

CENTRAL ELECTRICITY REGULATORY COMMISSION

SKV Law Offices Successfully Represents DVC Before CERC: Commission Ends Uncertainty by Allowing FGD Cost Recovery for a Category C Thermal Generating Station

The Central Electricity Regulatory Commission ("CERC"), by its Order dated 21 July 2026 in Petition No. 361/MP/2023, has upheld recovery of FGD expenditure incurred by DVC for its 500 MW Bokaro A Thermal Power Station ("BTPS"), a Category C plant, and awarded supplementary tariff payable by its beneficiaries.

Background

Under the 2015 emission norms, thermal power plants across Categories A, B and C were required to comply with prescribed sulphur dioxide (SO₂) limits, necessitating investments in pollution control systems such as Flue Gas Desulphurisation ("FGD"). However, the MoEF&CC Notification dated 11 July 2025 removed this requirement for Category C plants, subject to specified stack height requirements. This left projects that had already installed FGD systems in uncertainty over recovery of their investments.

BTPS was a Category C plant that had already complied with the earlier requirements. DVC had awarded its FGD contracts in July 2019, obtained regulatory approval in principle in 2021, and commissioned the system on 22 June 2024, before the 2025 Notification. Relying on the subsequent relaxation, objections were raised on behalf of the beneficiaries to recovery of supplementary tariff, along with a request for refund of amounts already recovered following the Notification.

The CERC's Decision

Rejecting these objections, CERC held that the subsequent relaxation did not invalidate expenditure incurred in compliance with the environmental requirements prevailing at the relevant time. The Commission accordingly upheld DVC's entitlement to recover the admitted FGD expenditure from its beneficiaries.

CERC also determined the applicable supplementary tariff, being the additional charges payable towards the FGD installation, after examining the expenditure and associated claims. While certain claims relating to delays were disallowed following scrutiny, the Commission allowed recovery of the expenditure it approved.

Significance of the Decision

The ruling brings long awaited certainty to Category C projects that had already complied with the earlier FGD requirements. It clarifies that the 2025 relaxation does not, by itself, take away their right to recover expenditure already incurred.

Our Team

SKV Law Offices represented DVC through Shri Venkatesh, Founding Partner; Nihal Bharadwaj, Counsel; and Aashwyn Singh, Senior Associate.

FOR FURTHER INFORMATION PLEASE CONTACT

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