

CENTRAL ELECTRICITY AUTHORITY

SUMMARY RECORD OF DISCUSSIONS AT THE 3rd (SPECIAL) MEETING OF NATIONAL POWER COMMITTEE HELD ON 14TH FEBRUARY 2014

The 3rd (Special) meeting of National Power Committee (NPC) was held on the 14th February, 2014 at CEA, New Delhi. The list of participants is enclosed at Annexure.

Chairperson, CEA & NPC, Smt. Neerja Mathur, welcomed the members of the NPC as well as other participants and stated that an urgent meeting of NPC at a very short notice had been convened to brief the members about the scheme for operationalisation of Power System Development Fund (PSDF) approved by the Cabinet and circulated by the Ministry of Power (MoP) vide letter dated 10th January, 2014. Giving a brief about the scheme, she informed that National Load Despatch Centre (NLDC) had been designated as the nodal agency for the implementation of the scheme. An Appraisal Committee had been constituted under the chairmanship of Chairperson, CEA for scrutiny (techno-economic appraisal) and prioritisation of the various project-proposals for funding from the PSDF. An inter-ministerial Monitoring Committee had also been set up under the chairmanship of Secretary, MoP for sanctioning grants from PSDF and monitoring the approved projects based on the recommendations of Appraisal Committee and Regulatory approval from the Appropriate Commission.

Chairperson, CEA mentioned that the Appraisal Committee held its first meeting in the last week and discussed various issues like the procedure for receipt of proposals, examination of DPRs, disbursal of funds from PSDF, transfer of funds into Government account and withdrawal thereof, etc. She requested Shri Dinesh Chandra, Chief Engineer I/c (GM), CEA & Member Secretary, NPC, to give a small presentation on the draft procedure prepared on the basis of the Scheme for operationalization of Power System Development Fund issued by MoP and the discussions of the meeting of Appraisal Committee.

Member Secretary, NPC gave a brief presentation on the draft procedure prepared by NLDC in consultation with NPC Secretariat. Mentioning that the draft procedure was yet to be approved by the MoP, he elicited comments / views of the members of NPC on various provisions in the procedure. A copy of the procedure had already been circulated to all NPC members and a copy of the same is also enclosed with this summary record for reference. Based on the discussions during the presentation, the following clarifications were made / decisions were taken:

- a) Referring to the entities like Regional Power Committees, Generating companies, Distribution licensees, Transmission licensees, Load despatch Centres, Power Exchanges, etc. eligible for funding from PSDF, Member Secretary, ERPC expressed reservation about the inclusion of Power Exchanges, which being the private entity were not eligible for funding from PSDF as per the scheme. It was clarified that although Power Exchange was a private entity at that point of time, the government entity / PSU may also enter into the domain in future. Moreover, it was in the purview of the Appraisal Committee to either recommend or reject the proposal for funding from PSDF keeping in view the provisions of the PSDF operationalisation scheme.
- b) Regarding the requirement of appraisal by the CTU / STU before submission of a proposed scheme to NLDC, SRPC representative enquired as to whether scheme proposed by SLDC would also require appraisal by STU. CEO, POSOCO opined that SLDCs were still evolving in many States, and therefore, the STU should vet the projects for funding from PSDF. **Some members suggested to include RPC also along with CTU/STU for appraising/endorsing the proposals from regional benefit angle, which was accepted by NPC and NLDC.**
- c) NRPC stated that as per CERC's Regulations, RPCs were authorised to utilise the fund available in Reactive Pool Account for capacity building purposes without approaching Managing Committee, etc. However, it appeared from PSDF operationalisation Scheme of MoP that RPCs would now need to submit the proposals for capacity bundling to NLDC for obtaining funds from PSDF. They sought clarification in this regard. CEO, POSOCO opined that **such issues may be resolved through amendment of CERC (PSDF) Regulation, 2010 by the Central Commission.**
- d) Referring to the projects eligible for funding from PSDF such as Transmission system of strategic importance based on operational feedback by Load Despatch Centres for relieving congestion in inter-state transmission system (ISTS) and intra-State system which are incidental to the ISTS, members queried that if the inter-state network results into overloading of intra-state network, then whether the grant from PSDF could be utilised for strengthening and relieving the congestion in intra-state network. It was clarified that as per the scheme only such projects for strengthening of transmission network as are incidental to the ISTS, would qualify for funding from PSDF. However, it will be upto the Appraisal Committee to approve the intra-state projects if it has a far reaching impact on the grid security.

- e) On the provision of upto 40% grant from PSDF for the schemes costing between Rs.5 Crores to Rs.100 Crores, and upto 30% grant for the schemes costing beyond Rs.100 Crores, WRPC representatives stated that most of the schemes for renovations and upgradation of protection systems in the sub-stations of the States would fall in these cost-brackets and accordingly, such schemes would qualify for upto 40% grant only, from PSDF. Considering the importance of these schemes from grid security angle and sizeable amount available in the PSDF, they requested to **raise the limit of grant from PSDF for the schemes costing between Rs.5 crores to Rs.100 Crores and these costing beyond Rs.100 Crores**. Other RPCs also had the same opinion. NERPC urged that grants less than 90% would not be acceptable to NER states as in that case contribution of state government would increase beyond 10%. **NER States would not be able to bear the financial burden beyond 10%**. NERPC were advised to explore for other funding options available for NER, e.g. DONER, NEC, etc. However, CEA also assured to examine their request and find a suitable solution in consultation with MoP.
- f) It was decided that the **undertaking from an entity regarding no profiteering under the scheme funded from PSDF, would not be asked for** as there were many other checks and balances in the procedure for PSDF to avoid such possibility.
- g) It was decided that **instead of writing the specific items of ineligible expenditure in the procedure, it should be left to the Appraisal Committee to exclude the ineligible expenses**.

It was agreed to make changes into the draft procedure as per the above decisions. Wherever the suggested change required consultation with the MoP / CERC, the same could be taken up by NLDC at the next meeting of the Appraisal Committee.

It was also decided that DPRs for Renovation & Upgradation of Protection System submitted by various power utilities to CEA during May-June 2013, would be re-submitted to NLDC in the prescribed format giving details as per the approved procedure for funding from PSDF. The prescribed format for the DPR and the details to be furnished therewith would be circulated to the states on receipt of MoP approval to the procedure for disbursement of funds from PSDF. The DPRs which are found to be containing almost all the required information about the project, could be taken up by the Appraisal Committee first along with URTDSM project of the CTU (already approved by all the RPCs & CERC) for techno-economic scrutiny.

The meeting ended with a vote of thanks to the chair.

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PARTICIPANTS AT THE 3rd (Special) MEETING OF NPC
HELD ON 14TH FEBRUARY 2014

Shri / Smt.

CEA:

1. **Neerja Mathur, Chairperson, CEA & NPC** – **In chair**
2. Dinesh Chandra, Chief Engineer I/c (GM) and Member Secretary, NPC
3. Gautam Roy, Director, SP&PA Div.
4. D. K. Srivastava, Director, GM Division
5. Praveen Mishra, Dy. Director, GM Div.
6. Bhanwar Singh Meena, AD (GM Division).

NRPC :

1. P.S. Mhaske, Member Secretary I/c
2. Ajay Talegaonkar, SE (Op)

WRPC :

1. Satyanarayan, SE
2. B. B. Mehta, CE(SLDC), GETCO.

SRPC :

1. P. Ramesh, JMD, APTRANSCO.
2. S. R. Bhat, Member Secretary (I/c)

ERPC:

1. Prasanta Kumar Pradhan, Director (Com.), GRIDCO, & Chairman (TCC)
2. A. K. Bandyopadhyay, Member Secretary (I/c)
3. Subhro Paul, EE.

NERPC :

1. M. K. Chowdhury, Director (Tech.), TSECL (Tripura) & Chairman (TCC).
2. S. K. Ray Mohapatra, Member Secretary (I/c)
3. Shri Mohan Jha, Ex. Engineer.

Special Invitees

NLDC (POSOCO) :

1. S K Soonee, CEO
2. R. K. Bansal, AGM
