

# CENTRAL ELECTRICITY REGULATORY COMMISSION DRAFT (TERMS AND CONDITIONS OF TARIFF) REGULATIONS, 2019.



# MSEDCL COMMENTS ON CERC DRAFT REGULATIONS 2019



## Operational Parameters :-

- Norms should be progressive in nature to make the price competitive similar to Discom
- However, Draft Regulations provide for more relaxation leads to increase in cost to Discom

## Regulation 48 - Transit and Handling Loss (T&H Loss):

- a. 50% Increased (0.80% to 1.20%) for non-Pit head plant (distance above 1000 km).
- b. 500% increase for Imported coal (0.20% to 1.20%), linked to Non-pit head >1000 Km as per regulation. However in SoR, it is linked to pit-head plant i.e.0.20%,which is contradictory
- c. Mere increase in distance of transportation shall not result in increase in losses
- d. Considering norms to be in progressive in nature, T&H losses needs to be reduced.

Change in Parameter	Impact	Impact on MSEDCL	Gain for NTPC	Assumption
	Ps./Unit	Rs. Crs	Rs. Crs	
Transit Loss increase from 0.8% to 1.2%	1	11	101	40% from non-pithead with distance above 1000 km
Transit Loss increase from 0.2% to 1.2% (imported Coal)	2	9	76	15% from imported coal

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## Regulation 59 (E) Auxiliary Energy Consumption:-

- a. MSEDCL opposes the increase in norms from 5.25% to 5.75% for 300/330/350/500 MW and above (Steam driven boiler feed pump).

Change in Parameter	Impact	Impact on MSEDCL	Gain for NTPC	Assumption
	Ps./Unit	Rs. Crs	Rs. Crs	
Increase in Aux. consumption	1	23	202	80% of NTPC Power station in the same unit configuration

## Regulation 52 (B) Gross Calorific Value (GCV):-

- a. Additional relaxation of 85kCal/kg loss not to be allowed, as it increase cost to Discom  
 b. By taking various measures losses in GCV to be reduce without passing on cost to Discom

Change in Parameter	Impact	Impact on MSEDCL	Gain for NTPC	Assumption
	Ps./Unit	Rs. Crs	Rs. Crs	
Additional in GCV by 85 KCal	5	143	1,262	

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## **Regulation 59 (A)- Normative Quarterly Plant Availability Factor (NQPAF):-**

- a. MSEDCL opposes reduction in NQPAF from 85% to 83% even after regulation allows keeping annual scheduled plant maintenance period out.
- In earlier regulation 85% PAF was inclusive of annual scheduled plant maintenance period.
  - Full fixed cost recovery to be allowed at 93% (if annual scheduled plant maintenance period kept out)
  - Allowance of imported coal in case of shortage of coal
  - 30% higher rate of base energy rate allowed for alternative coal.
  - Avg. PAF of most of NPTC Plant was above 90% (*Badarpur, Dadri, Kahalgaon, Korba, Ramagundum etc*), few in the range of 85%-90% (*Rihand, Simhadri, Talcher etc*)

## **Regulation 28 - Special Provision for thermal generating station which have completed 25 years of operation from commercial operation date:**

- a. Draft Regulation provides for 10% equity post expiry of PPA
- b. Fixed cost (Depreciation and Interest on loan) already claimed
- c. Due to R&M activities extends efficient life of old plants.
- d. New plant required huge investment and high capacity charge.

Hence MSEDCL proposes,

- a. Consent from procurers before taking decision of closure of old plants
- b. Optimal tariff for old plant to make it competitive against new plant

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## **Regulation 72 - Sharing of Non-Tariff Income:-**

- a. MSEDCL welcome the provision of sharing Non Tariff Income equally.
- b. Any cost incurred for Non-Tariff Income resulting in net loss not to be shared with the beneficiaries.

## **Regulation 76 - Deviation from ceiling tariff:**

- a. Flexibility to Generator & Beneficiary to agree for lower rate than ceiling tariff on mutual agreement.
- b. No incremental cost need to be allowed under true up mechanism to avoid undue benefit to Generator in MOD with lower tariff.
- c. Allowance of additional cost in true up will defeat entire objective of lower tariff.

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**Clause wise detailed comments are submitted in MSEDCL's submission to CERC, following are key comments from the same.**

1. Right to waive off the capacity allocated in case of delay in COD (*Regulation 6*)
2. Provisional / interim tariff and final tariff not to be more than 20%, not to be allowed as a pass-through. (*Regulation 8*)
3. Procurer state to be consulted/empowered to decide the Peak hours and not RLDC. (*Regulation 51*)
4. Along with capital cost, other tariff component cost also to be Trued up. (*Regulation 9(2)*)
5. Time and Cost over-runs on account of land acquisition to treat as controllable, responsibility of feasibility check lies with Generator. (*Regulation 21*)
6. Addition of special allowance in Annual fixed cost to discontinue, to be allowed under R&M on actual spent. (*Regulation 27*)
7. Creation of pollution control systems through fund raised from Clean Energy Cess. (*Regulation 3 (52)*)
8. Considering reduced bank interest rates, ROE need to cap at 14% (*Regulation 30*)
9. Normative cost of debt to incentivize generator for reduction of cost of borrowing (*Regulation 32*)

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## **Following Comments submitted by MSEDCL on the consultative paper not addressed in Draft Regulations which is requested to re-look**

- a. Consideration of element wise Transmission availability instead of total availability for Computation and Payment of Transmission Charge for Inter-State Transmission System and communication system: (Regulation 56)
  - Transco get incentivized despite of breakdown of transmission line in a particular region
- b. Normative cost of debt to incentivize Transco for reduction of cost of borrowing (*Regulation 32*)
- c. Transmission Losses :-
  - i. Prime responsibility of the Transco to improve its network infrastructure and curb inefficiencies.
  - ii. Any form of incentivization's cost bearing not to be passed on to Beneficiaries
  - iii. Stringent norms should be set in order to curbing the transmission losses
  - iv. Penalty to be imposed for non- adherence to the set target

*Thank You*