

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. : 597/MP/2020

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 installation of various Emission Control Systems at NSPCL Bhilai Expansion Plant (2x250 MW) in compliance of Ministry of Environment and Forests and Climate Change, Government of India notification dated 7.12.2015

Date of Hearing : 13.8.2021

Coram : Shri P. K. Pujari, Chairperson
Shri I. S. Jha, Member
Shri Arun Goyal, Member
Shri P.K. Singh, Member

Petitioner : NTPC SAIL Power Company Limited (NTPC SAIL)

Respondents : DNH Power Distribution Corporation Ltd. (DNHPDCL) & Ors.

Parties present : Ms. Poorva Saigal, Advocate, NTPC SAIL
Ms. Tanya Sareen, Advocate, NTPC SAIL
Shri Nirnay Gupta Advocate, CSPDCL
Shri Anand K. Ganesan, Advocate, DNHPDCL
Shri Ashwin Ramanathan, Advocate, DNHPDCL
Shri Dilip Tiwari, NTPC SAIL

Record of Proceedings

The matter was called out for virtual hearing.

2. The learned counsel for the Petitioner submitted that the process of tendering and award of contract for installation of FGD in the instant generating station was initiated prior to coming into effect of the 2019 Tariff Regulations. She further submitted that the process for invitation for bids was initiated in August, 2018 and the letter of award was issued to BHEL in the August, 2019.

3. In response to a query of the Commission regarding high per MW capital cost claimed by the Petitioner for installation of Emission Control System (ECS), the learned counsel for the Petitioner submitted that the detailed justification for deviation in the capital cost from CEA benchmark cost is given in affidavit dated 12.6.2021. She submitted that the hard cost of ₹72.45 lakh per/MW has been claimed for the instant power station and it is due to unique configuration. Being an isolated power plant, there was no option for clubbing or taking advantage of the economies of scale, thereby leading to a higher per MW cost. She submitted that the



capital cost of FGD system in case of similar projects like Bhartiya Rail Bijlee Company Limited (BRBCL), having 4 units of 250 MW is ₹63 lakh/MW and Unchahar-4 having a single unit of 500 MW is Rs ₹61 lakh/MW. She submitted that the hard cost of a single 500 MW Unit works out approximately ₹305 crore whereas that of a 2x250 MW Plant is about of ₹362 crore. She submitted that the cost of common limestone Handling System, Milling System etc. does not vary with respect to unit size and number of units. She submitted that this is a crucial aspect of the costing which leads to higher per MW cost in the case of smaller size units and having lesser number of units in the project, as in the case of instant NSPCL Bhilai Power Plant.

4. In response to DNHPDCL's contention that in case of Bongaigaon TPP, which is a similar 250 MW unit, NTPC has claimed ₹108 crore which works out to ₹43 lakh/MW, the learned counsel for the Petitioner clarified that the cost approved by the Commission in order dated 22.5.2017 in Petition No. 45/GT/2016 in case of Bongaigaon TPP was based on SO₂ norm prescribed in 2012, in compliance of the guidelines laid down by the Environment Clearance accorded by MoEF&CC i.e. prior to the 2015 MoEF&CC Notification. Therefore, the implication of the stringent norms prescribed in the 2015 MoEF&CC Notification have not been considered by the Commission in order dated 22.5.2017. Subsequently, NTPC has filed petition for the 2019-24 tariff period wherein the actual costs incurred in respect of FGD installation is in excess of the ₹43 lakh/MW. Accordingly, instant station cannot be compared with Bongaigaon TPP.

5. In response to a query of the Commission regarding the number of bidders that participated in the bidding, she submitted that NTPC was appointed as consultant for the instant project and eight qualified bidders participated in the process of bidding and subsequently BHEL was awarded the contract. She further submitted that in compliance of the Commission's directions, details of SO₂ and NO₂ actual emission profile of last year has been filed. She further submitted that the same has been shared with the beneficiaries and requested the Commission to open the e-filing portal for filing the same.

6. The Commission observed that the cost of common system in case of 1000 MW and 250 MW generating stations needs to be determined first before determining the hard cost of such generating stations.

7. The Commission directed the staff to open filing window so that the Petitioner can file the details of the actual emission levels and directed the Petitioner to file the same by 2.9.2021.

8. Subject to above, the Commission reserved the order in the petition.

By order of the Commission

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

