

Record Notes of 1st Meeting of "Monitoring Committee for reviewing the performance of the Assam Power Generation Corporation Limited (APGCL) held on 26.06.2012 at 11.30 AM in the Conference Hall of AERC.

Members present as per Annexure A.

In pursuance of the discussions and decisions taken at the 15th State Advisory Committee (SAC) Meeting held on 17th February, 2012, the Commission constituted a Monitoring Committee for reviewing the performance of the Assam Power Generation Corporation Limited (APGCL) and the 1st meeting was convened on 26.06.2012 at the Conference hall of the Commission.

At the outset, the Chairperson of the Commission welcomed the Members and outlined the importance of increasing the generation capacity of APGCL. Referring to the functions of APGCL, the Chairperson stated provision 10 of the Electricity Act 2003 which has entrusted a generating company the duties to establish, operate and maintain generating stations, ties-lines, substations and dedicated transmission lines connected therewith in accordance with the provisions of the Act or the rules or regulations made hereunder. The Chairperson stated that electricity generation has been de-licensed and captive generation has been freely permitted by the Electricity Act 2003 to encourage investments in this sector. The Chairperson said that as per records available with the Commission, none of the three running state owned power stations of APGCL, namely 119.5 MW Namrup Thermal Power Station (NTPS), 157.2 MW Lakwa Thermal power Station (LTPS) and the 100 MW Karbi Langpi Hydro Electric Project (KLHEP) were generating to their installed/ derated capacities. The Chairperson expressed concern that the existing generating capacity of APGCL was only around 30% of the total peak demand in the state. It was therefore, emphasized that the ongoing generation projects in the state are required to be closely monitored so that these are executed on scheduled time. The Chairperson then stated the objectives of the Monitoring Committee for APGCL which are as follows:

- i) to review the status of existing and ongoing generation projects and also monitor implementation of new projects including their physical & financial status so as to avoid time and cost overruns.
- ii) another objective of the Committee is to assist APGCL prepare detailed Action Plans to monitor the performance of the generating plants of APGCL with regard to their approved and actual auxiliary consumption, Station Heat Rate, plant availability, plant load factor, preventive maintenance, normal repairs and

maintenance, etc. The Committee shall stipulate standards for improvement of performance of the generating stations and take steps for reduction of wasteful expenditure.

The Chairperson stated that wherever necessary, the Committee may also make field visits and suggest remedial measures for improvement and ensure implementation of such measures as may be required.

It was stated that the Committee has been constituted with members representing the State Government, State Electricity Regulatory Commission, industry, consumer, and State Generating Company so that there are effective discussions during the meetings and APGCL can be assisted in all possible ways in completing its ongoing and new projects within targeted schedule so that the utility can fulfill its responsibilities in an efficient manner. A brief presentation on status of existing, ongoing and new projects of APGCL was made by the CGM (Generation), APGCL. The presentation initiated discussions among members of the Monitoring Committee and these are briefly outlined below:

1. During the course of the presentation, it was informed that NTPS - whose de-rated capacity was fixed at 119.5 MW by CEA, was generating only 65 MW of power with the allotted 0.66 MMSCMD gas. It was informed that the machines could not generate to their de-rated capacities not only due to inadequate gas supply but also due to the decrepit conditions of the machines owing to long years of use. It was also informed that the Unit # 5 of the station of 24 MW De-rated capacity was under shutdown since 16.06.2010 due to generator stator fault and it was expected that the unit would be re-commissioned after necessary repair by end July 2012.

The members expressed concern that the machines of NTPS were not generating upto their de-rated capacities. The Chairperson, AERC suggested that **APGCL should take necessary consultancy service from experienced BHEL and NTPC experts for improving productivity from the existing old plants. The generating utility may draw up an estimation of cost required along with BHEL, NTPC for the purpose and submit the same to the Commission along with tariff petitions for examination of the Commission.**

2. It was informed that unit #1 and unit #3 of the Lakwa Thermal Power Station of 15 MW each were under forced shutdown w.e.f 29.03.12 and 08.10.11 respectively for generator problems. While unit #3 was under rectification and was

expected to be re-commissioned within July, unit #1 required major overhauling and could not be re-commissioned soon.

3. It was informed that the KLHEP was unable to generate to its maximum capacity due to the low water level as well as forced outage of the second unit due to flash over in the bus duct.

4. The members expressed their desire to know the status of gas supply by GAIL and AGCL. It was informed that LTPS received contracted quantity of 0.40 MMSCMD from GAIL at APM price which was increased to 0.55 MMSCMD vide letter dated 06.12.2011 from GAIL. It was further informed that during the FY 2011-12, the station received average quantity of 0.36 MMSCMD of gas from OIL against contracted quantity of 0.50 MMSCMD at non-APM price. NTPS received 0.66 MMSCMD for FY 2011-12 from OIL at APM price as per the existing contract.

During the months of April-May' 2012, it was informed that LTPS received average gas of 0.42 MMSCMD from GAIL and 0.33 MMSCMD from OIL which was far below the contracted quantity. NTPS too received only 0.63 MMSCMD gas against contracted quantity of 0.66 MMSCMD.

5. Attention of the Members was then drawn to the status of the ongoing projects. It was informed the progress of civil works relating to the 100 MW Namrup Replacement Power Project (NRPP) Phase I was slow. As informed, this was mainly attributable to the supplier and contractor and other executing agencies due to lack of sufficient manpower, machineries and co-ordination. Work in BOP area was far behind the schedule.

It was informed that the open cycle unit of the plant was originally scheduled to be commissioned by October 2011, however, due to delay for factors noted above, the Open cycle unit is expected to be commissioned in December this year whereas the original month of commissioning of the Closed cycle unit i.e January 2012 was revised to June 2013.

The members expressed concern in the matter and Chairperson, AERC asked the APGCL to pressurize BHEL to expedite the process by taking up the matter with the highest authorities at the Ministry of Power and Ministry of Heavy Industries, Government of India. It was noted that time overruns causes huge cost escalations and therefore, it should be avoided. Besides, it was suggested that BHEL should be penalized for non-completion of the project in time and

punch list of be maintained by APGCL to keep track of the works being done and to be completed. It was further suggested that Performance Guarantee test should be conducted in presence of the CEA before taking over of the project. The Chairperson also stressed the need of Performance Guarantee Test (PGT) of recently commissioned 37.2 MW Lakwa Waste Heat Unit need be done without further delay following the above measures.

6. It was further informed that the works relating to ongoing hydro project namely 6 MW Lungnit Small Hydro Electric Project (LSHEP) was also progressing very slowly and APGCL was asked to take remedial action to make up for the time overrun. The revised date of Commissioning of Stage I of this project was stated as August 2013 and Stage II as March 2014.

It was informed that Stage II (2x1.5 MW) of the ongoing 9 MW Myntriang Small Hydro Electric Project (MSHEP) is expected to be commissioned in December 2012 and 2x3 MW Stage I in December 2013. It was informed that design capacity would be increased from 9 MW to 13.5 MW after procurement of EM equipments for additional 2 units (Stage I: 3 MW and Stage II: 1.5 MW) on completion of 5 years of observed hydrological data.

7. The members then deliberated upon status of a few new projects which are as given under:

i) **70 MW gas engine based Lakwa Replacement Power project:** This project is expected to be commissioned by 2014-15. PFR and DPR were prepared by engaging M/s Desein India Pvt. Ltd., through competitive bidding. Preparation of bid document to engage EPC contractor is under process. Total project cost is estimated at Rs 297.74 Cr, proposed to be financed by the State Government (30%) and rest by Financial Institutions.

ii) **12 MW Gas Engine based Golaghat Power Project:** This project is expected to be commissioned by 2015-16. PFR was prepared by engaging M/s Desein India Pvt. Ltd., through competitive bidding. Preparation of DPR is under process. Total project cost is estimated at Rs 79.34 Cr, proposed to be financed by the State Government (30%) and rest by Financial Institutions.

iii) **30 MW Gas Engine based Cachar Power Project:** This project is expected to be commissioned by 2015-16. PFR preparation is under process and total

project cost would be determined while preparing DPR. The project is proposed to be financed by the State Government (30%) and rest by Financial Institutions.

Besides the above three, it was informed that a few other thermal projects are in the pipeline namely 100 MW Amguri Thermal Power Project, 100 MW Namrup Extension Power Project, 500 MW coal fired Margherita Thermal Power Project and Revival of the 60 MW Chandrapur Thermal Power Project on coal.

The Chairperson advised APGCL for approaching the concerned Ministry at Government of India level to obtain fuel linkage for the above projects.

Besides, as informed by APGCL sources there are also a number of hydro projects in the pipeline which includes 3 x 50 MW Lower Kopili Hydro Electric Project, 60 MW Karbi Langpi Upper Stage HE Project, 21 MW Karbi Langpi Intermediate Stage-I HE Project, 25 MW Karbi Langpi Intermediate Stage-II HE Project and 19 MW Karbi Langpi Dam Toe HE Project.

For information of the members, it was stated that the Government of Assam framed a policy in 2007 to encourage generation of power through SHP sources of energy. After notification of this policy, investment avenues for approximately Rs 900 Cr have been opened up for Independent Power Producers (IPP)/ User societies. In the SHP Policy, 90 locations have been identified for development of SHP with a total power generation potential of 148.90 MW. Meanwhile, a few SHP have already been developed by the Assam Power project Development Company Limited (APPDCL) which is a JV between the State Government and M/s Infrastructure Leasing & Financial Services Limited (ILFS).

The members were of the opinion that representatives from APPDCL should also be invited in the next Monitoring Committee Meeting. The Chairperson agreed to this suggestion and before concluding the Meeting, all members agreed that the Committee need to meet regularly in order to monitor the progress being made in executing the ongoing and new projects by APGCL so as to ensure that these are commissioned timely. Also, the Committee would have to ensure that there is overall improvement in functioning of the generating utility by offering practical solutions to the problems discussed during the meetings.

The Meeting ended with a vote of thanks by the Chairperson of the Commission.

**List of Members attending the First Meeting of Monitoring Committee
for Review of Performance of APGCL
Dated 26.06.2013 at 11.30 A.M., in the Conference hall of AERC.**

- (1) **Shri J. Barkakati**, Chairperson, AERC
- (2) **Dr. R. K. Gogoi**, Member, AERC
- (3) **Ms U. Saikia**, ACS, Deputy Secretary, Power Deptt., Govt. of Assam
- (4) **Shri. K. Phatuwali**, CGM, APGCL
- (5) **Shri S. K. Saha**, CGM (F&A), APGCL
- (6) **Shri A.C. Saikia**, OSD, Lower Kopili HE Project, APGCL
- (7) **Shri M.K. Sarma**, DGM (P&P/R&M), APGCL
- (8) **Shri J.K. Saud**, AGM, APGCL.
- (9) **Shri S. Agarwala**, Member, FINER & Member SAC
- (10) **Shri P.K. Bordoloi**, Member, SAC

Officers of AERC present :

- (1) **Shri D. K. Sharma**, Joint Director (Tariff), AERC
- (2) **Shri T. Mahanta**, Deputy Director (Engg.), AERC

Consultants of AERC present :

- (1) **Shri A. K. Barthakur**, Senior Consultant, AERC
- (2) **Ms P. Sharma**, Consultant (Finance, Database and Consumer Advocacy)
- (3) **Shri N.K. Deka**, Consultant (Technical), AERC.