

Rajasthan Electricity Regulatory Commission

Petition No. RERC-2124/2023

Petition filed under Section 61 and 86(1)(a) of the Electricity Act, 2003 as read with Regulation 95 of RERC Tariff Regulations, 2019 for seeking In-principle approval for availing construction power to comply the MOEFCC guidelines on revised emission norms; Installation of FGD System for the RVUN Power Station.

Coram:

Dr. B. N. Sharma, Chairman

Sh. Hemant Kumar Jain, Member

Dr. Rajesh Sharma, Member

Petitioner : Rajasthan Rajya Vidyut Utpadan Nigam Ltd.

Respondents :

1. Jaipur Vidyut Vitran Nigam Ltd.
2. Ajmer Vidyut Vitran Nigam Ltd.
3. Jodhpur Vidyut Vitran Nigam Ltd.
4. Rajasthan Urja Vikas Nigam Ltd.

Date of hearing : 08.06.2023, 13.07.2023 & 29.08.2023

Present :

1. Sh. Ankit Sharma, Authorised Rep. for Petitioner.
2. Sh. Sandeep Pathak, Advocate for Respondents.

Date of Order:

06.09.2023

ORDER

1. Rajasthan Rajya Vidyut Utpadan Nigam Ltd. (hereinafter referred as 'RVUNL' or "Petitioner"), has filed the instant Petition under Section 61 and 86(1)(a) of the Electricity Act, 2003 as read with Regulation 95 of RERC Tariff Regulations, 2019 for seeking In-principle Approval for availing construction power to comply the MOEFCC guidelines on revised emission norms; Installation of FGD System for the RVUN Power Station.

2. Notice was issued through Online Portal to Respondent to file reply to the petition. Accordingly, Rajasthan Urja Vikas Nigam Ltd. (RVUNL) submitted its reply on 18.08.2023, RVUNL submitted its rejoinder on 25.08.2023.
3. The matter was heard finally on 29.08.2023. Sh., Ankit Sharma Authorised Rep. appeared for Petitioner and Sh. Sandeep Pathak, Advocate appeared for Respondents.
4. Petitioner in its petition, rejoinder and during hearing has submitted as under:
 - 4.1. Petitioner RVUNL filed this petition for removing difficulties in order to achieve the revised emission norms as prescribed in the notification dated 07.12.2015, allowing construction power for Installation of FGD System at RVUN Power Stations from the respective power station.
 - 4.2. Earlier, on account of the MoEFCC notification dated 07.12.2015 inter-alia specified revised standards of emission applicable to thermal generating station ("revised emission standards"), RVUN filed Petition no. RERC-1459/19 under RERC (Terms & Condition for Determination of Tariff) Regulations, 2014 in which the Commission passed an order on 21.08.2019 with direction to approach the Commission after completion of works for approval of cost incurred.
 - 4.3. After getting in-principle approval from the Commission, RVUN is in process of implementing revised emission norms for its power station and work orders for installation of FGD system have also been awarded through open competitive bidding process in consultation with the Discoms and deputed officer of Discoms.
 - 4.4. Commission vide order dated 28.12.2021 in the matter of determination of Final Capital Cost and Aggregate Revenue Requirement (ARR) & Tariff for

FY 2018-19 to FY 2021-22 for Chhabra Super Critical Thermal Power Project (CSCTPP) (Units 5 & 6), directed the RVUN for opting proper procedure in sourcing construction power for its upcoming new Generating Stations.

- 4.5. The Clause 5(5.2) of PPA dated 23.06.2004 between RVUN and Respondent Discoms also facilitates that the construction power required for new projects and new works at existing power stations from its own power stations may be allowed subject to prior approval of the appropriate commission.
- 4.6. Construction activity for installation of FGD is the part of the construction work of plant itself. As per the Scope of works the power supply for the purpose of installation work shall be made available free of cost by RVUN, then the contractor will not load the expenditure of construction power in its contract by doing so the contract value of installation of FGD shall be on lower side and hence consumer shall be benefited.
- 4.7. The power consumed for construction work activities shall be metered separately as notified and defined under Regulation 2(6) for Auxiliary Energy Consumption of Tariff Regulations, 2019. The metered energy charges shall be charged at tariff of existing power plant for adding the same in the cost of FGD. In case, the power is procured from Discoms it shall be charged at much higher rate and dedicated lines and equipments need to be installed, the total cost again shall be added in the cost of FGD which will certainly burden the consumers of Rajasthan State.
- 4.8. The Estimated Power Requirement for the construction activities of FGD system at power plant as provided by the consultant is as under:
 1. FGD System Construction Area - 250 KVA
 2. Fabrication Yard - 200 KVA
 3. Batching Plant Area - 150 KVA

- 4.9. The installation of FGD System in thermal power projects is under construction in most of the plants in India. The cost benefit of using construction power from existing power plant has been computed on the basis of load demand provided by M/S PES Engineers Pvt. Ltd i.e. 600 KVA, average RVUN tariff based on RERC order dated 12.05.2023 and 16.08.2023 and Tariff for supply of Electricity 2023 of JVVNL dated 17.04.2023. Based on the aforesaid information and taking in consideration price of 600 KVA transformers and installation of 5 km dedicated 11 KV line. The end consumer will be benefited by Rs. 1.52 Cr. per plant, if construction power is taken from own power plant instead of Discoms.
- 4.10. Petitioner further submitted that construction activities is being carried out in phased manner and in time bound manner as per MOEF&CC guidelines.
- 4.11. In the view of above submissions Petitioner prayed for In-principle Approval of use of construction power from its own power station; for installation of FGD system in RVUN power station on account of compliance of change in the revised emission norms by MOEF&CC, GoI.
5. Respondent in its reply and during the hearing has submitted as under:
- 5.1. Petitioner has failed to disclose complete and correct facts, figures, documents, and the detail of the project for which in-principle approval has been sought. The Petitioner has also not mentioned the complete details for which power station the construction power will be used and from which power station the power will be supplied. Therefore, the petition is liable to be dismissed on that ground alone.

- 5.2. As per the facts of the petition it seems that the Petitioner is taking general in- principle approval of use of construction power from its own power stations for installations of FGD System in RVUN all power stations, which is suppose to be wrong and Petitioner cannot seek general in-principle approval for all power plants, for every upcoming/new project there should be separate approval from Commission.
- 5.3. The pleadings in the petition are contradictory as in one para, Petitioner has submitted that construction power will be supplied free of cost to the contractor and hence, the overall contract value will decrease, and this will benefit the end consumers. However, in another Para it is submitted that the metered cost of the power consumed during the construction activities will become the part of the project cost, i.e., the cost of construction power availed for installation of FGD System will ultimately be charged on the project. It is therefore clear that before considering the petition for approval, detailed cost analysis must be submitted by the Petitioner.
- 5.4. Further, RVUNL has not produced any documents or Comments or calculations in support of its claim that by removing construction power arrangement from the scope of the contractor has helped it in reducing the overall project cost and is beneficial for the end consumers of the state.
- 5.5. Increase in the cost of Project would ultimately result in causing extra burden on the end consumers. It is therefore necessary to be considered whether Petitioner has taken all measures to minimize the cost of the Project.
- 5.6. This Commission in its order dated 28.12.2021 has held that entire power from the operating power plants of RVUNL is contracted with Discoms and

as per conditions mentioned in Section 10 of the Electricity Act, 2003 a Generating company can only supply electricity to the any consumer subject to the applicable rules and regulations.

- 5.7. Therefore, first right of power generated from the operating power plants of RVUN is with Rajasthan Discoms. Hence, necessary approval is also required to be sought from Rajasthan Discoms as diversion of power to construction activities will reduce the power availability to Discoms and its end consumers. In the absence of such approval or concurrence, the present petition is pre-mature and not maintainable.
- 5.8. Respondent submitted that the Commission while considering this petition for approval to avail construction power by RVUNL may also be pleased to consider directing the Petitioner that it shall undertake activities in a phased manner so that the impact of diversion of power to FGD construction works does not become burden to Rajasthan Discoms and its end consumers.
- 5.9. In view of the above Respondent prayed to dismiss this Petition.

Commission's view

6. Commission has considered the submissions, reply and oral arguments made on behalf of the Petitioner and Respondents.
7. Petitioner filed this petition seeking In-principle approval for availing construction power from its existing Power Plants in order to comply with the MOEFCC guidelines on revised emission norms for installation of FGD in RVUN's coal based Thermal Power Plants.
8. Petitioner submitted that PPA between RVUN and Respondent Discoms provides that the construction power required for new projects and new

works at existing power stations may be allowed to be sourced from its own power stations subject to prior approval of the appropriate commission.

9. Per Contra Respondents have stated that Petitioner didn't disclose complete and correct facts, figures, documents, and the detail of the project for which in-principle approval has been sought. Therefore, the petition is liable to be dismissed on that ground alone. The Respondent also sought the cost benefit analysis of the proposal submitted by Petitioner.
10. Discoms further submitted that as per conditions mentioned in Section 10 of the Electricity Act, 2003 a Generating company can only supply electricity to any consumer subject to the applicable rules and regulations. Therefore, first right of power generated from the operating power plants of RVUN is with Rajasthan Discoms. Hence, necessary approval is also required to be sought from Rajasthan Discoms as diversion of power to construction activities will reduce the power availability to Discoms and its end consumers.
11. To decide the matter, Commission has looked into the PPA dated 23.06.2004 between RVUN and Respondent Discoms relevant part of which is reproduced as under:

"5.2 Construction Power

RVUN with the appropriate regulatory approvals may avail the construction power required for new projects and new works at existing power stations from its own power stations on captive basis. The transmission and wheeling charges will be applicable for such consumption as determined by the Commission."

12. PPA Provides that Petitioner may avail the construction power required for new projects and new works at existing power stations from its own power

stations with the appropriate regulatory approvals. Thus, as per Clause 5.2 of PPA it is clear that the Discoms have in-principle agreed to allow the use of construction power from its own power stations on captive basis.

13. Commission has also looked into the cost benefit analysis submitted by the Petitioner for supplying the construction power from own power plants instead of procuring the power from the Discoms. The cost benefit analysis clearly establishes that sourcing power from own power plants will reduce the overall capital cost and thus less burden on the consumers.
14. Therefore, in view of above, Commission deems it appropriate to allow the Petitioner to use the construction power from its own power plant for installation of FGD System to comply the MOEFCC guidelines on revised emission norms.
15. The Commission further observes that the construction power sourced from own power plant shall become the part of capital cost, therefore it is necessary to keep separate accounting and metering of construction power. Petitioner, therefore is directed to install a separate meter for joint meter reading alongwith Discoms. The cost of construction power should be duly verified by the Discoms for the purpose of prudence check.
16. The petition is disposed of accordingly.

(Dr. Rajesh Sharma)
Member

(Hemant Kumar Jain)
Member

(Dr. B. N. Sharma)
Chairman