

APP comments on Draft Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Second Amendment, Regulations, 2020

Sl. No.	Clause No. as per Tariff Regulation	Proposed Amendment	APP Comments
1.	Regulation 3, Clause 15b	New definition: <i>(15b) 'Date of Commencement of Production' in respect of an integrated mine means the date of touching of coal or lignite, as the case may be, as per the Mining Plan</i>	The definition of Date of Commencement of Production may be linked to the actual date of commencement of production and not as per the mining plan.
2.	Regulation 36	New clause (4) added: <i>"(4) In case of excess or short recovery of input price under Clause (2) or Clause (3) of this Regulation, the generating company shall refund the excess amount or recover the short amount, as the case may be, with simple rate of interest, equal to the bank rate prevailing as on 1st April of the respective year of the tariff period, in six equal monthly instalments."</i>	The rate of interest should be equal to the bank rate as per lender loan agreement with the company.
3.	Regulation 36A	New Regulation 36A added: <i>"36A. Input Price of coal or Lignite: (1) Input price of coal or lignite from integrated mine shall be computed based on the following components: 1) Run of Mine (ROM) Cost; and</i>	In Regulation 36A (1) (II), sub-heading (f) may be added for transit loss of 0.8%.

		<p>II) Additional charges:</p> <p>a. crushing charges;</p> <p>b. transportation charge within the mine up to the washery end or coal handling plant associated with the integrated mine, as the case may be;</p> <p>c. handling charges at mine end;</p> <p>d. washing charges; and</p> <p>e. transportation charges beyond the washery end or coal handling plant, as the case may be, and up to the Loading Point:</p> <p>.....'</p>	
4.	Regulation 36G (3)	<p>'(3) The return on equity shall be computed in rupee terms on the equity base arrived under Clause (1) of this Regulation at the base rate of 14%.'</p>	<p>The return on equity for integrated mine may be considered at 15.5% in line with the power generating station, considering the geological issues, R&R problems and other risk factors associated with mines.</p>
5.	Regulation 36O	<p>Adjustment on account of shortfall in GCV (GCV Adjustment):</p> <p>.....</p> <p>.....</p> <p>$GCV\ Adjustment = (Quoted\ Price\ of\ coal) \times [(Declared\ GCV\ of\ coal - Weighted\ Average\ GCV\ of\ coal\ extracted\ in\ the\ year) / (Declared\ GCV\ of\ coal)]$</p>	<p><u>The formula may be changed to:</u></p> <p>$GCV\ Adjustment = (Quoted\ Price\ of\ coal) \times [(\underline{Average\ Value\ of\ GCV\ of\ declared\ grade\ of\ coal} - Weighted\ Average\ GCV\ of\ coal\ extracted\ in\ the\ year) / (\underline{Average\ Value\ of\ GCV\ of\ declared\ grade\ of\ coal})]$</p> <p>Rationale - GCV ranges within 300 Kcal/Kg for a particular grade of coal approved by the Coal Controller hence the value to be taken should be the average value of GCV so declared.</p>

			For example for G11 Grade of Coal the average value to be taken is 4150 Kcal/Kg since the GCV range is from 4000 to 4300 Kcal/Kg.
6.	Regulation 36R	<i>'Quality Measurement: The quality of coal or lignite supplied from the integrated mines shall be measured at the Loading Point through third party sampling as per the guidelines and procedure specified by the Ministry of Coal and records of such measurement of quality shall be made available to the beneficiaries on demand.'</i>	In case of Integrated Mine with Power Plant the Third Party Sampling can be either done at Mine end Loading Point or at Power Plant end as the Mine in this case is owned by the Utility.