

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. : **429/MP/2019**

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 account of installation of various Emission Control Systems at NLCIL Thermal Power Station II (Stage I-3 X 210 MW & Stage II-4 X 210 MW) and Thermal Power Station-I Expansion (2x210 MW) in compliance with the Ministry of Environment and Forests and Climate Change, Government of India notification dated 7.12.2015

Date of Hearing : 16.11.2021

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

Petitioner : NLC India Limited (NLCIL)

Respondents : AP Southern Power Distribution Company Ltd.
and Ors.

Parties present : Ms. Anushree Bardhan, Advocate, NLCIL
Ms. Srishti Khindaria, Advocate, NLCIL
Shri S. Vallinayagam, Advocate, TANGEDCO
Shri Nambirajan, NLCIL
Dr. R. Kathiravan, TANGEDCO
Ms. R. Ramalakshmi, TANGEDCO
Shri R. Srinivasan, TANGEDCO

Record of Proceedings

The matter was called out for virtual hearing.

2. Learned counsel for the Petitioner submitted that the bidding process for TPS-I Expansion (2X210 MW), TPS-II Stage-I (3 X 210 MW) and TPS-II Stage-II (4 X 210 MW) was floated on 23.9.2020, i.e. before CEA issued letter dated 29.10.2020 directing the Petitioner to involve the beneficiaries in the tendering process. Larsen & Toubro Ltd. (L&T) and BHEL have submitted their bids. The bidders were short listed on 21.11.2020. The price bid of the above-mentioned qualified bidders were opened on 25.5.2021 and reverse auction was held on 31.5.2021. She submitted that all the bidding related documents were submitted to TANGEDCO in June 2021. She submitted that after the reverse auction, the approval of the Company's Board is



awaited and the letter of award is expected to be issued after the approval of its Board and the same will be shared with procurers and the Commission as and when it is approved by its Board. She further submitted that the pleadings are complete in the matter, rejoinders to the replies filed by the Respondents have also been filed and the required information sought by the Commission has been furnished.

3. In response to a query of the Commission regarding the cost of project, the learned counsel for the Petitioner submitted that the cost is yet to be approved by its Board and as such the cost details are not available.

4. Learned counsel for the TANGEDCO submitted that the Petitioner did not share any proposal with TANGEDCO regarding implementation of FGD system other than the petition. Despite CEA's specific direction to involve lead procurers in the bidding process, the Petitioner has not intimated or invited TANGEDCO to any of the bidding process and the information was furnished by the Petitioner to TANGEDCO only in June 2021. He submitted that the revised Emission Control Norms notified by MoEFCC do not mandate for Borosilicate lining for Chimney. However, huge cost/ expenditure has been proposed by Petitioner and the same needs to be justified by the Petitioner. The Petitioner has failed to justify the need of Borosilicate glass lining in the existing stacks which have 'Flue Can' made of refractory bricks. He submitted that the Petitioner is incurring ₹76.19 crore and ₹174.23 crore in Stage-I and Stage-II of TPS-II respectively and ₹41.27 crore for TPS-I Expansion for installation of the Borosilicate lining. He submitted that incurring such huge expenditure on Borosilicate glass lining in retired plants or about to retire plants is against the public interest. Learned counsel submitted that the Petitioner's contention that no indicative hard cost is mentioned by CEA for lignite based power plants is misplaced as CEA in its letter dated 29.10.2020 has mentioned the indicative base cost estimation for installation of WFGD system at NLCIL as Rs.0.45 crore per/MW and the Petitioner has incurred ₹1.90 crore/MW which is higher than CEA's benchmark cost. The Petitioner has failed to provide any explanation for the reasons for deviation from CEA's benchmark cost. He also raised other issues like implementation period, deemed generation, O&M Expenses, synchronization of installation of FGD with over haul maintenance etc. and requested to consider the submissions made in this regard in its reply.

5. In response to a query of the Commission regarding the need for Borosilicate lining and whether separate tender was floated for Borosilicate lining, the representative of Petitioner submitted that it is part of the WFGD system cost and no separate tender was floated for Borosilicate lining and only for the purpose of clarity, separate cost of Borosilicate lining was submitted. The details for requirement of Borosilicate lining have been submitted in the petition. She submitted that with the implementation of WFGD system, the temperature would be in the range of 50-80 degree centigrade and will be highly corrosive in nature and will corrode and affect the chimney structure if no lining is provided. She further submitted that the "Standard Technical specification for retrofit of Wet limestone based FGD system" published by CEA also stipulates provision of Borosilicate lining.

6. The Commission directed the Petitioner to place on record details of firmed up cost as soon as it is approved by its Board along with the reasons for deviation from CEA's benchmark cost, if any, and clarifications to the issues raised by TANGEDCO



on affidavit with an advance copy to the Respondents. The Commission also directed the Respondents to submit their comments/ reply on the aspect of cost, if any, within 15 days of receipt of the same with a copy to the Petitioner.

7. The Petition shall be listed for hearing after submission of the approved firmed cost of WFGD by the Petitioner, for which separate notice shall be issued.

By order of the Commission

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(V. Sreenivas)
Deputy Chief (Law)

