



**THE UTTAR PRADESH ELECTRICITY REGULATORY COMMISSION
LUCKNOW**

Petition No. 2088 of 2024

QUORUM:

Hon'ble Shri Arvind Kumar, Chairman
Hon'ble Shri Sanjay Kumar Singh, Member

IN THE MATTER OF: Petition seeking approval of SPPAs dated 30.03.2024 executed between UPPCL and UPRVUNL for extension of the term/validity of PPAs of Anpara- A, Anpara - B, Obra - B and Harduaganj Unit No. 7 thermal power stations till 31.03.2029.

AND

IN THE MATTER OF

U.P. Power Corporation Ltd. (UPPCL),
Shakti Bhawan, 14-Ashok Marg, Lucknow-226001

.....Petitioner

VERSUS

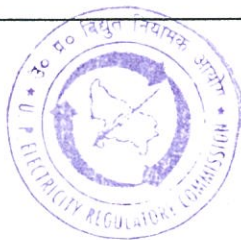
Uttar Pradesh Rajya Vidyut Utpadan Nigam Ltd. (UPRVUNL)
Shakti Bhawan, 14-Ashok Marg, Lucknow-226001

.....Respondent

THE FOLLOWING WERE PRESENT

1. Shri Jag Nayak Singh, SE(PPA), UPPCL
2. Shri Shubham Srivastava, AE(PPA), UPPCL
3. Ms. Puja Priyadarshini, Advocate for UPPCL
4. Shri. Deeptanshu Chandak, Advocate for UPPCL
5. Shri. D.K Sharma, CE(Comm.), UPRVUNL
6. Shri. Hari Shyam, SE(Comm.), UPRVUNL
7. Shri Vipin G, SE(E& S), UPRVUNL

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ORDER

(DATE OF HEARING: 05.09.2024)

1. UPPCL has filed this petition for approval of Supplementary Power Purchase Agreements (SPPA) dated 30.3.24, executed between UPPCL & UPRVUNL, towards extension of the term/validity of PPAs for Anpara A, Anpara B & Harduaganj unit-7 TPS till 31.3.29.
2. The petitioner has prayed as follows:
 - a. Admit the present petition;
 - b. Allow the present petition by approving the SPPAs dated 30.03.2024 for the Anpara A, Anpara B, Obra B and Harduaganj Unit#7 thermal power plants;
 - c. Condone any inadvertent omissions/errors/shortcomings and permit the Petitioner to add/change/modify/alter the present pleading/petition as may be required;
 - d. Issue such other/further order(s) as may be required in the interest of justice
3. Background of the case as submitted by petitioner
 - a. On 26.05.2011, UPPCL had signed PPAs with UPRVUNL for the supply of power for the period 01.04.2009 to 31.03.2014 from Anpara A TPS (3 x 210 MW); Anpara B TPS (2 x 500 MW); Obra B TPS (5 x 200 MW) and Harduaganj Unit # 7 TPS (1 x 110 MW).
 - b. Validity/ terms of above PPAs have been extended by signing the SPPA-1 and SPPA-2 between UPPCL and UPRVUNL. SPPA-1 and SPPA-2 were approved by the Commission by various orders. Details of PPAs/ SPPAs are given in Table below:

Plant	SPPA-1 Dated	Approved by the Commission	SPPA-2 Dated	Approved by the Commission
Anpara A TPS	21.03.2017 (from 01.04.2014 to 31.03.2019)	Order dated 06.11.2017 in Petition No. 1196/2017	22.02.2021 (from 01.04.2019 to 31.03.2024)	

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Anpara B TPS	24.05.2012 (till 25 years from COD)	Order dated 12.09.2012 in Petition No. 819/2012.	22.02.2021 (from 01.04.2019 to 31.03.2024)	Order dated 08.03.2021 in Petition No. 1577/2020.
Obra B TPS	21.03.2017 (from 01.04.2014 to 31.03.2019)	Order dated 06.11.2017 in Petition No. 1196/2017	22.02.2021 (from 01.04.2019 to 31.03.2024)	
Harduganj Unit#7 TPS	21.03.2017 (from 01.04.2014 to 31.03.2019)	Order dated 06.11.2017 in Petition No. 1196/2017	22.02.2021 (from 01.04.2019 to 31.03.2024)	

4. Justification for PPA extension

- (i) CEA, Ministry of Power in its advisory dated 20.03.2023 has emphasized that given the power shortage scenario in the country and to enable renewable integration, the role of thermal fleets including old thermal units is crucial and specific instructions have been issued to all power utilities, including UPRVUNL, to not retire any thermal units till 2030 and to ensure the availability of units after carrying out R&M activities, if required. In view of the above instruction, UPPCL had decided to extend the term of the Anpara A, Anpara B, Obra B and Harduganj Unit# 7 thermal power stations.
- (ii) The Commission, vide Suo-Moto Order dated 23.06.2023, estimated year-wise peak deficit for FY 2028 to FY 2040, while reviewing load generation balance in terms of its earlier order dated 09.07.2019 in Petition No. 1478/2019, filed by UPPCL for approval of long-term procurement plan of UP Discoms. Therefore, the Commission may consider extending the terms of the present SPPAs.
- (iii) The fixed and variable cost of UPRVUNL Projects as per MOD issued for the month of February 2024 is as follows-

S. No.	Plant Name	Fixed Cost In Rs./kWh	Variable Cost (at State Periphery) In Rs./kWh	Total Cost of Power In Rs./kWh
1.	Anpara A	0.660	2.268	2.928
2.	Anpara B	0.470	1.957	2.427
3.	Obra B	0.940	2.685	3.625
4.	Harduganj	1.780	6.103	7.883

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(iv) These projects, being vintage power plants, are more or less debt free and have very low fixed costs. The total power purchase costs from Anpara A, Anpara B and Obra B are much lower than the average power purchase cost for procurement from IPPs viz., Rs. 5.90/Unit (as per the ARR approved for State Discoms for FY 2023-24). Harduaganj Unit#7 has undergone a major R&M and it has resulted in improvement of operational parameters and extension of plant life by another 15 years.

Record of proceedings:

5. During the hearing on 20.08.2024, in order to examine the status of compliance to the environmental norms and status of installation of Emission Control System including FGD system etc., the Commission directed UPRVUNL to submit following additional information:
- (i) List of plants, which were exempted from compliance of environmental norms/guidelines set by NGT and MoEF&CC, GOI.
 - (ii) Status of the installation of Emission Control System in these plants, which were not exempted from compliance of environmental norms, and their balance useful life along with detailed timeline regarding compliance of environmental norms after installation and successful operation of necessary Emission Control System.
6. During the hearing on 05.09.2024, representative of UPRVUNL apprised the Commission regarding status of compliance and submitted that for Anpara B residual life assessment was under process whereas, for Obra B, R&M has been done. Further, Anpara A may be run as per the guidance of UP Pollution Control Board. UPRVUNL submitted the sought information on 29.8.2024.
7. With regard to query to the Commission on appraisal /approval of the Commission for incurring the expenditure on emission control system, UPPCL representative submitted that the incurred/projected expenditure was claimed in MYT petitions for these projects. Representative of UPPCL submitted that proposed PPA extension was keeping in view of CEA

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guidance as not to retire old plants. The Commission, after hearing the parties, reserved the order.

Commission's decision and analysis:

8. The Petitioner has sought approval of SPPAs dated 30.03.2024 executed between UPPCL and UPRVUNL for extension of the term/validity of PPAs of Anpara- A, Anpara - B, Obra - B and Harduganj Unit No. 7 thermal power stations till 31.03.2029.
9. The Commission, earlier vide its order dated 08.03.2021 in Petition No.1577 of 2020, filed by UPPCL, had approved extension of the validity of the PPA up to 31.3.24 for Anpara A, Anpara B, Obra B and Harduganj unit-7. Relevant excerpts from the order dated 08.03.2021 is set out below:

"2. The present petition is filed by UPPCL for approval of SPPA dated 27.1.20 for following amendments:

(a) Clause 2.0 (Term of Agreement):

"The term of agreement of for Anpara A, Anpara B, Obra B, Harduganj unit-7 shall be for a period of five (5) years starting from 1st April, 2019 and ending on 31st March,2024, and for Parichha-A shall be for a period one(1) year starting from 1.4.19 and ending on 31.3.20 and further extendable/renewable by mutual consent between UPPCL and UPRVUNL. In case UPPCL continue to get power from the for Anpara A, Anpara B, Obra B, Harduganj Unit-7 & Parichha-A TPS even after expiry of this agreement without further renewal or formal extension thereof, then all the provisions of this agreement shall continue to operate till this agreement is formally renewed, extended or replaced except the tariff, which will be applicable as per the order of UPERC and as per provision of clause 6.3 of the agreement dated 26.5.2011. This agreement shall be terminable even from any earlier date from which the PPA with different DICOMS has been made effective."

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- c. UPPCL vide letter dated 1.3.21 has placed the amended SPPAs as per the Commission's direction vide order dated 8.12.20 and are found to be in order. Accordingly, the SPPAs dated 22.2.21 are approved."*

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10. Further, UPRVUNL has submitted the following information regarding status of installation of Emission Control System in these plants with detailed timeline:

Plant	COD	Applicable MoEF&CC norms	Deadline as per MoEF&CC guideline	UPRVUNL actions to fulfill norms of MoEF&CC	UPRVUNL expected comply date
Anpara A (3X210 MW)	01-Jan-87	SOx	31.12.2025	FGD installation (To control SOX values) is under process	31.12.2026
	01-Aug-87	SPM	31.12.2023	Tender floated on MSTC portal for ESP retrofitting work (To control SPM values)	31.12.2026
	01-Apr-89	NOx	31.12.2023	Values are within MoEF&CC Norms	within Norms
Anpara B (2X500 MW)	01-Mar-94	SOx	31.12.2025	Tender floated on MSTC portal for FGD installation	31.12.2025
	01-Oct-94	SPM	31.12.2023	Work of ESP retrofitting is awarded on dt. 17.12.2020. Work- is Under progress.	31.10.2024
		NOx	31.12.2023	Values are within MoEF&CC Norms.	within Norms
Obra B (5X200 MW)	15-Mar-80	SOx	31.12.2026	Work of Installation of FGD is awarded on dt. 06.10.2023. Work is Under progress	05.02.2025
	06-Mar-79				
	14-Mar-78	SPM	31.12.2024	ESP already installed. Particulate matter (SPM) is within MoEF&CC norms.	within Norms
	29-May-81 29-July-82	NOx	31.12.2024	Values are within MoEF&CC Norms.	within Norms
Harduganj Unit#7 (1X110MW)	01-Aug-78	SOx	31.12.2026	No Provision of FGD. Average SO2 value are within MoEF&CC norms.	within Norms
		SPM	31.12.2024	ESP already installed. Particulate matter (SPM) is within MoEF&CC norms.	within Norms
		NOx	31.12.2024	Values are within MoEF&CC Norms.	within Norms

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11. The Commission has noted that these plants are vintage plants and have completed their useful life of 25 years in terms of UPERC Generation Tariff Regulations, 2019. The abovesaid regulations have provision of claiming add-cap and R&M after the Commission's approval so that recovery of such expenditure could be ensured after prudence check. Therefore, any expenditure on add-cap and R&M should be taken after detailed justification, residual life assessment and cost-benefit analysis by UPRVUNL. Accordingly, the Commission has decided to deal the prayer plant wise in following manner:

(i) For Anpara A and Anpara B

The Commission vide its Order dated 16.06.2023 in Petition No. 1931 of 2022 and Order dated 16.06.2023 in Petition No. 1933 of 2022, while dealing with add-cap expenditure claimed by UPRVUNL including installation of FGD and ESP, observed as follows:

"1.7.2 Additional Capitalization

1.7.2.2..... All three units of the TPS have already achieved their useful life and are running beyond their useful life. Further, most of the expenditure claimed by the Petitioner is for the future, for which there is no basis in the Tariff Regulations for determination of Generation Tariff. The Commission needs to verify and check the prudence of the costs claimed by the Petitioner against the standards of cost prescribed by the CEA for the installation of FGD.

Therefore, the petitioner is directed to provide relevant supporting documents, such as DPR, cost benefit analysis, regulatory provisions and their scope of etc., during the True up for FY 2019-24 for consideration before the Commission. At this stage, the Commission does not consider it prudent to allow any additional capital expenditure for recovery as the plant has lived its useful life and PPA is valid only to 31.3.2024."

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Commission's View: Therefore, the Commission decides as follows for Anpara A and B:

For Anpara A: The plant is complying with the applicable NOx norms stipulated under MoEF&CC norms. Further, the capital cost of installation of FGD and ESP would be approved after petitioner demonstrates that it has fully complied with these norms, subject to prudence check of the costs as per prevailing regulations. The Plant may be run as per the guidance of UP Pollution Control Board.

For Anpara B: The plant is complying with the applicable NOx norms stipulated under MoEF&CC norms. UPRVUNL, at the time of claiming of such expenditure would be required to submit relevant supporting documents, such as DPR including Residual Life Assessment (RLA) study, cost benefit analysis and prevalent regulatory provisions for consideration before the Commission.

(ii) For Obra B

The Commission vide its Order dated 24.05.2023 in Petition No. 1935 of 2022 while dealing with add-cap expenditure claimed by UPRVUNL observed as follows:

"1.7.2 Additional Capitalization

1.7.2.2 UPRVUNL has claimed significant amount including that on projection basis towards additional capitalization including installation of FGD and ESP and revival of Unit-3, however, has not provided any supporting documents. All five units of the TPS have already achieved their useful life and are running beyond their useful life. Further, most of the expenditure claimed by the petitioner is for the future, for which there is no basis in the tariff regulations for determination of generation tariff. The Commission needs to verify and check the prudence of the costs claimed by the petitioner against the standards of cost prescribed by the CEA for the installation of FGD"

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Commission's View: Therefore, the Commission decides as follows for OBRA B:

R&M work of the plant has been completed. The plant is complying with the applicable SPM and NO_x norms stipulated under MoEF&CC. Further, the capital cost of installation of FGD and ESP would be approved after petitioner demonstrating that it has fully complied with these norms, subject to prudence check of the costs as per prevailing regulations.

(iii) Harduganj Unit#7

The Commission vide its Order dated 30.01.2023 in Petition No. 1354 of 2018 had approved R&M works for uprating of the Harduganj Unit#7. The extended life of Unit#7 is till 2030 after R&M in 2015. Unit#7 is complying with environmental norms specified by the MoEFCC.

Commission's Decision

In view of the above discussion and justification provided by the UPPCL, the Commission, with above directions, approves the SPPAs dated 30.03.2024 filed for Anpara- A, Anpara - B, Obra - B and Harduaganj Unit No. 7 thermal power stations.


(Sanjay Kumar Singh)
Member




(Arvind Kumar)
Chairman

Place: Lucknow
Dated: 20.09.2024

