

3. PTC India Limited (PTC)
The Senior Vice President
2nd Floor, NBCC Tower
Bhikhaji Cama Place
New Delhi 110006
4. Madhya Pradesh State Electricity Board
Executive Director (Commercial)
Shakti Bhavan
Vidyut Nagar, Jabalpur
Madhya Pradesh 482008

The Petitioner respectfully submits as under:

1)The Petitioner had submitted to the Honorable Commission its Petition No. 154/2005 on 15th December, 2005 for In-principle clearance of Project capital cost and financing plan for 1100 MW SUGEN CCCP of Torrent Power Generation Limited.

2)The Honorable commission was kind to review our petition and pass preliminary orders on February 10, 2006. This petition is filed in continuation of our earlier petition dated December 15th 2005 complying with the condition ordered by the commission

3)Honorable Commission, vide its order dated 10th February 2006 directed the Petitioner:

"To make efforts to get agreement/consent for sale/purchase of power between PTC and MPSEB and apprise the Commission about the progress made in this regard"

PTC has confirmed vide its letter dated 22nd February, 2006 that Madhya Pradesh is one of the State which is willing to consider

purchasing power from the above generating station. (Copy enclosed at **Annexure A**)

4)A letter dated 14th March, 2006 has been received from Madhya Pradesh State Electricity Board (MPSEB) confirming interest in buying the power. (Copy enclosed at **Annexure B**).

5)Further, the Commission also directed the Petitioner:

'To supply copy of the petition to all the beneficiaries and is also required to publish notices in the newspapers of all the States to which the generating station will be supplying power'.

6)The Petitioner has served a copy of the entire petition to MPSEB vide its letter dated 21st February 2006, copy of which is enclosed at **Annexure C**. A copy of this petition is also being served on MPSEB, TPAEC, TPSEC and PTC , besides hosting a copy of the petition on the company website www.torrentpower.com

7)While disposing the petition, CERC has mentioned that:

"The Petitioner has firmed up 846 MW for sale within Gujarat. Another 100 MW is reportedly to be purchased by PTC. This leaves a balance of 182 MW, about which, there is no firm commitment by any state. The Petitioner should indicate the treatment of this balance power".

The Petitioner hereby humbly submits that total fixed costs are allocated to off-takers in proportion to their allocated capacity. Therefore, the pro-rata capital costs for the balance unallocated capacity of 182 MW are not loaded to any of the off-takers with whom the Petitioner has executed the PPAs.

8)The Petitioner also submits the details of projected growth in the consumption of primary beneficiaries, TPSEC and TPAEC as follows:

Category/ For year ended March 31	2006	2007	2008	2009	2010	2011	2012	CAGR 10–Yr (%)
Energy requirement								
TPSEC	3081	3329	3599	3890	4206	4549	4920	8.1%
TPAEC	4096	4266	4444	4632	4830	5039	5258	4.3%
Sub Total	7177	7595	8043	8522	9036	9588	10179	6.1%
Peak Demand								
TPSEC	558	603	652	705	762	824	892	8.1%
TPAEC	742	773	805	839	875	913	953	4.3%
Sub Total	1300	1376	1457	1544	1637	1737	1844	6.1%

9)It would be observed from the above that the entire energy would get fully absorbed by TPAEC/TPSEC by the year 2010. In view of the short term nature of such surplus, the petitioner does not propose to enter into any long term commitments for selling the above capacity. After reviewing the actual growth achieved every year by the beneficiaries TPAEC and TPSEC such unallocated share would be offered to them. Any surplus thereafter would be sold on merchant basis. This would not only enable the entire capacity of the plant to be used effectively but, would also ensure security of supply.

10)The Tariff policy published by the Government of India also envisages build up of spinning reserves to the extent of 5% of the capacity. The Petitioners request that the Honorable Commission may consider our petition in line with the stated policy of Government of India.

Progress on the project subsequent to preview petition:

11)The other beneficiaries, TPAEC and TPSEC had filed Petitions with GERC for approval of their power procurement plan from TPGL. GERC, vide its order dated 23rd December, 2005 has given its consent to the Power Purchase Agreements (PPAs) executed between the Petitioner, TPAEC and TPSEC subject to certain Amendments being carried out in PPAs. The Petitioner confirms that it is agreeable to accept such amendments. Copy of GERC Order is enclosed at **Annexure D**.

12)In the interest of the project, the Lenders to the project had permitted the Petitioner to achieve Financial Closure subject to companies obtaining In-principle approval for the project cost and financing plan from CERC. Therefore, in spite of Financial Closure, the petitioner still needs approval of the Honorable Commission to maintain the pace of progress of the project.

13)The Petitioner had incurred an expenditure of Rs. 562.68 Crores as of 1st March, 2006 and has also reached 24% completion of EPC Contract.

The Petitioner, therefore, prays that the Honorable Commission may be pleased to:

- (i) Permit MPSEB to be impleaded as a Respondent in the above petition

- (ii) Accord approval for In Principle acceptance in the Project capital cost and the financing plan in terms of Regulation 17 of Central Electricity Regulatory Commission (Terms and Conditions of Tariff) (First Amendment) Regulations 2005

- (iii) Pass any other order in this regard as the Honorable Commission may find appropriate in the circumstances mentioned above.

Place : Ahmedabad

s/d

Date : March 17, 2006

(PETITIONER)