

THE ENVIRONMENT MINISTRY EXEMPTS CERTAIN THERMAL POWER PLANTS FROM INSTALLATION OF FLUE GAS DE-SULFURIZATION SYSTEM

1. INTRODUCTION

- 1.1. The Ministry of Environment, Forest & Climate Change, Government of India (“**the Environment Ministry**”) through its [Notification dated 11th July 2025](#) (“**FGD Exemption Notification**”) has exempted certain Thermal Power Plants (“**TPPs**”) from installing Flue Gas De-sulfurization (“**FGD**”) systems, which are designed to cut SO₂ emissions. There is no change in the Environmental Compensation levied on per unit generated beyond the dates specified. The dates in comparison to the previous deadline is as follows:

	Timelines for compliance by non-retiring units		Last date for retirement of units for exemption from compliance	
	SO ₂ Emissions (2024)	SO ₂ Emissions (2025)	SO ₂ Emissions (2024)	SO ₂ Emissions (2025)
Category A	31.12.2027	31.12.2027 [No change]	31.12.2030	31.12.2030 [No change]
Category B	31.12.2028	31.12.2028 [No change]		
Category C	31.12.2029	Not applicable, subject to conditions*		

* Subject to ensuring certain compliance. Please refer to Table III hereinbelow.

2. BACKGROUND

- 2.1. The Environment Ministry introduced stringent emission standards for TPPs through its [Notification dated 7th December 2015](#) (“**2015 Notification**”). These revised norms established permissible thresholds for the emission of particulate matter (“**PM**”), sulphur dioxide (“**SO₂**”), oxides of nitrogen (“**NO_x**”) and mercury, thereby mandating a significant overhaul of emission control mechanisms for the TPPs. The stipulated standards were differentiated based on the year of commissioning of each TPP, thereby applying a graded compliance framework. The year of commissioning were as follows:

- TPPs installed before 31.12.2003;
- TPPs installed after 01.01.2004 upto 31.12.20216; and
- TPPs installed after 01.01.2017.

According to the 2015 Notification, all existing TPPs were required to achieve full compliance within two years from the date of publication of the 2015 Notification i.e., by 6th December 2017, however the same was later extended by various Notifications as mentioned below. In order to adhere with the parameters introduced by 2015 Notification, TPPs were expected to undertake substantial capital investments in the installation of advanced emission reduction technologies, such as the electrostatic precipitator for meeting PM emission norms, FGD systems for SO₂ emission norms and combustion modification for NO_x emission norms.

- 2.2. Subsequently, through a Notification dated 28th June 2018, the Environment Ministry introduced further revisions to the Environment (Protection) Rules, 1986 (“**Rules**”) through the Environment (Protection) Amendment Rules, 2018. The Environment Ministry, again, through its [Notification dated 31st March 2021](#) (“**1st Extension Notification**”) categorised all the TPPs in three categories (i.e. Category A, B and C as provided hereinbelow at Table I) specifying timelines for compliance up to December 2022, December 2023 and December 2024 for Category A, B, and C respectively for SO₂ emissions and other than SO₂ emissions (PM, NO_x, Hg). It also included provision for penalty i.e. Environmental Compensation on the non-compliant units.

Thereafter vide [Notification dated 5th September 2022](#) (“**2nd Extension Notification**”), the Environment Ministry further extended the compliance timelines only for SO₂ emissions up to December 2024, December 2025 and December 2026 for Category A, B, and C TPPs respectively. It also enhanced the Environment Compensation for non-compliant units of TPPs. Thereafter, the Environment Ministry through [Notification dated 30th December 2024](#) (“**3rd Extension Notification**”) further extended the compliance timelines for SO₂ emission up to December 2027, December 2028 and December 2029 for Category A, B and C TPPs respectively.

Table I: Categorisation of TPPs by the Environment Ministry

Category	Location / area
Category A	Within 10 km radius of the National Capital Region or cities having million plus population ¹
Category B	Within 10 km radius of Critically Polluted Areas or Non-attainment cities ²
Category C	Other than those included in Category A and B

Table II: Timelines for compliance by TPPs (3rd Extension Notification)

	Timelines for compliance by non-retiring units		Last date for retirement of units for exemption from compliance	
	Parameters other than SO ₂ (2022)	SO ₂ Emissions (2024)	Parameters other than SO ₂ (2022)	SO ₂ Emissions (2024)
Category A	31.12.2024	31.12.2027	31.12.2022	31.12.2030
Category B	31.12.2025	31.12.2028	31.12.2025	
Category C	31.12.2026	31.12.2029	31.12.2025	

3. ENVIRONMENT MINISTRY’S NOTIFICATION DATED 11TH JULY 2025

- 3.1. In the latest amendment to the Rules, the Environment Ministry through the FGD Exemption Notification has exempted certain TPPs from installing FGD systems. There is no change in the Environmental Compensation levied on per unit generated beyond the dates specified.

¹ As per the 2011 Census of India.

² As defined by Central Pollution Control Board. The link can be accessed here: https://cpcb.nic.in/uploads/Non-Attainment_Cities.pdf

	Timelines for compliance by non-retiring Units				Last date for retirement of units for exemption from compliance			
	Parameters other than SO ₂ (2024)	Parameters other than SO ₂ (2025)	SO ₂ Emissions (2024)	SO ₂ Emissions (2025)	Parameters other than SO ₂ (2024)	Parameters other than SO ₂ (2025)	SO ₂ Emissions (2024)	SO ₂ Emissions (2025)
Category A	31.12.2022	31.12.2022 [No Change]	31.12.2027	31.12.2027 [No Change]	31.12.2022	31.12.2022 [No Change]	31.12.2030	31.12.2030 [No Change]
Category B	31.12.2023	31.12.2023 [No Change]	31.12.2028	31.12.2028 [No Change]	31.12.2025	31.12.2025 [No Change]		
Category C	31.12.2024	31.12.2024 [No Change]	31.12.2029	Not applicable, subject to conditions*	31.12.2025	31.12.2025 [No Change]		

* Sulphur dioxide emission standards shall not be applicable to all Category C thermal power plants subject to ensuring compliance of stack height criteria notified vide notification number GSR 742 (E), dated the 30th August, 1990 and the timeline for ensuring compliance by the existing Category C Thermal Power Plants of stack height criteria by the 31st December, 2029.

3.2. As per the FGD Exemption Notification, the applicability of emission standards for SO₂ in TPPs shall be as follows:

3.2.1 For Retiring TPPs

The TPPs declared to retire before 31st December 2030 are not required to meet the specified standards for SO₂ emissions and the TPP is only required to submit an undertaking to Central Pollution Control Board (“CPCB”) and Central Electricity Authority (“CEA”) for exemption on ground of retirement of such plant. However, such TPP shall be levied with the environment compensation from 31st December 2030, at the rate of ₹ 0.40 per unit electricity generated, in case their operation is continued beyond the date as specified in the undertaking without meeting the specified standards.

3.2.2 For Category A TPPs

The existing Category A TPPs shall comply with the SO₂ emission standards by 31st December 2027 and the Category A TPPs under commissioning shall also comply with the standards before 31st December 2027. Other category A plants to be commissioned after 31st December 2027 will operate only after ensuring compliance of the stated standards.

3.2.3 For Category B TPPs

All Category B TPPs, whether existing or upcoming, the applicability of SO₂ emission standards, will be decided on a case-to-case basis by the Central Government based upon the recommendations of the Expert Appraisal Committee in charge of TPPs constituted under Environment Impact Assessment notification 2006 (“EIA Notification”) based on the appropriate scientific studies as per the following procedure:

- (a) in case environmental clearance (“EC”) has already been granted, such TPPs or units may opt for review of the applicability of SO₂ standards provided that concerned project proponent applies for such review on the PARIVESH portal within six months of the date of issue of the FGD Exemption Notification, in case SO₂ standards are decided as applicable, the same shall be effective from 31st December 2028 and in all other cases, the TPPs shall comply with the stack height criteria notified *vide* notification number GSR 742 (E) dated the 30th August 1990 (“**Notification dated 30th August 1990**”) by 31st December 2028.
- (b) in cases of upcoming plants where EC has not been granted, the applicability of SO₂ standards and the date of its coming into force or otherwise will be as specified in the EC granted to each such projects following the procedure as laid down in EIA Notification as amended from time to time and in cases, where the SO₂ standards are not made applicable, the TPPs shall comply with the Notification dated 30th August 1990.
- (c) These standards for SO₂ emissions shall be applicable with effect from the 31st December 2028 in respect of all those plants or units which have not opted for review within the given timeframe as specified at paragraph (a) above.

3.2.4 For Category C TPPs

The SO₂ emission standards shall not be applicable to all Category C TPPs subject to ensuring compliance of Notification dated 30th August 1990 and the timeline for ensuring compliance by the existing Category C TPPs of stack height criteria by the 31st December 2029.

4. OUR OBSERVATIONS

- 4.1. Given the latest amendment to the Rules by the Environment Ministry, though the change may appear to be minor, i.e. only Category C has been exempted from complying with the norms required to be followed for SO₂ emissions, we understand that Category C comprises of about 78% of the TPPs in India³. This amendment will therefore bring a huge respite for the Category C TPPs who have been seeking change in law compensation for the huge costs incurred by them for the installation of the equipment required for the compliance with the SO₂ emission norms.
- 4.2. We may also point out that the Environmental Compensation, continued through the latest amendment to the Rules, is in the nature of a penalty and, in case of delays beyond the dates specified, it will be difficult for the TPPs to seek a pass through of such Environmental Compensation either through their Aggregate Revenue Requirement or under change in law, as the case may be.

³ Jacob Kushy (2025, July 12). The link can be accessed here: <https://www.thehindu.com/sci-tech/energy-and-environment/environment-ministry-exempts-78-of-coal-plants-from-installing-key-anti-polluting-systems/article69804518.ece>

Authors: Shashwat Kumar | Rahul Chouhan | Harshit Gupta | Mukut Choudhary

Date: July 22, 2025

Practice Areas: Energy & Infrastructure

DISCLAIMER

This article is for information purposes only. Nothing contained herein is, purports to be, or is intended as legal advice and you should seek legal advice before you act on any information or view expressed herein.

Although we have endeavoured to accurately reflect the subject matter of this article, we make no representation or warranty, express or implied, in any manner whatsoever in connection with the contents of this article.

No recipient or reader of this article should construe it as an attempt to solicit business in any manner whatsoever.