



NABHA POWER LIMITED

NPL
Nabha Power Limited

P.O. Box No -28, Near Nalash, Rajpura-140401, Punjab
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Ref: NPL/CD/JU/CERC/SCRC/240724/1

Date: 24.07.2024

**The Secretary,
Central Electricity Regulatory Commission,
7th Floor, Tower B, World Trade Centre,
Nauroji Nagar, New Delhi- 110029**

**Sub: Comments on the revised compensation mechanism on account of
installation of emission control system, proposed in draft Order in Suo
Motu petition no. 4/SM/2024**

Ref: CERC Draft Order in Suo Motu Petition 04/SM/2024 dated 03.07.2024

Dear Sir,

In reference to your above cited Order, please find enclosed comments on the same on behalf of Nabha Power Limited (NPL) which owns and operates 2 X 700 MW Coal fired Super-Critical Thermal Power Plant at Rajpura, Punjab.

Thanking You,

For Nabha Power Limited

**Jitendra Upadhyay
(Authorized Signatory)**

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Corporate Office: L&T House, N M Marg, Ballard Estate, Mumbai 400 001

CIN No: U40102PB2007PLC031039

Comments on CERC draft Order Suo Motu petition no. 4/SM/2024		
Sno.	Cl no.	Draft Order Suo motu petition no. 4/SM/2024
1	12 (a), (b)	<p>Depreciation: 70% of the additional CAPEX (considering salvage value to 10%) shall be recovered in 12 years. 30% of the CAPEX shall be recovered from 13th year till balance operational life of plant</p>
2	17	<p>Operation and Maintenance Expenses: 2.0% of ACEE excluding IDC, IEDC, FERV for first year. From Second year onwards, 2.0% of ACEE to be escalated at 5.25%</p>
3	29	<p>Servicing cost of additional CAPEX COCe, $COCe(y) = [NFA(y) \times RI(y) / 100]$ where $RI(y) = SBI\ MCLR$ (one year as on 1st April of the year) plus 250 bps</p>
		<p>NPL Comments</p> <p>Additional CAPEX should be recoverable within the tenure of the PPA in order to restore the affected party to the same economic position as if the change in law had not occurred.</p> <p>CERC should consider equipment deterioration as the entire system operated in a corrosive environment. ECS availability will be very challenging. Therefore, O&M expenses should be allowed at 5% of ACEE excl IDC and FERV. 2nd year onwards 5% of ACEE escalated annually at 3.5%. Furthermore, Sale of gypsum should not be reduced from O&M expnses as there will be additional cost in handling and disposal of gypsum.</p> <p>CERC should consider cost of Equity contribution as in generating stations approx. 70% of capital is funded by debt and 30% is equity contribution. CERC may consider cost of equity @ 15.5% post tax which is at par with ROE available to section 62 plants as per tariff regulations 2024-2029. CERC may consider cost of debt as actual rate of interest on loan of generating stations. Rate on Cost of Capital (COCe) should be considered as Weighted Avg. Cost of Capital for debt and equity or SBI MCLR as on 1st April of the year plus 350 bps whichever is lower.</p>

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