

Summary of the comments and suggestions received on Approach Paper on Terms and Conditions of Tariff Regulations for the tariff period 1.4.2014 to 31.3.2019

(Ref No. 20/2013/CERC/Fin(Vol-I)/Tariff Reg/CERC Date: 25th June'2013)

5.5 Incentive

5.5.4 Any generation beyond the design energy is paid at 80 Paisa/kWh in case of hydro generating station. This may also be reviewed.

5.5.5 (a) Efficacy of linking incentive to fixed charges in view of variation of fixed charges over a useful life and vintage assets. Can incentive of old and new stations be at same level or differentiated based on vintage?

Comments/Suggestions:

Sr. No.	Name of organization/stakeholder	Comments/ Suggestions
A) Autonomous Bodies (JERCs/SERCs/Other Commissions)		
A.1	Rajasthan Electricity Regulatory Commission	During peak hours there is power shortage and therefore higher incentive will be appropriate. However, the incentive payable should be as worked as per formula at reg.21(2) with PAFM (i.e Plant availability factor achieved during the month, in percent) is replaced in the formula by $k \cdot \text{PADM}$ where $k = \frac{\text{PLF during peak load hours} - \text{PLF during other than peak load hours}}{\text{generation during peak load hours during the month} - \text{generation during other than peak hours} / (\text{total hours in a month} - \text{peak load hours during the month})}$ / rated generation capacity]. where c is the weightage factor. Further this incentive should be only paid for generation exceeding normative generation availability during the month/Year.
A.2	Uttar Pradesh Electricity Regulatory Commission	In the present scenario of coal shortage, any incentive beyond normative availability is putting an unnecessary burden on consumer. The coal availability is not ensured even for the normative availability and therefore, to achieve normative availability the coal is required to be purchased at higher cost from other sources. In such a situation payment of additional incentive is burdening the consumer. The incentive should only be allowed when the coal has been achieved from the specified source at the specified rate.
A.3	Chhattisgarh State Electricity Regulatory Commission (CSERC)	The incentive should have linkage with the performance and it may not be proper to link the same with the fixed charges. Such linkage may lead to higher incentives (in rupee terms) to the new stations and lower incentives to the older stations, which do not appear to be rational. Fixed rate of incentive for per unit excess sent out unit (as was allowed in 2004 regulations) may be considered.

B) Government Departments		
B.1	Govt. of Odisha	The incentive for old and new stations should be segregated. Incentive should not be linked with fixed charges.
B.2	Government of Punjab, Dept. of Power	There should be formula for linking AFC with incentive. Therefore, the generator will get incentive according to AFC at any point of time depending on PAF and that will incentivize the developers. Further, currently there is no basis of differentiating incentive based on vintage. Any power station which attains PAF more than NAPF will get incentive irrespective of vintage.
B.3	Govt. of Tripura, Dept. of Power	Incentive concept for all projects needs to be discontinued as it will enhance tariff on end user. Accordingly, the matter may be reviewed. However, if incentive system for generation above PLF and generation above normative availability been maintained, then compensatory packages to beneficiaries should be offered for idle hours of generation to balance the system and safeguarding the consumer interest. Further, in this regard it is suggested that the issue of allowing of incentive and allowing full fixed charge against 3 hrs run of a hydel generator needs to be reviewed through a High Power Committee comprising of CEA/CERC/Generator Agency/Roorkee University/CWC/ASCI.
C) Central Sector (Generators/Transmission Cos./NLDCs/RLDCs)		
C.1	Pragati Power Corporation Ltd	Yes, incentive targets for old plants should be different.
C.2	Tehri Hydro Development Corporation Limited (THDC Ltd.)	It is proposed to have incentives as follows: (a) For generating station up to 10 years old: Incentive based on 50% of AFC (2009-14 Regulation) (b) For generating station up to 10 years and upto 20 years old: Incentive based on 65% of AFC (c) For generating station more than 20 years old: Incentive based on 80% of AFC.
C.3	Narmada Hydroelectric Development Corporation Ltd. (NHDC Ltd.)	the following formula is proposed for the recovery of Capacity Charges: $Capacity\ Charges = 0.50 \times AFC \times (PAFY / NAPAF) \times [(Useful\ Life + Completed\ Life) / Useful\ Life]$
C.4	National Hydroelectric Power Corporation (NHPC)	It is suggested that (i) Rate of secondary energy should be equal to primary energy charge rate, and (ii) Incentive for higher availability (higher PAF) should be allowed on full AFC of the power station instead of 50% AFC.
C.5	North Eastern Electric Power Corporation Ltd. (NEEPCO)	The existing system of linking incentives to be allowed. AFC should continue over the useful life of the plant and vintage assets. The methodology of calculating incentive should be same irrespective of old and new stations.

C.6	National Thermal Power Corporation (NTPC)	The current provisions of linking incentives to the fixed charges of the station and differential incentive for the old and new stations may be continued.
C.7	Neyveli Lignite Corporation	Incentive may be differentiated based on vintage. The existing method of linking incentive to fixed charges, differentiated based on vintage may be continued. However for vintage plants which are in operation beyond 40 years, instead of awarding incentive on linear scale (pro rata basis w.r.t Target Availability), the rate shall be 1.25 times the value eligible on linear scale
C.8	Power Grid Corporation of India Ltd.	By virtue of increase in the normative availability of the transmission elements, the scope of earning the incentives has reduced drastically for POWERGRID in the successive tariff blocks since the maximum availability can be a maximum of 100%. Further, the introduction of incentive mechanism linked to AFC has resulted in reduction of the quantum of incentive earned as AFC gets reduced over the years, Hence, there is need to increase the margin of incentives being extended to the Utility. It is therefore proposed that the previous regime of allowing incentive on the equity base of the Utility should be restored.
D) State Sector (Generators /Transmission Cos./Distribution Cos./SEBs/SLDCs)		
D.1	Rajasthan Discom Power procurement Centre.	The formula for capacity charges links AFC with incentive. Therefore the generator will get incentive according to AFC payable at any point of time depending on PAF and that will incentivize the developers. Further there is currently no basis of differentiating incentive based on vintage. Any power station which attains PAF more than NAPF will get incentive irrespective of vintage. It will bring about avoidable confusion
D.2	Uttar Pradesh Power Corporation Ltd. (UPPCL)	The formula for capacity charges links AFC with incentive. Therefore the generator will get incentive according to AFC payable at any point of time depending on PAF and that will incentivize the developers. Further there is currently no basis of differentiating incentive based on vintage. Any power station which attains PAF more than NAPF will get incentive irrespective of vintage. It will bring about avoidable confusion
D.3	Power Company of Karnataka Ltd.	The incentive should be separately allowed on exceeding targeted availability and shall not be linked in the capacity charges payment. The incentive for the old plant and the new plant should be different.
D.4	Gujarat Urja Vikas Nigam Limited	Incentive should be on actual performance and not linked to availability. Further, the provisions relating to availability declaration/incentive etc. may be reviewed and if needed be discontinued.

D.5	Chhattisgarh State Power Distribution Co. Ltd.	Incentive may be linked to per unit charges as was done for control period 2001-04 & 2004-09 and same incentive rates may be considered for control period 2014-19 also. Merely making available the capacity of the plant above NAPF should not be the criteria for eligibility for incentive. Generator should supply units above NAPF so as to avail incentive. Further, under present System it is not possible to separate incentive from capacity charges as the same is inbuilt in the capacity charges itself. Under Unit based incentive scheme one may easily distinguish the capacity charges and incentive payable very easily. Further, this incentive rate should be uniform for new as well as old power plants and also for peak as well as off-peak hours.
D.6	MP Power Management Company Ltd.	The formula for capacity charges links AFC with incentive. Therefore the generator will get incentive according to AFC payable at any point of time depending on PAF and that will incentivize/disincentivize the developers. Further there is currently no basis of differentiating incentive based on vintage. Any power station which attains PAF more than NAPF will get incentive irrespective of vintage.
D.7	Maharashtra State Power Generation Co. Ltd.	Incentive in no case be more than 10% of ROE and the tax on incentive be paid by the generating company and the transmission licensee. Further, the incentive must be linked to the ROE with a cap of 10%.
D.8	Maharashtra State Electricity Distribution Co. Ltd. (MSEDCL)	<p>It is submitted that incentive may be linked with the vintage of the power plant. However, incentive may be provided only on the O&M expenses part of Annual Fixed Charges (and not on Interest on Debt, Depreciation & RoE). The Incentive may be computed as under:</p> $\frac{\text{Computed Eligible Energy for Incentive} \times \text{Fixed Charge Rate} \times \text{Present age of plant}}{\text{Total life of plant}}$ <p>At present old stations are earning entire fixed cost as incentive and thereby earning huge profit as such the rate of incentive should be revised. Else, incentive can be fixed in line with Case 1 CBG model, i.e 40% of capacity charge subject to maximum 25 paise per kWh.</p>
D.9	Kerala State Electricity Board (KSEB)	The present practice of linking incentive with fixed cost may be dispensed with. Further, the incentive may be allowed only for the actual generation above the target availability.
D.10	Tamil Nadu Generation and Distribution corporation limited (TANGEDCO)	<ul style="list-style-type: none"> • Same level of incentive/kWh from new and old stations irrespective of the vintage. • Incentive /kWh can be at a flat rate of 25 paise/kWh for generation in excess of normative level. • Incentive to be delinked with the recovery of fixed charges. • Incentive to be based on accumulative PLF/PAF

		achieved at the end of each month with provision to recover the excess payment.
E) Private Sector (Generators/Transcos/Distribution Cos)		
E.1	Athena Infraprojects private limited	It is suggested that to incentivize generation of clean energy, the distinction between primary energy and secondary energy may be deleted and secondary energy may be paid at the same rate as the primary energy.
E.2	Torrent Power	The incentives rate for Old Plants should be more than that for New Plants. It is difficult to maintain availability of Plants as they become old due to wear and tear as well as with passage of time the O&M expenditure rises. It is also a fact that Heat Rate also deteriorates with age of the Plant. Higher Incentive during later years will incentivize developer to keep the plants in good operating condition and since the tariff in later years shall also be low, the impact of higher incentive will be minimized.
E.3	Jindal Power Limited	<p>Therefore, we request the Commission that the existing dispensation of recovery of capacity charge based on normative annual plant availability factor as in Tariff Regulations, 2009 may continue with proposed modification that incentive for overachievement vis-à-vis normative annual plant availability factor may be allowed @ 75% of AFC instead of the existing provision of 50% of AFC as incentive.</p> <p>This incentive structure is based on the premise that the hydro generating stations are meant primarily to meet peak demand and should be incentivized to achieve this objective. It is also in national interest to harness hydro generation to its maximum extent. In the event of extra generation from hydro stations during peak hours, the distribution companies would also be benefited in that their dependence on short-term purchases will reduce and they would also have corresponding relief from the vagaries of price fluctuation in the short-term market. Disincentive for under achievement may, however, continue @50% of AFC</p>
E.4	Moser Baer Electric Power Limited.	Incentive must be same in old and new plant.
E.5	Calcutta Electric Supply Corporation Limited (CESC Ltd.)	The existing Availability based incentive may be continued, particularly in view of issues like availability of fuel and evacuation capacities. Vintage of the plant might be considered while designing incentives. Incentives in form of additional fixed charges may be provided in case the generation plant extends its useful life without any significant additional R&M. Economical operation of a plant beyond its useful life is desired to mitigate the energy shortage at minimum possible price. (All India 95 for 2012-13, as reported

		by CEA).
E.6	Athena Infraprojects Pvt. Ltd.	To incentivize generation of clean energy, the distinction between primary energy and secondary energy may be deleted and secondary energy may be paid at the same rate as the primary energy.
E.7	Jindal Steel & Power Ltd.	<p>i) Existing practice of recovery of capacity charge based on normative annual plant availability factor as in Tariff Regulations, 2009 may continue.</p> <p>With proposed modification that incentive for overachievement vis-à-vis normative annual plant availability factor may be allowed @ 75% of AFC instead of the existing provision of 50% as Incentive.</p> <p>ii) Instead of stipulating fixed tariff rate over entire control period, we suggest to link such rate to prevalent average variable cost of Thermal generating stations (pit head and non-pit head based) subject to minimum of Paisa 150 per unit.</p>
E.8	Bajaj Energy Pvt. Ltd.	The developers should be incentivized and protected in the initial stages from the difficulties of higher O&M expenses, auxiliary consumption, long start-up and shutdown time.
E.9	BSES Rajdhani Power Ltd.	Generator should not be incentivized just based on declared capacity but rather on the actual generation so that all efforts are made by the generator as well as intermediary agencies to deliver the power to consumer. Merely incentivizing the generation, even when the same is neither commercially viable (expensive) nor required for grid stability, is not in the interest of the consumer and sector as a whole. Further, incentives shall be linked to PLF. If PLF of the plant is greater than 90%, then the fixed charges incentives may be allowed as per existing formula. On the other hand, if PLF is less than 90%, then the fixed charges incentives may be limited to the normative NAPAF or the actual PAFM for the month.
E.10	Jaiprakash Power Ventures Ltd.	If a developer of comparatively old asset is able to perform same as of new asset then their incentive should be same as that of a developer of new asset.
E.11	BSES Yamuna Power Limited	Incentive need to be fixed amount and not linked to fixed charges. Further, there is currently no basis of differentiating incentive based on vintage. The Utilities have availed additional capital expenditure to sustain performance. Thus there is no ground to enforce a differentiated incentive system.
E.12	Association of Power Producers (APP)	<ul style="list-style-type: none"> • Since ensuring availability of units is linked to fixed charges, it is judicious to continue linking the incentive also with the fixed charges. • The incentives rate for old assets needs to be more compared to new ones. It is difficult to maintain availability as assets become old due to wear and tear.

		<p>Also O&M expenditure rises. SHR also deteriorates with age. In fact, SHR deterioration is now recognised by ASME code. Therefore, incentive should be linked to the age of the plant. Three groups could be made of 10 years, 10 to 25 years and above 25 years. Higher Incentive during later years will incentivise developer to keep the sets in good operating condition. Since the tariffs in later years are also low it will ensure more equitable payment by the consumers towards availability delivered.</p> <ul style="list-style-type: none"> On due consideration of the current fuel availability scenario, whereby gas is not available at affordable price, and the same results in plant remaining in preserved mode for most of the time which ultimately makes the reliability and availability of the station or unit inconsistent. Moreover, this fuel non-availability scenario at affordable price may dominate most of period in 2014-19. Considering the above fuel availability scenario, the PAF need be brought down to 80% for purpose of computation of incentive for gas based plants.
F) Other Organizations/Institutions/Banks/Investors		
F.1	Federation of Indian Chambers of Commerce and Industry (FICCI)	Incentive should be payable as Rs.0.25/unit for every unit generated beyond normative PLF for plant having life <10 years and Rs. 0.35/unit for plant having life >10 years.
G) Individual/Public Group/Any others		
G.1	Shri R. B. Sharma	<p>Incentive in no case be more than 10% of return on equity and the tax on incentive be paid by the generating company and the transmission licensee.</p> <p>The incentive must be linked to the ROE with a cap of 10%.</p>
G.2	Dr.Ashok Kundapur	Rs. 0.80/kWh is good offer, but there is always a scope for better offers.
G.3	Shri Arun Kumar Dutta	Incentive to new thermal generation plan may not be in excess of Rs. 0.20/kWh. For thermal power plant older than 10 years the incentive should be Rs. 0.15/kWh and those older than 15 years shall be Rs. 0.20/kWh. However efficiency factor of 2% annually shall apply in every case. For hydro power stations, the incentive is Rs. 0.15/kWh for new station and 0.25/ kWh for stations more than 10 years old and Rs. 0.35/ kWh for units over 15 years and the efficiency factor of 2% annually shall be applicable for every case. For peak hours the incentive Rs. 0.25/kWh and for off peak hour the incentive may be of Rs 0.10/ kWh shall be considered. Same norms may apply for storage and pondage stations.
G.4	Shri Shanti Prasad	During peak hours there is power shortage and therefore higher incentive will be appropriate. However, the incentive payable should be as worked as per formula at reg.21(2) with PAFM (i.e Plant availability factor achieved during the month,

		in percent) is replaced in the formula by $k \cdot \text{PADM}$ where $k = c \cdot (\text{PLF during peak load hours} - \text{PLF during other than peak load hours}) = c \cdot \left(\frac{\text{generation during peak load hours during the month}}{\text{peak load hours during the month}} - \frac{\text{generation during other than peak hours}}{\text{total hours in a month} - \text{peak load hours during the month}} \right) / \text{rated generation capacity}$. where c is the weightage factor. Further this incentive should be only paid for generation exceeding normative generation availability during the month/Year.
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b) Suggestions are invited on differential incentive for off peak and peak period for thermal and hydro generating stations. Similarly, comments for differential incentive mechanism for storage and pondage type hydro generating stations.

Comments/Suggestions:

Sr. No.	Name of organization/ stakeholder	Comments/ Suggestions/Objections
A) Autonomous Bodies (JERCs/SERCs/Other Commissions)		
A.1	Chhattisgarh State Electricity Regulatory Commission (CSERC)	The introduction of differential incentive for peak and off peak period may lead to determination of differential tariff for the peak and off peak period. Therefore, the uniform incentive may be allowed to continue and peak/off-peak period differentiation may be limited through UI mechanism.
B) Government Departments		
B.1.	Govt. of Odisha	Differential incentive for peak and off-peak period should be formulated.
B.2	Gujarat Urja Vikas Nigam Limited	There should not be differential incentive for peak and off peak.
B.3	Government of Punjab, Dept. of Power	It will bring about avoidable confusion. Additional suggestion: After the change of incentive scheme from PLF to Availability w.e.f. 1.4.2009, most of the generating utilities are declaring very high availability of the order of 100% to 106% during most of the months especially in winter when the demand is lower side in Punjab. Resultantly, although power drawl is less than even normative availability of 85% but the utilities are required to pay not only the fixed charges up to the normative capacity but also huge incentive upto the declared availability of 105-106% leading to abnormal increase in capacity charges of power purchased from central sector generating stations. This is adversely affecting the finances of distribution utilities. Therefore, incentive should be PLF based having incentive rate of about 25 Ps/Unit.
B.4	Power System Operation Corporation Ltd.	Various committees have been set up on differential incentive for off peak and peak period for thermal and hydro generating

		<p>stations and also, mechanism for storage and pondage type hydro generating stations such as:</p> <ul style="list-style-type: none"> • Shri K.P. Rao Committee on Fixation of Tariffs for Central Sector Power Stations in 1990 • Report of a study team led by ECC, Inc., Fairfax, Virginia in collaboration with NERA, Washington, D.C. in 1994, regarding the alternative tariff structures for bulk power transactions and for power transmission- funded by ADB for Government of India • One member task force headed by Shri Rakesh Nath, Chairperson, CEA and Ex-Officio Member, CERC on the issue of differential fixed charges for peak and off peak hours for the generating stations under cost plus regime as envisaged in the Tariff Policy <p>Further, in this regard, two task forces have submitted their reports. The recommendations of the task forces may be implemented for realizing differential rates of fixed charges for peak and off peak hours for better management of load for thermal, gas and hydro based generating stations.</p> <p>Further, the generator itself would declare higher availability during peak hours and lower availability during off-peak hours for availing incentive.</p>
C) Central Sector (Generators/Transmission Cos./ NLDCs/RLDCs)		
C.1	Pragati Power Corporation Ltd.	Thermal plants; coal based and gas plants above 100MW unit capacity are base load plants and should not be stressed to meet peak load requirement and so, no differential incentive should be there for thermal plants in peak load regime
C.2	Tehri Hydro Development Corporation Limited (THDC Ltd.)	It is suggested that peaking differential tariff need to be implemented for hydro generator. The differential incentive mechanism in terms of ROE for Storage & Pondage type hydro stations has been introduced recently after due consideration by the commission. That should be made to cover all kinds of hydro stations & continued.
C.3	Narmada Hydroelectric Development Corporation Ltd. (NHDC Ltd.)	Included in (a) above.
C.4	National Hydroelectric Power Corporation (NHPC)	It is suggested that peaking / differential tariff should be implemented for hydro generators as an additional incentive for supporting the grid. We would like to entreat the Commission to give effect to the proposed amendments dated 03.09.2010 in the greater interest of the nation but for which otherwise hydro power sector will continue to languish. Alternatively, 25% higher Energy Charges Rate (ECR) for these plants for providing the peaking energy during peaking period.
C.5	Southern Region Power	Thermal stations are essentially base load stations designed to

	Committee	meet the base load requirement of the country. Hence the concept of differential incentive for off-peak and peak period should not be applied for thermal stations.
C.6	North Eastern Electric Power Corporation Ltd. (NEEPCO)	Different incentive should be allowed for off-peak and peak period as well as storage and pondage type hydro generating station.
C.7	National Thermal Power Corporation (NTPC)	Thermal stations are essentially base load stations designed to meet the base load requirement of the country. Hence the concept of differential incentive for off-peak and peak period should not be applied for thermal stations.
D) State Sector (Generators/Transmission Cos./Distribution Cos./SEBs/SLDCs)		
D.1	GRIDCO	Differential incentive for peak and off-peak period should be formulated. The incentive for old and new stations should be segregated. Incentive should not be linked with fixed charges.
D.2	MP Power Management Company Ltd.	It is felt that the power system scenario is already very complex and point of connection charges has also increased the level of complexity in transmission tariff. It is submitted that the proposed mechanism will further raise the level of complexity and, hence, it is requested that this should not be implemented.
D.3	Maharashtra State Power Generation Co. Ltd.	Incentive in no case be more than 10% of ROE and the tax on incentive be paid by the generating company and the transmission licensee. Further, the incentive must be linked to the ROE with a cap of 10%.
D.4	Maharashtra State Electricity Distribution Co. Ltd. (MSEDCL)	Allocations / PPAs are mostly for Round the clock basis and there is no specific peak/off peak period contracts. So there is no need for any differential incentives for peak/off peak period for thermal generating stations.
D.5	Tamil Nadu Generation and Distribution corporation limited (TANGEDCO)	It is not correct to differentiate the incentive for off peak and peak period in respect of thermal stations as these are base load stations and has to be operated as steady load except for backing down due to low demand. Similarly, the incentive for the old and new stations cannot be differentiated based on vintage and it should be at the same level. Further, incentive to the hydro stations need not be differentiated between peak and off peak as many of the hydro stations are fixed with the irrigation requirement and the flexibility to operate to suit the grid requirement are limited and may be of the order of 10% of installed capacity. No beneficiary would schedule higher generation during off peak period, hence the question of allowing differential incentive for off peak and peak does not arise.
E) Private Sector (Generators/Transcos./Distribution Cos)		
E.1	Athena Infra projects Private Limited	Differential incentive during peak and off-peak periods is required to be introduced to incentivize hydro projects, particularly for storage and pondage type hydro projects.
E.2	Lanco Power Ltd.	Secondary Energy should not be capped at 80 paise/kWh and shall be paid at par with primary energy for hydro projects.

E.3	Moser Baer Electric Power Limited.	<p>Yes</p> <p>incentive must be higher for peak period owing to higher cost of supply of marginal energy during peak hours; this should be indexed to marginal cost of power available to discom.</p> <p>Hydro must be treated differentially due to its inherent nature of peak supply. Incentive should be provided at par with 100% of annual fixed charges.</p>
E.4	Power Trading Corporation	<p>With more renewable power generation, there is a need to incentivize peak power generation by introducing differential tariff for availability of peak power. Therefore, for different type of generation the following weightage should be provided for peak power availability:</p> <ul style="list-style-type: none"> • Coal based generation: weightage of 1.2 for peak power availability • Natural Gas Based generation: weightage of 1.5 for peak power availability • Liquid fuel based generation including L.N.G: weightage of 2 for peak power availability • Seasonal storage type hydro generation: weightage of 2 for peak power availability • Run of River (RoR) pondage type hydro generation: weightage of 3 for peak power availability <p>Whereas, off peak energy may be paid on design energy as in the case of purely RoR projects.</p>
E.5	Jaiprakash Power Ventures Ltd.	<p>CERC has rightly increased the incentive for pondage type hydro stations. The hydro and thermal power projects which are capable of peaking should be incentivized better than others.</p>
E.6	Association of Power Producers (APP)	<ul style="list-style-type: none"> • The country hasn't seen any planned development to cater to peaking demand. The peak load deficit has remained high in comparison to base load deficit. The cost of not serving peak demand is generally much more than off-peak demand. It may be prudent to allow higher incentives for peak availability (including deemed availability) either linked to fixed charges or higher O&M entitlement. Such higher incentive could further signal to investors to invest in peaking capacities and to Discoms to move to TOD tariffs. However, the need to have differential incentive for storage and pondage hydro plants needs to be reviewed. Further, normative availability requirement could be further relaxed in storage plant to avail higher incentive for better plant performance. • For long term PPAs, the incentives should be payable irrespective of the differentiation of peak or non-peak hours.

F) Other Organizations/Institutions/Banks/Investors

F.1	Federation of Indian Chambers of Commerce and Industry (FICCI)	<ul style="list-style-type: none"> • The existing dispensation of recovery of capacity charge based on normative annual plant availability factor as in Tariff Regulations, 2009 may continue with proposed modification that incentive for overachievement vis-a-vis normative annual plant availability factor may be allowed @ 75% of AFC instead of the existing provision of 50% of AFC as incentive. • This incentive structure is based on the premise that the hydro generating stations are meant primarily to meet peak demand and should be incentivized to achieve this objective. It is also in national interest to harness hydro generation to its maximum extent. In the event of extra generation from hydro stations during peak hours, the distribution companies would also be benefited in that their dependence on short-term purchases will reduce and they would also have corresponding relief from the vagaries of price fluctuation in the short-term market. Disincentive for under achievement may, however, continue @50% of AFC.
G) Individual/Public Group/Any others		
G.1	Shri R. B. Sharma	In so far as the question related to the differential incentive for off peak and peak period incentive for hydro and thermal plants are concerned, the incentive for any extra generation be only during peak hours. It would be a luxury if incentive is also paid during off peak generation.
G.2	Dr.Ashok Kundapur	Differential incentive would be a better option, along with arrangements for prompt payment of the same.