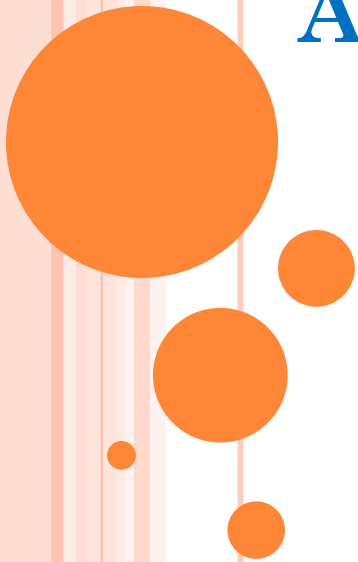



**VIEWS OF GRIDCO ON  
DRAFT CERC TARIFF (1ST  
AMENDMENT) REGULATIONS, 2020**



# DRAFT CERC TARIFF (1<sup>ST</sup> AMENDMENT) REGULATIONS, 2020

## A. Factors to be considered pertaining to ECS:

- National Electricity Plan, 2018: PLF of Coal based Plants will hover around 56.5% in 2021-22 to 60.5% in the year 2026-27
  - Explanatory Memorandum to CERC Tariff Reg. 2019: No new Coal based Capacity may be required till 2027 – CEA
  - Heavy upcoming infusion of RE: 175GW by 2022 & Diminishing Demand: influx of Energy saving Equipments and LED Bulbs.
  - CEA: Non availability of relevant operational data for DeSO<sub>x</sub> (under implementation) and DeNO<sub>x</sub> (Pilot Studies underway)
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# DRAFT CERC TARIFF (1<sup>ST</sup> AMENDMENT) REGULATIONS, 2020

## A. Factors to be considered pertaining to ECS :

- CEA's 'Norms for installation of FGD for New Environmental Regulations – 7<sup>th</sup> December 2015 (From 21<sup>st</sup> February, 2019 onwards)': Range of SO<sub>2</sub> Removal, which will vary from Plant to Plant
- 100% utilisation of environmentally hazardous outputs from the Emission Control System
- Cost-Benefit analysis effect of use of higher grade (Imported) Coal vis-à-vis effect of Emission Control System on the Level of Emission of SO<sub>x</sub> & NO<sub>x</sub>
- Bad financial condition of Discoms further burdened with the impact of COVID-19: Supplying electricity 24 X 7 without revenue collection.

# DRAFT CERC TARIFF (1ST AMENDMENT) REGULATIONS, 2020

## **B. 'Date of Commercial Operation' or 'CODe':**

- Compliance to revised MoEFCC Emission Standards is mandatory
- Necessity for Certification of Pollution Control Board
- Detailed procedure for COD of ECS needs to be specified in 1<sup>st</sup> Amendment

## **C. Useful life of Emission Control System:**

- Since there will be Asset addition incurring Capital expenditure, Useful life need to be defined
- Usually life of Thermal Plants extended upto 35 years with R&M
- Consultation Paper to CERC Tariff Reg., 2019: Useful life of Thermal Generating Stations be set at 35 years

# DRAFT CERC TARIFF (1ST AMENDMENT) REGULATIONS, 2020

## **D. Norms for Initial Spares for ECS :**

- Initial spares for capitalisation of Coal-based/lignite-fired thermal generating stations is set at 4% of the Plant and Machinery cost due to large no of dynamic parts which is much lower in case of ECS
- No recommendation by OEMs
- Therefore Norms for Initial Spares for ECS may be limited to 1%

## **E. Return on Equity & Rate of Interest on Loan:**

- PPAs are in place, additional expenses have zero risk of return
- Mandatory compliance to MoEFCC Norms is not a business opportunity
- Regulation 63 provides for Carbon Credit which may be used for Fixed Cost reduction
- Decreasing lending rate. RoE & Rate of Interest on Loan may be capped at MCLR of SBI

# DRAFT CERC TARIFF (1ST AMENDMENT) REGULATIONS, 2020

## **F. Depreciation of ECS :**

- To be computed from Date of Commercial Operation considering extended useful life as 35 years with consent from Beneficiary(ies)
- If Beneficiary(ies) do not agree: Generator to sell the same as merchant power
- Only the plants having more than 15 years of balance life should be allowed for installation of ECS

## **G. Normative consumption of Specific Reagent:**

- No genesis for fixing normative consumption
- Should be based on actual data from pilot projects

## **H. Auxiliary Energy Consumption:**

- No genesis for fixing Auxiliary Energy Consumption as percentage of Gross Energy Consumption
- Should be based on guaranteed technical particulars provided by the OEMs.

**THANK YOU**

