

**STATUS OF COMPLIANCE OF MPERC DIRECTIVES GIVEN IN GENERATION TARIFF ORDER FOR FY- 07 TO FY- 09**  
**(Ref: :MPERC Letter No.945 dated 17.4.2006 and MPPGCL Lr.No. 228 dated 27.04.2006 & No. 543 dated 30.10.06)**

**Updated upto Nov. 2009**

<b>Sl. No.</b>	<b>Clause No.</b>	<b>Direction</b>	<b>Status of compliance as conveyed to MPERC</b>
<b>1</b>	<b>5.1.9</b>	<p><b>Data Based Management and Management Information System :-</b></p> <p>The Commission in its Generation Tariff Order for FY06 has already directed the Generating Company to prepare a time bound programme / action plan and apprise the Commission on the implementation of the action plan. The Commission has also directed MPPGCL to complete the task by 30/09/2006</p>	<p>Compliance status reported to MPERC under Sl.No. 8 of statement vide MPPGCL letter No. 228 dated 27.4.06 and letter No. 542 Dated 28.10.2006.</p> <p>A scheme of Rs.28 Crores has since been approved by BoD of MPPGCL as well as GoMP. PFC have also agreed to finance the scheme upto Rs.22 Crores and has been consented by MPPGCL. MoA has been signed on 12.12.07 DFID appointed consultant M/s PWC had provided partial technical assistant due to limited budgetary support for GENCO and submitted a draft technical specification. Further, it was decided to appoint full time consultant for the complete implementation of the project. Accordingly, Tender Notice No. AS/MPPGCL/MIS dt. 5.10.09 has been published. The techno commercial offer of the bidder has been opened on dt. 1.12.09, which is under process. The full time consultant is likely to be in place by 31.12.09. System Integrator for execution is likely to be in place by 01.03.2010 and completion of the project by 31.10.2010.</p>
<b>2</b>	<b>5.2.1</b>	<p><b>Improvement in Performance of Generating Units:-</b></p> <p>The Commission again directs MPPGCL to carry out necessary R&amp;M works for improving the performance of its generating units. MPPGCL may consider phasing out these units if it feels that these units have over lived their economic life and investment in R&amp;M may not yield the desired results. The Company is required to submit its proposal in this regard to the Commission with a detailed cost benefit</p>	<p>The compliance of the directive has been submitted to MPERC vide MPPGCL letter .no.368 dt. 28.07.2006. The BoD of MPPGCL have also considered this proposal and approved the proposal for retirement of Amarkantak PH-1. CEA has also given their approval. However, M.P.Govt. approval is awaited.</p>

		analysis within three months of this order. (Paragraph 5.4 of Generation Tariff Order for FY06)	
3	5.2.3	<p><b>Energy Audit :-</b></p> <p>The Commission further directs the MPPGCL to carry out energy audit in its thermal plants regularly and based on this audit determine SHR phase wise for all stations. MPPGCL shall provide reasons for the observed differences in values determined on the basis of this audit and actual coal consumption. The Company is also required to determine SHR separately for all stations after discounting the energy generated and coal assumed to be fed in the boilers during the period when its weight-o-meters are non functional. The Company shall submit above reports quarterly and shall place the data on its website. The Commission shall arrange to review the position through a consultant and by taking up the scrutiny suo moto through a petition. (Paragraph 5.29 of Generation Tariff Order for FY06)</p>	<p>The Energy Audit of ATPS, Chachai &amp; SGTPS, Birsinghpur has been got conducted through M/s ERDA, Vadodara and for STPS, Sarni through CPRI. Firms has submitted their recommendations. Station Heat rate and other parameters are calculated in line with the recommendation issued. <b>The quarterly report was being submitted regularly as directed.</b></p> <p>Now in April'09, Hon'ble Commission have revised the formats and advised to send status report on implementation of recommendations of Energy Auditors every month instead of quarterly basis. On request of Utility, Hon'ble Commission have now agreed to send the reports on Quarterly Basis. Reports are being prepared accordingly by utility. Utility has been advised to expedite the submission of report within time schedule.</p>
4	5.2.9	<p><b>Detailed Capital Expenditure Plan:-</b></p> <p>The Commission directs that the Capital expenditure plan along with the financing plan for the tariff period commencing from FY07 may be submitted before the Commission for its approval. The Commission in the event of the Company not complying with this direction shall disallow additional depreciation and interest on loan borrowed for funding the capital expenditure. (Paragraph 7.8 of Generation Tariff Order for FY06)</p>	<p>The compliance of the directive has been submitted to MPERC vide MPPGCL letter no.368 dt. 28.07.2006. The detailed reports for (R&amp;M) schemes for Satpura Complex already submitted to MPERC. Report finalised and administrative approval accorded by BoD., MPPGCL on 17<sup>th</sup> June'09. The approval from GoMP has also been obtained by utility. Further, the Capital Expenditure Plan in the form of petition has been filled by Utility on 9.11.09 for in- principle approval of Hon'ble Commission.</p>

5	5.2.10	<p><b>Power Station wise Accounting Statements:-</b></p> <p>The Company is advised to treat each power station as a strategic business unit and should prepare a separate Balance Sheet and profit and loss account for all its SBUs. The Commission also directs MPPGCL to pay attention to strengthening its accounting functions by coding its accounting policies and inducting trained accounting professionals. The accounting function needs to be fully computerized so that the requirements of the Companies Act of publishing half yearly accounting reports and finalising the financial statements within six months of the close of the financial year can be met. (Paragraph 7.9 of Generation Tariff Order for FY06)</p>	<p>The present status of compliance has been reported to MPERC vide MPPGCL 1. no. 295 dt 15-06-2006. The Company is in primary stage of developing the accounting frame work. The preparation of separate balance sheet and profit and loss account for each Power Station (SBU) is a difficult task to achieve without full computerization of Accounting functions. The Company is in the process of taking up a broad based MIS project, which may take up to two years time for implementation.</p> <p>On insistence by Hon'ble Commission during CMD level meeting held on 16-05-08, the status was further examined and efforts are being made to provide station wise balance sheet for FY 2010.</p> <p>Regarding publishing of half yearly accounts, it is submitted that there is no such requirement in Companies Act to publish half yearly accounts. The requirement is applicable to those Companies whose shares are listed in the stock exchanges as per the listing agreement with the stock exchange under SEBI Act.</p>
6	5.2.12	<p><b>Station wise Cost Identification :-</b></p> <p>The Commission directs the Company that in future all tariff petitions must have station wise cost identification and segregation based on their individual Balance Sheet and Profit &amp; Loss account. Each petition must have subsections devoted to each of its stations. The Company must provide detailed reasons for these projections and segregations especially for cost item like interest liability. In the absence of these details the Commission shall draw adverse inference and the costs may be accordingly reduced. (Paragraph 7.11 of Generation Tariff Order for FY06)</p>	Same as in para 5.2.10
7	5.2.14	<p><b>Setting up Coal Washeries System:-</b>The generation company shall explore the possibility of setting up of Coal Washeries System for their Thermal power stations. The cost benefit analysis in this regard shall be submitted to the Commission before October 2006 failing which the Commission shall consider revising the SHR and other performance parameters to bring these to the prevailing level of similar stations where washeries and beneficiation has resulted in improved performance. (Paragraph 7.13 of Generation Tariff Order for FY06)</p>	<p>The status of compliance reported to MPERC vide MPPGCL letter No. 542 dated 28.10.2006. In a follow up action, BoD of MPPGCL in its meeting held on 19.5.07 have decided that a senior level Committee be formed by CMD to study cost benefit analysis based on the report of washed coal being used in NTPC/MAHA.-GENCO and submit the report to BoD within 45 days. The said committee has submitted its report . Now the Utility has informed that the setting up of Coal Washeries system at Power Station end is not feasible due to following reasons:-</p>

- (i) The coal is to be transported upto the Power Station/Washery with the Ash Content which is to be removed after washing. Thus MPPGCL has to bear extra cost towards ash transportation.
- (ii) Disposal of waste (Ash & Slurry), will be a great problem beside associated environmental problems.

Apart from above, it is pertinent to mention here that as per extra ordinary Gazettee Notification dtd. 19.9.07 of Govt. of India .

“on and from 1<sup>st</sup> Day of June 2001 the following coal based Thermal Power Plants shall use beneficiated coal with ash content not exceeding 34% namely:-

- (a) Any Thermal Power Plant located beyond 1000 kms from the Pit Head and
- (b) Any Thermal Power Plant located in urban area of sensitive area or critically polluted area irrespective of the distance from pit head except any Pit Head Power Plant”.

It is to mention here that all the Thermal Power Station of MPPGCL are situated at Pit Head and therefore not covered under the provision of aforesaid Gazette Notification of GoI. Hence, it is not mandatory for MPPGCL to use washed coal at its Power Stations.

However, as an alternative, MPPGCL had also explored the possibility for engaging an agency for washing of raw coal through open paper tender, but the rates obtained were abnormally high and no tangible benefits could be established.

In view of above, the Utility has informed that proposal for use of washed coal /setting up of coal washery of Power Stations of MPPGCL does not appear feasible.