

**Central Electricity Regulatory Commission  
New Delhi**

**Petition No. 373/MP/2022**

**Subject** : Petition under Section 79 of the Electricity Act, 2003 read with Regulations 11 and 29 of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 seeking approval of additional expenditure on account of installation of Emission Control System to comply with the Notification dated 7.12.2015 issued by Ministry of Environment and Forest and Climate Change (MoEF&CC).

**Date of Hearing** : 2.2.2024

**Coram** : Shri Jishnu Barua, Chairperson  
Shri Arun Goyal, Member  
Shri P. K. Singh, Member

**Petitioner** : Udupi Power Corporation Limited (UPCL)

**Respondent** : Power Company of Karnataka Limited (PCKL) & 6 Others

**Parties present** : Shri Mr Basavaprabhu Patil, Senior Advocate, PCKL  
Shri Rajesh Jha, Advocate, UPCL  
Shri Kishan Rana, Advocate, UPCL  
Ms. Kanika Kapoor, Advpocate, UPCL  
Ms. Poonam Verma, Advocate, UPCL  
Shri Niroop Sukirthy, Advocate, PCKL  
Shri Geet Ranjan Ahuja, Advocate, PCKL  
Shri Sougat Mishra, Advocate, PCKL  
Shri Shubhranshu Padhi, Advocate, PCKL

**Record of Proceedings**

Learned proxy counsel for the Petitioner sought an adjournment on the ground that the arguing counsel is not available today. In response to the Commission's query, he submitted that the LoA has been awarded to the L1 bidder. In response to another query, he submitted that the existing FGD has been dismantled.

2. The learned senior counsel for PCKL submitted that the tender process carried out by the Petitioner was not transparent and the Petitioner has not provided the cost break-up of the FGD proposed to be installed. He submitted that the Petitioner did not consult the Respondents beforehand regarding the tendering and bidding process as required under the PPA and as per the directions of the CEA. Therefore, a prudence check of the capital cost incurred is required before granting the in-principle approval of the FGD. He further submitted that the Petitioner vide affidavit dated 29.9.2023 has submitted that the cost of installation of FGD in the instant case is not comparable to the other projects where FGD is installed.



3. The Commission observed that the implementation of the Emission Control System, including FGD, is of time bound necessity. The Commission directed the Petitioner to submit all the information sought by PCKL and, if required, directed the Respondent to mutually discuss and resolve the issues with the Petitioner after visiting the site, if required and submit a detailed report to this effect by 4.3.2024.

4. The Commission directed the Petitioner to submit the following information on affidavit with an advance copy to the Respondents by 19.2.2024:

- a) All the documents mentioned in its affidavit dated 29.9.2023, have not been filed.
- b) The Commission, in an order dated 4.1.2024 in Petition No. 21/GT/2021, observed that the Petitioner has already installed FGD to cater the requirement of 25% of the installed capacity. The Commission, in the said order, has considered the capital cost of Rs.150 crore towards FGD and allowed escalation of 2% for 2019-20 and escalated the same @ 3.5% for 2020-24. Has the existing FGD been dismantled? If yes, when and why has it been dismantled? If the existing FGD was to be dismantled, why its costs, operational expenses etc. had been projected for the tariff period 2019-24.
- c) Whether the Petitioner has taken the approval for dismantling the existing FGD from the CEA or any other competent authority? If yes, furnish the details of the approval and the value of the de-capitalized elements.
- d) Chronology of events, starting from the issue of the tender to the placing of LoA and present status of implementation of the FGD.
- e) Cost-break up of different elements of the proposed FGD submitted by the lowest bidder

5. The Commission further directed the parties to file their “note of arguments” by 21.2.2024 with a copy to the other parties. The Commission directed the parties to strictly comply with the above directions within the specified timeline and observed that no extension of time will be granted.

6. The matter will be listed for final hearing at 2.30 pm on 05.03.2024.

**By order of the Commission**

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

