

**BEFORE THE CENTRAL ELECTRICITY REGULATORY COMMISSION
3RD AND 4TH FLOOR, CHANDRALOK BUILDING,
36, JANPATH, NEW DELHI - 110 001**

IN THE MATTER OF:

Supplementary comments on “Draft Central Electricity Regulatory Commission
(Terms and Conditions of Tariff)(First Amendment) Regulations, 2020”.

SUPPLEMENTARY SUBMISSION OF PRAYAS (ENERGY GROUP), Pune

1. The CERC vide public notice dated 1.4.2020 has invited comments and suggestions from all stakeholders on the “Draft Central Electricity Regulatory Commission (Terms and Conditions of Tariff)(First Amendment) Regulations, 2020”.
2. The Prayas (Energy Group) submitted its written comments through the SAUDAMINI e-filing portal on 30th April 2020. We also presented our comments to the Commission during the public hearing conducted via Microsoft Teams, on 13th July 2020.
3. This submission is a supporting document to point 4.2 and 4.3 of our written submission:

“ 4.2. Further, while approving only prudent supplementary costs, the CERC must ensure that ECS related costs that are passed on are incurred due to actual operation, especially with regard to incremental operating costs. Toward this end, it is proposed that the ECS related capacity charge and energy charge should be paid to the generating plants only if the said plant can produce a certificate issued by the appropriate Pollution Control Board, validating that the environmental norms were complied with, for a minimum threshold duration, say 95%, of the period that the plant was operational. Suggestions 4.1 and 4.2 of our submission together will ensure that the cost and performance approvals granted by the Commission actually serve the purpose of meeting the objectives of the norms announced by the MoEFCC.

4.3. The amendments proposed to Regulation 49 of the Principal regulations introduces norms for auxiliary consumption and consumption of reagent on account of ECS, and the Commission is required to approve any deviation of these normative parameters. As stated in paragraph 4.2 of this submission, the CERC could further hold generating stations accountable for actually using the installed ECS by approving the additional consumption subject to producing a certificate issued by the appropriate Pollution Control Board, validating that the environmental norms were complied with, for a minimum threshold duration, say 95%, of the period that the plant was operational.”

4. Points 4.2 and 4.3 of our submission were also communicated in our presentation before the Commission during the public hearing held on 13th July 2020:

“Operational compliance to norms must be the basis for approval of all ECS related costs post commissioning, including prudent supplementary costs, costs for additional auxiliary consumption and consumption of reagent on account of ECS (Regulation 49). Hence, ECS related capacity charge, energy charge and costs related to additional auxiliary consumption and consumption of reagent should be paid to the generating plants only upon production of a certificate issued by the appropriate Pollution Control Board, certifying that the environmental norms were complied with, for a minimum threshold duration, say 95%, of the period that the plant was operational.”

5. This supplementary submission is being made to further clarify the above points subsequent to the discussions at the public hearing. We provide further details regarding paragraphs 4.2 and 4.3 of our original submission below, and request the Commission to consider them while finalizing the regulations.

5.1. As per Regulation 6.3 (A) Clause (1)(iii) and (iv) of the Central Electricity Regulatory Commission (Indian Electricity Grid Code) (Fourth Amendment) Regulations, 2016, the generating company is required to certify that it meets relevant requirements and submit such certification to the appropriate authorities before the declaration of Date of Commercial Operation (COD).

“(iii) The generating company shall certify that:

(a) The generating station meets the relevant requirements and provisions of the technical standards of Central Electricity Authority (Technical Standards for Construction of Electrical Plants and Electric Lines) Regulations, 2010 and Indian Electricity Grid Code, as applicable:

(b) The main plant equipment and auxiliary systems including Balance of Plant, such as Fuel Oil System, Coal Handling Plant, DM plant, pre-treatment plant, fire-fighting system, Ash Disposal system and any other site specific system have been commissioned and are capable of full load operation of the units of the generating station on sustained basis.

(c) Permanent electric supply system including emergency supplies and all necessary instrumentation, control and protection systems and auto loops for full load operation of unit have been put in service.

(iv) The certificates as required under clause (iii) above shall be signed by the CMD/CEO/MD of the generating company and a copy of the certificate shall be submitted to the Member Secretary of the concerned Regional Power Committee and the concerned RLDC / SLDC before declaration of COD. The generating company shall submit approval of Board of Directors to the certificates as required under clause (iii) within a period of 3 months of the COD.” [Emphasis added]

The commissioning of the Emission Control Systems (ECS) to meet the revised emission standards should also include a similar proviso, by which the generating company should certify that the ECS has been tested under various load conditions and shown to meet the revised emission standards. The costs related to the ECS should only be passed on to consumers after the generating company shares such a certificate with the Commission.

5.2. Every thermal generating company that is owned or operated by the Central government, and any thermal generating company in a composite scheme for generation and sale of electricity, is required to file copies of the Annual Report with respect to all the thermal power stations under its control, for the preceding financial year, to the Commission, as per Central Electricity Regulatory Commission (Filing of Annual Report by Thermal Generating Companies) Order 02/2000. As per Section II of this order, the generating company is required to file certain requisite documents:

“SECTION - II: Supporting Documents to be submitted

In addition to the forms/schedules to be submitted by the generating company, the annual filing report shall be accompanied by the following documents, unless the same have already been submitted along with a previous report and there is no change in the same:

1. A copy of *Techno-Economic Clearance (TEC)* for the original cost as well as revised cost along with a copy of *Detailed Project Report (DPR)*.
2. A copy of *duly signed Engineering, Procurement and Construction Contracts, Fuel Supply Agreement, and Power Purchase Agreements* together with amendments thereof.
3. A copy each, of *clearances along with amendments, if any, obtained from the nodal Ministries/Departments in support of the environmental project clearance, and approved scheme of finance including the rupee and foreign currency loans*
4. A copy of any *notification, standard, norm or any other document to which reference is made in the annual filing.*
5. A copy of the *complete set of power plant balance sheet and profit and loss accounts with all major working details along with notes to accounts and auditor's certificate.*
6. *Complete performance curves including the guaranteed turbine cycle heat rate showing variation of heat rate v/s megawatt load, and the correction curves.*
7. *Copy of the guarantee performance test reports for all the units of the power plant station to establish, such as: demonstrated capacity in MW; gross heat rate in Kcal/kWh; auxiliary power consumption of the various components of the power plant at 100%, 80%, 60% and 50% MCR of the unit, if applicable."* **[Emphasis added]**

Further, Clause (1) of Section I of the order also allows the Commission to require additional documents or information, as it deems necessary:

"1. The Annual Report shall be filed as per the instructions provided herein and the requisite data shall be furnished as per the schedule attached. All forms prescribed and accompanying the Annual Report shall be complete in all respects. The Commission, however, may require the Generating Company to submit additional information/supporting documents/data as it may deem necessary." **[Emphasis added]**

It is understood that there already exists an annual reporting system for thermal generating stations, and the Commission has the provision to ask for additional information, as required. Moreover, the Commission already requires the generating company to submit detailed balance sheet and profit and loss accounts certified by a third party, namely the auditor. **Given this, we submit that it will not be onerous for the generating stations to procure a certification from the appropriate PCB that it has been in compliance with the revised emission norms for a minimum threshold duration, say 95%, of the period that the plant was operational, nor will it be onerous for the Commission to verify this one additional certificate.**

6. Requiring such certification from the generating company and the appropriate PCB will ensure that the costs allowed on account of ECS is carried out on the basis of operational compliance, and not just implementation, and hence, are prudent and effective towards meeting the revised emission norms.
7. Therefore, we request the Commission to formulate the regulations such that additional capital expenditure on account of ECS is passed through only after certification from the generating company. Additionally, the regulations should also ensure that operational compliance to the environmental norms are verified while approving the corresponding costs.

8. We once again request the Commission to accept this submission on record and to allow us to make further submissions in this matter, if any.

Ashok Sreenivas and Maria Chirayil
PRAYAS (ENERGY GROUP), Pune

PLACE: Pune
DATE: 14th July 2020