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Letter No.: NPL/CD/JU/CERC/SCRC/230731/4

31.07.2023

Shri Harpreet Singh Pruthi
Secretary,
Central Electricity Regulatory Commission,
Chanderlok Building, Janpath,
New Delhi

**Sub: Comments on Compensation Methodology for Operating Thermal (Coal)
Generating unit below 55% Minimum Power Level**

Ref: CERC Public Notice No L-1/268/2022/CERC dated 26.05.2023

Dear Sir,

With reference to your above-mentioned notice please find comments (enclosed) on behalf of Nabha Power Limited (NPL), which owns and operates 2 X 700 MW Coal fired Thermal Power Plant at Rajpura, Punjab.

Yours sincerely,

For Nabha Power Limited

Jitendra Upadhyay
(Authorized Signatory)

Encl. As stated.

**Comments on Compensation Methodology for Operating Thermal (Coal)
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Annexure- I

S. No.	Clause no	Similar Mechanism for section 63 Plants	NPL Comments/ Remarks
1	-	Compensation Mechanism for flexible operation of Section 63 Plants	<p>It is suggested that the commission may also release a similar compensation mechanism for Section 63 plants on account of flexible Operation of Coal based TPPs as notified by CEA. The costs incurred should be treated as change in law especially for Case II plants under Section 63 and following additional costs should be reimbursed to Generating station:</p> <ul style="list-style-type: none"> • The capital costs involved in implementing flexible operation. • Start-up costs • Additional O&M costs • Variable costs due to increase in NHR. • Any other additional costs on account of flexible operation.
S. No.	Clause no	Draft Provision as per CERC Discussion Paper	NPL Comments/ Remarks
2	3 A. a)	<p>ii. It is estimated that measures essential, to operate at 40% load may require an estimated capital investment of around Rs 10 crores for each unit commissioned on or after 01.01 .2004 and except units covered under para3(a)(iv).</p> <p>iii. Unit will be eligible for increased fixed tariff irrespective of actual operation once measures are implemented and exhibits desired low load operation. Considering five (5) years payback period the impact has been estimated as under Table-I.</p> <p>iv. As per the Regulation 8 (11) of Central Electricity Authority (Technical Standards for Construction of Electrical Plants & electrical Lines) notified on 20.08.2010, pulverised fuel combustion-based steam generator shall not require oil support above 40%-unit load. Therefore, measures/ retrofits are not required in these units for operation upto 40% load. However, as per the OEM few measures are required to be implemented for regular 40% load operation of subcritical units though the same (40%) was demonstrated during PG test. Considering above it is proposed a maximum capital investment of Rs.6 crores may be allowed to the subcritical generating units where investment approval received on or after 01.01.2011 and the impact is calculated as under Table-II:</p>	<p>Bidding/LoA/PPA signing completed for Supercritical units before issuance of cited CEA notification on Technical Standards for Construction of Electrical Plants (dated 20.08.2010) should be allowed for all compensations on account of Flexible Operations.</p>

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S. No.	Clause no	Draft Provision as per CERC Discussion Paper	NPL Comments/ Remarks
3	3 A. a) iii.	iii. Unit will be eligible for increased fixed tariff irrespective of actual operation once measures are implemented and exhibits desired low load operation. Considering five (5) years payback period the impact has been estimated as under Table-I.	<p>With reference Unit size mentioned in Table-I, no specific data has been mentioned for NPL Unit size which is 700 MW. Also, the total capital cost required for flexible operation shall increase with the increase in unit size capacity.</p> <p>Current regulation proposes a uniform capex requirement irrespective of Unit size. It is suggested that increased capex may suitably be recommended for increased unit size capacity.</p>
4	3 B. a)	Cost due to increase in Net Heat Rate	<p>Current draft provision proposes % increase in net heat rate which % increases the variable tariff. It is instead suggested to recommend only a % increase in net heat rate and the increase in variable tariff should be determined as per Energy Charge formula in PPA.</p>
5	Annexure I	Assumptions	<p>The assumptions mentioned under Annexure-I may be revised as follows:</p> <ul style="list-style-type: none"> • The assumed price of oil is very low & should be revised to actual prevailing cost. • The estimated average cost of coal for non-pit head plants should be taken slab-wise based on distance from mines. Ex 0-500 Km, 501-1000 Km, 1001-1500 Km. Plant like NPL which is situated ~1400 Km from mines has average landed coal cost of Rs 5000/ MT.

Jr.

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