



एनएलसी तमिलनाडु पावर लिमिटेड
NLC TAMILNADU POWER LIMITED
(एनएलसी इंडिया लिमिटेड (पूर्व में नेयवेली लिग्नाइट कार्पोरेशन लिमिटेड) एवं टेंजेडको का संयुक्त उद्यम एवं
एनएलसी इंडिया लिमिटेड का सहायक कंपनी)
(A JVC between NLC India Ltd & TANGEDCO and a subsidiary of NLC India Ltd)

मुख्य कार्यकारी अधिकारी का कार्यालय
OFFICE OF THE CHIEF EXECUTIVE OFFICER
2*500 मेगावाट संयुक्त उद्यम ताप विद्युत परियोजना / 2*500 MW JV Thermal Power Project
हारबर इस्टेट/Harbour Estate, टुटिकोरिन/Tuticorin- 628004

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Lr.No: NTPL/Tariff Regulation 2019-24 I Amendment/244/2020

Date: 29.04.2020

To

The Secretary,
Central Electricity Regulatory Commission,
3rd & 4th floor, Chanderlok Building,
36, Janpath Marg,
New Delhi - 110 001.

Sir,

Sub: Draft Central Electricity Regulatory commission (Terms and Conditions of Tariff) (First Amendment) Regulations, 2020 - NTPL comments - Submitted - Reg

Ref: Draft Notification on Central Electricity Regulatory commission (Terms and Conditions of Tariff) (First Amendment) Regulations, 2020 vide No. L-1/236/2018/CERC Dt: 01/04/2020

Pursuant to the Draft Notification on Central Electricity Regulatory commission (Terms and Conditions of Tariff) (First Amendment) Regulations, 2020 in CERC website, inviting comments/suggestions of the stakeholders, NTPL is hereby submitting its comments/suggestion vide this submission.

The above may please be taken on record.

Yours faithfully,

for NLC Tamilnadu Power Limited

Encl: Annexure


Chief Executive Officer
Chief Executive Officer
NLC Tamilnadu Power Ltd.
Harbour Estate, Tuticorin - 4.

ANNEXURE

COMMENTS ON THE DRAFT NOTIFICATION ON CERC (TERMS AND CONDITIONS OF TARIFF) (FIRST AMENDMENT) REGULATIONS, 2020

A. Return on Equity (Amendment of Regulation 30 of the Principal Regulation):

12.2. A new clause, namely, Clause (3) shall be added after Clause (2) of Regulation 30 of the Principal Regulations, as under:


“(3) The return on equity in respect of additional capitalization due to emission control system shall be computed at the weighted average rate of interest on actual loan portfolio of the generating station or in the absence of actual loan portfolio of the generating station, the weighted average rate of interest of the generating company as a whole shall be considered;”

NTPL Comments

- The capital outlay for the Plant and Equipment is for compliance of emission control norms and is statutory requirement, which needs to be construed as inclusive on par with Original capital cost
- Hence, it is requested that Return on Equity needs to be considered at 15.5% of the admitted capital cost in lieu of the weighted average rate of interest on actual loan portfolio (reckoning in line with additional capitalization RoE), lest it would not meet the end of economic justice for the generators on the investment made towards the compliance of emission control norms

B. Cost of Reagent for computation of working capital (Amendment of Regulation 34 of the Principal Regulation)

15.1. A new clause, namely, Clause (aa) shall be inserted after Clause (a) of Regulation 34 of the Principal Regulations as under: “(aa) For emission control system of coal or lignite based thermal generating stations: (i) Cost of limestone or reagent towards stock for 20 days corresponding to the normative annual plant availability factor;


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NTPL Comments

- Limestone/reagent need to be procured/outsourced from the nearest available mines/mineral source for the requirement. It is contemplated that in so far as it is statutory compliance which all the generating stations need to comply with, the demand for the reagents would spurt resulting in significant demand supply gap
- Keeping in view the logistical lead time and also off shelf availability of Lime stone / reagent, cost of 2 months reagent requirement needs to be reckoned for working capital requirement and computation thereof

C. O & M Expenses (Amendment of Regulation 35 of the Principal Regulations)

16.2. Sub-Clause(7) of Clause (1) of Regulation 35 of the Principal Regulations along with its proviso shall be substituted as under: "(7) The operation and maintenance expenses on account of emission control system in coal or lignite based thermal generating station shall be 2% of the admitted capital expenditure (excluding IDC & IEDC) as on the date of its operation, which shall be escalated annually at the rate of 3.5% during the tariff period ending on 31st March 2024:

NTPL Comments

- NTPL Power Plant is located in sea shore area. Due to corrosive nature of environment, special measures are to be adopted to protect the thermal power plant structures from corrosive coastal climatic conditions
- NTPL Emission control System to comply with the Revised MoEF & CC Emission Standards, consists of the following schemes
 - i. Wet Lime Based FGD for Sulphur Di-oxide (SO₂) control
 - ii. One No. New RCC Chimney with Bi - Flue Can with Borosilicate lining
 - iii. Additional 8.5 MLD De-Salination Plant for the FGD process
- Owing to the corrosive and saline environment at plant site, the whole Emission Control System i.e Wet Lime Based FGD System, One No. New RCC Chimney with Bi - Flue Can with Borosilicate lining and Additional 8.5 MLD De-Salination Plant for the FGD process requires anticorrosive treatment viz. regular special anti-corrosive painting of structures/equipment. This necessitates engaging extra manpower through outsourcing contracts for painting & other extra maintenance works resulting in additional operation & maintenance

expenditure towards Emission Control System

- O & M expenses of 2% considered in the draft amendment does not appear to commensurate with the quantum of expenses in respect of NTPL due to above said factors
- Hence, it is submitted that O&M Expenditure may be considered at 6% of admitted capital cost of FGD, New Chimney and additional 8.5 MLD De-Salination Plant, per annum

D. Supplementary Capacity Charge: (New Regulation 42A to be added in the Principal Regulations)

42A. Computation and Payment of Supplementary Capacity Charge for Coal or Lignite based Thermal Generating Stations *Supplementary Capacity Charge for the Year (SCCy) = Sum of Supplementary Capacity Charge for three months of High Demand Season + Sum of Supplementary Capacity Charge for nine months of Low Demand Season*

(2) The Supplementary Capacity Charge payable to a thermal generating station for a calendar month shall be calculated in accordance with the following formulae: Supplementary Capacity Charge for the Month (SCCm) = Supplementary Capacity Charge for Peak Hours of the Month (SCCp) + Supplementary Capacity Charge for Off-Peak Hours of the Month (SCCop)

NTPL Comments:

- It is submitted that the Plant and Equipment envisaged for emission control norms are for statutory compliance of emission standards
- Draft amendment proposal for Computation of Supplementary capacity charge with bifurcation of high/Low demand season and also peak/off peak stipulation, would render the recovery of fixed cost in longer tenure and jeopardize the economic viability of the investment for the generators
- So far, as the availability of these equipment need to be maintained for statutory compliance, it is submitted that Supplementary capacity charges may be considered to be computed for the annual cumulative availability (PAF achieved cumulative for the year) without linking on achievement during high/Low demand season and peak/off peak hours sub computation


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E. Supplementary ECR (Amendment of Regulation 43 of the Principal Regulations)

23.4. A new sub-clause, namely, sub-clause (aa) shall be inserted after sub-clause(a) of clause (2) of Regulation 43 of the Principal Regulations as under:

“(aa) Supplementary ECR for coal and lignite based thermal generating stations:

Supplementary ECR = $(\Delta ECR) + (SRC \times LPR / 1000)$ Where,

(ΔECR) = Difference between ECR with revised auxiliary consumption with emission control system equivalent to $(AUX_n + AUX_{en})$ and ECR with normative auxiliary consumption as specified in these regulations and revised;

SRC = Specific reagent consumption on account of revised emission standard (in gm /kWh);

LPR = Weighted average landed price of reagent for emission control system (in Rs/kg)”.

NTPL Comments:

It is requested that ECR and supplementary ECR algorithm may please be revisited comprehensively in respect of stipulation of ECR in Regulation 43(2)(a) and proposed (aa) with regard to Limestone cost

F. Auxiliary Energy Consumption (Amendments of Regulation 49 of the Principal Regulations):

25.1. A new sub-clause, namely, sub-clause (bb) shall be inserted after sub-clause (b) of Clause (E) of Regulation 49 of the Principal Regulations as under:

“(bb) Auxiliary Energy Consumption (AUX_e) on account of emission control system of thermal generating stations:

Name of Technology	AUX_e (as % of Gross Generation)
(1) For reduction of emission of sulphur dioxide:	
a) Wet Limestone based FGD system (Without Gas to Gas heater)	1.0%

NTPL Comments:

- NTPL Emission control System to comply with the Revised MoEF & CC Emission

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Standards, consists of following schemes

- i. Wet Lime Based FGD for Sulphur Di-oxide (SO₂) control
 - ii. One No. New RCC Chimney with Bi - Flue Can with Borosilicate lining
 - iii. Additional 8.5 MLD De-Salination Plant for the FGD process
- The Auxiliary Power consumption of 1% proposed in the first amendment for Wet Limestone based FGD system is envisaged only for FGD system whereas the associated Additional 8.5 MLD De-Salination Plant which caters the need of FGD process requires 0.2 % of Gross Generation. Hence, Hon'ble Commission is requested to allow an auxiliary consumption of 1.2 % towards implementation of FGD system along with 8.5 MLD De-Salination plant


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