



TAMIL NADU ELECTRICITY REGULATORY COMMISSION CHENNAI

PUBLIC NOTICE

Notice is hereby given to all that Tamil Nadu Electricity Board and M/s. Cuddalore Power Company Ltd. have entered into a Power Purchase Agreement for purchase and sale of generation capacity and the electrical energy produced in the proposed **1320 MW Cuddalore Thermal Power Project**. In this context, the following are placed in the Public domain :

1. Tamil Nadu Electricity Regulatory Commission, under **Clause (b) of Sub-section (1) of Section 86 of the Electricity Act 2003**, has to approve any Power Purchase Agreement by the distribution Licensee as a measure of regulating the power procurement process.
2. As per the National tariff policy, all the power procurement from 6-1-2006 by the distribution Licensee, shall be through tariff based competitive bidding only. However, the Government of India have clarified that "where the appraisal of any power project has started before 6-1-2006 by the relevant financial institutions, for lending funds to the project, such cases will be falling outside the scope of the above provision of the National Tariff Policy, provided final PPA is filed before the appropriate Commission before 30-9-2006".
3. Claiming to have satisfied the above, M/s. Cuddalore Power Company Ltd. submitted on 29-9-2006, a Power Purchase Agreement dated 28-9-2006, entered into by them with TNEB, for sale of generation capacity and the electrical energy produced in their proposed **1320 MW Cuddalore Thermal Power Project**.
4. Upon initial scrutiny, certain observations on the various provisions of the agreement were communicated to TNEB for their comments/clarifications. TNEB have furnished their reply on 18-12-2006.
5. The Commission is required to accord the approval in a transparent manner after observing the procedures laid down in the Tamil Nadu Electricity Regulatory Commission Conduct of Business Regulations. In line with the above, the following salient details of the PPA are furnished for the information of the stakeholders and general public. Objections / suggestions may be sent to the Commission before 28-02-2007. Those desirous of perusing the Power Purchase Agreement and TNEB's clarifications can do so at the Commission's Office based on **written request**. Hard copies can be had from the Commission on payment of a sum of Rs.300/- in the form of DD payable at Chennai, drawn in favour of Secretary / TNERC.

The salient features of the Power Purchase Agreement are as below :

1. Project Promoter	GEA Energy System (India) Ltd. with 99.5% shareholding in Cuddalore Power Company Ltd. (CPCL).
2. Capacity of Project	1320 MW (2 x 660 MW Super Critical Unit) Note : TNEB, in the agreement have acknowledged this as 'base load' station, subject to merit order dispatch.
3. Normative Plant Load Factor	80%
4. Location	Thiyagavalli and Kudikadu villages in Cuddalore Taluk & District in Tamil Nadu (approximately 200 kms. south of Chennai).
5. Fuel	Imported coal from Indonesia and / or Australia.
6. Project Cost including Interest during construction and finance charges	Rs.6004 Cr. comprising of 230 Million Euro at the exchange rate of Rs.58/Euro and 173.31 million US dollars at exchange rate of Rs.45.50/US \$ and INR of Rs.3881.44 Crores.
7. Project Cost / MW	Rs.4.55 Cr./MW
8. Maximum permissible completed project cost in Indian Rupees including of all foreign exchange variation	Rs.6202 Cr. (Capped capital cost) or say Rs.4.70 Cr./MW
9. Debt:Equity Ratio	70 : 30
10. Loan Tenure	10 Year (Advance Against Depreciation provided for)
11. Base Interest on Loan Capital	Fixed interest rate for entire loan tenure and shall not exceed 10.5% p.a.
12. Base Return on Equity	14%
13. O & M and Insurance expenses	2.12% of the capital cost at the first year escalated at 4% p.a.
14. Depreciation	Weighted average rate of depreciation notified by the Commission.
15. Station heat rate	2375 k.cal. / unit
16. Auxiliary Power Consumption	7.5% of gross generation
17. Gross calorific value of coal	6200 k.cal/kg
18. Landed cost of coal	Rs.2,521 per tonne (based on landed coal cost of 55 US \$ per tonne).
19. Secondary fuel oil consumption	2 ml./kwh.
20. Gross calorific value of fuel oil	9500 / k.cal/litre
1. Landed fuel cost	Rs.20,000/KL.
2. Levelised tariff computed at a discounted rate of 12%	Rs.2.30/kwh comprising of Rs.1.22 towards fixed cost Rs.1.08 towards variable cost.
3. Tentative Date of financial closure	30-9-2007
4. Commercial operation of the first unit	30-4-2011
5. Commercial operation of the second unit	30-10-2011

R. BALASUBRAMANIAN, Secretary