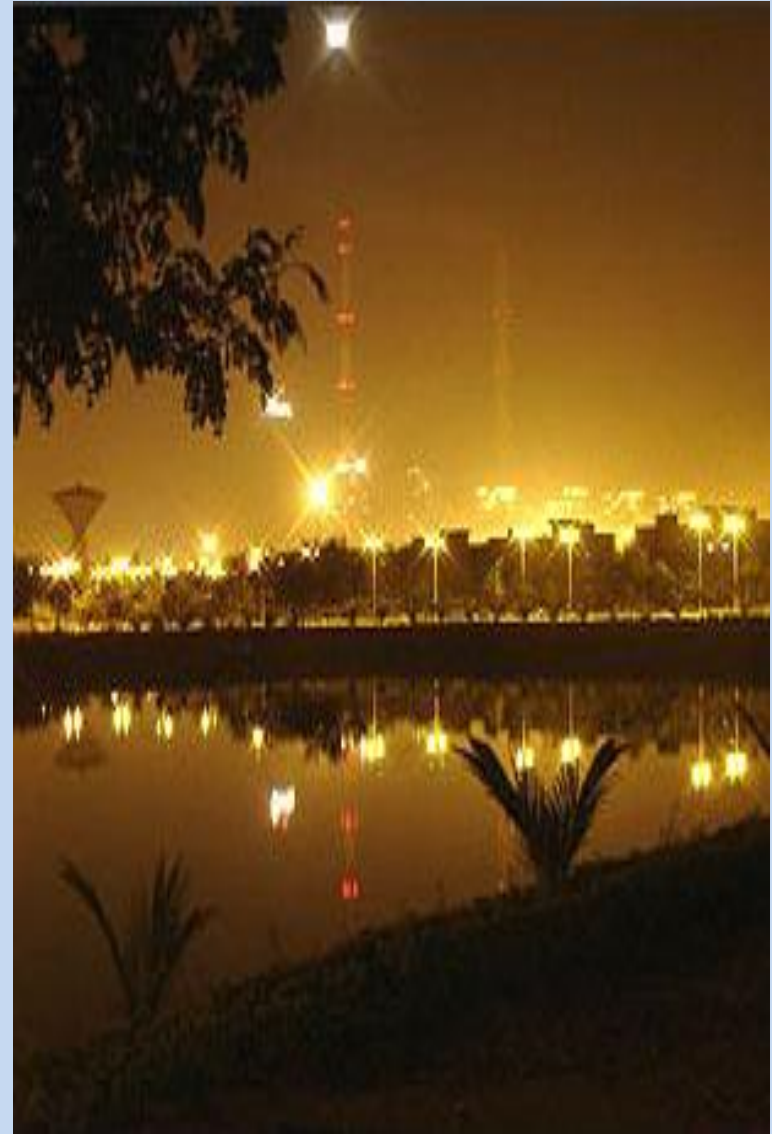




**DAMODAR VALLEY CORPORATION**

दामोदर घाटी निगम

**Comments on Draft Notification  
of Amendment to Tariff  
Regulations, 2019 for Tariff  
period 2019-24**



Date: 01/02/2019

**DVC has already submitted comments before Commissions website (Online) within due date.**

**The proposals made by DVC for kind consideration of the Commission are as below:-**

**1. Regarding ‘Depreciation’[Regulation -33(9)]**

**DVC proposes**

that depreciation on Emission Control System and recovery of the same should be as per C&AG rate in terms of the existing special provision to DVC in Regulation 72 (iii) of the Principal Regulations.

However, situation may arise that the balance useful life of the machines after installation of the emission control system is not sufficient for recovery of full depreciation (i.e. 90% of the capital spent) towards such emission control system.

In such a condition DVC humbly prays before this Hon’ble Commission to suitably fix the rate of depreciation in such a way so that the generating company may be able to recover the entire depreciation of the emission control system within its useful life.

**DVC therefore proposes that following provision may be included after the proposed amended Reg. 33 (9) :**

**“Provided that for projects owned by DVC, depreciation of the emission control system shall be computed as per the depreciation rate stipulated by the Comptroller and Auditor General of India in terms of section 40 of the Damodar Valley Corporation Act, 1948 or spread over of depreciation for the period from its date of operation till the balance useful life of the generating station whichever is higher”.**

## **2. Return on Equity [Regulation 30(2)]**

**DVC proposes** that -

**for the cases of additional capitalization due to ‘Change in Law’, the base rate of Return on Equity should be 15.5% i.e. same rate as considered for existing capital structure in terms of Regulation 30 of the Principal Regulations.**

## **3. Computation and Payment of Supplementary Capacity Charge for Coal or Lignite based Thermal Generating Stations(Regulation 42A)**

**DVC proposes—**

**The approved fixed costs in respect of emission control system should be allowed to be recovered in full from the beneficiaries.**

**DVC therefore proposes that supplementary fixed charge should not be linked with Plant availability.**

## **4. Interest on Working Capital [Regulation 34(aa)]**

**Advance payment towards supply of reagent needs to be considered while computation on interest on working capital.**

**DVC therefore proposes—**

**that following provision may be included in the proposed amended Reg. 34 (aa) (v):**

**“34 (aa) (v) Advance payment for 30 days towards cost of reagent for generation corresponding to the normative annual plant availability factor”.**

## **5. Operation and Maintenance (O&M) expenses [Regulation 35(1)(7)]**

**DVC proposes** that -

**the actual operation and maintenance expenses for emission control system should be allowed by CERC on case-to-case basis, at this stage when adequate operational data are not available.**

**Also, cost of disposal of unsellable gypsum or other by-products should be reimbursed In line with provision: “Income generated from sale of gypsum or other by-products will be reduced from the allowable operation & maintenance expenses”.**

## **6. Auxiliary Energy Consumption (AUXe) on account of emission control system of thermal generating stations (Regulation 49(E)(bb) )**

**DVC proposes—**

**that actual auxiliary energy consumption should be allowed by CERC on case-to-case basis when sufficient operational data is not available, at this stage.**

## **7. Norms for consumption of reagent [Regulation 49(F)]**

**DVC proposes—**

**that actual reagent consumption should be allowed by CERC on case-to-case basis when sufficient operational data is not available, at this stage.**


## **8. Insertion of New clause proposed by DVC towards appropriation of payments made by beneficiaries :**

Presently, there is huge accumulation of unrealized revenues for DVC in respect of its sale of power to DISCOMs / Beneficiaries. On the other hand, there is no provision in the CERC regulations towards appropriation of payments by DISCOMs / Beneficiaries with the outstanding dues, thereby causing legal complications.

**DVC therefore proposes that the following provision may be included in the proposed amended Regulation:**

**“All payments made by Beneficiaries / DISCOMs shall be appropriated by Generating Companies to the amounts due from DISCOMs / Beneficiaries in the following order of priority:**

- i. Towards the statutory dues like other tax, Royalty etc. in the current bill(s) of the concerned DISCOM / Beneficiary.**
- ii. Towards late payment surcharge, payable by the DISCOM / Beneficiary, if any.**
- iii. Towards earlier unpaid bill(s) of the DISCOM / Beneficiary, if any, and**
- iv. Towards the other charges in the current monthly bill of the DISCOM / Beneficiary.”**



Thank You