

**MADHYA PRADESH ELECTRICITY REGULATORY COMMISSION
BHOPAL**

Sub:: In the matter of Petition to avail Special Allowance for 2 x 210 MW Units (Unit No. 1 & 2) of PH-1, SGTPS, Birsinghpur under proviso 30 of MPERC (Terms and Conditions for determination of Generation Tariff) Regulations, 2020.

ORDER

**Date of hearing: 4th July, 2023
(Date of Order: 27th July, 2023)**

Petition No. 11 of 2023

M.P. Power Generating Co. Ltd,
Shakti Bhawan, Rampur,
Jabalpur – 482008

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Petitioner

Versus

M.P. Power Management Co. Ltd.
Shakti Bhawan, Rampur,
Jabalpur - 482008

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Respondent

Shri Navneet Mathur (CE), Shri Rajesh Verma (ACE) and Shri Salil Choudhary (SE) appeared on behalf of petitioner.

Shri Manoj Dubey, Advocate and Shri Himanshu Kripal Sahu appeared on behalf of Respondent.

M.P. Power Generating Company Limited (hereinafter called petitioner or MPPGCL) has filed the subject petition seeking approval to avail “Special Allowance” in tariff for 2x210 MW Units (Unit No. 1 & 2), PH-I, SGTPS, Birsinghpur from the respective date of completion of their Useful life by enabling the provision under Regulation 30 of the MPERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2020 (hereinafter called the “the Regulations, 2020”). M.P. Power Management Company Limited (MPPMCL) is the respondent in this matter.

2. The petitioner is a wholly owned company of Government of MP, engaged in generation of electricity in the State of Madhya Pradesh. MP Power Management

Company Ltd. is the Holding Company for all the three DISCOMS of Madhya Pradesh engaged in purchase of bulk power on behalf of discoms.

3. The petitioner entered into Power Purchase Agreements (PPAs) with MP Tradeco (now MPPMCL) on 29.11.2006 for existing power stations and on 04.01.2011 for its other new/ongoing Thermal Power Stations. Further, the first amendment to the Power Purchase Agreement (PPA) dated 29.11.2006 has been signed on 18.07.2017. This First Amendment to PPA provides term period till retirement/ decommissioning of all Thermal and Hydel Power Stations of MPPGCL listed in the agreement dated 29.11.2006. Aforesaid PPAs provide that the tariff payable by Tradeco (now MPPMCL) to Genco shall be as determined by the State Commission.
4. In the subject petition, the petitioner has claimed year-wise Special Allowance @ Rs. 9.5 lakhs/MW/year from the date of Useful life completion of the units as follows:

Year Wise Special Allowance filed by the petitioner (Rs in Crore)

PH-1, SGTPS, MPPGCL, Birsinghpur.		
Year	Unit No.1 (210 MW)	Unit No.2 (210 MW)
FY-19	19.95	
FY-20	19.95	19.95
FY-21	19.95	19.95
FY-22	19.95	19.95
FY-23	19.95	19.95
FY-24	19.95	19.95
Total	119.70	99.75

5. In the subject petition, petitioner broadly submitted the following-
 - i. *MPPGCL is having various Thermal and Hydro power stations/projects in the state of Madhya Pradesh. Sanjay Gandhi Thermal Power Station (SGTPS) is one such power station of the petitioner located at Birsinghpur, Dist Umaria, Madhya Pradesh. It has the Thermal Power Capacity of 1320 MW detailed as under:-*

Power House	Unit No.	Capacity in MW	CoD	Age in Years	Make of TG Set	Make of Boiler
PH-1	1	210	26-Mar-93	30	BHEL	ABL
	2	210	27-Mar-94	29	BHEL	ABL
PH-2	3	210	28-Feb-99	24	BHEL	ABL
	4	210	23-Nov-99	23	BHEL	ABL
PH-3	5	500	28-Aug-08	14	BHEL	BHEL
Total		1340				

- ii. *In past, as the Unit No. 1&2 (2x210 MW), SGTPS, Birsinghpur were tending towards completion of their useful life, therefore, M. P. Power Generating Company Limited (MPPGCL) had filed a petition (No. 17 of 2017) under proviso 21 of MPERC (Terms and Conditions for determination of Generation Tariff) Regulations, 2015, for approval of proposal for carrying out Renovation & Modernization works of Unit No. 1&2 (2x210 MW), SGTPS, Birsinghpur.*
- iii. *A brief in the matter is as given below:-*
- a) *The earlier proposed R&M works were based on guidelines issued by Central Electricity Authority (CEA) in October' 2009 for Renovation & Modernization/ life extension of Coal/ Lignite based Thermal Power Stations. CEA had already included the Unit 1 & 2, SGTPS, Birsinghpur for Renovation & Modernization works in their 13th plan for the period 2017-22.*
- The study of Residual Life Assessment of the Units and the Detailed Project Reports was got prepared by M/S TÜV-SÜD South Asia Private Limited between 2014 and 2016.*
- b) *The proposed estimated cost considered in the petition No. 17 of 2017 for proposed R&M works was Rs. 1003.45 Crore. The funding was considered as per MPERC Regulations on the Debt: Equity Ratio of 70: 30.*
- c) *MPPGCL had prayed before the Commission to accord approval for aforesaid capital expenditure and allow its impact on generation tariff determined for the control period FY 2016-17 to FY 2018-19 and onwards.*
- iv. *The Commission vide order dated 27.12.2017 has expressed that:-*
- a) *Proposal for comprehensive R&M of 2x210MW Unit No.1 & 2 of SGTPS Birsinghpur is carrying a huge estimated project cost of Rs 1000 Crore approximately and the power procurer i.e. MPPMCL has raised several issues with regard to performance parameters, cost benefit analysis and its consequent burden on end consumers after execution of proposed R&M scheme.*

- b) Therefore, the subject R&M proposal may be reviewed comprehensively by MPPGCL in light of all observations of the Commission in this order and also the objections raised by MPPMCL and other stakeholder during proceedings in this matter.
- c) Hence, the subject R&M proposal in the present form is not considered by the Commission for approval. However, the petitioner is at liberty to review the same as mentioned in above Para and may approach the Commission with a fresh proposal.
- v. Therefore, the whole exercise undertaken by MPPGCL towards approval of Comprehensive R&M of Unit No.1 & 2 of PH-I, SGTPS, Birsinghpur between years 2014 to 2017, became null.
- vi. In the above process, MPPGCL had many learning & apprehensions. MPPGCL has then reinitiated the process afresh. Meanwhile, the Central Electricity Authority has issued new guidelines for R&M in February 2020 named as “Guidelines for Renovation and Modernization / Life Extension Works of Coal / Lignite based Thermal Power Stations”.
- vii. The new guidelines are meant for R&M/LE programme to improve plant operational performance, availability/reliability, efficiency and emission reduction in light of new MoEF&CC notification, enable plant for flexible operation and extend the life of plant by further period of 15 - 20 years. The main objective of R&M of power generating units is to make the Unit operating as well equipped with modified / augmented equipment/ components/systems, with a view to improve their operating performance, reliability and availability to the original design values, reduction in maintenance requirements, ease of maintenance and enhanced efficiency, meeting the latest emission levels and achieving flexibility in generation.
- viii. The CEA’s guidelines for R&M issued in Feb 2020, provides the segregation of whole R&M works in two parts i.e. the responsibility of “Consultant” and “Executing Agency” as under:-
- (a) Consultant(s):- “To assist the utilities to carry out RLA, Energy Audit, Preparation of DPR, Bid Specifications, selection of executing agency, implementation & performance evaluation”
- (b) Executing Agency :- “To carry out the field work”

- ix. *Considering the learning & apprehensions, MPPGCL requested CEA to give concurrence in the matter for adaption of the modified procedure for carrying out the comprehensive R&M works at SGTPS Birsinghpur by choosing Methodology of Swiss Challenge mode. In response, the CEA vide letter No.2/3/R&M/TPRM/CEA/2021/968 dated 18.11.2021, has conveyed that CEA has no objection regarding adoption of mentioned procedure in reference letter by MPPGCL to carry out R&M works through Swiss Challenge Mode, if concerned Electricity Regulatory Commission accords its approval to MPPGCL regarding the same.*
- x. *Accordingly in compliance to CEA directives issued vide letter dated 18.11.2021 and based on past experiences, MPPGCL filed a Petition No. 42 of 2022 under Regulations 67 & Regulation 68 of the Regulations,2020, wherein MPPGCL has requested before Commission to permit MPPGCL to carry out Comprehensive R&M /LE of Unit No. 1, 2, 3 & 4 of PH-1&2 of SGTPS, Birsinghpur, with following changes in procedure:-*
- a. *Permit deviation from CEA guidelines towards selecting single agency instead of two different agencies i.e. Consultant(s) and Executing Agency, to carry out Comprehensive R&M /LE of Unit #1, #2, #3 & #4 of PH-1&2 of SGTPS, Birsinghpur.*
 - b. *Permit adoption of methodology of Swiss Challenge Mode for selection of bidders for R&M works.*

MPPGCL has also submitted that after exploring the cost estimate for Comprehensive R&M/LE of Unit No.1, 2, 3 & 4 of PH-1&2 of SGTPS, Birsinghpur, MPPGCL shall submit separate petition to accord approval for capital expenditure and to allow its impact on generation Tariff determined for the control period FY 2019-20 to FY 2023-24 & onwards.

- xi. *The Commission in its order dated 26.08.2022 in Petition No. 42 of 2022 gave following observed the following:*

“12 In view of the above, the Commission noted that prayer made by petitioner is beyond provisions of Tariff Regulations hence, can't be considered. However, the petitioner may approach the Commission for approval of R&M proposal with Detailed Project Report for Renovation and Modernization works for SGTPS Birsinghpur (Unit No. 1, 2, 3 & 4) in accordance to the Regulation 29 of the Regulations, 2020. The

Commission shall examine the Renovation and Modernization proposal at that time in light of the provisions under applicable Regulations.

With the aforesaid observations, the subject petition is found not admissible. Hence, disposed of.”

- xii. *Hence, all out efforts made by MPPGCL in subsequent 5 years for carrying out Comprehensive Repair & Modernization /Life Extension works in Unit No.1, 2, 3 & 4 of PH-1&2 of SGTPS, Birsinghpur, had again gone in vain.*
6. With the above submission, petitioner has prayed the following:
- “Allow MPPGCL to avail “Special Allowance” in Tariff for 2x210MW Units (Unit No. 1 & 2), PH-I, SGTPS, MPPGCL, Birsinghpur from the respective date of completion of their Useful life by enabling the provision under Regulations 30 of MPERC Regulations,2020.”*
7. The subject petition was listed for motion hearing on 25th April, 2023, wherein the petition was admitted. Vide Order dated 25th April, 2023 the petitioner was directed to serve copy of petition to Respondent. The Respondent MPPMCL was directed to file their response on the petition within 15 days, thereafter. The petitioner was asked to file rejoinder within a week, thereafter.
8. At the next hearing in this matter held on 6th June, 2023, the Commission observed that the Respondent, i.e., MPPMCL filed its reply on 02.06.2023 after a delay of 16 days. The Commission expressed its displeasure over such delay in filing replies/rejoinders by the parties and directed to maintain time lines in future submissions. The petitioner sought time of one week to file rejoinder, which was granted.
9. In the next hearing held on the 4th July, 2023, representatives of the petitioner and the respondent put forth their arguments. Having heard the parties, matter was reserved for Order.
10. By affidavit dated 2nd June, 2023, the Respondent (MPPMCL) has raised the following issues:
- i. *Having lost its claim of, approximately, Rs. 1,000 Crore towards Renovation and Modernization of its SGTPS Birsinghpur, Units No. 1 and 2 for the financial years*

2014-17 vide order dated 27-12-2017 passed by the Commission in Petition No. 17/2017, the petitioner has now claimed Special Allowance towards renovation and maintenance activities under Regulation 30 of the Regulations, 2020, @ 9.5 lakh/MW/year, to the tune of Rs. 219.45 Crore for the tariff block period 2019-24.

- ii. *That, Regulation 30 of the Regulations 2020, dealing with Special Allowance for Coal-based Thermal Generating station. To meet the requisite of Regulation 30.1 of the Regulation, the Petitioner has not disclosed the date of completion of useful life of its generating station/units. The petition suffers from disclosure of material fact to this extent.*
- iii. *That, to meet the requisite of Regulation 30.1 of the above quoted Regulation, the petitioner has not disclosed the date of completion of useful life of its generating station/units. The petition suffers from disclosure of material fact to this extent.*
- iv. *To meet the requisites of the First Proviso to Regulation 30.1 of the Regulations, 2020, the Petitioner has not pleaded that the generating station/units are in a depleted condition or not, or operating under relaxed operational and performance norms or not. In the absence of information relating to operational and performance norms and actual performance of the units, a just and fair adjudication of present petition may not be possible.*
- v. *That, the present petition has been instituted at the far end of the tariff block period 2019-2024. By this time hardly a small period of about 10 months is left for the said tariff block period to be over. Over it, it may take a further time for the final adjudication of present petition. In that case, if the petition is allowed granting Special Allowance with retrospective effect, then on the one hand, it may lead to a situation that the Special Allowance may not be utilized during the said period, and on the other hand, the DISCOMs and the ultimate consumers, at large, shall be put to tariff shock. Therefore, seeking Special Allowance at this stage is not justified and may not serve any good purpose for the petitioner.*
- vi. *In view of the above, it is prayed that the subject petition be dismissed.*

11. In response to above, the petitioner by affidavit dated 12th June, 2023 filed rejoinder to the reply filed by the respondent, In the rejoinder, petitioner has covered all the issues raised by the Respondent (MPPMCL):

Reply on Issue (i)

MPPGCL do not have any comments to offer on the past proceedings quoted by MPPMCL. However, it is to clarify that MPPGCL has not lost the claim, but in-fact as per the provisions of prevailing MPERC regulations, MPPGCL has filed the petition for approval of its proposal towards Renovation and Modernization of units before MPERC well before completion of respective useful life of units. The MPERC Regulation categorically provides to either opt for Comprehensive Renovation and Modernization of units tending for completion of useful life or else to avail Special Allowance, if utility is not willing to go for Comprehensive R&M of said units. Here, it is to mention that, MPPGCL has explored the possibility of Comprehensive R&M and put it's all out efforts for its implementation. However, to undertake said works, consent of the beneficiary and approval of Commission is mandatory, for which MPPGCL had filed the petition, however, the same could not be considered by the Commission on account of involvement of high capital cost and objections raised by Respondent (MPPMCL). The petition dated 28.04.2017 was dropped/ rejected by Commission vide order dated 27.12.2017. Therefore, MPPGCL has no other option but to opt for Special Allowance as per option provided in the Regulations, 2020 to carry out necessary expenditure required for smooth working of units of SGTPS PH-1, Birsinghpur.

Considering above facts in accordance with provisions under Regulations, 2020 MPPGCL has exercised the option to avail Special Allowance to maintain these units. It is requested before the Commission to kindly permit the same.

Reply on Issue (ii)

In the instant observation, simply provisions of Regulations are being reproduced by the respondent, as such, MPPGCL has no comments to offer. However, in this point beneficiary has highlighted few lines of Regulations. In these highlighted lines, it is provided that option of Special Allowance shall not be available for generating station/ unit operating under depleted condition or operating under relaxed operational & performance norms.

MPPGCL submits that both these conditions are not applicable in the instant case as units are not in depleted condition and these units are functioning under

operation norms prescribed in the MPERC Regulations and no relaxation in norms has been allowed by Commission for said units. Further, MPPMCL has been admitting and releasing payments against bills for Capacity Charges and Energy Charges raised by MPPGCL. As such, the clauses of Regulations highlighted by respondent are misleading and redundant.

Reply on Issue (iii)

In regard to query no (iii) by the Respondent, MPPMCL, it is to submit that the date of commercial operation (CoD) of units of SGTPS Birsinghpur were categorically mentioned in the subject petition at page No. 6. Considering the above, MPPGCL has prayed at page No. 13 of the petition No. 11/2023 to Commission to kindly allow to avail Special Allowance for Unit No. 1 from FY 19 and for Unit No. 2 from FY 20.

Unit No.	Date of Commercial Operation(COD)	Date of Completion of 25 Years
SGTPS Unit No. 1	26.03.1993	25.03.2018
SGTPS Unit No. 2	27.03.1994	26.03.2019

Further, as per MPERC Regulations, 2020 useful life of Thermal Stations is 25 years as indicated on page No. 12 clause 3.1 (59) which is also reproduced as under:-

“Useful life” in relation to a unit of a generating station from the date of commercial operation shall mean the following, namely:

1. Coal based thermal generating station- 25-years
2. Hydro generating station including pumped Storage hydro generating stations- 40-year.

Reply on Issue (iv)

It is to submit that the Respondent (MPPMCL) is regularly and continuously purchasing the power generated from these units and fully aware that these units are not in depleted condition. The present situation of units is mostly due to the fact that it was deprived of comprehensive R&M requested in 2017 which is evident from the following facts:

- i. The units of PH-I SGTPS Birsinghpur having thermal power generation capacity 2X210MW had already completed their designed/useful life of 25 years in 2018 & 2019 and are due for Comprehensive R&M. The efforts

initiated way back in 2013 for carrying out comprehensive R&M works however after exchanges of views it has emerged that MPPGCL should opt for need based R&M and avail Special Allowance as available in the Regulations of MPERC. The condition of both the units deteriorated badly due to ageing and non-execution of any major R&M activities and their performance for past few years indicated hereunder reveals the same.

Year	PAF (%)	Generation (MU)	PLF (%)	Sp. Oil ml/kwh	Heat Rate Kcal/kwh	Aux. Cons. (%)
2018-19	73.20%	2639.2	71.70%	0.64	2646	9.6
2019-20	71.60%	1399.4	37.90%	1.33	2702	10.87
2020-21	75.30%	2422.5	65.80%	0.71	2771	9.97
2021-22	53.90%	1743.4	47.40%	1.39	2781	10.42
2022-23	66.50%	2373.2	64.50%	1.06	2792	9.71
MPERC Norms	75%		75%	1.3	2700	10

Financial Year	Normative ECR (Rs/KWh)	Actual ECR (Rs/KWh)
2018-19	2.784	2.173
2019-20	2.167	2.259
2020-21	2.167	2.451
2021-22	2.167	2.652
2022-23	2.167	2.437

- ii. *In view of condition of these units and increased number of boiler tube failures occurring in all four 210 MW units of SGTPS, a Committee was constituted by Energy Deptt., GoMP vide order dtd. 02.02.2022 for investigating reasons for boiler tube failures. The Committee suggested some remedial measures in their recommendations. Subsequently a Committee was also constituted by MPPGCL to explore the possibility for availing “Special Allowance” and to identify/prioritize the “Need based R&M activities” for restoration of installed capacity, life extension and performance improvement of Unit No- 01 & 02, SGTPS, Birsinghpur. This committee had short listed certain activities, out of various activities proposed by the site authorities, to be carried out during the first year (i.e. FY 2023-24), which are also in line with the recommendations by Boiler Tube Leakage Committee constituted by Energy Deptt., GoMP. Some of*

the works recommended by these committees have been done in past and some other are being planned to be executed in following 3 years.

iii. Some of the works identified earlier are listed below:-

S. No.	Particulars of the work
1	<i>Replacement of Pendent Reheater in Unit No. 01</i>
2	<i>Replacement of Economizer Coils in Unit No. 02 (57Nos)</i>
3	<i>Replacement of complete duct from ECO O/L to ESP I/L of Unit 1</i>

iv. The year wise trajectory which is expected to be achieved after completion of identified works is as below:-

Financial Year	Heat Rate (Kcal/KwH)
2022-23	2799
2023-24	2775
2024-25	2750
2025-26	2700

Reply to query (v)

In reference to the periodicity pointed out by respondent, it is to submit that there is no relation with the time/juncture/month of control period at which the Special Allowance is availed; on the contrary it is straightforwardly associated with the date of completion of useful life post which the Special Allowance can be availed. The petitioner has also submitted the three-year action plan for R&M of Unit 1&2.

The MPERC Regulations with the clear intent of timing provides that instead of availing R&M, the utility may opt to avail Special Allowance in accordance with norms specified in the regulations as compensation for meeting the requirement of expenses including R&M beyond the useful life. This amount will not be considered to enhance the capital cost and relaxation in the operating norms will not be considered/ permitted.

From the above, it is clearly evident that the amount what so ever is recovered through tariff shall be used for maintaining the units and its accounts shall be maintained separately and shall be provided before MPERC whenever required.

Reply to query (vi)

- a) MPPGCL request before Commission to not consider the misconstrued, baseless and irrelevant, objections raised and issue the appropriate order in favour of MPPGCL as the Commission may feel deem fit.

Commission's Observations and Findings:

12. Subject petition has been filed by MPPGCL for approval of Special Allowance for units of PH-I of SGTPS Birsinghpur, i.e., for the period from FY 2018-19 to FY 2023-24 for unit No. 1 and from FY 2019-20 to FY 2023-24 for unit No. 2 (from completion of their useful life). The main issue involved in the subject petition is whether the units of SGTPS, Birsinghpur PH-I are eligible for Special Allowance and if so, from which date/year, Special Allowance shall be applicable on these units.
13. On perusal of the subject petition, the Commission has observed the following:
- i. Sanjay Gandhi Thermal Power Station having five generating units of total installed capacity of 1340 MW. Date of Commercial Operation (CoD) of Unit No. 1&2 of PH-I are as given below:

Power House	Unit No.	Capacity in MW	CoD	Date of completion of useful life i.e. 25 years
PH-1	1	210	26-Mar-93	25.03.2018
	2	210	27-Mar-94	26.03.2019

- ii. Earlier, in the FY 2017-18, the petitioner had filed a petition for approval of the proposal to carry out Renovation & Modernization works of Unit No. 1&2 of PH-I SGTPS, Birsinghpur. Due to the issues raised by MPPMCL during the proceedings in the aforementioned Petition, the Commission did not consider R&M proposal. However, the petitioner was directed to review its proposal for R&M and approach the Commission with a fresh proposal.
- iii. Meanwhile, the Central Electricity Authority (CEA) issued new guidelines for R&M of old thermal units in February, 2020 named as Guidelines for "Renovation & Modernization /Life Extension Works of Coal/Lignite based Thermal Power Stations." The petitioner then approached the CEA for approval of adaptation of

the modified approach for carrying out the R&M works at SGTPS Birsinghpur using the Swiss Challenge Methodology, as mentioned in the above guidelines. In response, vide letter dated 18.11.2021, the CEA stated that it has no objections to MPPGCL using the procedure mentioned in the reference letter to carry out R&M works through Swiss Challenge Mode, subject to approval of the Commission.

- iv. Accordingly, MPPGCL filed a Petition under Regulations 67 & 68 of the Regulations, 2020, wherein MPPGCL requested the Commission to permit deviations in R&M guidelines issued by CEA in the year 2020 to carry out Comprehensive R&M of Unit No. 1, 2, 3, & 4 of PH-1&2 of SGTPS, Birsinghpur.
 - v. Vide Order dated 26.08.2022, the Commission had observed that the prayer made by petitioner was beyond scope of the Regulations, hence, not considered. The petitioner was asked to approach the Commission for approval of R&M proposal with Detailed Project Report for R&M works for SGTPS Birsinghpur (PH-1&2) in accordance to the Regulation 29 of the Regulations, 2020.
 - vi. The petitioner has submitted that it had made efforts to carry out Comprehensive Repair & Modernization/Life Extension works in Units of SGTPS, Birsinghpur, during the course of the next five years were again ineffective. Therefore, the petitioner has decided to approach the Commission to avail Special Allowance in Unit 1&2 of SGTPS PH-1 under the Regulations, 2020.
14. Respondent (MPPMCL) in its reply to the subject petition has raised some issues. The issues raised by MPPMCL have been replied by the petitioner in its rejoinder and same have already been mentioned in previous paras of this order.
15. The Commission had earlier issued Multi Year Tariff Order for MPPGCL's thermal and hydel power stations on 19th May, 2021 (in Petition No. 53/2020) for the control period from FY 2019-20 to FY 2023-24. In the aforesaid MYT Order, the Special Allowance in respect of Unit No. 1&2 of SGTPS, PH-1, Birsinghpur, was not allowed as it was not claimed by MPPGCL for the reason that it was intending to undertake the Comprehensive R&M works of these units.

16. The subject petition is filed for approval of "Special Allowance" under Regulation 30 of the Regulations, 2020. Therefore, let us look into the provisions under Regulation 30 of the Regulations, 2020:

"30. Special Allowance for Coal-based Thermal Generating station:

30.1 In case of coal-based thermal generating station, the generating company, instead of availing R&M may opt to avail a "special allowance" in accordance with the norms specified in this Regulation, as compensation for meeting the requirement of expenses including renovation and modernization beyond the useful life of the generating station or a unit thereof, and in such an event, upward revision of the capital cost shall not be allowed and the applicable operational norms shall not be relaxed but the special allowance shall be included in the annual fixed cost:

Provided that such option shall not be available for a generating station or unit thereof for which renovation and modernization has been undertaken and the expenditure has been admitted by the Commission before commencement of these Regulations, or for a generating station or unit which is in a depleted condition or operating under relaxed operational and performance norms:

Provided further that special allowance shall also be available for a generating station which has availed the special allowance during the tariff period 2013-14 to 2015-16 or 2016-17 to 2018-19 as applicable from the date of completion of the useful life.

30.2 The special allowance admissible to the generating station shall be @ Rs. 9.5 lakh/MW/year for the tariff period 2019-24.

30.3 In the event of granting special allowance by the Commission, the expenditure incurred or utilized from special allowance shall be maintained separately by the generating station and details of same shall be made available to the Commission as and when directed to furnish details of such expenditure.

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17. As per the aforementioned provisions of the Regulations, 2020, the generating company may avail to receive "Special Allowance" as compensation for meeting the requirement of expenses including renovation and modernization beyond the useful life of the generating station or a unit thereof.

18. Therefore, withholding the process to carry out the R&M/LE Works, the petitioner has decided to avail "Special Allowance" beyond the useful life of the generating units instead of carrying out the Comprehensive Renovation and Modernization of its Unit No 1&2 of PH-I of the SGTPS Birsinghpur.
19. With regard to completion of useful life of units of the SGTPS PH-1, Birsinghpur, it is observed that the Unit No 1&2 have completed its useful life of 25 years on 25.03.2018 and 26.03.2019, respectively. However, the petitioner has filed the subject petition seeking Special Allowance in FY 2022-23 after five years of completion of useful life of Unit No 1 and four years of completion of useful life of Unit No 2.
20. Regarding the eligibility of Special Allowance, the Regulations, 2020 provides that the generating company, instead of availing R&M may opt to avail a "Special Allowance" in accordance with the norms specified in the Regulations, as compensation for meeting the requirement of expenses including renovation and modernisation beyond the useful life of the generating station or a unit thereof, and in such an event, upward revision of the capital cost shall not be allowed and the applicable operational norms shall not be relaxed.
21. The Commission has observed that the petitioner had claimed additional capitalization for these units of SGTPS, Birsinghpur in the true-up petitions of respective financial years and Commission had considered additional capitalization in accordance to the provisions under the Regulations, 2020. Year-wise details of additional capitalization claimed by the petitioner for Units of PH-I & II of SGTPS, Birsinghpur in true-up petitions for FY 2019-20, FY 2020-21 and FY 2021-22, respectively and allowed by the Commission are as mentioned below:

Year-wise details of Additional Capitalization claimed in true-up petitions and allowed by the Commission
(Rs in Crore)

Financial Year (FY)	Additional Capitalization Claimed in the Petition	Additional capitalization allowed in the Order
FY 2019-20 (P No 48 of 2021)	3.84	1.02
FY 2020-21 (P No 66/2022)	5.23	0.30
FY 2021-22 (P No 85 of 2022)	9.12	6.21

22. In view of the above, it is observed that the petitioner has already availed additional capitalization for FY 2019-20, FY 2020-21 and FY 2021-22 in units of SGTPS PH-1, Birsinghpur and capital cost in respective financial years had been revised, therefore, the petitioner is not eligible to avail Special Allowance for those financial years.
23. With regard to accounting of expenditure from special allowance, Regulation 30.3 provides that the expenditure incurred or utilized from special allowance shall be maintained separately by the generating station and details of same shall be made available to the Commission as and when directed to furnish details of such expenditure.
24. The Commission has observed that the financial year of FY 2022-23 is over and compliance of Regulations 30.3 for FY 2022-23 is not possible at this stage, therefore, the petitioner is eligible to avail special allowance for FY 2023-24 only.
25. In view of the above, the petitioner is entitled to avail Special Allowance for Unit No. 1&2 of (2x210MW), PH-I, SGTPS Birsinghpur from FY 2023-24 onwards. Accordingly, the following Special Allowance is worked out for units for FY 2023-24:

Financial Year	Capacity of PH-I (Unit No. 1&2)	Norms for Special Allowance	Amount of Special Allowance
	MW	Rs Lakh/MW	Rs in Crore
FY 2023-24	2x210 = 420 MW	9.50	39.90

26. Further, the Regulations, 2020 provide that Special Allowance opted in accordance with Regulation 30 of the Regulations, 2020 shall be recovered separately and shall not be considered for computation of working capital.
27. MPPGCL is allowed to recover the abovementioned amount towards Special Allowance for FY 2023-24 without any interest in six equal monthly installments, subject to following conditions in terms of Regulations 30 of the Regulations, 2020:
- (a) Upward revision of the capital cost shall not be allowed;
 - (b) The applicable operational norms shall not be relaxed;
 - (c) The Special Allowance shall be included in the annual fixed cost:

- (d) The expenditure incurred or utilized from Special Allowance shall be maintained separately by the generating station and details of same shall be made available to the Commission as and when directed to furnish such expenditure.

28. With the aforesaid observations and directions, the subject petition is disposed of.

(Prashant Chaturvedi)
Member

(Gopal Srivastava)
Member (Law)