

# **COMMENTS ON THE DRAFT CERC ( TERMS AND CONDITIONS OF TARIFF REGULATIONS), 2014**

*Presented By  
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## Draft Regulation 3 (3) - AUX

'auxiliary energy consumption' or 'AUX' in relation to a generating company **should include** energy consumed for supply of electricity to housing colony and other facilities at the generating station and the power consumed for construction works at the generating station.

# Draft Regulation 3 (4) - Auditors

- In addition to the Statutory Auditors and Cost Auditors within the provision of relevant sections of the Companies Act, it is proposed that the definition of “Auditor” **should include the Chartered Accountants and Cost Accountants, who are in full time practice having valid “Certificate of Practice”** issued by the Institute of Chartered Accountants of India and the Institute of Cost Accountants of India respectively

# Draft Regulation 3 (39) – Original Project Cost

It is proposed that ‘**original project cost**’ is to be replaced by ‘**Project cost**’ and be defined as: ‘Project cost’ means the capital expenditure incurred by the generating company or the transmission licensee, as the case may be, within the original scope as well within the revised scope of works of the project as per the latest approved cost up to the cut-off date as well as beyond cut off date or as admitted by the Commission.

# Draft Regulation 4 (1) - COD

The last para *“Provided also that  
.....commercial service from the  
month of normative availability”* of 4(1)  
should be deleted.

## **Draft Regulation 7 (3) – Time allowed for submission of Application for Tariff Determination**

In case of an existing generating station, it is proposed that the time allowed for submitting application should be **upto 240 days** from the date of notification of the regulations or commencement of the said regulation (i.e., 01.04.2014), whichever is later.

# Draft Regulation 7 (7) and 7(8) – Projected Add Cap

In case of the new projects/existing projects, **interest rate for refund and recovery** in case of projected capital cost as on COD or the projected additional capital expenditure exceeds or fall short of the actual capital cost incurred on year to year basis by more than 5% on year to year basis **should be same** and it is proposed as equal to the bank rate as prevalent on April 1 of respective year. **Refund or recovery along-with simple interest there-on, as applicable, should be completed in six monthly instalments within a period of six months.**

# **Draft Regulation 8 (3) – Financial gain on Controllable Parameters**

Instead of monthly basis, it is proposed that **net financial gain** be shared on yearly basis.



# **Draft Regulation 11 A (2) - IDC**

IDC for the delayed period may be allowed subject to prudence check and not only due to uncontrollable factors.

# Draft Regulation 12 (2) – Uncontrollable Factors

Proposed to add the following new provision to the said regulation:

- ***12 (2) ((iii) : Any other factors including the factors covered under (1) which are actually beyond the control of the generating company or the transmission licensee as the case may be, subject to prudence check by the Commission.***

# Draft Regulation 14 (3) – Allowable Add Cap

The draft regulation 14 (3) (vi) is proposed to be modified as follows:

- *Any additional capital expenditure which has become necessary for efficient operation of **hydro generating plant and thermal generating plant other than coal/lignite -----**, upgradation of capacity for the technical reason such as increase in fault level;*

# Draft Regulation 15 (3) – R&M

The modified regulation proposed as follows:

- *“In case of gas/ liquid fuel based open/ combined cycle thermal generating stations, any expenditure which has become necessary on renovation of gas turbines after 15 year of operation from its COD and the expenditure necessary due to obsolescence or non-availability of spares for successful and efficient operation of the stations.”*

# **Draft Regulation 25 (1) – Tax on ROE**

The income Tax applicable and paid by the generating company on income from core business occurred on account of efficiency gain by its power stations should be allowed to be recovered from the beneficiaries

# **Draft Regulation 25 (2) and 25 (3) – Tax on ROE Contd.**

It is suggested that ROE should be grossed up with applicable MAT/Corporate Tax Rates as prevailing in the Tariff Regulations, 2009 for the period of 2009-14.

# Draft Regulation 29 (1) (c) – Normative O&M Expenses

**For AGBPP**, normative O&M expenses of which is considered same as that applicable for “Small gas turbine power generating stations”, it is proposed to fixed per MW normative O&M expenses as follows:

Rs. in lakhs

14-15	15-16	16-17	17-18	18-19
38.71	41.17	43.78	46.56	49.52

# Draft Regulation 29 (1) (c) – Normative O&M Expenses

For AGTTP, it is proposed to fixed per MW normative O&M expenses as follows:

Rs. in lakhs

14-15	15-16	16-17	17-18	18-19
49.55	52.70	56.04	59.60	63.39



# Draft Regulation 29 (2) (a) – Normative O&M Expenses

For RHEP, it is proposed to fixed per MW normative O&M expenses as follows:

Rs. In Lakhs

14-15	15-16	16-17	17-18	18-19
32.59	34.66	36.86	39.20	41.69

# Draft Regulation 29 (2) (a) – Normative O&M Expenses

For DHEP, it is proposed to fixed per MW normative O&M expenses as follows:

Rs. in Lakhs

14-15	15-16	16-17	17-18	18-19
59.02	62.77	66.76	71.00	75.51

# Draft Regulation 29 (2) (a) – Normative O&M Expenses

For Kopili Stage II HEP, no normative O&M expenses available in the draft Regulation, It is suggested to approved normative O&M expenses per MW for the said P.S. for the period of 2014-19 same as that proposed for Khandong HEP, which are:

14-15	15-16	16-17	17-18	18-19
55.72	59.26	63.03	67.03	71.28

# **Draft Regulation 29 –O&M Expenses – Protection against Pay Revision**

Regulation requires to provide provision for allowing the generating companies to recover addl. expenses relating to salary & wages due to pay revision, if any, for its employees during the period of 2014-19.

# **Draft Regulation 30 (4) - Capacity Charges & Incentive (Thermal)**

Incentive should continue as per the regulations 2009.

## **Draft Regulation 31 (6) (a) , (b) & (c) – Protection against less generation (Hydro)**

Appropriate guidelines/methodology to be incorporated for the said draft regulation for calculating generation shortfall of a hydro generation station in such cases, where actual generation is less than its approved design energy, for reasons beyond control of the generating company, without making any application before the Hon'ble Commission.

# Draft Regulation 36 (C) (a) (vi)- Normative SHR

Based on the average actual GSHR for the thermal Power plants of NEEPCO, the revised GSHR proposed for the tariff period 2014-19 are as follows:

Power Plant	Open Cycle	Combined Cycle
AGBPP	3440	2689
AGTPP	3770	

# **Draft Regulation 36 (E) (c)– Normative Auxiliary Consumption**

Normative figures as per the provisions of Regulations, 2009 should continue.



**Thank You**