Regulation	Proposed by CERC in the draft Regulations	Comments of KSEBL	Justification
3(5) : Definition of 'Auxiliary Energy Consumption'	"Provided that Auxiliary consumption shall not include energy consumed for supply of power to Housing colony….."	The power consumption of colonies of many stations of NTPC are accounted under Auxiliary Energy Consumption. It is requested that a clear procedure for accounting the colony consumption of generating stations and transmission substations may be specified in the Regulations.	
3(14) :Definition of 'Cut-off Date'	'Cut-off date' means the last day of the calendar month after three years from the date of commercial operation of the project.	The cut-off date may be retained as two years from the date of commercial operation of the project.	Extension of 'cut-off date' will lead to project execution delayed and increase the capital cost of the project. It is often seen that the generators are misusing the provision of extension of cut off date and claiming additional capitalization which are not allowed after 'cut off date'
3(42) : 'Landed fuel cost'	'Landed fuel cost' means the total cost of coal (including biomass in case of co-firing), lignite or the gas	At present, some generators are charging "Other Charges" comprising mainly Security Charges, Handling charges, Sampling Charges etc, incurred by them to preserve the quality of coal received from the mines while transporting to the power station under 'Transportation cost', an item under 'Landed cost'. KSEBL had filed a petition before CERC (Petition no.93/MP/2017) on this matter and CERC had ordered that such charges are pass through. As per the present drat Regulations, sampling cost is shown as pass through. However, there is	

	delivered at the unloading point of the generating station and shall include the base price or input price, transportation cost (overseas or inland or both) and handling cost and applicable statutory charges	no clarity on whether the other charges are pass through. A clarity may be made in the definition of 'landed cost' by defining the components of 'Transportation cost'.	
3 (79) : Useful life		The useful life of thermal generating stations may be extended upto 35 years and that of hydro stations and transmission system may be extended upto 50 years.	The useful life of generating stations/transmission system stipulated in the Regulations may be extended considering the fact that many of the generation/transmission assets can operate efficiently beyond useful life with minimum capital addition. Therefore it is economical to carry out R&M and extend the useful life of the

			projects. The hydro stations of KSEBL having life around 50 years are operating efficiently. The transmission assets are capable of operating beyond 35 years.
5 . Date of Commercial Operation		It is requested the procedure for declaration of commercial operation date of renewable energy stations may also be stipulated in the Regulations. The procedure for declaration of renewable energy stations pooled with existing or new conventional stations may be stipulated in the Regulations. In the case if a transmission system/generating station is ready but the Power Purchase Contract has not commenced, the recovery of the cost of generation/transmission system will be stranded. In such cases, there need to be a procedure for declaration of CoD and recovery of cost. It is suggested that market opportunities for recovery of cost may be adopted till the start of PPA.	
6. (1)(a)Treatment of mismatch in date of commercial operation	The generating company to bear the transmission charges of the associated transmission system till the generating station or unit thereof achieves commercial operation	Following provision may also be included. "In case only partial commissioning of the project has taken place, the generating company to bear the transmission charges of the associated transmission system in pro-rata basis for the units that have not achieved commercial operation."	To avoid litigations in case of partial commissioning of the project
6 (1) (b) Treatment of mismatch in date of commercial operation	"…….Provided that despite making alternative arrangement of evacuation, if the associated transmission system does not	Needs more clarity on the methodology for the calculation of transmission charges of the region.	

	achieve the date of commercial operation within the six months of date of commercial operation of the generating station, the transmission licensee shall be liable to pay to the generating company the applicable transmission charges of the region as determined in accordance with the Sharing Regulations in addition to the above.”		
6 (1) (b) Treatment of mismatch in date of commercial operation	“Where the transmission system has not achieved the commercial operation as on the date of commercial operation of the interconnected transmission system of other transmission licensee, the transmission licensee shall be liable to pay the transmission charges of such interconnected transmission system to the other transmission licensee and in the	Needs more clarity on the methodology for the calculation of transmission charges of the region.	

	absence of transmission charges, at the applicable transmission charges of the region as determined in accordance with the Sharing Regulations till the transmission system achieves the commercial operation.”		
8(5) :Tariff Determination	Variable charge component of Tariff of the generating station sourcing coal or lignite from the integrated mine shall be determined based on the input price of coal or lignite, as the case may be, from such integrated mines:	It is requested that the transfer price of lignite now being adopted for the variable charges of NLC based stations may be determined by Hon’ble Commission by invoking this provision.	
8(2): Tariff determination	Where only a part of the generation capacity of a generating station is tied up for supplying power to the beneficiaries through long term power purchase agreement, the units for such part capacity shall be clearly identified and in such cases, the tariff shall be	It is remarked that for generating stations whose full capacity is not tied up, the tariff may be determined for the entire capacity tied up under section 62 of the Act and restrict the tariff for recovery to the extent of power purchase agreement on pro-rata basis and balance capacity may be merchant capacity tied up under section 63. It is requested that the methodology for calculation of Plant Availability Factor of generating stations whose capacity is not fully tied up may be specified in the new Regulations.	

	determined for such identified capacity. Where the unit(s) corresponding to such part capacity cannot be identified, the tariff of the generating station may be determined with reference to the capital cost of the entire project, but tariff so determined shall be applicable corresponding to the part capacity contracted for supply to the beneficiaries;		
17 : debt: equity ratio	Debt:equity ratio of 70:30	KSEB feels that there is a need to re-look in to the present Debt: Equity ratio of 70:30. Considering the maturity in the financial market and availability of debt with competitive interest rates, a normative debt: equity ratio of 80:20 may be most appropriate instead of 70:30.	
18(1) : Capital cost	The Capital cost of the generating station or the transmission system, as the case may be, as determined by the Commission after prudence check in accordance with these regulations shall form the basis for determination of tariff for existing and new	Following may also be added: i. Benchmarking of capital cost of transmission need to be evolved especially considering the fact that cost discovered in competitive bidding is very low. Such benchmark cost may be finalized through consultation with all stakeholders and may be made available in public domain. ii. The cost of plant and machinery of a generation project can be standardized for each type of project- coal based/ gas based etc with suitable indexation for inflation during the subsequent years etc. Further, the capital cost of transmission projects can also be standardized with indexation for inflation. iii. 'International competitive bidding' may be mandatory for the procurement of main plant packages/ major packages, however the beneficiaries shall be shielded from the risk of 'Foreign Exchange Rate Variation (FERV).	The capital cost of generation/transmission projects are found to increase considerably on account of 'time and cost over run'. Hence, if the entire capital cost is

	projects.		considered for tariff determination, the efficiency achievement by the developers during construction phase cannot be assured.
19 : Prudence check of capital cost		i. There shall be penalty for time over run on account of avoidable reasons, and incentive for completing the project in time. The variation between benchmark capital cost and the actual cost may be allowed only in case of force majeure situations. ii. It is suggested that Hon'ble Commission may move from 'Investment Approval' to 'Benchmark capital cost' as basis for tariff. Any allowance over benchmark cost may be allowed only for increase in cost due to pre-defined force majeure situations. For benchmarking of technology, it is suggested that Central Electricity Authority may issue benchmark standards for the equipments and the technology for the thermal and hydro plants. For benchmarking capital cost it is requested that in addition to hard cost, there shall be benchmark for financing cost, interest during construction, taxes and duties, right of way charges, cost of Rehabilitation & Resettlement etc. Benchmarking of capital cost may be carried out based on the cost discovered in competitive bidding. Benchmark capital cost may be reviewed every five years to take in to consideration financial parameter variations. iv. The delay in getting statutory approvals/clearances, delay in land acquisition, delay on the part of contractor etc may not be allowed while approving the capital cost. v. Additional capitalization after 'Cut off date' may be allowed only for meeting undischarged liabilities, deferred works, works required as per court orders. All other capital expenses may be met through compensation or special allowance.	
23: Additional Capitalisation within the original scope and after the		Additional capitalization after 'Cut off date' may be allowed only for meeting undischarged liabilities, deferred works, works required as per court orders. All other capital expenses may be met through special allowance.	

cut-off date:			
25 : Additional Capitalisation beyond the original scope:	The capital expenditure, in respect of existing generating station or the transmission system including communication system, incurred or projected to be incurred on the following counts beyond the original scope, may be admitted by the Commission, subject to prudence check: (a) Liabilities to meet award of arbitration or for compliance of the order or directions in the order of any statutory authority, or order or decree of any 58 court of law; (b) Change in law or compliance of any existing law; (c) Force Majeure Events; (d) Any capital expenditure to be incurred on account of need for higher security and safety of the plant	The capital expenditure, in respect of existing generating station or the transmission system including communication system, incurred or projected to be incurred on the following counts beyond the original scope, may be admitted by the Commission, subject to prudence check: (a) Liabilities to meet award of arbitration or for compliance of the order or directions in the order of any statutory authority, or order or decree of any 58 court of law; (b) Change in law or compliance of any existing law; (c) Force Majeure Events;	The capital expenditure to be incurred for higher safety and security as well as ash handling and ash pond system may be included in the original scope of work by the developer. Expanding the allowable claims under this head will lead to misuse of this provision.

	as advised or directed by appropriate Indian Government Instrumentality or statutory authorities responsible for national or internal security; (e) Deferred works relating to ash pond or ash handling system in additional to the original scope of work, on case to case basis;		
26 : Additional Capitalisation on account of Renovation and Modernisation:		The generator/ transmission licensee opting for R&M instead of replacing the old assets shall clearly establish that, R&M would be more beneficial compared to the replacing the old assets. It is requested that the R&M proposals without any specified life extension shall not be approved. The R&M with life extension between 15 to 20 years shall only be admitted.	
28 : Special provision for thermal generating station which have completed 25 years of operation from commercial operation date	(1) In respect of a thermal generating station that has completed 25 years of operation from the date of commercial operation, the generating company and the beneficiary may agree on an arrangement where the total cost inclusive of the fixed cost and the variable cost for the generating station as	More clarification is required on whether the mutually agreed total cost of the plant has to be approved by Hon'ble Commission.	

	determined under these regulations, shall be payable on scheduled generation instead of the pre-existing arrangement of separate payment of fixed cost based on availability and energy charge based on schedule.		
29. Additional Capitalization on account of Revised Emission Standards		It is requested the CEA may be entrusted to evolve benchmark capital cost and benchmarking of technology for capital expenditure for additional capitalization required for revised emission standards so that minimum tariff impact is passed on to the beneficiaries. Since the above capital expenditure will create a huge financial impact on the DISCOMs, a regulatory intervention of reducing the impact in tariff may be taken. 1. It is suggested that rate of RoE for such capital expenditure may be limited to the interest rate of loan. 2. The debt:equity ratio may be limited to 80:20 for such capex. 3. The depreciation and interest on loan obligations for the capex may be extended to the entire useful life of the project.	
30 (2) : Return on Equity	Return on equity shall be computed at the base rate of 15.50% for thermal generating station, transmission system including communication system and run of the river hydro generating station, and at the base rate of 16.50% for the	Rate of return on equity may be fixed as 14%.	The need for higher rate of RoE required may be reviewed in the present regime of low cost of financing and huge generation addition in the Country.

	storage type hydro generating stations including pumped storage hydro generating stations and run of river generating station with pondage:		Higher rate of Return on Equity has been allowed in the Regulations to promote investment and achieve sufficient generation capacity in the Country. The Country was able to achieve this with the installed capacity of the Country is around 330GW as on 22-1-2018. Hence the need for continuing higher RoE with the aim of promoting investment need to be reviewed especially taking into consideration the fact that DISCOMs are suffering from huge financial crisis.

			In addition to the above, the cost of financing has come down drastically. Therefore, it is requested that the rate of return on equity may be fixed at 14% considering the prevailing cost of financing. Considering the rapid decrease in interest rates, it is suggested that the Rate of Return on Equity for new projects may be made lower than old projects.
30 (2) (i)	Return on equity in respect of additional capitalization after cut off date within or beyond the original scope shall be computed at the weighted average rate of interest on actual	Highly welcomed.	

	loan portfolio of the generating station or the transmission system;		
32 : Interest on Loan capital		The present mechanism of allowing recovery of cost of debt on actual basis will not put the onus on the generator/transmission licensee to restructure the debt to avail low interest rate loans. Therefore it is suggested that cost of debt may be ceiled with reference to benchmark viz. RBI policy repo rate or 10 year Government Bond yield with frequency of resetting normative cost of debt. For tariff purposes the foreign loan with higher interest rate may be treated at par with lower rate domestic loans. Swapping of high cost loan may be made mandatory with monitoring by Hon'ble CERC.	As per the section 5.11(e) of the Tariff Policy notified by the Central Government, the FERV shall not be a pass through in tariff. Presently, the Indian market is open up for foreign investments and there is no restriction on availing foreign loans. The CPSUs have the freedom to avail the loan from foreign/Indian financial institution based on their requirements. However, as per the tariff policy, the FERV cannot be pass on to the

<table>
<tr><td></td><td></td><td></td><td>consumers.</td></tr>
<tr><td>33(3) : Depreciation</td><td>The salvage value of the asset shall be considered as 5% and depreciation shall be allowed upto maximum of 95% of the capital cost of the asset.</td><td>Hon’ble Commission has changed the salvage value without changing the useful life(except hydro) and depreciation rates. This will increase the tariff. It is submitted that change in salvage value without increase in useful life, corresponding modification in depreciation rates and loan repayment tenure shall result in increasein depreciation cost component. The draft regulations provide for increase in useful life of hydro stations only. Therefore it is requested that salvage value of only hydro projects may be taken as 95%. This is in line with the observation made by Hon’ble Commission in the draft Regulations.
“In case of hydro generating stations, it is evident that, these generating stations can serve beyond 35 years of the useful life. Moreover, the mechanical components requiring replacement are comparatively much lesser in case of a hydro generating station as against thermal generating station. Therefore, the Commission has proposed to extend the useful life of hydro generating station from 35 years to 40 years. In addition, an option to charge the depreciation at a flat rate over the entire useful life is proposed in case of the hydro generating station, subject to the condition that the overall depreciation charged does not exceed 95% of the approved capital cost of the generating stations during useful life.”</td><td></td></tr>
<tr><td>34 : Interest on Working capital</td><td></td><td>Special norms for working capital are not available in the draft Regulations for naptha based plants. There is a requirement for fixing separate norms for working capital for naptha based plants in view of the following:
• Naptha plants are very rarely scheduled due to high variable cost and PLF is very low.
▪ Naptha price is highly volatile and hence fixing working capital for the entire control period based on a fixed naptha price prevailing during the start of the control period will lead to excessive profiteering or loss for the generator. Hence there need to be a separate methodology for fixing norms.
▪ Since naptha plants are very rarely scheduled, there is no need for working capital on normative basis as allowed for other continuously operating plants.
▪ The draft Regulations allow 90 days of cost of fuel at normative annual plant availability. The need for allowing such huge working capital especially for naptha based plants and stranded plants may be reviewed.
A comparison of the actual working capital requirement of RGCCPP,Kayamkulam with the present fuel stock and price and with that of the proposed norms of Hon’ble Commission is tabulated below
<table>
<tr><th></th><th></th><th colspan="3">Actual</th><th colspan="3">Proposed Norms</th><th>Excess</th></tr>
<tr><th>Sl.No.</th><th></th><th>MT</th><th>Rate (Rs/MT)</th><th>(Rs.Cr)</th><th>MT</th><th>Rate (Rs/MT)</th><th>(Rs.Cr)</th><th>Rs Cr</th></tr>
<tr><td>1</td><td>Cost of fuel stock</td><td>15147.42</td><td>40346.84</td><td>61.12</td><td>36891.09</td><td>40346.84</td><td>148.84</td><td></td></tr>
<tr><td>2</td><td>Liquid fuel cost for generation</td><td>0.00</td><td></td><td>0.00</td><td>18445.55</td><td>40346.84</td><td>74.42</td><td></td></tr>
</table></td><td></td></tr>
</table>

<table>
<tr>
<td></td>
<td></td>
<td>
<table>
<tr><td>3</td><td>Receiveables</td><td></td><td></td><td>20.37</td><td></td><td></td><td>256.69</td><td></td></tr>
<tr><td></td><td>Working capital</td><td></td><td></td><td>81.49</td><td></td><td></td><td>479.95</td><td></td></tr>
<tr><td></td><td>Interest on Working capital @ 13.50%</td><td></td><td></td><td>11.00</td><td></td><td></td><td>64.79</td><td>53.79</td></tr>
</table>
It is observed that by allowing fuel cost as per norms, the generator is enriched by around Rs.162.15 Cr per annum. The actual working capital as submitted above will not undergo much change as the plant is not intented for operation in the coming years.
KSEBL is paying huge fixed charge to naptha based RGCCPP plant of NTPC because of absence of separate norms for naptha based plants.
KSEBL humbly request Hon’ble Commission to allow separate working capital norms for RGCCPP as submitted below:

Stock of fuel : Actual stock maintained with the concurrence of the buyer
Cost of fuel for generation : Nil (But KSEBL will provide adequate time for procuring fuel in case scheduling is requested. Interest cost during such times may be passed through on actuals.)
O&M cost : Running hours based OEM maintenance not required for RGCCPP as the plant is not scheduled.
It is also requested that Interest on Working capital may not be included under ‘Annual Fixed Cost’ for plants like RGCCPP and may be allowed separately based on actual scheduling.

</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Additional provision for penalty for not maintaining normative stock may be included</td>
<td>Most of the Central Generating Stations are not maintaining the adequate coal stock as envisaged in the regulations and are not</td>
</tr>
</table>

			scheduling as per contracts. In order to compensate the short fall in contracted power from the CGS, the beneficiaries are forced to procure energy from alternate sources including exchanges at excessive rates. Hence KSEB request that, a penal provision may be incorporated by reducing the interest on working capital, if the generators fail to maintain the stock of fuel as stipulated in the tariff regulation.
	Inclusion of Depreciation, RoE and one month O&M Cost	Depreciation, RoE and one month O&M cost may be excluded from working capital	Draft regulations allow interest on 45 days

	in the working capital		receivable including capacity charges. The non cash flow expenditure of depreciation and RoE also forms part of the working capital. It is recommended that the non cash expenditure of depreciation and RoE may kindly be excluded from the working capital requirement. Since the O&M costs are separately allowed as part of the fixed cost and two monthly receivable automatically covers two months O&M expenses, there is no need to consider the one

			month O&M expenses and maintenance of spares as part of the working capital.
34(2) : Landed cost of fuel for working capital	For computation of landed cost of fuel for working capital landed cost and GCV as per actual for the 3rd quarter preceeding the financial year is taken for each year	A provision may also be added that the landed cost adopted for working capital will be trued up at the end of each year based on the actual fuel cost	
34 : Maintenance spares in working capital		Maintenance spares are already included under O&M. Therefore allowing maintenance spares in the working capital will lead to duplication of claims.	
34 : Working capital on normative basis		Working capital for thermal stations may be allowed based on target PLF of 60% rather than the target availability of 85% considering the low PLF of plants.	
35 (1)(1) : Operation & Maintenance expenses	where the date of commercial operation of any additional unit(s) of a generating station after first four units occurs on or after 1.4.2019, the O&M expenses of such additional unit(s) shall be admissible at 90% of the operation and	where the date of commercial operation of any additional unit(s) of a generating station after first four units occurs on or after 1.4.2019, the O&M expenses of such additional unit(s) shall be admissible at 50% of the operation and maintenance expenses as specified above for the year of commissioning and at 90% for the subsequent years.	The O&M of new units is significantly lower than old units.

	maintenance expenses as specified above;		
35 (3) : O&M of GIS Substations	O&M expenses for the GIS bays and transformers shall be allowed as worked out by multiplying 0.70 of the O&M expenses of the normative O&M expenses for bays and transformers	O&M expenses for the GIS bays and transformers shall be allowed as worked out by multiplying 0.25 of the O&M expenses of the normative O&M expenses for bays and transformers since the GIS Substations are maintenance free and the approximate cost comes to around one fourth of that of conventional substations.	
35. Operation & Maintenance expenses		In the case of plants operating continuously at low PLF, the O&M norms may be fixed at 50% of the O&M norms of other plants. In the case of naptha plants, the plant is very rarely scheduled. The overhauling requirement of the plant is a function of the hours of operation. Thus, when the plant is almost idling only the essential employee cost needs to be considered for recovery.	
35. Operation & Maintenance expenses		The income from other business if any may be deducted from O&M expenses while arriving at the O&M norms. The income on account of sale of fly ash, disposal of old assets, interest on advances etc may be used for reduction of O&M expenses.	
36(4): Input price for variable charges	These regulations shall apply to the mines achieving commercial operation on or after 1.4.2019 and also the mines which have been declared under commercial operation during 2018-19 and whose input price has not been determined by the Commission.	It is requested that the regulations of Hon'ble CERC may be applied for determining input price of existing generating stations having integrated mines.	
42: Debt-equity	Debt-Equity Ratio of	Debt-Equity Ratio of 80:20 to be considered as on date of Commercial Operation for a particular coal mine.	

ratio	70:30 to be considered as on date of Commercial Operation for a particular coal mine.		
43: RoE	Return on equity shall be computed at the base rate of 15.50%.	Return on equity shall be computed at the base rate of 14%.	
48. Transit and Handling losses	For non pit head stations with source of fuel above 1000KMs : Transit and Handling loss (1.20%)	The percentage loss figure is high compared to the actuals. The actual transit and handling loss of Kudgi Station having fuel source above 1000kms is only was below 0.83% as submitted in **Annexure-1.** Therefore it is requested that the percentage may be set as 0.9% instead of 1.20%.	
49 : Computation of GCV		The existing data under Form-15 for claiming energy charges is not sufficient to ascertain genuinity of various claims. It is requested that Regulation shall stipulate mandatory disclose of all details pertaining to the claim of energy charges. Source (mine/CIL subsidiary) wise quantity of fuel, GCV of coal from each source (mine/CIL subsidiary) etc are required to ascertain the claims of plants having linkage from more than one mine. The details of source wise coal along with Grade may be provided by the generator in Form-15.	
51(6): Declared Capacity		The DC of each block should be restricted to IC*(1-Aux). Many generators are declaring DC beyond this value. SRLDC is restricting the schedule to the normative EX-bus values and there is no check at present on the capacity between DC and restricted schedule. Thus when the generator falls short of the normative capacity, it declares higher DC knowing well that schedules are being restricted. Simhadri Stage-II was having a shortfall in attaining normative PAF for the FY 2018-19 and hence has declared higher PAF of 103% for the month of April 2018 and December 2018 when schedule further restricted to 100% by SRLDC.	
51 (7):	In addition to the capacity charge, an incentive shall be payable to a generating station or unit thereof @ 65 paise / kWh for ex-bus scheduled energy during Peak	Earlier Regulation provided a uniform incentive of 50 paise/unit, irrespective of peak or off-peak. Since the present regulation proposes to enhance capacity utilization during peak periods, higher incentive for peak period may be allowed. However, the incentive of 50 paise during ‘off peak ‘ period may be reduced to 25 paise considering the reduction in the ‘off peak period’ price of energy and the reduced requirement during off peak period.	

	period and @ 50 paise / kWh for ex-bus scheduled energy during Off-Peak period corresponding to scheduled generation in excess of ex-bus energy corresponding to Normative Quarterly Plant Load Factor (NQPLF) as specified in Regulation 59 (B) of these regulations		
52 (2) : Computation of ECR for thermal stations	CVPF used for computation of ECR is weighted average GCV of coal as received in kCal/Kg for coal based stations less 85 kCal/Kg on account of variation during storage at generating station	The loss of GCV during storage depends on climatic conditions. During summer months there can be enhancement of value from that 'as received' value. Therefore the value of 85kCal/Kg may be set as upper limit with any saving below this may be passed on to the beneficiaires.	
52(3) : Use of alternate fuel		As per the draft Regulations, the generators are allowed to use alternate source of fuel supply in case of fuel shortage without consent of the beneficiaries. As per Regulation, prior consultation with beneficiaries is required only if the energy charge rate exceed 30% of the base energy charge rate or 20% of energy charge rate of the previous month. These percentages fixed are very high and is often misused by the generators. The generators intentionally do gaming by availing high cost alternate source of fuel without consent of beneficiaries , by keeping the fuel price from alternate supply just below the above percentages. KSEBL has come across such instances in respect of CPSUs itself, where MoU route was utilized to procure fuel at a premium price above notified price of CIL. It is requested that the ceiling limits fixed for alternate fuel may be lowered. The increase over previous month charges may be limited to 10%, beyond which prior consent of the beneficiaries may be insisted. Further, it may be mentioned that in case of MOU Route, the price of fuel shall be limited to the notified	

		price of CIL. It may be specified in the Regulation that advance intimation on fuel price variation shall be made to the beneficiaries to avoid violation of merit order in despatch by DISCOM. It is also requested that clear procedure for sourcing fuel from alternate supply may be specified including the ceiling rate. The procedure may be linked with the methodology for flexibility in utilization of domestic coal for reducing the cost of power generation, as per notification no. CEA/Plg/FM/1/37/2016/779-836 dated 8.06.2016 and the provisions regarding implementation of 'SHAKTI POLICY'.	
59 (A) : Normative Quarterly Plant Availability Factor (NQPAF)	For all thermal generating stations, except those covered under clauses (b), (c), (d) and (e) : 83% Provided that for the purpose of computation of Normative Quarterly Plant Availability Factor, annual scheduled plant maintenance shall not be considered.	The quarterly Plant Availability Factor of 83% provided in the draft Regulation is on the lower side when compared to the actual quarterly PAF achieved by most of the generating stations for the last 3 years. The Quarterly PAF achieved for some of the generating stations were analysed and found to be above 90%. The details are enclosed as **Annexure-2**. The Commission has accepted the fact in paragraph 16.6.1 of the Explanatory Memorandum. Still, limiting the quarterly availability to 83% has no rationale. **Therefore it is requested that the present availability of 85% may be continued for the Normative Quarterly Plant Availability Factor, with the threshold for incentive raised to be at least 87%. The earlier annual PLF of 85% was not by separating the outages due to annual overhauling. Now, with the outages due to annual overhauling excluded from the calculation of NQPLF, the threshold for claiming incentive has also to be enhanced.** As per the draft Regulation, annual scheduled maintenance shall not be considered for the purpose of computation of NQPAF. The methodology for computing the NQPAF excluding annual mace schedule is not clear. The same may be clearly spelt out. Alternatively, it is submitted that instead of excluding annual mace schedule from NQPAF, the NPAF may be specified half yearly basis, with separate NPAF for the 2 halves. The half year having maintenance may be allowed lower PAF and that with no maintenance may be fixed higher PAF.	
59 (C) : Gross Station Heat Rate	500MW sets : 2375 kCal/kwh	The SHR norms for 500MW sets are on the higher side considering the latest technological advancements in power generation. The actual heat rate data shows that SHR of almost all the coal based generating stations of NTPC is 2346 kCal/kWh for plants less than ten years old and 2351 kCal/kWh for plants more than ten years old. It is requested that the SHR of 500MW sets may be fixed as 2350 kcal/kwh.	
59 (E) (C) :Auxiliary Energy Consumption	For Gas Turbine /Combined Cycle generating stations: (i) Combined Cycle : 2.75%	The AEC for combined cycle may be retained as 2.50% in line with CEA recommendation.	

	(ii) Open Cycle : 1.00%		
		The transmission loss has significant impact on the power purchase cost of DISCOMs. Reduction of transmission loss will reduce the power purchase cost of DISCOMs. However, DISCOMs have no control on the Transmission Loss. Therefore it is suggested that the Regulations may provide for a normative level of transmission loss with trajectory for improving the same. There shall be a prorate reduction in RoE if normative transmission losses are not maintained.	
65 : Billing and payment of charges		A standardization procedure for billing including details required for admitting the claims, timelines for processing and actions to be initiated in case of default in submitting the details, may be introduced in the Regulation.	
66. Recovery of Statutory charges	(1) The generating company shall recover the statutory charges imposed by the State and Central Government such as Electricity duty, water cess by considering normative parameters specified in these regulations. In case of the Electricity duty is applied in the auxiliary consumption, such amount of electricity duty shall apply on normative auxiliary consumption of the generating station (excluding colony consumption) and apportioned to the each	Fixing Electricity duty of auxiliary consumption on normative value of auxiliary consumption is highly welcomed.	

	beneficiaries in proportion to their schedule dispatch during the month.		
68 : Rebate		The existing Regulations provides for rebate if payment is made within 2 days of presentation of bills. Regulation does not deal with the issue of 'holidays' coming within these '2 days'. Since payments cannot be effected during bank holidays, it is requested that definition of 'day' in the Regulation may be modified as 'business day'.	
70 (2) : Sharing of gains	The financial gains by the generating company or the transmission licensee, as the case may be, on account of controllable parameters shall be shared between generating company or transmission licensee and the beneficiaries or long term transmission customers, as the case may be, on monthly basis with annual reconciliation.	In the draft Regulations, there is no prescribed methodology for annual reconciliation of sharing of controllable parameters. Presently generators are adopting different methodologies for annual reconciliation. NTPC is not sharing the gains on monthly basis due to ambiguities in the existing Regulations. Therefore it is requested that a firm methodology of conducting annual reconciliation of sharing of gains may be prescribed in the Regulation to avoid ambiguities.	
71. Sharing of saving in interest due to re-financing	If re-financing of loan by the generating company or the transmission licensee, as the case may be, results in net savings on interest and in that event the costs associated with such re-financing shall be borne by the beneficiaries and	The savings due to re-financing of loan occurs due to changes in economy of the Country/world and not due to operational efficiency of the generators/transmission licensee and so the net savings shall be shared between the beneficiaries and the generating company or the transmission licensee, as the case may be, in the ratio of 2:1 between beneficiaries and generating company or transmission licensee (same as in 2014-19 Regulation).	

	the net savings shall be shared between the beneficiaries and the generating company or the transmission licensee, as the case may be, in the ratio of 50:50.		
76(2) : Deviation from ceiling tariff	(2) The generating company or the transmission licensee, may opt to charge the lower tariff for period not exceeding one year at a time on account of lower depreciation based on the requirement of repayment; Provided that the unrecovered depreciation on account of reduction of depreciation by the generating company or the transmission licensee during useful life shall be allowed to be recovered after the useful life in these regulations;	The unrecovered depreciation on account of reduction of depreciation by the generating company or the transmission licensee during useful life **shall not be allowed** to be recovered after the useful life in these regulations;	
76 (4) and (5)		Contradiction on the need for approval of Hon'ble Commission	
Form-15		It is humbly requested that in addition to the existing details, following may also be additionally included under Form-15 for effective verification of energy bills.	

		1) Closing stock and opening stock required. 2) Source(mine/CIL subsidiary) wise details of coal with grade to be furnished by generators if coal is being received from multiple sources. It is a mandate that the coal source should be known to beneficiaries, which is not being complied by some of the generators. 3) The fuel details furnished in the Form 15 by some generators is incomplete since the GCV of coal as per bill of the Coal Company is not indicated (DVC) stating that for coking coal GCV is not determined at the time of billing (grade is decided on the basis of ash percentage). 4) Split up of transportation cost of fuel. 5) A sample form of Form-15 with the above details are enclosed as Annexure-	

Annexure-1

Month	Normative transit&handling loss	Qty. of coal supplied including opening stock	% loss
Jul-18	1422	323887	0.44
Aug-18	358	270206	0.13
Sep-18	683	320615	0.21
Oct-18	2834	341589	0.83
Nov-18	3133	391839	0.80
Dec-18	3883	493718	0.79

Annexure-2

RSTPS I & II

For the quarter ending	**PAF upto the month**
June 14	91.489
Sept 14	86.316
Dec 14	89.188
Mar 15	**92.100**
June 15	97.332
Sept 15	91.428
Dec 15	91.36
Mar 16	**93.963**
June 16	94.12
Sept 16	90.494
Dec 16	92.9
Mar 17	**94.575**
June 17	89.415
Sept 17	92.893
Dec 17	92.099
Mar 18	**91.264**

Talcher II

For the quarter ending	**PAF upto the month**
June 14	90.173
Sept 14	86.854
Dec 14	90.831
Mar 15	**92.953**
June 15	92.485
Sept 15	90.012
Dec 15	91.542
Mar 16	**93.303**
June 16	95.424
Sept 16	89.658
Dec 16	88.372
Mar 17	**90.103**
June 17	89.218
Sept 17	84.053
Dec 17	86.624
Mar 18	**89.513**

Simhadri II

For the quarter ending	**PAF upto the month**
June 14	99.682
Sept 14	83.389
Dec 14	84.286
Mar 15	88.547
June 15	100.532
Sept 15	91.856
Dec 15	94.487
Mar 16	95.857
June 16	100.001
Sept 16	100.243
Dec 16	97.697
Mar 17	96.216
June 17	92.027
Sept 17	83.815
Dec 17	83.02
Mar 18	86.415

RSTPS III

For the quarter ending	**PAF upto the month**
June 14	101.867
Sept 14	85.516
Dec 14	91.212
Mar 15	**94.047**
June 15	102.080
Sept 15	101.805
Dec 15	100.117
Mar 16	**100.642**
June 16	102.192
Sept 16	100.944
Dec 16	87.887
Mar 17	**91.415**
June 17	97.182
Sept 17	93.712
Dec 17	95.968
Mar 18	**96.706**

NLC TPS I Exp

For the quarter ending	**PAF upto the month**
June 14	98.544
Sept 14	99.222
Dec 14	89.954
Mar 15	92.578
June 15	100.525
Sept 15	100.327
Dec 15	86.661
Mar 16	90.312
June 16	89.367
Sept 16	94.735
Dec 16	93.005
Mar 17	**94.611**
June 17	86.176
Sept 17	92.570
Dec 17	93.42
Mar 18	**95.06**

Annexure-3

Details of Source wise Fuel for Computation of Energy Charges
PART-I
FORM- 15
Name of the Generating Station
Month

Sl No	Particulars		UoM	For preceeding 3rd month (from CoD or from 1-4-2019 as the case may be)			For preceeding 3rd month (from CoD or from 1-4-2019 as the case may be)			For preceeding 3rd month (from CoD or from 1-4-2019 as the case may be)		
A)	QUANTITY			Domestic Source(1)	Domestic Source (2)	Imported	Domestic Source(1)	Domestic Source (2)	Imported	Domestic Source(1)	Domestic Source (2)	Imported
1	Opening Stock of coal /Lignite supplied by coal/lignite company		(MMT)									
2	Quantity of Coal/Lignite supplied by Coal/Lignite Company (source(Mine/CIL Subsidiary wise / coal supplier details to be furnished separately in the format attached as Table 2)	Source-1 (Name of the Mine)	(MMT)									
		Source-2 (Name of the Mine)	(MMT)									
		....	(MMT)									
3	Adjustment (+/-) in quantity supplied made by Coal/Lignite Company	Source-1 (Name of the Mine)	(MMT)									
		Source-2 (Name of the Mine)	(MMT)									
		....	(MMT)									
4	Coal supplied by Coal/Lignite Company (2+3)		(MT)									
5	Normative Transit & Handling Losses (For coal/Lignite based Projects)		(MT)									

	upto 1000kms											
5	Normative Transit & Handling Losses (For coal/Lignite based Projects) beyond 1000kms		(MT)									
6	Net coal / Lignite Supplied (4-5/6)		(MT)									
7	Closing Stock of coal /Lignite		(MT)									
B)	PRICE											
8	Amount charged by the Coal /Lignite Company		(Rs.)									
9	Adjustment (+/-) in amount charged made by Coal/Lignite Company		(Rs.)									
10	Total amount Charged (8+9)		(Rs.)									
C)	Transportation											
11	Transportation charges by rail/ship/road transport		(Rs.)									
	By Rail	Source-1 (Name of the Mine)	(Rs.)									
		Source-2 (Name of the Mine)	(Rs.)									
		....	(Rs.)									
	By Road		(Rs.)									
	By Ship		(Rs.)									
	....		(Rs.)									
12	Adjustment (+/-) in amount charged made by Railways/Transport Company		(Rs.)									
13	Demurrage Charges, if any		(Rs.)									
14	Sampling charges, if any		(Rs)									
15	Other charges (Stone picking charges/ Loco drivers salary /Weigh Bridge Charges etc), if		(Rs)									

	any (split up details reqd)											
	15.a		(Rs)									
	15.b		(Rs)									
16	Cost of diesel in transporting coal through MGR system, if applicable		(Rs.)									
17	Total Transportation Charges (11+12-13+14+15+16)		(Rs.)									
18	Total amount Charged for coal/lignite supplied including Transportation (10+17)		(Rs.)									
E)	TOTAL COST											
19	Landed cost of coal/ Lignite		Rs./MT									
20	Blending Ratio (Domestic/Imported)											
21	Weighted average cost of coal/ Lignite for preceding three months		Rs./MT		-			-			-	
F)	QUALITY											
	GCV of Domestic coal of the opening coal stock as per bill of coal company		(kCal/ Kg)									
21	GCV of Domestic Coal supplied as per bill of Coal Company	Source-1 (Name of the Mine)	(kCal/ Kg)									
		Source-2 (Name of the Mine)	(kCal/ Kg)									
		....	(kCal/ Kg)									
	GCV of Imported Coal of the opening stock as per bill of Coal Company		(kCal/ Kg)									
	GCV of Imported Coal supplied as per bill of Coal Company		(kCal/ Kg)									
22	Weighted average GCV of coal/		(kCal/									

	Lignite as Billed		Kg)									
23	GCV of Domestic Coal of the opening stock as received at Station		(kCal/ Kg)									
23	GCV of Domestic Coal supplied as received at Station	Source-1 (Name of the Mine)	(kCal/ Kg)									
		Source-2 (Name of the Mine)										
		……………										
23	GCV of Imported coal of opening stock as received at Station		(kCal/ Kg)									
23	GCV of Imported coal supplied as received at Station		(kCal/ Kg)									
24	Weighted average GCV of coal/ Lignite as Received		(kCal/ Kg)									