generating capacity reckoned at the generator terminal"	The definition to be in conformity with CERC Regulations 2004
10	Definition of Independent Engineer: Reference made to Central Power Research Institute (CPRI) as Independent consulting Engineering firm to be deleted	Naming of a specific consultant is not required
10	The definition of KERA shall be deleted.	Reference to KERA is no longer relevant
10	Definition of KERC: The phrase 'established under the KERA' shall be deleted.	Referring to KERA now is not relevant
11	Definition of Primary Fuel: It is mentioned as Annexure No VIII whereas the same is annexed as Annexure VII.	Annexure Nos. to be reconciled
11	Definition of RLDC: To be revised as " RLDC means the Southern Regional Load Despatch Centre established under EA 2003"	Southern Regional Load Despatch Centre is relevant LDC
12	Definition of Secondary Fuel: Annexure IX not enclosed. The same is to be enclosed	Annexure not enclosed. Annexure Nos. to be reconciled.
13	1.2(c)- To add " and State Grid Code" at the end of the para.	State Grid Code should also be included.
Article- 2A		
15	2.A.3.3 (I)- Reference is made to appendix giving generator manufacturer's capability curves etc., which is not enclosed, shall be enclosed.	Appendix mentioned is not enclosed
16	2.A.3.5 (iii) The word 'any' before Grid code in the second line has to be removed. Further Grid code shall be replaced by Grid code/ CEA (Technical Standards for the connectivity in the Grid) Regulations 2007	The word 'any' is not relevant. CEA (Technical Standards for the connectivity in the Grid) Regulations 2007 is relevant.
16	2.A.3.6 Last sentence of the para may be replaced by " Infirm power shall be accounted as unscheduled interchange and paid for state UI pool account at the applicable frequency – linked UI rate. The revenue so earned by the seller from sale of infirm power shall be applied for reduction of capital cost and shall not be treated as revenue.	This change is as per provisions in CERC (Terms & Conditions of tariff) Regulations 2004 with its amendments.
16	2.A.4 (a) Schedule VI is referred. But the same is indicated as Annexure VI in page 72. Hence the Heading "Annexure VI" in page 72 shall be changed to "Schedule VI"	Correct heading to be indicated in Page 72
17	2.A.5.1 (i) – The clause may be suitably modified to reflect the COD as mutually agreed.	The clause has to be modified to reflect the COD as mutually

		agreed.
17	2.A.5.1 (v)- In 1 st line of the clause, the word 'the' before each commissioning test has to be deleted	Typographical correction
18	2.A.5.2.1 – In the second line the words 'of the' is repeated twice. The same shall be corrected.	Typographical correction
Article-3		
21	3.3 (a)- The word 'considerations' in 5 th line may be corrected as 'consideration'	Typographical correction
23	3.6.1.4 – The words ' any unit' in the 1 st line shall be replaced by 'the unit'. Similarly, in the 6 th line the words 'such unit' shall be replaced by 'the unit'	PPA pertains to only one unit.
23	3.6.1.7- In the 2 nd line the word 'of' shall be replaced by 'and'	Typographical correction
Article-4		
26	4.1- The entire article shall be as per clause 17 of CERC (Terms & Conditions of tariff) Regulations 2004 with its amendments.	The terms Capital expenditure and additional capital expenditure shall be strictly in accordance with the CERC (Terms & Conditions of tariff) Regulations 2004 with its amendments.
28	4.2 (ii)- The heading 'Return' shall be corrected as 'Return on Equity'	Typographical correction
28	4.3 (iii) (a) (i)- Annexure X is not enclosed. The same shall be enclosed	
28	4.3 (iii) (b) (i)- Annexure XI is not enclosed. The same shall be enclosed	
28	4.3 (iv) – O&M expenses: The base year O&M expenses shall be computed based on the provisions of clause 21 (iv) of CERC (Terms & Conditions of tariff) Regulations 2004	The O&M expenses shall be strictly in accordance with the CERC (Terms & Conditions of tariff) Regulations 2004 with its amendments.
29	4.3 (v)- Tax component: The clause shall be in line with Article 4.9 of the PPA	Provision for tax on income shall be strictly in accordance with the CERC (Terms & Conditions of tariff) Regulations 2004 with its amendments.
29	4.4 (a) for SOC, the provision of Secondary Fuel oil Consumption of 4.5ml/kWh during first six months after Commercial Operation Date shall be deleted	To be in accordance with the CERC (Terms & Conditions of tariff) Regulations 2004 with its amendments.
29	4.4 (a) under GSHR the word "in" appearing after the words "heat rate" shall be deleted	Typographical error to be corrected
30	4.4 (b) for SOC, the provision of Secondary Fuel oil Consumption of 4.5ml/kWh during first six months after Commercial Operation Date shall be deleted	To be in accordance with the CERC (Terms & Conditions of tariff) Regulations 2004 with its amendments.

Article 5						
33	5.3- Metering System: 5.3 (a) – In 4 th line, the word 'Interconnection point' shall be replaced by 'Interconnection point(s)'					
33	5.3 (b)- The words 'generator terminals ' shall be replaced by ' locations as per the table indicated in Article 5.6'					
35	5.6 Locations of Meters: In the table, location of main meter, Check meter and Standby meter shall be corrected as follows;				Locations as per Central Electricity authority (Installation and Operation of Meters) regulations and its amendments	
	Sl.no	Stages	Main meter	Check meter		Standby meter
	A	Generating station	High Voltage (HV) side of the Generator transformer	High Voltage (HV) side of the Generator Transformer		On all outgoing feeders
Article 7						
46	7.2 (b)- Arbitration: The words 'it shall be referred to KERC for arbitration' shall be replaced by ' it shall be referred to KERC for adjudication/referral for arbitration'				As per section 86(1)(f) of EA 2003	
46	The last line in 7.2 (b) shall be deleted.					
46	7.2 (d)- To be deleted				This is already covered in 7.2 (b)	
Article 8						
48	8.5 (b)- In 1 st line the word 'be' appearing before the word 'seller' shall be replaced by the word 'the'				Typographical error to be corrected	
General						
	Some of the Pages after page 61 are not numbered and the pages also do not appear in the order of page nos. This shall be attended to.					