30.04.2020

To,
The Secretary,
Central Electricity Regulatory Commission,
3rd & 4th Floor, Chanderlok Building, 36, Janpath,
New Delhi -110001.

Sub: <u>Comments on the draft Central Electricity Regulatory Commission (Terms and Conditions of Tariff) (First Amendment) Regulations, 2020.</u>

Dear Sir,

It is in reference to your Public Notice No. L-1 /236/2018/CERC dated 1st April, 2020 whereby comments were sought by 30th April 2020 on the proposed amendments related to the Revised Emission Control Norms by installing Flue Gas Desulperisation (FGD) system.

It is widely anticipated that Post Covid-19, revenue of Discoms will be affected due to fall in economy and thus affecting their payment capacities to generators. The discoms are positive that the State Commissions would keep tariff intact for FY 20-21 & FY 21-22.

As it is clear that the commissioning of Flue Gas Desulperisation (FGD) systems by the generating units would lead to higher tariff, as per the CERC Regulations, which is to be paid by Discoms & its Consumers, any amendment increasing the same may be kept at abeyance for 2 years for consideration of following reasons:

a. Limited capacity of Indian Companies providing FGD resulting into higher cost of system. It will take time, under Make-in-India program to fully develop its indigenous technology.

b. Further, there are many power plants which are yet to sign PPAs with any of Discom or the consumers. These plants are already the stressed assets. Additional investment into FGD systems without entering into PPA with discoms will not be possible without bank funding and banks may not find it lucrative to fund such plants, may result into more NPAs.

c. The general timeframe for installation and commissioning of FGD system is 24-36 months depending upon location & complexity at plants. The tariff for additional Capital Expenditure shall be on balance PPA tenure and therefore it should be applicable on plants which have minimum 20 years of balance useful life under the PPA.

d. The coal based generation is going to be further reduced in the following years due to high penetration of solar and wind power and ***country will be able to control emission on this account too and therefore extending date of FGD installation will not compromise with environment***. The PLF for thermal plants has come down from 77.5% in FY 2009-10 to 56.08% (provisional) in FY 19-20 as mentioned on MoP website.

It is most humbly suggested that the funds collected on account of Green Cess applied at the rate of Rs 400/- per MT on coal usage can also be utilised to fund the FGD systems at State owned thermal power plants.

As it would be difficult for the State Commissions to effect tariff hike for majority of consumer categories in next 2 years due to suppressed economy, we pray to the Hon'ble Commission that the proposed Regulations may kindly be held in abeyance and made effective w.e.f 31.12.2022 to protect the interest of consumers.

With best regards

Yours faithfully,

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