

Rajasthan Electricity Regulatory Commission

Petition No. 593/16

In the matter of petition for determination of Transfer Price of Lignite from Kapurdi Mine for supply to the 1080 MW lignite based thermal generating station of M/s Raj WestPower Limited for FY 2016-17.

Coram:

Shri Vishvanath Hiremath, Chairman
Shri R.P. Barwar, Member
Shri S.C. Dinkar, Member

Petitioner : M/s Barmer Lignite Mining Company Ltd. (BLMCL)

Respondent : 1. Jaipur Vidyut Vitran Nigam Ltd.
2. Ajmer Vidyut Vitran Nigam Ltd.
3. Jodhpur Vidyut Vitran Nigam Ltd.

Date of hearing : 30.11.2017

Present : 1. Sh. Aman Anand, Advocate for Petitioner
2. Sh. P. N. Bhandari, Advocate for Discoms

Order Date : 04.12.2017

ORDER

1. Petitioner, M/s Barmer Lignite Mining Company Ltd. has filed this petition on 01.02.2016 for determination of transfer price of lignite for FY 2016-17 from Kapurdi Lignite Mines for supply to M/s Raj West Power Limited's Lignite based Thermal Generating Station having capacity of 1080 MW.

2. Petitioner had also filed an Interlocutory Application on 18.07.2016 seeking approval for award of work, of developing and operating Kapurdi and Jalipa lignite mines, to the lowest qualified bidder, in the international competitive bidding process conducted by Engineers India Limited (EIL) for selection of Mine Developer Cum Operator (MDO).
3. The Interlocutory Application was disposed by the Commission vide Order dated 06.04.2017 wherein the Commission held that

"97. The Commission, therefore, directs Petitioner to submit within two weeks to the Commission a panel of Government Organisations, which are reputed and have an expertise in the coal/lignite mining or mine planning. The Commission would finalise the name of an organization who may be assigned the work and also will give further directions to it on its assignment after hearing the parties. Once report of the expert is received Commission will pass further orders in accordance with law."

4. On 05.10.2017, Petitioner and Respondents (hereinafter referred to as 'Applicants') submitted a joint application seeking permission to allow mutually settling the terms and conditions to be included in the bidding document and manner in which bidding process is to be conducted for selection of the MDO. Applicants mutually suggested the following names for the consideration of the Commission who have sufficient experience in conducting the reverse bidding.

- (a) NTPC
- (b) Mecon
- (c) NLC

5. Applicants further submitted that the bidding document would be made available to the PSU for tendering purpose by the Applicants and the principal task of the PSU would be limited to floating of the tenders in accordance with Rajasthan Transparency Act, conducting pre-bid meeting, settling the queries of the prospective bidders, evaluation of the technical and financial bids

followed by conducting of reverse bidding based on the tender conditions. The PSU in its decision making, while conducting the bidding would be jointly assisted by BLMCL and the Rajasthan Urja Vikas Nigam on behalf of Discoms.

6. It is agreed by the Applicants that the fees and expenses of the PSU will be equally shared by Petitioner and Respondents.

7. The Applicants vide its joint application prayed as under:

- a. Select and finalize the name of PSU having sufficient experience in conducting the reverse bidding and
- b. Allow to hand over the bidding document containing mutually agreed terms and conditions and manner in which bidding process is to be conducted for selection of 'MDO'.

8. The matter was heard on 30.11.2017. Sh. Aman Anand, Advocate appeared for Petitioner. Sh. P.N. Bhandari, Advocate appeared for Discoms.

9. Counsel appearing for both the parties submitted during the hearing the following names of bidding agencies who have expressed their willingness to carry out the bidding along with details quoted by them.

Sr. No	Name of the Party	Total Period	Amount (Rs. in Crore)
1	NTPC	12 months	Rs. 5.15 + GST
2	MECON	04 months	Rs. 0.39 + GST
3	NLC	Not quoted	Not quoted

10. Sh. Bhandari, Advocate submitted that Commission may please to consider NTPC, which is a major generating company of the Country and has necessary expertise and a Navratna Company of Gol, to award the work for conducting the reverse bidding. Sh. Aman Anand, Advocate submitted that

the time period proposed to complete the work by NTPC is high however, if the Commission directs the NTPC to complete the work within four (4) months time then work for conducting the reverse bidding may be awarded to NTPC which was also agreed by Sh. Bhandari.

11. Commission observe that although plant has achieved CoD in the year 2013 but transfer price of lignite is yet to be finalized due to various proceedings initiated by both the parties. The plant using only interim transfer price for billing and if further delay takes place there will be a huge financial implication on both side. This will in turn affect the consumers.

12. Therefore, Commission after considering the submissions of both the parties and need for expediting the bidding process and finalization of transfer price, allows the parties to engage NTPC, as proposed by them, to carry out bidding process subject to the following conditions:

- (i) Both the parties shall ensure that this work is completed by NTPC complying with provisions of RTPP Act and relevant rules, expeditiously to avoid further delay.
- (ii) The reasonability of the remuneration for the work to be undertaken by NTPC shall also be assessed and finalized by both the parties at their level in accordance with law.

(S.C. Dinkar)
Member

(R.P. Barwar)
Member

(Vishvanath Hiremath)
Chairman