

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. : **429/MP/2019**

Subject : Petition under Section 79 of the Electricity Act, 2003 read with Regulation 29 of the Central Electricity Regulatory Commission (Terms and Condition of Tariff) Regulations, 2019 for approval of additional expenditure on account of installation of various Emission Control Systems at NLCIL Thermal Power Station II (Stage I – 3 X 210 MW & Stage II –4 X 210 MW) and Thermal Power Station–I Expansion (2x210 MW) in compliance with the Ministry of Environment and Forests and Climate Change, Government of India notification dated 7.12.2015

Date of Hearing : 1.6.2021

Coram : Shri P. K. Pujari, Chairperson
Shri I. S. Jha, Member
Shri Pravas Kumar Singh, Member

Petitioner : NLC India Limited (NLCIL)

Respondents : AP Southern Power Distribution Company Ltd. and Ors.

Parties present : Ms. Anushree Bardhan, Advocate, NLCIL
Mr. Anil Kumar Sahni, NLCIL
Mr. K. Nambiraja, NLCIL
Mr. S. Ravi, NLCIL
Mr. A. Srinivasan, NLCTPL
Mr. B. Vinod Kanna Advocate, TANGEDCO
Ms. R. Ramalakshmi, TANGEDCO
Ms. Er. R. Alamelu, TANGEDCO

Record of Proceedings

The matter was called out for virtual hearing.

2. The learned counsel for the Petitioner submitted that the Commission in the last Record of Proceedings (RoP) dated 18.12.2019 directed the Petitioner to approach CEA to get its proposal for installation of ECS examined by CEA, firm-up the technology to be used for its Thermal Power Stations and submit alongwith CEA's recommendation. Accordingly, the Petitioner approached the CEA and the CEA vide its letters dated 29.10.2019 and 19.11.2020 recommended lignite based FGD for Thermal Power Station II (TPS II) Stage I (3 X 210 MW) and Stage II (4 X 210 MW) of TPS I. Accordingly, on the basis of recommendations of CEA, the bidding process took place on 25.5.2021, reverse auction was completed on 31.5.2021 and Letter of award is expected to be made within a month.



3. The learned counsel for TANGEDCO submitted that the Petitioner be directed to place on record the copy of CEA's letter of recommendations and serve the copy of the same to the beneficiaries/ Respondents. He submitted that all the seven units have completed their useful life and accordingly the Petitioner may be directed to furnish the retirement plan of the plant so as to avoid huge expenditure at the fag end of the life of the plant towards FGD. It is mandatory on the part of the Petitioner to furnish all relevant details so as to enable the beneficiaries to take an informed decision. He further submitted that the Petitioner has not furnished necessary information on the sustenance of all the units like details of Residual Life Assessment (RLA)/ Renovation and Modernization study conducted. The Petitioner proposes to run the plant for another 10 years, for which additional cost would be incurred for running the plant. As the cost will be passed on to the beneficiaries and in turn to the consumers, the reliability of the existing units for a period of another 10 years has not been justified, through RLA, by the Petitioner. He submitted that the submissions made in its reply in detail may be considered.

4. In response to the query of the Commission regarding the residual life of its seven units, the learned counsel for the Petitioner submitted that all the seven units have completed their 25 years of useful life. She submitted that all PPAs entered with the beneficiaries/ Respondents for TPS-I stand extended for a period up to the year 2028 to 2030. She submitted that TANGEDCO has entered into a PPA for extension of TPS-II for a period up to 4.3.2029. In response to another query of the Commission regarding the capital cost incurred on R&M at the time of extending the life of the plant and entering into PPA, the learned counsel for the Petitioner submitted that the related information is not available and it will be placed on record soon. The Commission observed that the present proceedings is limited to the approval for expenditure towards installation of ECS and the issues relating to life extension of plant and capital cost incurred on the same, need to be dealt with in an independent proceeding based on petition filed for that purpose.

5. As regards the technology specifications and capital cost of the lignite based power plants, the learned counsel for the Petitioner submitted that the technology, cost and other parameters in case of lignite based power plants are different and, therefore, not comparable with the coal based power plants.

6. The Commission directed the Petitioner to clarify the issues raised by the beneficiaries/ Respondents and submit the following information on affidavit, by 21.6.2021, with a copy to the Respondents and the Respondents to file their reply by 12.7.2021 and the Petitioner to file its rejoinder, if any, by 23.7.2021.

- (i) The present emission level of SO_2 and NO_2 during the past three years of its certified by competent Authority, as provided to the Pollution Control Board;
- (ii) Whether the Respondents/ beneficiaries consulted regarding the proposed additional capital expenditure prior to floating/ finalizing the bid for incurring such additional capital expenditure, if not reasons for the same;
- (iii) Copy of NIT along with bid opening/closing dates;



- (iv) Certificate from the competent authority that bidding and award of the work has been carried out in a fair and transparent manner as per the applicable GOI/ NLCIL guidelines;
- (v) A note on the process of bidding for award of different packages of ECS, with names of the bidders who participated in the bid and name of the successful bidder, with a copy of the Letter of Award/Letter of Intent issued to the successful bidder.
- (vi) Station-wise/unit-wise break-up of the capital cost claimed for FGD as per the following table:

Unit No.	Capacity (MW)	CEA's indicative hard cost (₹ lakh per MW)	Hard cost claimed (₹ lakh per MW)	*Total IDC claimed (₹ lakh)	*Total IEDC claimed (₹ lakh)	#Total FERV claimed (₹ lakh)	*Total taxes & duties claimed (₹ lakh)	Total other costs claimed (₹ lakh)	**Total costs claimed (₹ lakh)
1									
2									
3									
4									
5									
6									

- (vii) Reasons for deviation from CEA's indicative hard cost, if any.
- (viii) If any contract for NOx reduction at the generating station has also been awarded, the cost of the same is to be segregated and the capital cost for FGD is to be provided separately and distinctly.
- (ix) Present status of implementation of FGD.

7. The Commission further directed the parties to comply with the directions with the timeline specified and observed that no extension of time shall be granted.

8. The Petition shall be listed for final hearing in due course for which separate notice will be issued.

By order of the Commission

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(V. Sreenivas)
Deputy Chief (Law)

