

CENTRAL ELECTRICITY REGULATORY COMMISSION
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No. L-1/69/CERC/2010

Dated: 3rd December, 2010

PUBLIC NOTICE

Subject: Analysis of the Comments Received from Stakeholders on the Proposed Methodology for Calculating Escalation Rates for Use in Tariff Based Competitive Bidding by the Staff of the Commission

Central Electricity Regulatory Commission (CERC) is required under the *Guidelines for Determination of Tariff by Bidding Process for Procurement of Power by Distribution Licensees* to notify and update, every six months, the escalation rates for various elements of the power procurement cost such as fuel costs, fuel transportation costs, fuel handling costs, power transmission costs, etc.

CERC had received representations from several stakeholders, requesting CERC to ensure that the escalation and other rates being computed and notified by the CERC are as realistic as possible. Accordingly, a study with the aim to review the computation methodology of escalation rates for various elements of the power procurement cost was undertaken and a draft proposal for reviewing the computation methodology was prepared by the Commission.

The draft proposal along with a Notice was put on the Commission's website for wider stakeholder consultation on October 2, 2010. Subsequently, the last date for receipt of comments from stakeholders was extended up to November 8, 2010.

At the end of the extended closing date, comments have been received from three stakeholders. The Commission **staff analysis** of the comments received from stakeholders is enclosed for information. Comments, if any, may be communicated to the undersigned within seven days of the Publication of this Notice.

Sd/-
(S.K. Chatterjee)
DC(RA)