

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 636/MP/2020**

- Subject** : Petition under Section 79(1)(b) of the Electricity Act, 2003 read with Article 10 of the Case-1 long-term Power Purchase Agreement dated 27.11.2013 along with Addendum No. 1 dated 20.12.2013 entered into between Dhariwal Infrastructure Ltd. and Tamil Nadu Generation and Distribution Corporation Ltd. for the supply of 100 MW Contracted Capacity from Unit 2 of its 2 x 300 MW Coal based thermal generating station located at Tadali, Chandrapur in the State of Maharashtra, seeking an in principle approval of the Additional Capital Expenditure to be incurred on account of installation of Limestone based Wet Flue Gas De-Sulphurization system necessitated by a Change in Law event i.e., Environment (Protection) Amendment Rules, 2015 dated 7.12.2015 and Environment (Protection) Amendment Rules, 2018 dated 28.6.2018 issued by the Ministry of Environment, Forest and Climate Change (MoEFCC) read with the letter issued by Central Pollution Control Board dated 11.12.2017
- Date of Hearing** : 1.6.2021
- Coram** : Shri P. K. Pujari, Chairperson  
Shri I. S. Jha, Member  
Shri Pravas Kumar Singh, Member
- Petitioner** : Dhariwal Infrastructure Ltd. (DIL)
- Respondents** : Tamil Nadu Generation and Distribution Corporation (TANGEDCO)
- Parties Present** : Shri Sanjay Sen, Senior Advocate, DIL  
Ms. Mandakini Ghosh, Advocate, DIL  
Ms. Srishti Rai, Advocate, DIL  
Ms. Divya Chaturvedi, DIL  
Shri Rabi Chowdhury, DIL  
Shri Subir Kumar Saha, DIL  
Shri Aveek Chatterjee, DIL

**Record of Proceedings**

Case was called out for virtual hearing.

2. The instant petition has been filed by the Petitioner seeking 'in principle' approval of the Additional Capital Expenditure (ACE) to be incurred on account of installation of Wet Limestone based Flue Gas De-Sulphurization System necessitated by a 'Change in Law'
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event, i.e., Environment (Protection) Amendment Rules, 2015 dated 7.12.2015 and Environment (Protection) Amendment Rules, 2018 dated 28.6.2018 issued by the MoEFCC read with the letter issued by Central Pollution Control Board dated 11.12.2017, in respect of 2x300 MW Power Station in Chandrapur District of Maharashtra. Unit-1, connected to the STU, was put into commercial operation on 11.2.2014 and Unit-2, connected to CTU Network, was put into commercial operation on 2.8.2014.

3. Learned senior counsel for the Petitioner submitted that the Petitioner entered into a PPA with TANGEDCO on 27.11.2013 for supply of 100 MW (net) capacity from Unit-2 of its generating station for 15 years. The PPA with TANGEDCO was approved by TNERC on 29.7.2016 based on tariff discovered under Section 63 of the Electricity Act, 2003 (2003 Act). The Petitioner is supplying 170 MW from same unit to Noida Power company under Section 62 of the 2003 Act. Learned senior counsel for the Petitioner submitted that the instant petition is for 'in-principle' approval under the PPA so that the Petitioner can proceed with the bidding process.

4. The Commission observed that the capital cost claimed by the Petitioner towards installation of FGD is much higher than the benchmark cost specified by CEA for FGD. The Commission further observed that the base cost given in the NIT is much higher than the benchmark cost of FGD specified by CEA and the Petitioner should have referred to the cost specified by CEA in the NIT. In response to a query of the Commission regarding the basis for arriving at the base cost mentioned in the bids, learned senior counsel submitted that it is based on the report of the Consultant engaged by the Petitioner. The Commission also observed that giving a higher base cost in the bids would naturally lead to discovery of higher cost in the bidding process. The Commission directed the Petitioner to submit the break-up of the proposed capital cost on affidavit by 14.6.2021 with an advance copy to the Respondents.

5. Upon hearing the learned senior counsel for the Petitioner, the Commission admitted the petition and directed to issue notice to the Respondents.

6. The learned senior counsel of the Petitioner submitted that TANGEDCO has filed reply to the petition vide affidavit 26.5.202.

7. The Commission directed the Petitioner to submit the following information after completion of the bidding process with an advance copy to the Respondents who may file their reply within 15 days of receipt of the same and the Petitioner to file its rejoinder, if any, within 15 days thereafter.

- (i) The present status of implementation of FGD.
- (ii) Certificate to the effect that the proposed FGD technology would meet the evaluation criteria indicated by CEA in its advisory dated 7.2.2020 and is the best suited cost-effective technology.
- (iii)  $So_x$  and  $No_x$  emission levels during the past three years as submitted to the Pollution Control Board.



(iv) 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.

(v) 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									

(vi) Reasons for deviation from CEA's indicative hard cost, if applicable.

(vii) 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.

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

9. The matter shall be listed for final hearing in due course, for which a separate notice shall be issued to the parties.

**By order of the Commission**

sd/-  
(V. Sreenivas)  
Deputy Chief (Law)

