

CHAPTER 1

INTRODUCTION

1.1 Profile of Damodar Valley Corporation

Damodar Valley Corporation (Corporation) was set up in July 1948 under the Damodar Valley Corporation Act, 1948 (Act) with the objective of securing unified development of Damodar river valley falling within the States of Jharkhand and West Bengal. The Participating Governments of the Corporation are the Central Government, Jharkhand Government and the Government of West Bengal. The Corporation is engaged in generation and distribution of power, flood control, irrigation, soil conservation and other social activities within the Damodar Valley. The Corporation has coal based thermal power stations at 6 locations and hydel stations at 3 locations. As on March 2014, it has a total power generation capacity of 5857.2 MW¹ (Thermal 5710 MW and Hydel 147.2 MW).



Picture: 1 Power plant

1.2 Organisational Set up

The affairs of the Corporation are managed by a Board with the Chairman as the Chief Executive Officer. In addition to the Chairman, the Board comprises of Member (Secretary), Member (Technical), Member (Finance), one representative each from Central Government, Government of West Bengal and Government of Jharkhand and three independent experts, one each from the field of irrigation, water supply and generation or transmission or distribution of electricity.

1.3 Financial Performance

Pursuant to the Electricity Act 2003, the generation and transmission tariff of the Corporation are determined by the Central Electricity Regulatory Commission (CERC) and distribution tariff is determined by the State Electricity Regulatory Commissions (SERCs) i.e. Jharkhand State Electricity Regulatory Commission and West Bengal State Electricity Regulatory Commission. The details of power generated, sold and profit earned after tax for the last seven years ending March 2014 are given below:

¹ MW- Megawatt

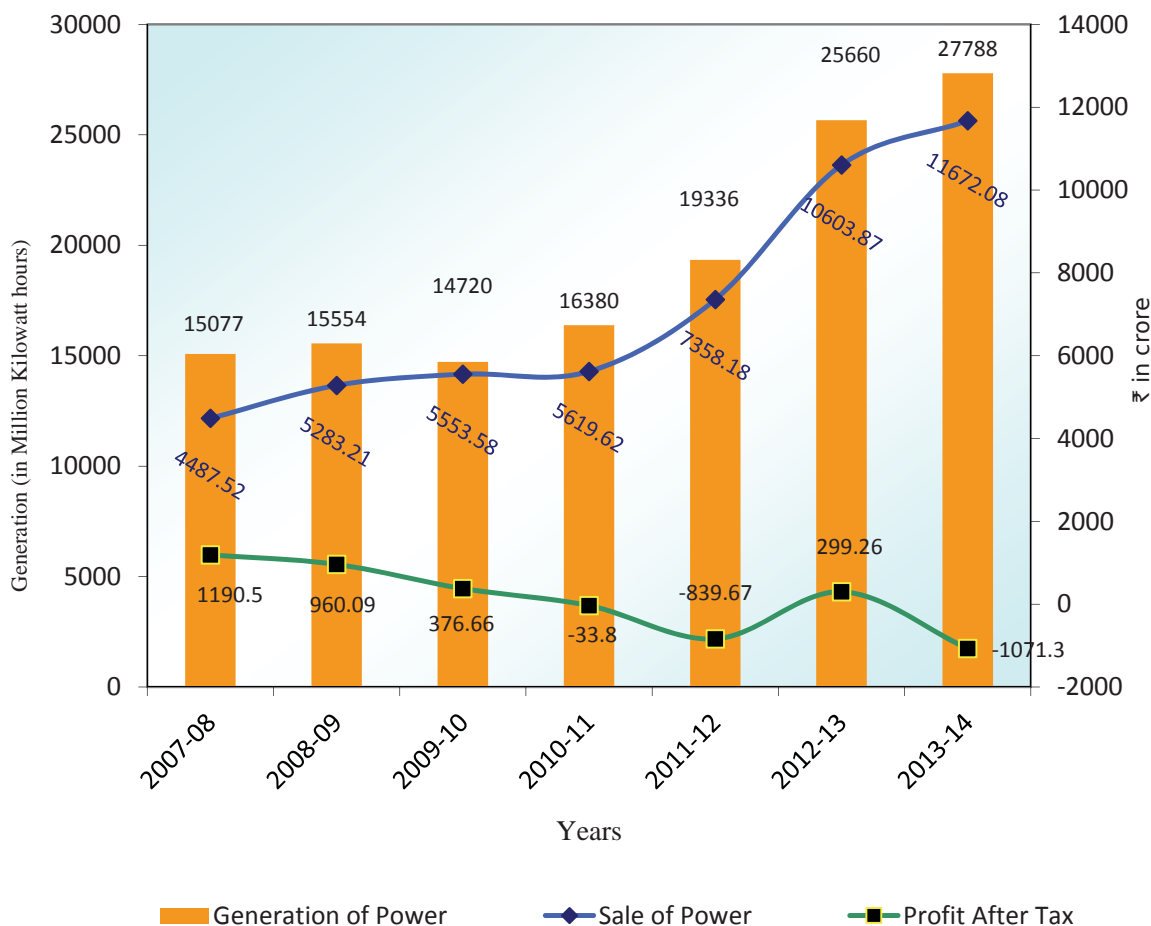


Chart: 1 Performance of the Corporation

1.4 Capacity addition programme and its progress

To meet the objectives of providing “Power for all by 2012”, the Ministry of Power (MoP), Government of India (GoI) set the capacity addition target of 68,869 MW in the XI Plan of which coal based thermal power project was 46635 MW. The Corporation planned (February 2009) to add power generation capacity of 6250 MW during XI Plan period (five projects of 4700 MW with nine units² on its own and two projects of 1550 MW with four units³ through the Joint venture route). In addition to the above, there were ongoing four units of 1000 MW, which were spillover projects of the X Plan. However, during the XI Plan period the Corporation could commission only 1025 MW (one unit of 500 MW for its own project and another unit of 525 MW by Joint Venture) resulting in shortfall of 5225 MW as given below.

² Mejia Thermal Power Station (MTPS) – II (2 X 500), Koderma Thermal Power Station (KTPS) (2 X 500), Bokaro Thermal Power Station (BTPS) ‘A’ (1 X 500), Raghunathpur Thermal Power Station (RTPS) (2 X 600), Durgapur Steel thermal Power Station (DSTPS) (2 X 500).

³ Maithon Power Limited - Joint Venture (MPL-JV) (2 X 525), Bokaro Steel Thermal Power Station – Joint Venture (BSTPS-JV) (2 X 250)

All the spillover projects⁴ of the X Plan were commissioned during the XI Plan Period. The status of completion of the projects as on March 2014 is as follows:

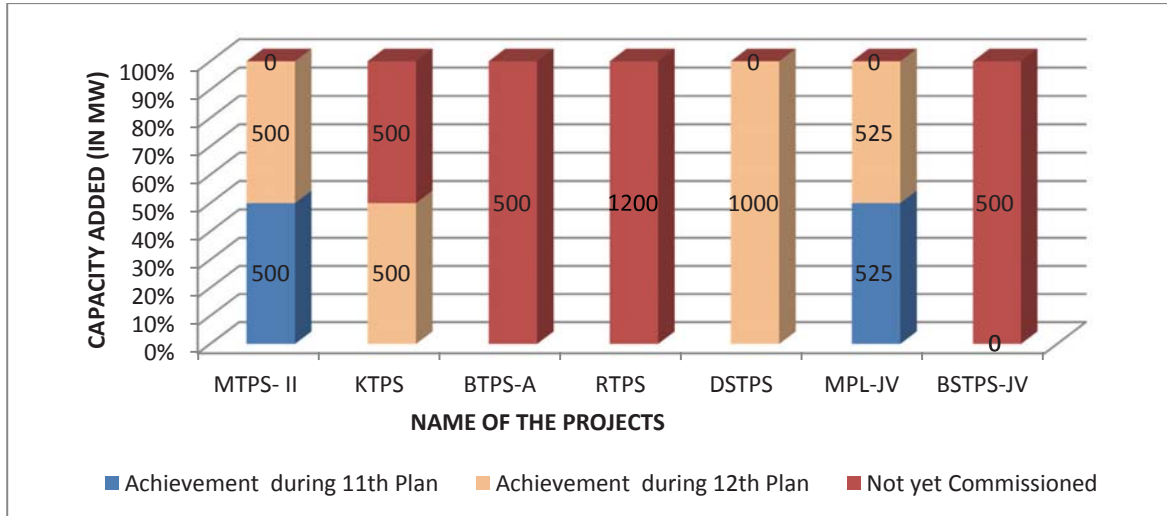


Chart: 2 Status of capacity addition

The reasons for delay in achievement of the above target for the XI Plan were analyzed in the present Performance Audit Report.

⁴ Chandrapura Thermal Power Station (CTPS) 7 & 8 (2 X 250), Mejia Thermal Power Station (MTPS) 5 & 6 (2 X 250)