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**Comments/ Suggestions on the Staff Paper on Mechanism for Compensation on account of change in law for operation period for compliance with Revised Emission Standards notified by MoEF&CC in respect of Competitively Bid Thermal generating.**

**From :** Cehppc@uhbvn.org.in

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**Subject :** Comments/ Suggestions on the Staff Paper on Mechanism for Compensation on account of change in law for operation period for compliance with Revised Emission Standards notified by MoEF&CC in respect of Competitively Bid Thermal generating.

**To :** Sanoj Kumar Jha <secy@cercind.gov.in>, Manish Chaudhari <mmchaudhari@cercind.gov.in>

Sir,

This is with reference to Hon'ble Commission Public Notice no. EN-(01)8/2020-CERC dated 05.09.2020 regarding subject cited matter.

In this regard, the comments/ suggestions on the subject cited staff paper are as under:-

Sr. No.	Clause No.	Description of clause	Comments of HPPC
1)	4.8	<b>Definition of "Date of operation of ECS ":</b> <i>'Date of Operation' or 'Ode' in respect of an emission control system means the date of putting the emission control system into use after meeting all applicable technical and environmental standards, certified through the Management Certificate duly signed by an authorised person, not below the level of Director of the generating company"</i>	<b>Certification from officer of State or Central Pollution control board whichever is applicable.</b> <b>Hence, the clause is replaced with:</b> <i>'Date of Operation' or 'Ode' in respect of an emission control system means the date of putting the emission control system into use after meeting all applicable technical and environmental standards, certified through Management Certificate duly signed by an authorised person, not below the level of Director of the generating company based on certification from State or Central Pollution control board and any Govt. authority, whichever is applicable".</i> <i>The officer of SPCB/CPCB shall check technical parameters for ECS on yearly basis and consolidated data for every generator shall be published on Generator and CPCB website.</i>
2)	Additional point	-	In case of failure to meet standard Emission norms as per MOEFCC notification during

			generation period upto 90% capacity as amended from time to time, then compensation in terms of capacity charge and energy charge shall be reduced on pro-rata basis.
3)	Additional point	-	As proposed in section 4 of the staff paper, Life of ECS must be considered as 25 years, irrespective of the term of balance PPA term and during that term also, generator is required to comply with emission norms. Also proposal of depreciation upto 90% should be retained.
4)	Additional point	-	As proposed in section 4.10 of the staff paper, no profit in any component of tariff should be retained, as any compensation mechanism needs to be based on the principle of restitution.
5)	4.11	Accordingly, additional capital expenditure on installation of emission control system is proposed to be serviced on Net Fixed Assets (NFA) basis (value of fixed assets reducing each year by the depreciation value) @ weighted average rate of interest of loans raised by the generator or at the rate of Marginal Cost of Lending Rate of State Bank of India (for one year tenor) plus 350 basis points, as on 1st April of the year in which emission control system is put into operation, whichever is lower.	<b>The clause is replaced as under:-</b> Accordingly, additional capital expenditure on installation of emission control system is proposed to be serviced on Net Fixed Assets (NFA) basis (value of fixed assets reducing each year by the depreciation value) @ weighted average rate of interest of loans raised by the generator <b>particularly for installation of ECS System</b> or at the rate of Marginal Cost of Lending Rate of State Bank of India (for one year tenor) plus 350 basis points, as on 1st April of the year in which emission control system is put into operation, whichever is lower.
6)	4.22	<i>Calculation of Non Escalable Capacity charge (NECC) on Page-26</i> $(3800 \times 1000 \times 0.85 \times 8760 \times 1.25/10^7 = 3760 \times 1000 \times 0.85 \times NECC(mod)/10^7)$	8760 hrs is missing on Right side of the equation. Hence, it shall be replaced with:  <i>Non Escalable Capacity charge (NECC) on Page-26</i> $(3800 \times 1000 \times 0.85 \times 8760 \times 1.25/10^7 = 3760 \times 1000 \times 0.85 \times 8760 \times NECC(mod)/10^7)$

The above is submitted for kind consideration of Hon'ble Commission.

Regards

CE/HPPC

