

**GOVERNMENT OF INDIA  
POWER  
LOK SABHA**

UNSTARRED QUESTION NO:748  
ANSWERED ON:04.03.2005  
CLOSURE OF KAYAMKULAM POWER PROJECT  
Manoj Dr. K.S.

**Will the Minister of POWER be pleased to state:**

- (a) whether the NTPC, Kayamkulam Unit is shut down for the past eight months for want of demand of power from KSEB;
- (b) if so, the reasons therefor along with measures taken so far to solve the problem;
- (c) whether the power purchase agreement between KSEB and NTPC has expired recently;
- (d) if so, the details thereof;
- (e) whether any request has been received by the Government of Kerala or KSEB to review the fixed cost to be paid to NTPC for the restructuring of loans; and
- (f) if so, the steps taken by the Government in this regard?

**Answer**

THE MINISTER OF POWER ( SHRI P.M. SAYEED )

(a) & (b) : NTPC's Kayamkulam Plant was shut down from July, 2004 till December, 2004 for want of schedule from Kerala State Electricity Board (KSEB) and Tamil Nadu State Electricity Board (TNEB) who have been allocated 50% capacity each. The station was restarted from 6.1.2005 when the schedule of 160 MW was given by TNEB.

(c) & (d) : The Power Purchase Agreement (PPA) with Kerala State Electricity Board (KSEB) for supply of power from NTPC's Kayamkulam Station (360 MW) has been valid till 28th February, 2005. As per the provisions of PPA, the terms and conditions of the PPA shall continue to be valid even after 28.2.2005, if power is availed by KSEB from Kayamkulam. However, NTPC has already taken up with KSEB for extension of PPA beyond 28.2.2005.

(e) & (f) : Request was received from Government of Kerala/KSEB for review of fixed cost on account of restructuring of loans.

In this regard, the details of interest on loan component of fixed charges of Kayamkulam considered in Central Electricity Regulatory Commissions' (CERC)'s approval tariff for the period 2001-04 are as under:

| Sl.No. | Particulars | 2000-01 | 2001-02 | 2002-03 | 2003-04 |
|--------|-------------|---------|---------|---------|---------|
|--------|-------------|---------|---------|---------|---------|

|    |   |       |       |       |       |
|----|---|-------|-------|-------|-------|
| 1. | Rate of Interest as per CERC tariff order | 7.07% | 7.05% | 6.98% | 7.12% |
|----|---|-------|-------|-------|-------|

|    |   |         |       |       |  |
|----|---|---------|-------|-------|--|
| 2. | Revised rate after considering impact of floating rate (as charged to KSEB) | - 7.05% | 6.87% | 6.75% |  |
|----|---|---------|-------|-------|--|

In the tariff petition filed with CERC for determination of tariff for the period 2004-09 as per the CERC Regulation 2004 after giving due benefits of the reduced interest rate on loan, the rates of interest considered for working out interest on loan component for fixation of tariff of Kayamkulam for the period 2004-09 are as under:

| Sl. No. | Particulars | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 |
|---------|-------------|---------|---------|---------|---------|---------|
|---------|-------------|---------|---------|---------|---------|---------|

|    |                          |       |       |       |       |       |
|----|--------------------------|-------|-------|-------|-------|-------|
| 1. | Rate of Interest on loan | 6.49% | 6.21% | 6.02% | 5.99% | 5.99% |
|----|--------------------------|-------|-------|-------|-------|-------|

Thus, it may be observed that the rate of interest, which is 6.49% during 2004-05, will be reducing gradually and become 5.99% during the years 2007-08 and 2008-09 respectively.

The approval of tariff of central generating companies like NTPC is with the CERC, and therefore the appropriateness of the fixed cost and variable cost is determined by CERC.