

CHAPTER I: DEPARTMENT OF ATOMIC ENERGY

Nuclear Power Corporation of India Limited

1.1 Extra expenditure on purchase of power from external source due to delay in completion of power supply system

Due to delay in completing transmission lines from generating plant to the township for supply of power, NPCIL continued to purchase electricity from Ajmer Discom at higher rates despite having mandate to distribute electricity from own generation. This resulted in extra expenditure of ₹14.90 crore during December 2012 to March 2016.

Rawatbhata Rajasthan Site (RRS) of Nuclear Power Corporation of India Limited (NPCIL) is a nuclear power generating unit with six operating plants¹ and two ongoing projects. The staff working in the RRS is accommodated in township developed by NPCIL. Earlier, NPCIL was purchasing electricity from the Ajmer Discom for supply to staff quarters in NPCIL colony at RRS and for other common facilities like public lighting, water supply, guest houses etc. But after the Govt. of India notification (08 June 2005) exempted generating companies from obtaining license under the Electricity Act, 2003 for supply of electricity to the housing colonies or townships, NPCIL decided (May 2007) to construct a power supply system from RRS to the township since cost of electricity purchased from the Ajmer Discom was high. A new transmission system was required for this purpose as distance from the plant to the town ship was approximately 10 kilometre and the power requirement was 10 MVA². The proposal for constructing power supply system was approved by the Chairman & Managing Director, NPCIL on 18 May 2007 at an estimated cost of ₹13.13 crore.

For early completion, the work was divided into three parts as detailed below:

Work order No.	Purpose	Awarded to	Date of award	Stipulated date of completion	Date of completion	Delay in days
61957	Supply and installation of electrical system and electrical equipment	M/s Damodhart ech International Pvt Ltd	02.02.09	08.02.10	30.11.11	660
61983	Construction of transmission lines		12.03.09	15.12.10	15.11.12	701
62486	Construction of outdoor sub-station	M/s Sterling & Wilsons Pvt Ltd	17.12.10	06.06.12	30.10.15	1241

Audit scrutiny of records revealed that even though the proposal was approved in May 2007, NPCIL took 15 months to float tender for the first work (August 2008). Though, three works were integral part of the entire power supply system, tender for the third work was floated only in May 2010 after a delay of 21 months.

¹ Unit 1-Not operating, Unit-2-200 MW and Unit 3 to 6 –220 MW each

² Mega Volt Ampere

Further, completion of work against third work order (work III) was delayed by 1241 days for reasons attributable to both *i.e.*, the Management (507 days) and the Contractor (734 days). The reasons for delay on the part of the Management were inclusion of extra items, delay in finalizing the rates for extra items, delay in testing the substation etc. Even though hindrance register for delay on the part of the Contractor was maintained, no specific reason for the delay was recorded in the register. Work could only be completed during October 2015 against the stipulated time line of June 2012. Moreover, even though the works were completed by October 2015, the line was not energized till March 2016.

RRS purchased 3,98,39,381 KWH power during December 2012 to March 2016 at an average rate of ₹6.48 per kwh from the Ajmer Discom for ₹25.80 crore of which 1,77,18,873 kwh (Upto January 2016) were sold to the residences of staff for which ₹4.99 crore were realised and the remaining energy (2,21,20,508 kwh) was consumed for the common facilities like public lighting, water supply, guest houses etc. in the township.

Audit observed that the self-generated power of RRS was being sold at a rate of ₹2.7412 per kwh. Had the Corporation supplied the electricity from its own generating plants, extra expenditure of ₹14.90 crore¹ during December 2012 to March 2016 towards purchase of electricity from the Ajmer Discom on consumption of 3,98,39,381 kwh could have been avoided.

The Management accepted (May 2016) that there had been considerable delay in completion of all the three packages for the reasons attributable to both NPCIL and as well as the Contractor which was due to inadequate planning and slow progress. However, the Management did not resort to cancellation of the contract stating that there was no wilful default on the part of the Contractor and retender would further delay the work. Further, it was stated that the tendering process during issue of third work order (06 January 2009) was terminated midway for valid reasons and processed for re-tendering on 22 April 2010. It was also stated that the power input to the new substations (work-III) were envisaged from Unit 5&6 (Work-II) for which the provision of 220 KV² bays was included in the main plant electrical contract of Rajasthan Atomic Power Project (RAPP) 7&8 which was completed only in December 2014.

The reasons stated by the Management for delay are not acceptable as there was delay of more than a year between cancellation of the tender floated for the third work order (06 January 2009) and retender (22 April 2010) without any justification. Further, power input to the new sub-station (work III) was envisaged from Unit 5&6 which had started commercial operation during 2009-10, but provision of 220 KV bays (work III) was included in the electrical contract of RAPP 7&8. The irrational decision to include a part of the work III in main plant electrical contract of under construction RAPP 7&8 also delayed completion of work III as RAPP 7&8 required numerous statutory clearances which were not foreseen by the Management.

Thus, delays in implementing the works and idling of part of completed works contributed to the extra expenditure of ₹14.90 crore due to purchase of power at a higher rate.

The matter was reported to the Ministry in December 2016; their reply was awaited (January 2017).

¹ $3,98,39,381 \text{ kwh} \times (\text{₹}6.48 \text{ per kwh} - \text{₹}2.7412 \text{ per kwh}) = \text{₹}14,89,51,477.68$

² Kilo Volt