

BEFORE THE CENTRAL ELECTRICITY REGULATORY COMMISSION  
CORE 3, SCOPE COMPLEX, LODHI ROAD, NEW DELHI

Petition No.

IN THE MATTER OF:

Petition for In-principle approval of the estimated project cost and estimated financing plan of 1000 MW (gross) power project being set up by Visa Power Limited in Orissa under Section 62 and 79(1)(b) of the Electricity Act, 2003 read with Central Electricity Regulatory Commission (Procedure for making of application for determination of tariff, publication of the application and other related matters) Regulations, 2004 as amended.

AND IN THE MATTER OF:

Visa Power Limited  
HLL Building, 2nd Floor,  
9 Shakespeare Sarani  
Kolkata 700071

**... THE PETITIONER**

AND

1. Grid Corporation of Orissa Ltd. (GRIDCO)  
Janpath, Bhubaneswar – 751 022  
Through their Senior General Manager (Power Procurement)
2. Visa Steel Limited  
11, Ekamra Kanan,  
Bhubaneswar, Orissa  
(Through their Executive Director)

3. PTC India Limited  
2<sup>nd</sup> Floor, NBCC Tower,  
15 Bhikaji Cama Place,  
New Delhi 110 066

... **RESPONDENTS**

The Petitioner humbly states that:

- 1) The Petitioner herein i.e. Visa Power Limited (VPL) is a private limited company within the meaning of the Companies Act, 1956 and was incorporated in the year 2006. Further, it is a “Generating Company” as defined under Section 2(28) of the Electricity Act, 2003.
- 2) The Petitioner plans to set up a 1000 MW gross capacity mega power plant in Orissa. The plant is envisaged to use Coal as the primary fuel. Details of the project are given as **Appendix I**.
- 3) It is submitted that the above mentioned project is envisaged to come up as Mega Power Project as defined in the Policy Guidelines issued by Ministry of Power since it will be of 1000 MW gross capacity and proposes to sell power to more than one State.
- 4) It is submitted that the power generated from the above station corresponding to 25% of the capacity i.e. 250 MW gross will be supplied to GRIDCO, the bulk supply licensee in Orissa i.e. Respondent 1 herein. GRIDCO has already shown

interest in purchasing the power produced from the project, in accordance with the terms and conditions notified by the Appropriate Commission. Copies of communication with GRIDCO indicating their support for the project are given as **Appendix II**. The Power Purchase Agreement (PPA) signed with GRIDCO dated September 28, 2006 is also enclosed as Appendix VII.

- 5) It is submitted that the power generated from the above station corresponding to 25% of the capacity i.e. 250 MW gross will be supplied to Visa Steel Limited (VSL) i.e. Respondent 2 herein. A PPA has already been signed with Visa Steel dated September 26, 2006. Copies of communication with Visa Steel indicating their support for the project are given as **Appendix III**.
  
- 6) It is submitted that the power generated from the above station corresponding to 25 – 40% of the capacity i.e. 250 – 400 MW gross, will be supplied to PTC India Limited. Copies of communication with PTC India Limited in this regard are given as **Appendix IV**. The Petitioner has already received a consent letter from PTC India Limited in this regard and is in advanced stages of finalizing a Memorandum of understanding (MoU). Subsequently, the Petitioner intends to negotiate and finalise a PPA with PTC, and the same would be submitted to the Hon'ble Commission.
  
- 7) Further, the Petitioner has also initiated discussions with distribution licensees in Delhi through Delhi Transco Limited for sale of 10-25% of the power generated from the project. The Petitioner is awaiting for necessary consent and

confirmation from Delhi Transco Limited in this regard. Copies of communication with Delhi Transco Limited in this regard are given in **Appendix VIII**.

- 8) The estimated cost of the project is currently expected to be around Rs. 4498 crores. It may kindly be noted that this cost is based on the initial estimates for the project and is not based on any firm bids received from any contractor. However, VPL has already initiated steps for conducting an international competitive bidding process for selection of contractors for this project. The petitioner requests the Hon'ble Commission to determine the final cost based on the contracts awarded to the contractors identified through such international competitive bidding.
- 9) VPL intends to fund the equity component of the project from its parent companies, Visa Minmetal AG, Switzerland (through Foreign Direct Investment) and Visa International Limited, Kolkata, India. The debt equity ratio for funding will be 70:30, in accordance with the relevant regulations of the Hon'ble Commission.
- 10) It is submitted that the above-mentioned project has achieved substantial targets in the development of project, which have been further detailed in **Appendix I** of this petition. The 1000 MW coal-based thermal power project will be located either at Choudwar in Cuttack District or at Bajrakot in Angul District in Orissa. The detailed appraisal of the two locations is underway and it will be finalised very soon. The Power Purchase Agreement (PPA) for sale of power from the Plant has already been tied up for 50% of the capacity and a dialogue is on with licensees in other States for the balance power. VPL has also undertaken certain

pre-development activities such as co-ordinating with the District Collector for obtaining the land schedule, application for the water linkage through the Water Resources Department and will shortly initiate the application for a coal block which was pending the signing of the Memorandum of Understanding with the Government of Orissa. The Memorandum of Understanding (MoU) with the Government of Orissa has now been signed on September 26, 2006 and has been furnished herein as **Appendix VI**. The Government of Orissa has also assured to provide all necessary assistance and facilitate the application of the Coal block, execution of the mining lease, allotment of water through Orissa Industrial Infrastructure Development Corporation (IDCO) and obtaining necessary environmental clearances from the appropriate authorities.

11) The first phase of the project (2x250 MW) is scheduled to be commissioned by March 2011 and the second phase (2x250 MW) is scheduled to be commissioned by March 2012.

12) That Section 62 of Electricity Act, 2003 ( hereinafter referred to as the "Act" ) provides for the determination of tariff by the Appropriate Commission for the supply of electricity by generating company. Under Section 79 ( 1) (b) of the Act this Hon'ble Commission is vested with the jurisdiction to regulate the tariff of Generating Companies, like the Petitioner, which enter into or otherwise have a composite scheme for generation and sale of electricity in more than one state..

13) That the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) (First Amendment) Regulations, 2005 dated 11.08.2005, (hereinafter referred to as the "Tariff Regulations") provides that any person intending to

establish, operate and maintain a generating station may make an application before the Hon'ble Commission for 'in principle' acceptance of the project capital cost and financing plan before taking up a project through a petition in accordance with the procedure specified in the Central Electricity Regulatory Commission (Procedure for making application for determination of tariff, publication of the application and other related matters) Regulations, 2004.

- 14) That the instant project falls within one of the exceptions to the requirement laid down in Clause 5.1 of the National Tariff Policy for competitive procurement of power by Distribution Licensees, as clarified by the letter issued by Ministry of Power dated 28th March, 2006. since the appraisal of the aforesaid power project has started before January 6, 2006 by the Banks presently appraising the project for lending funds to the project. A copy of the correspondence from the concerned Banks indicating commencement of such financial appraisal is enclosed herein as **Appendix V**. The Power Purchase Agreement between VPL and GRIDCO has been signed dated September 28, 2006 and has been submitted to the Orissa Electricity Regulatory Commission on September 28, 2006. A copy of the PPA is attached herein as **Appendix VII**. Apart from the sale to GRIDCO, as noted above, it is being contemplated that a part of the power generated at the subject project will be sold to PTC India Ltd, which in turn would be selling to distribution licensee(s) outside the State of Orissa. The Petitioner has also initiated discussions with distribution licensees in Delhi through Delhi Transco Limited for sale of 10-25% of the power generated from the project, as mentioned in para 7 above.

- 15) The Petitioner is filing the present petition for in-principle approval of the estimated project cost and estimated financing plan of 1000 MW (gross) being set up by Visa Power Limited in Orissa. The variable charges shall be based on the actual cost incurred for purchase of coal for the purpose of the project through Coal linkage, till such time that a Coal block is allotted and all necessary approvals and clearances have been obtained and coal production has commenced from the mine to meet the entire demand of the power plant. The Government of Orissa has also pledged to provide assistance to VPL for allocation of coal linkage and allotment of coal block.
- 16) The formats provided along with the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2004 dated 26.03.2004, to the extent applicable to the project at this stage, have been filled in and enclosed as **Annexure-I** to this petition. It is submitted that the petitioner has furnished the information/ details as required under the aforesaid formats to the extent the same is available with the petitioner to show the breakup of Tariff Elements. However, the petitioner submits that where the data/ information has not been submitted as per the formats due to its non-applicability, the same has been marked accordingly. The Petitioner craves leave to file such other information and documents as may be directed by the Hon'ble Commission or as may be necessary for the determination of the present Petition.
- 17) A copy of the petition is being served to each of the beneficiaries in accordance with the procedure laid out by the Hon'ble Commission in its regulations. The

applicant is also in the process of posting the complete application on its website [www.visa-group.com](http://www.visa-group.com).

- 18) The Petitioner is enclosing a pay order No. 028580 (Central Bank of India, Greater Kailash, New Delhi) dated 29<sup>th</sup> September 2006 drawn on Assistant Secretary, Central Electricity Regulatory Commission, New Delhi for an amount of Rs. 1,00,000 (Rupees One lac only), towards the fee for this Petition in accordance with the Regulations of this Hon'ble Commission.

## **PRAYER**

The Petitioner, therefore, prays that the Hon'ble Commission may be pleased to:

- i) Grant In-principle approval of the estimated Project Cost and estimated financing plan for the Power project as per this petition for the power proposed to be supplied to the Respondents.
- ii) Pass any other order in this regard as the Hon'ble Commission may find appropriate in the circumstances mentioned above.

VISA POWER LIMITED  
(PETITIONER)

## VERIFICATION

Solemnly affirm at New Delhi on this 29<sup>th</sup> day of September 2006 that the contents of the above affidavit are true to my knowledge, no part of it is false and nothing material has been concealed there from.

(PETITIONER)

BEFORE THE CENTRAL ELECTRICITY REGULATORY COMMISSION  
CORE 3, SCOPE COMPLEX, LODHI ROAD, NEW DELHI

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2. Visa Steel Limited

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Bhubaneswar, Orissa

Through their Executive Director

3. PTC India Limited

2<sup>nd</sup> Floor, NBCC Tower,  
15 Bhikaji Cama Place,  
New Delhi 110 066

Through their Senior Vice President

... RESPONDENTS

I, Vikas Agarwal, son of Mr. Vishambhar Saran, aged about 32 years, resident of Zugerbergstrasse 36c, 6300 Zug, Switzerland presently at New Delhi do hereby solemnly affirm and state as under:-

1. That I am the Managing Director of the Petitioner and I am fully conversant with the facts and circumstances of the case and I have been duly authorized and am, therefore, competent to affirm this affidavit.
2. I say that I have read the accompanying Petition under Section 62 and 79(1)(b) of the Electricity Act, 2003 read with Central Electricity Regulatory Commission (Procedure for making of application for determination of tariff, publication of the application and other related matters) Regulations, 2004 as amended, for grant of In-principle approval of the estimated project cost and estimated financing plan of 1000 MW (gross) power project being set up by Petitioner in Orissa under and have understood the contents thereof and I say

that the same has been drafted under my instructions. I say that the contents therein are true and correct to the best of my knowledge and belief.

3. That the Annexures filed alongwith the Petition are true copies of their respective originals

DEPONENT

**VERIFICATION:**

I, Vikas Agarwal, the above named deponent do hereby verify that the contents of this affidavit are true and correct to my knowledge, no part of it is false and nothing material has been concealed therefrom.

Verified by me on this 29<sup>th</sup> day of September, 2006 at New Delhi

DEPONENT

## **LIST OF APPENDICES**

Appendix I. Salient Features of the Project

Appendix II. Copies of communication with GRIDCO for purchase of power from the project

Appendix III. Copy of communication with Visa Steel for purchase of power from the project

Appendix IV. Copy of communication with PTC

Appendix V. Copy of communication with the Banks appraising the Project

Appendix VI. Copy of the MoU with Government of Orissa

Appendix VII. Copy of the PPA with GRIDCO

Appendix VIII. Copy of communication with Delhi Transco Limited (DTL) for purchase of power

Annexure I: Formats to be submitted along with Tariff Petition

Annexure II: Certificate of incorporation, Certificate for Commencement of Business, Memorandum of Association, & Articles of Association of Visa Power Limited

**APPENDIX I**  
**SALIENT FEATURES OF THE**  
**PROJECT AND STATUS**

## **APPENDIX I: SALIENT FEATURES OF THE PROJECT AND STATUS**

**Location:** The 1000 MW coal-based thermal power project will be located either at Choudwar in Cuttack District or at Bajrakot in Angul District in Orissa. The project is to be developed in two phase with the phase I (2x250 MW) is proposed to be commissioned by March 2011, while the phase II (2x 250 MW) is proposed to be commissioned by March 2012. The detailed project report is under preparation and would be finalised upon the finalisation of location.

**Fuel:** Domestic coal shall be the primary fuel for the project. The project is expected to require approximately 6.2million tonnes of coal per annum. The coal is to be procured through Coal linkage till such time that a Coal block is allotted and all necessary approvals and clearances have been obtained and coal production has commenced from the mine to meet the entire demand of the power plant.

**EPC Contract:** This is at initial stages of discussion. It is proposed that an international competitive bidding process shall be undertaken for selection of contractors for this project.

**Evacuation of Power:** The power from the project will be evacuated at 400 kV level to Meeramandali sub-station of GRIDCO and at 400 kV level outgoing feeder lines to Rengali sub-station of PGCIL.

**Availability of Water:** Total water requirement for the project has been estimated 46 Cusecs. The source of water has been identified as River Mahanadi, located 10km from the site, in case the location of the project is finalised at Choudwar. Alternatively, for Bajrakot location, River Brahmani is the source.

### **Status of Project Approvals**

The Power Project has received the following statutory and non-statutory clearances for setting up of the Project:

Sl.No	Clearance	Competent Authority	Status
1	State Government Clearance	Industrial Promotion & Investment Corporation Limited / Department of Energy	Cleared. MOU signed on 26 September 2006. Copy attached as Appendix VI
2	Publication of Notice		To be taken up
3	Land Availability from State Revenue Authorities	Industrial Development Corporation of Orissa Limited	To be acquired after finalisation of location of the project among the two alternatives. VPL has already started coordinating with the District Collector for obtaining the land schedule
4	Environmental Clearance From State Pollution Control Board	Orissa Pollution Control Board (OPCB)	VPL will engage requisite agency to undertake the EIA of the project upon finalisation of its location. The application will be subsequently filed with OPCB for its clearance.
5	Environmental Clearance from Ministry of Environment and Forests, GOI	Ministry of Environment and Forest, Govt. of India	To be taken up after clearance from OPCB.
6	Forest Clearance from State Forest Dept.	Principal Chief Conservator of Forest, Bhubaneswar	To be taken up after clearance from OPCB
7	Stack Height Clearance from National Airport Authority	National Airport Authority, New Delhi	Application to be submitted.
8	Rehabilitation and Resettlement Plan from State Revenue	District Collector	Land to be acquired based on finalized location of the project.

Sl.No	Clearance	Competent Authority	Status
	Dept.		R&R plans to be finalized accordingly with the District Collector
9	Transport Clearance for movement of Coal by Rail	East Coast Railways, Bhubaneswar	Yet to be tied-up based on finalized location of the project
10	Clearance on 'No Defense Installation'		Application to be submitted.
11	Mega Power Project Status	Ministry of Power	Application to be submitted.