

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 396/GT/2020**

**Coram:**

**Shri I.S. Jha, Member**

**Shri Arun Goyal, Member**

**Shri Pravas Kumar Singh, Member**

**Date of Order: 27<sup>th</sup> September, 2022**

**IN THE MATTER OF**

Petition for determination of tariff of Bhilai Expansion Power Plant (500 MW) for the period from 1.4.2019 to 31.3.2024.

**AND**

**IN THE MATTER OF**

NTPC-SAIL Power Company Limited,  
4th Floor, 15 Bhikaiji Cama Place,  
New Delhi – 110066.

**....Petitioner**

**Vs**

1. DNH Power Distribution Corporation Limited,  
UT of DNH, Silvassa – 396230.

2. Electricity Department,  
Administration of Daman & Diu,  
Daman – 396210.

3. Chhattisgarh State Power Distribution Company Limited,  
Vidyut Sewa Bhawan, Dagonia,  
Raipur – 492001.

4. Steel Authority of India Limited,  
Ispat Bhawan, Lodhi Road,  
New Delhi – 110003.

**....Respondents**

**Parties Present:**

Shri Tridib Deb, NTPC-SAIL

Shri Soumitra Samanta, NTPC-SAIL

Shri Dilip Kumar Tiwari, NTPC-SAIL



## ORDER

This petition has been filed by the Petitioner, NTPC SAIL Power Company Limited for determination of tariff of Bhilai Expansion Power Plant (2 x 250 MW) (hereinafter referred to as 'the generating station') for the period from 1.4.2019 to 31.3.2024, in accordance with the provisions of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 (hereinafter referred to as 'the 2019 Tariff Regulations').

2. The Petitioner is a joint venture company of NTPC Ltd. and Steel Authority of India Ltd. (SAIL) having equity participation of 50:50. The power generated from the generating station will be consumed to the extent of 51% for captive requirement of SAIL and the balance power is to be supplied to the Respondents 1 to 3 in terms of the Power Purchase Agreements (PPA) entered into between them. The generating station with a capacity of 500 MW comprises of two units of 250 MW each. Unit-I and Unit-II of the generating station achieved COD on 22.4.2009 and 21.10.2009 respectively.

3. The Commission vide its order dated 2.8.2016 in Petition No. 257/GT/2014 had determined the tariff of the generating station for the period from 1.4.2014 to 31.3.2019. Subsequently, in Petition No.192/GT/2020 filed by the Petitioner for truing up of tariff of the generating station, for the 2014-19 tariff period, the Commission vide its order dated 4.8.2022 approved the capital cost and the annual fixed charges as under:

### **Annual Fixed Charges allowed**

	<i>(Rs. in lakh)</i>				
	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>
Depreciation	13908.82	13926.89	13842.34	13726.63	13715.14
Interest on Loan	11610.49	10314.91	9022.93	7159.23	5861.09
Return on Equity	15654.49	15747.41	15752.43	15748.72	15803.66
Interest on Working Capital	4389.23	4418.48	4434.20	4512.94	4593.04
O&M Expenses	13661.70	14512.56	15331.91	16328.24	18081.79
<b>Total</b>	<b>59224.73</b>	<b>58920.25</b>	<b>58383.80</b>	<b>57475.75</b>	<b>58054.71</b>



## Capital Cost allowed

(Rs. in lakh)

	2014-15	2015-16	2016-17	2017-18	2018-19
Opening capital cost	275920.76	276183.35	276498.71	276353.22	276373.12
Add: additional capital expenditure	262.59	315.36	(-)145.49	19.90	404.65
<b>Closing capital cost</b>	<b>276183.35</b>	<b>276498.71</b>	<b>276353.22</b>	<b>276373.12</b>	<b>276777.77</b>
Average capital cost	276052.05	276341.03	276425.96	276363.17	276575.44

## Present Petition

4. The Petitioner vide affidavit dated 22.1.2020 had filed the present Petition for determination of tariff of the generating station for the 2019-24 tariff period. Subsequently, the Petitioner, vide affidavit dated 24.5.2021, has revised its claim for annual fixed charges and capital cost as under:

## Annual Fixed Charges claimed

(Rs. in lakh)

	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	14225.89	14255.96	14339.77	6182.76	6215.11
Interest on Loan	4598.15	3458.58	2374.74	1624.46	1137.14
Return on Equity	15067.60	15092.86	15149.59	15204.31	15216.49
Interest on Working Capital	4065.98	4062.12	4120.37	4031.76	4069.85
O&M Expenses	20576.61	20780.14	22237.27	23139.77	24081.17
<b>Total</b>	<b>58534.23</b>	<b>57649.66</b>	<b>58221.73</b>	<b>50183.06</b>	<b>50719.76</b>

## Capital Cost claimed

### (a) Capital cost eligible for Return on Equity at normal rate

(Rs. in lakh)

	2019-20	2020-21	2021-22	2022-23	2023-24
Opening capital cost	277170.39	277563.86	277753.86	278153.86	278153.86
Add: Addition during the year/ period	393.47	190.00	400.00	0.00	0.00
Less: De-capitalization during the year/ period	0.00	0.00	0.00	0.00	0.00
Less: Reversal during the year/ period	0.00	0.00	0.00	0.00	0.00
Add: Discharges during the year/ period	0.00	0.00	0.00	0.00	0.00
<b>Closing capital cost</b>	<b>277563.86</b>	<b>277753.86</b>	<b>278153.86</b>	<b>278153.86</b>	<b>278153.86</b>
Average capital cost	277367.13	277658.86	277953.86	278153.86	278153.86



**(b) Capital Cost eligible for Return on Equity at weighted average rate of interest**

*(Rs. in lakh)*

	2019-20	2020-21	2021-22	2022-23	2023-24
Opening capital cost	0.00	0.00	589.30	2677.90	3490.90
Add: Addition during the year/ period	0.00	589.30	2088.60	813.00	0.00
Less: De-capitalization during the year/ period	0.00	0.00	0.00	0.00	0.00
Less: Reversal during the year/ period	0.00	0.00	0.00	0.00	0.00
Add: Discharges during the year/ period	0.00	0.00	0.00	0.00	0.00
<b>Closing capital cost</b>	<b>0.00</b>	<b>589.30</b>	<b>2677.90</b>	<b>3490.90</b>	<b>3490.90</b>
Average capital cost	0.00	294.65	1633.60	3084.40	3490.90

5. The Petition was heard on 17.3.2021 and the Commission, after directing the Petitioner to file certain additional information, reserved its order in the petition. In compliance to the said direction, the Petitioner has submitted the additional information vide its affidavit dated 24.5.2021, after serving copies on the Respondents. The Respondent, CSPDCL has filed its reply vide affidavit dated 21.5.2021 and the Petitioner vide affidavit dated 22.6.2021 has filed its rejoinder to the said reply. As order in this petition could not be passed prior to Member (ex-officio) demitting office, this petition was re-listed and heard through video conferencing on 29.6.2021 and the Commission after directing the Petitioner to file certain additional information, reserved its order in the matter. However, as order in the petition could not be passed prior to the Chairperson demitting office, this petition was re-listed and heard through video conferencing on 14.7.202 and the Commission reserved its order. Based on the submissions of the parties, the documents available on record and on prudence check, we proceed to determine the tariff of the generating station for the 2019-24 tariff period, as stated in the subsequent paragraphs.



## **Capital Cost**

6. Regulation 19(1) of the 2019 Tariff Regulations provides that the capital cost as determined by the Commission after prudence check, in accordance with this regulation shall form the basis of determination of tariff for existing and new projects. Clause 3 of Regulation 19 of the 2019 Tariff Regulations provides as under:

*“(3) The Capital cost of an existing project shall include the following:*

- (a) Capital cost admitted by the Commission prior to 1.4.2019 duly trued up by excluding liability, if any, as on 1.4.2019;*
- (b) Additional capitalization and de-capitalization for the respective year of tariff as determined in accordance with these regulations;*
- (c) Capital expenditure on account of renovation and modernisation as admitted by this Commission in accordance with these regulations;*
- (d) Capital expenditure on account of ash disposal and utilization including handling and transportation facility;*
- (e) Capital expenditure incurred towards railway infrastructure and its augmentation for transportation of coal upto the receiving end of generating station but does not include the transportation cost and any other appurtenant cost paid to the railway; and*
- (f) Capital cost incurred or projected to be incurred by a thermal generating station, on account of implementation of the norms under Perform, Achieve and Trade (PAT) scheme of Government of India shall be considered by the Commission subject to sharing of benefits accrued under the PAT scheme with the beneficiaries.”*

7. The Petitioner has claimed the opening capital cost of Rs.277170.39 lakh as on 1.4.2019. However, the Commission vide its order dated 4.8.2022 in Petition No. 192/GT/2020 had approved the closing capital cost of Rs.276777.77 lakh, on cash basis, as on 31.3.2019. Accordingly, in terms of Regulation 19(3) of the 2019 Tariff Regulations, the capital cost of Rs.276777.77 lakh, on cash basis, has been considered, as on 1.4.2019, for the purpose of determination of tariff, for the 2019-24 tariff period.

## **Additional Capital Expenditure**

8. Regulations 25 and 26 of the 2019 Tariff Regulations, provides as under:

*25. Additional Capitalization within the original scope and after the cut-off date:*



*(1) The additional capital expenditure incurred or projected to be incurred in respect of an existing project or a new project on the following counts within the original scope of work and after the cut-off date may be admitted by the Commission, subject to prudence check:*

*(a) Liabilities to meet award of arbitration or for compliance of the directions or order of any statutory authority, or order or decree of any court of law;*

*(b) Change in law or compliance of any existing law;*

*(c) Deferred works relating to ash pond or ash handling system in the original scope of work;*

*(d) Liability for works executed prior to the cut-off date;*

*(e) Force Majeure events;*

*(f) Liability for works admitted by the Commission after the cut-off date to the extent of discharge of such liabilities by actual payments; and*

*(g) Raising of ash dyke as a part of ash disposal system.*

*(2) In case of replacement of assets deployed under the original scope of the existing project after cut-off date, the additional capitalization may be admitted by the Commission, after making necessary adjustments in the gross fixed assets and the cumulative depreciation, subject to prudence check on the following grounds:*

*(a) The useful life of the assets is not commensurate with the useful life of the project and such assets have been fully depreciated in accordance with the provisions of these regulations;*

*(b) The replacement of the asset or equipment is necessary on account of change in law or Force Majeure conditions;*

*(c) The replacement of such asset or equipment is necessary on account of obsolescence of technology; and*

*(d) The replacement of such asset or equipment has otherwise been allowed by the Commission.*

#### *26. Additional Capitalization beyond the original scope*

*(1) The capital expenditure, in respect of existing generating station or the transmission system including communication system, incurred or projected to be incurred on the following counts beyond the original scope, may be admitted by the Commission, subject to prudence check:*

*(a) Liabilities to meet award of arbitration or for compliance of order or directions of any statutory authority, or order or decree of any court of laokay w;*

*(b) Change in law or compliance of any existing law;*

*(c) Force Majeure.;*

*(d) Need for higher security and safety of the plant as advised or directed by appropriate Indian Government Instrumentality or statutory authorities responsible for national or internal security;*

*(e) Deferred works relating to ash pond or ash handling system in additional to the original scope of work, on case to case basis:*

*Provided also that if any expenditure has been claimed under Renovation and Modernization (R&M) or repairs and maintenance under O&M expenses, the same shall not be claimed under this Regulation;*

*(f) Usage of water from sewage treatment plant in thermal generating station.*



(2) In case of de-capitalization of assets of a generating company or the transmission licensee, as the case may be, the original cost of such asset as on the date of decapitalization shall be deducted from the value of gross fixed asset and corresponding loan as well as equity shall be deducted from outstanding loan and the equity respectively in the year such de-capitalization takes place with corresponding adjustments in cumulative depreciation and cumulative repayment of loan, duly taking into consideration the year in which it was capitalized.”

9. The year wise, projected additional capital expenditure claimed by the Petitioner are summarized and examined below:

<i>(Rs. in lakh)</i>						
	Regulation	2019-20	2020-21	2021-22	2022-23	2023-24
<b>Works within original scope, change-in-law etc. eligible for ROE at Normal Rate</b>						
<b>(A) Items already allowed</b>						
Ash Dyke Raising	26(1)(e)	250.00	50.00	0.00	0.00	0.00
Construction of concrete paving for wagon inspection at MGR	26(1)(d)	11.00	0.00	0.00	0.00	0.00
Bomb Calorimeter		34.47	0.00	0.00	0.00	0.00
<b>(B) New Items</b>						
Implementation of Automatic Generation Control	26(1)(b)	98.00	0.00	0.00	0.00	0.00
Compressor for Ash Evacuation System	26(1)(b) & 26(1)(e)	0.00	100.00	0.00	0.00	0.00
Zero Liquid Discharge System	26(1)(b)	0.00	40.00	0.00	0.00	0.00
CLO2 System	26(1)(b) & 26(1)(d)	0.00	0.00	400.00	0.00	0.00
<b>Sub-Total</b>		<b>393.47</b>	<b>190.00</b>	<b>400.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Works beyond original scope excluding add-cap due to change-in-law eligible for ROE at Weighted Average Rate of Interest (WAROI)</b>						
LT ACB Retrofitting	26(1)(d)	0.00	60.00	0.00	0.00	0.00
Foam Tender		0.00	64.00	0.00	0.00	0.00
Installation of Security CCTV System		0.00	150.00	0.00	0.00	0.00
Hydraulic Platform for Safety as per recommendation		0.00	74.00	0.00	0.00	0.00
CISF Fire Fighting Equipment's and Systems		0.00	11.30	12.60	0.00	0.00
Dozer Model BD 155	25(2)(a)	0.00	230.00	0.00	0.00	0.00
IP Blade Rotor	76	0.00	0.00	1600.00	0.00	0.00
Fire Tender	26(1)(d)	0.00	0.00	64.00	0.00	0.00
Installation of Economizer Coil Handling platform	26(1)(d) read with 76 & 77	0.00	0.00	412.00	413.00	0.00
HMI Upgradation of MAX DNA DCS	25(2)(c) read with 76 & 77	0.00	0.00	0.00	400.00	0.00
<b>Sub-Total</b>		<b>0.00</b>	<b>589.30</b>	<b>2088.60</b>	<b>813.00</b>	<b>0.00</b>
<b>Additional capital expenditure claimed (on projected basis)</b>		<b>393.47</b>	<b>779.30</b>	<b>2488.60</b>	<b>813.00</b>	<b>0.00</b>



**(A) Items already allowed by Commission**

***Ash Dyke Raising Lagoon 1***

10. The Petitioner has claimed projected additional capital expenditure of Rs. 250.00 lakh in 2019-20 and Rs.50 lakh in 2020-21, towards Ash dyke raising works, under Regulation 26(1)(e) of the 2019 Tariff Regulations. In justification to the same, the Petitioner has submitted that the expenses towards ash dyke raising were approved by the Commission in its order dated 2.8.2016 in Petition No. 257/GT/2014. It has also submitted that the ash dyke has been operational since 28.3.2019 and the balance work pertaining to drains, roads and turfing which is in progress, shall be completed during the 2019-24 tariff period.

11. The matter has been considered. It has been observed that the Commission in its order dated 2.8.2016 in Petition 257/GT/2014 had allowed an amount of Rs. 613.91 lakh towards Ash dyke raising under Regulation 14(3)(iv) of the 2014 Tariff Regulations. The Petitioner has already claimed an amount of Rs.412.47 (on accrual basis) in Petition no. 192/GT/2020, pertaining to truing up tariff of the generating station for the 2014-19 tariff period. The Petitioner has claimed the projected additional capital expenditure towards ash dyke raising under Regulation 26(1)(e) of the 2019 Tariff Regulations. It is however noticed that the Commission vide its order dated 2.8.2016 in Petition No. 257/GT/2014 had approved the additional capital expenditure under Regulation 14(3)(iv) of the 2014 Tariff Regulations. Since, the ash generation and ash disposal are a continuous process to be carried out from time to time during the operating life of the plant, in order to ensure successful running of the plant, the projected additional capital expenditure claimed by





the Petitioner towards ash dyke raising of Rs. 250.00 lakh in 2019-20 and Rs.50 lakh in 2020-21 is allowed under Regulation 25(1)(g) of the 2019 Tariff Regulations.

***Construction of concrete paving for wagon inspection at MGR***

12. The Petitioner has claimed additional capital expenditure for Rs. 11 lakh in 2019-20 towards Construction of concrete paving for wagon inspection at MGR under Regulation 26(1)(d) of 2019 Tariff Regulations. In justification of the same, the Petitioner has submitted that Commission had approved an amount of Rs. 44 lakh in respect of the said works in its order dated 2.8.2016 in Petition No. 257/GT/2014 for the 2014-19 tariff period and the same is a spill over item, as the work is in progress.

13. The matter has been considered. It has been observed that the Commission in its order dated 2.8.2016 in Petition 257/GT/2014 had approved an amount of Rs. 22 lakh under Regulation 14(3)(iii) towards the Civil works for MGR based on the circular dated 23.5.2013 from the Vigilance Department, recommending these works for the security and safety of the plant. In view of this, and since these assets/works are spill over works which are in progress and is expected to be completed during the 2019-24 tariff period, we allow the projected additional capital expenditure of the same, under Regulation 26(1)(d) of 2019 Tariff Regulations.

***Bomb Calorimeter***

14. The Petitioner has claimed additional capital expenditure of Rs.34.47 lakh in 2019-20 towards Bomb calorimeter under Regulation 26(1)(d) of the 2019 Tariff Regulations. In justification for the same, the Petitioner has submitted that the Commission in its order dated 2.8.2016 in Petition 257/GT/2014 had allowed the projected additional capital



expenditure of Rs.25 lakh towards this asset. The Petitioner has further submitted that as the item was capitalized during April 2019.

15. The matter has been considered. It has been observed that the Petitioner has claimed an expenditure of (-) Rs.0.24 lakh on cash basis and Rs. 34.23 lakh, on accrual basis, along with an undischarged liability of Rs.34.47 lakh, towards the said asset during the true up of the 2014-19 tariff period. Accordingly, the Commission vide order dated 192/GT/2020 dated 4.8.2022 had allowed an amount of (-) Rs.0.24 lakh on cash basis for the said asset. Further, in the said order, the un-discharged liabilities of Rs. 25.24 lakh against this asset was also allowed, It has been observed that the Petitioner has claimed the amount of undischarged liability i.e., 34,47 lakh claimed in the 2014-19 tariff period against the item as additional capitalization during 2019-20.

16. In view of the above, an amount of Rs.25.24 lakh is allowed against Bomb Calorimeter in 2019-20. The Petitioner is further directed to submit the details of liabilities actually discharged against this item in Form 18 at the time of truing up of 2019-24 Tariff Period.

## **(B) New Claims**

### ***Implementation of Automatic Generation Control***

17. The Petitioner has claimed additional capital expenditure of Rs.98.00 lakh in 2019-20 towards the Implementation of Automatic Generation Control system under Regulation 26(1)(b) of the 2019 Tariff Regulations. In justification of the same, the Petitioner has submitted that the said expenditure has been claimed based on the directions of the Commission in its order dated 2.8.2019 in Petition No. 319/RC/2018.



18. The matter has been considered. It has been observed that in order dated 2.8.2019 in Petition No. 319/RC/2018, the Commission had directed as under:

*“All thermal ISGS stations with installed capacity of 200 MW and above and all hydro stations having capacity exceeding 25 MW excluding the Run-of-River Hydro Projects irrespective of size of the generating station and whose tariff is determined or adopted by CERC are directed to install equipment at the unit control rooms for transferring the required data for AGC as per the requirement to be notified by NLDC. NLDC shall notify the said requirements within one month of this order”*

19. It is therefore evident that the additional capital expenditure claimed by the Petitioner is for compliance to the directions contained in order dated 2.8.2019 in Petition 319/RC/2018. This according to us, is a change in law event and therefore, the claim of the Petitioner is allowed under Regulation 26(1)(b) of the 2019 Tariff Regulations.

### **Compressor for Ash Evacuation System**

20. The Petitioner has claimed additional capital expenditure of Rs.100 lakh towards Compressor for dry ash evacuation system in 2020-21 under Regulation 26(1)(b) and 26(1)(e) of the 2019 Tariff Regulations. In justification for the same, the Petitioner has submitted that as per the directive of the Environment authorities, 100% ash utilization is compulsory. The Petitioner has further submitted that the 100% ash utilization has also been directed by Chhattisgarh Environment Conservation Board (CESB) on consent to operate dated 21.3.2018.

21. The Respondent, CSPDCL has submitted that the Petitioner has claimed additional capitalization towards Compressor for Ash Evacuation System in 2020-21 along with additional cost and hence the Commission may not consider this separately as being part of the capital cost. In response, the Petitioner has submitted that the claim for projected additional capital expenditure for the said asset is in terms of Regulation 26(1)(b) (change in law) read with Regulation 26(1)(e) (deferred work of ash) of the 2019



Tariff Regulations. It has also submitted that the expenditure towards the said item has arisen on account of the MoEF&CC notification dated 25.1.2016, which mandates 100% ash utilization by thermal power plants and the Commission in its order dated 5.11.2018 in Petition 172/MP/2016 had considered the MoEF&CC notification as change in law event.

22. The matter has been considered. The Petitioner has claimed projected additional capital expenditure under Change in law/ compliance to existing law and deferred ash works, based on the 'consent to operate' granted by the CECB vide its letter dated 21.3.2018 which is valid for the period from 1.4.2018 to 31.3.2023. It is also noticed that Clause 2(10) of the MoEF&CC notification dated 25.1.2016 provides as under:

*“Every Coal of lignite based thermal power plant shall install dedicated dry ash silos having separate access roads so as to ease the delivery of fly ash.”*

23. In our view, the asset claimed by the Petitioner would help in reducing the burden of ash disposal in the ash dyke area, which will reduce the regular time to time capitalization of expenditure for raising of ash dyke and environmental ground water pollution. In this background and keeping in view that the additional expenditure claimed is for compliance with the existing norms under the MOEF& CC notification and the directions of CECB, we allow the claim of the Petitioner, under Regulation 26(1)(b) of the 2019 Tariff Regulations. The Petitioner is, however, directed to furnish the details of the revenue earned from the sale of fly ash (excluding transportation charges if any paid by the Petitioner) and a copy of accounts, duly certified by the auditor, as required to be mandatorily maintained by the Petitioner in terms of the said notification, at the time of truing up of tariff.



### **Zero Liquid Discharge System**

24. The Petitioner has claimed additional capital expenditure of Rs.40.00 lakh in 2020-21 towards Zero Liquid Discharge System under Regulation 26(1)(b) of the 2019 Tariff Regulations. In justification of the same, the Petitioner has submitted that 'Consent to Operate' granted by CECB vide its letter dated 21.3.2018 under the Water (Prevention and control of Pollution) Rules, is valid for the period from 1.4.2018 to 31.3.2023 and the same has mandated the generating station, to maintain Zero Liquid Discharge. The Petitioner has further submitted that the works under this head will help to achieve the mandate of statutory rules.

25. The matter has been considered. It has been observed that the Petitioner has claimed the projected additional capitalization towards the said works under Regulation 26(1)(b) of the 2019 Tariff Regulations. In support of the claim, the Petitioner has submitted the copy of the CECB consent letter dated 21.3.2018, wherein, Clause 4 of the said letter provides as under:

*"Industry shall operate and maintain the effluent treatment system efficiency and regularly. Industry shall ensure treated effluent quality within the standards prescribed by Board published in gazette notification dated 25.3.88. the treated effluent shall be utilized in plant operations or for plantation within premises. All the pollution control systems shall be kept in good running conditions all the time and failure (if any), shall be immediately rectified without delay otherwise, similar alternate arrangements shall be made. In the event of failure of any pollution control systems adopted by the industry, the respective production until shall not be started until the control measures are rectified to achieve the desired efficiency. Industry shall not discharge any treated/ untreated effluent into the river or any surface water bodies. No effluent shall be discharged outside the factory premises in any circumstances; hence zero discharge conditions outside the factory premises shall be maintained at all the time. "*

26. It is observed that the CECB in its letter has mandated the generating station to ensure that the effluents are utilized within the premises of the plant, and also to ensure that no effluents are discharged out from the Plant premises. In view of this, the projected



additional capital expenditure of Rs. 40.00 lakh claimed towards Zero Liquid Discharge system is allowed under Regulation 26(1)(b) of the 2019 Tariff Regulations.

### ***ClO<sub>2</sub> Package***

27. The Petitioner has claimed projected additional capital expenditure of Rs.400.00 lakh in 2021-22 towards ClO<sub>2</sub> package under Regulation 26(1)(b) read with Regulation 26(1)(d) of the 2019 Tariff Regulations. In justification for the same, the Petitioner has submitted that at present Chlorine gas is being doze directly at various stages of water treatment to maintain water quality and to inhibit organic growth in the water retaining structures/ equipment such as clarifiers, storage tanks, cooling towers, condenser tubes & piping etc. It has also submitted that Chlorine dosing is done from chlorine stored in cylinders/ tonners and that Chlorine gas is very hazardous and may prove fatal in case of leakage; handling and storage of same involves risk to the life of public at large. Accordingly, the Petitioner has submitted that in the interest of public safety, the chlorine dozing system is being replaced by Chlorine Di-oxide (ClO<sub>2</sub>) system, which is much safer and less hazardous than Chlorine dozing system. It has added that in the proposed scheme, ClO<sub>2</sub> shall be produced on site, by use of commercial grade HCl and sodium chlorite and thereby avoids handling and storage risk. The Petitioner has further submitted that for the safety of public, the Petitioner is replacing the Chlorination system with ClO<sub>2</sub> system.

28. The matter has been considered. The Petitioner has not submitted any documentary evidence to justify that the claim for additional capital expenditure for this generating station is based on a change in law event in terms of Regulation 26(1)(b) of the 2014 Tariff Regulations. It has also not demonstrated that the said claim is based on



any specific direction or advice from any Governmental or statutory authorities, with regard to the requirement of this item for the safety and security of the generating station, in terms of Regulation 26(1)(d) of the 2019 Tariff Regulations. It is also noticed that similar claims of NTPC in some of its generating stations had not been allowed, in the tariff orders issued for the 2019-24 tariff period. Accordingly, the projected additional capital expenditure claimed by the Petitioner is not allowed.

### ***LT ACB Retrofitting***

29. The Petitioner has claimed additional capital expenditure for Rs. 60.00 lakh in 2020-21 towards Low Tension Air Circuit Breakers (LT ACB) Retrofitting under Regulation 26 (1)(d) of the 2019 Tariff Regulations. In justification of the same, the Petitioner has submitted that in order to ensure safety, drives of more than 100 kw, are to be retrofitted with LT ACB, to avoid flash over for safety of equipment, as well as safety of the Personnel. It has further submitted that use of breakers for LT Motors >100 kW would enhance reliability of the system.

30. The matter has been examined. Though the Petitioner has claimed projected additional capital expenditure of this asset, under Regulation 26(1)(d) of the 2019 Tariff Regulations, it has not been able to demonstrate through documentary evidence, that the requirement of this asset, is based on any specific directions or advice from any Governmental or statutory authorities as regards to the requirement of this item. In view of this, the claim of the Petitioner is not allowed.

### ***Foam Tender & Water Tender***

31. The Petitioner has claimed additional capital expenditure for Rs. 64.00 lakh each towards the Procurement of foam tender and Water Tender in 2020-21 and 2021-22

