



# GRIDCO Limited

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No. Sr.GM (PP)-27/2018/

3743 (CS)

Date: 10-07-18

To

✓ Sri Sanoj Kumar Jha, IAS  
Secretary, Central Electricity Regulatory Commission  
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9/2  
18/7/18

**Sub- CERC Terms and Conditions of Tariff for the Tariff Period starting from 01.04.2019 to 31.03.2024 – Reg.**

10/7/18

Ref: i) Letter Dtd.07.03.2018 & Public Notice Dtd.24.05.2018 of CERC on the subject cited above  
ii) Email Dtd. 30.06.2018 on 21<sup>st</sup> Meeting of Central Advisory Committee.

8/7/18  
Sir,

With reference to the subject cited above, this is to bring to your kind notice that Hon'ble CERC vide Public Notice Dtd. 24.05.2018 has directed to submit the Views/Suggestions/Comments of various Stake holders on the Consultation Paper on CERC Tariff Regulations, 2019.

GRIDCO has also presented its views on the above subject in the 21<sup>st</sup> CAC Meeting on Dt.06.07.2018.

In accordance with the above Notification, GRIDCO is hereby submitting its Views/Suggestions/Comments on the Consultation Paper on CERC Tariff Regulations, 2019 for kind perusal of the Hon'ble Commission.

8/7/18

Encl: Views of GRIDCO on Consultation Paper on CERC Tariff Regulations, 2019

Yours faithfully

MKD/ae 10.7.2018  
Director (Commercial)

C.C.: i) The Commissioner-cum-Secretary, Govt. of Odisha, Dept. of Energy for kind appraisal.  
ii) The Director (Finance), GRIDCO for information.  
iii) E.A. to CMD, GRIDCO for kind appraisal of CMD.  
iv) L.O., GRIDCO, New Delhi for submission of GRIDCO's Views before Hon'ble Commission.

## **VIEWS OF GRIDCO ON CONSULTATION PAPER ON TERMS AND CONDITIONS OF TARIFF REGULATIONS – 2019-24**

### **1. Gross Calorific Value (GCV) (Cl-5.8.1 to 5.8.3)**

- I. Regarding the views in Consultation Paper that there is loss in GCV during transport of Coal through Railways, this is to state that there should not be any loss in GCV during transportation as any moisture addition/drying up has the impact on weight of Coal only, and not on the quality (GCV) of Coal. While, the addition of moisture or drying up the Coal will increase or decrease in weight, as received at mines end, the total Heat Value of the Coal, as received at Generating Station remains un-altered. That is why, CEA has rightly concluded that dispatch GCV (as billed by Coal Companies) is approximately equal to 'As received GCV' at Generating Station. The same is also corroborated at Cl. 22.4 of Consultation Paper in which it is stated that 'GCV as received' is expected to be same as 'GCV as billed' barring minor transit losses.
- II. Regarding the statement that the loss in GCV during transport of Coal are beyond the control of the Generating Companies, it is submitted that it is the responsibility of the Generator to enter into contract with the Coal Supplier and Transporter for which the Beneficiary has got no role to play to ensure the Quality and Quantity of Coal. The Consultation Paper also supports the same in which it is remarked that this issue needs to be looked at in terms of risk allocation between the Coal Company, Railways and the Generating Companies.
- III. The Central Government Organisations like CEA and CIMFR should clearly bring out the Sampling Point and Method/Procedure for measurement of Gross Calorific Value (GCV) of Coal, so that after due deliberation and justification,

the same can be stipulated in CERC Terms and Conditions of Tariff Regulations, 2019-24.

With reference to Cl. 22.1 to Cl.22.8:

Cl.22.2: GRIDCO is of the same opinion as in Consultation Paper that the measurement of GCV of Coal used needs to be as accurate as the true representative of the Coal Consumption.

Cl.22.8(a): GRIDCO is of the opinion that whatever may be the Method/Procedure for Determination/Computation of GCV, the Generator should calculate the Energy Charge Rate (ECR) basing on a GCV, which should be same for Rate of Coal and GCV for ECR calculation towards billing to Beneficiaries.

Cl.22.8(b): Normative GCV loss between 'As Received' and 'As Fired'

- (i). On the effect of moisture in GCV of Coal sample taken from Wagon Top as per CEA, it is observed from views of CIMFR that proper sampling of Coal is not possible due to constraint for drawing samples upto the bottom of the Wagon. CIL also has acknowledged the difficulties in drawing sample as per BIS standard in Power Plants. From the above statements, it is clear that the Coal Supplier is benefited due to this improper sampling. In the above scenario, the loss in GCV, recommended by CEA is the gain for Coal Supplier. This loss should, therefore, be recovered by the Generator from the Coal supplier.
- (ii). On loss in GCV during Coal Storage inside the Power Plant, it is submitted that as per SOR to CERC Tariff Regulations, 2014, the Hon'ble Commission has clarified.

Clause 34.36-*"XXXXXXXXX The studies referred above and recommendations of CEA brings out clearly that there is*

*negligible difference between the GCV of coal as received GCV and as fired when the stacking is for 8-10 days. There is no reason for allowing any difference to the benefit of the generator on account of GCV. **The gross station heat rate norms fixed by the Commission for various sizes of units have sufficient margin to absorb this negligible difference. XXXXXXXXXX.***

Further in the above clause of SOR, it has been clearly mentioned that:-

*“The findings of all three studies mentioned above are analogous. It provides that loss of calorific value of coal during stacking period is not significant even if it is **stored for one year period.**”*

As the said loss in GCV has already been taken care of in determination of SHR, the above loss need not be compensated to Generator.

- (iii). As the reduction in GCV during handling inside Power Plant is insignificant, the same may be neglected.

Cl.22.8(c): Presently, the computation of GCV at the Mines end and the Generating Station end are contradictory to each other. While, the computation of GCV at the Mines end is carried out on ‘Air dried basis’ (Equilibrated Method), the GCV at Generating Station end is computed on ‘As received’ basis. The GCV at Mines end is computed on the basis of only Equilibrated Moisture (around 5%), whereas the GCV at Generating Station End is computed, taking into account the Equilibrated Moisture again, the Surface Moisture as determined at Mines end and the entry of Moisture during transportation. For this reason, the GCV at Generating Station end gets reduced for which the ECR becomes higher due to different methods of computation of GCV at Mines end and at Generating Station end. It is further stated that there is provision of Compensation for Surface moisture by the Coal

Company to the Generator at the Mines end as per Terms and Conditions of the Fuel Supply Agreement (FSA).

In Review Petition No. – 14/RP/2017 in Tariff Petition No. 293/GT/2014 in the matter of approval of tariff of Talcher Super Thermal Power Station, Stage - II (2000MW) for the period from 1.4.2014 to 31.3.2019 CERC has pronounced as under:

*“Even otherwise, there would not be any difference between ‘as billed’ and ‘as received’ GCV of coal, as the generating station is a pit head station.”*

Therefore, the point of sampling of Coal and its GCV determination/computation should be uniform and transparent, to be mutually agreed between Generator and Coal Supplier to ensure that the Despatch GCV at Mines end should be same as ‘As received GCV’ at Generating Station end through determination in one method at both ends. Any cost of slippage in grade of Coal between the loading point and site of the Generating Station is to be settled in terms of risk allocation between the Coal Company, Railways and the Generating station, as opined at Cl.22.6 and Cl.5.8.3 of the Consultation Paper.

As per Cl. No. 9.4.2 of National Electricity Plan (Volume – I, Generation):

*“It has been decided that CIMFR will undertake the work of third party sampling at unloading point, i.e. at the Power Plant end. Therefore, with sampling of Coal at loading and unloading point will address the issue of quality and grade slippage of the Coal supplied to Power Utilities in their Power Plants.”*

- IV. In the Tariff Regulation the GCV of Coal is mentioned as Kcal/Kg without any mention regarding the method of determination of GCV. The GCV of coal varies widely with different method of measurement of GCV i.e GCV TM basis,

GCV EM basis, GCV DA basis, GCV D basis. Due to this the supplier/Purchaser/user are getting the scope for using the value of GCV at different point of transaction of coal, as per their convenience.

Thus the GCV mentioned anywhere for any purpose inside the Tariff regulation is to be mentioned along with the method of calculation i.e.  $GCV_{TM}$ ,  $GCV_{EM}$ ,  $GCV_{DA}$ ,  $GCV_D$  etc. as per relevant IS. This will help in maintaining transparency in transaction between different entities i.e. from coal supplier to the electricity user.

- V. **Monthly Reconciliation**: There should be provision in the Tariff regulation for monthly reconciliation between the generator and coal supplier towards payment of charges of coal to the coal supplier by the generator along with details of compensation towards moisture, stone and grade slippage etc, indicating the weighted average GCV and weighted average price of coal paid to the coal supplier by the generator.
- VI. **Coal Transport rationalization**: The cost of Generation can be reduced by reducing the landed cost of coal. The landed cost of coal can be reduced by swapping of transport of coal, i.e. the high grade coal is to be transported to a longer distance and lower grade coal to a shorter distance, so that the volume transport to a distance place can be reduced. This can be done by constituting a regulating body to guide in this regard.

## **2. Capital Cost/Benchmark Cost** (Cl-37.7 to 37.17)

- I. The prospective Bidders (i.e. current participating developers involved in construction and execution of Power Plants) may be asked for Budgetary Price offer and the Past Cost Data for construction of existing Generating Stations/Transmission System may also be perused for determination of Benchmark Cost for different capacities of Generating Stations and Transmission System after Prudence Check.

- II. Different Benchmark Prices may be fixed based on different Technology and Unit Size.
- III. Normalized Land Cost may be used for determination of Benchmark Price.
- IV. Benchmark Cost to be specified at the project estimation stage to get a competitive price in the subsequent bidding stage by Generator.
- V. The Tender by the Generator for the Project should be based on the 'Benchmark Cost' as per Tariff Regulations.
- VI. The offer to the Beneficiaries for their acceptance of the terms and conditions to avail power from the Generating Station/Transmission System should have reference of 'Benchmark Cost', which should be the Ceiling Price.
- VII. Alternative Normative Tariff Fixing Mechanism, mentioned at 37.7 to 37.17 need more thorough study and analysis. At present, the prevailing method of fixing AFC may be followed simultaneously, the alternative approach for Normative Tariff fixation may be made as a Pilot Project, considering the upcoming projects and existing stations to have a comparative study and final acceptance.

### **3. Principles of Cost Recovery – Approach towards Multi Part Tariff** (Cl.37.18 to 37.21)

It is proposed that peak period should be 8 months instead of 4 months for achieving 95% PAF towards recovery of 20% of the AFC.

There is no rationale for, paying 25% extra for the peak price over the off-peak price. Price should be same for both off-peak and peak periods.

### **4. Interest on Working Capital** (Cl. 20):

Provision for truing up of Interest on Working Capital against actual coal stock based on declaration by the Generator shall be there.

## **5. Three Part Tariff Structure for Thermal Generating Stations**

(Cl-7.2.1 to 7.2.6):

- I. Recovery of fixed charge consist of fixed component like debt service obligations allowing depreciation for repayment, interest on loan and guaranteed return to the extent of risk free return and part of operation and maintenance expenses. Another component which is considered in present tariff mechanism termed as interest on working capital is not envisaged in the current tariff structure. Same may be clarified by the Commission.
- II. Normative Target Availability for recovery of fixed charges should be enhanced from current 85% to 90% for sub critical units and may be 95% for super critical units keeping in view of current trend of availability of thermal generating stations.
- III. Guaranteed return to the extent of risk free return for recovery of fixed charge may be considered as the percentage of return in Govt. of India long term security bond for new generating stations. For existing generating stations which have completed their debt obligation or in the fag end of their useful life, the guaranteed return may be linked to the actual dispatch of the plant rather than to link with it on availability.
- IV. The recovery of fixed component could be linked to target availability. Clarification is sought for regarding the linking of variable cost to the difference between availability and dispatch, as mentioned in the Consultation Paper.

## **6. Thermal Generating Stations (Older than 25 Years)** (Cl-7.3.4)

- I. It is proposed that the out-performing Thermal Generating Units, even if more than 25 years old, should be subjected to R&M for life extension as the performance of a Unit does not necessarily deteriorate much with age, if proper O&M practices are followed (Cl.7.3.4 of Consultation Paper)



- II. For other old Generating Stations, the option of replacement with Super-Critical Unit or R&M with life extension may be decided after prudent cost-benefit analysis.
- III. Before taking up any exercise such as replacement or R&M for old plants, consent of Beneficiary(ies) should be the condition precedent with the first right of refusal by the Beneficiary(ies).

#### **7. Station Heat Rate (Cl.26.3)**

Station Heat Rate (SHR) should be determined basing on Turbine Heat Rate, Boiler Efficiency and related heat losses.

The prevailing practice of determination of Station Heat Rate (SHR), basing on historical data, furnished by Generators, which should be compared with historical data and lower value should be taken as input for calculation of ECR.

**Justification:** As mentioned at Cl.26.3.4 of the Consultation paper, the heat rate is a crucial parameter as it has substantial impact on tariff. But the SHR is determined on the performance data, furnished by Generators, which implies that the SHR is determined, taking into consideration the consumption of Coal which has major impact on Tariff. Instead, if the SHR is determined basing on the Turbine Heat Rate, Boiler Efficiency and related loss, the impact on tariff will be realistic and there will be optimum realisation of natural resources.

#### **8. Depreciation (Cl. 14)**

- I. The useful life of Hydro Generating Stations and Transmission Assets should be increased to 50 years instead of prevailing 35 years. Correspondingly, the loan repayment period should be increased upto 18-20 years from prevailing 10-12 years. [As recommended at Cl.10.5(a) of the Consultation Paper]
- II. Similarly, the useful life of Thermal Generating Station should be increased to 35 years instead of prevailing 25 years.

Correspondingly, the loan repayment period should be increased upto 18-20 years from prevailing 12 years. [As recommended at Cl.10.5(a) & Cl.14.6(e) of the Consultation Paper]

**Justification:** The above increase in life period and loan repayment period will facilitate for reducing the upfront loading of Tariff Burden on the Consumers and to have market competition.

### **9. Renovation and Modernisation** (Cl. 12)

- I. Any cost covered under Renovation and modernization is to be approved under the head R&M expenses alongwith period of life extension beyond designated useful life of the Generating Station.
- II. There should not be any provision in the Tariff Regulations for ‘Special Allowance’ for incurring the expenditure towards ‘Renovation and Modernisation’.

**Justification:** By allowing Special Allowance for Renovation and modernisation, the Generator is not guaranteeing any tangible benefit to Beneficiary(ies)/Consumers in terms of life extension, making Beneficiary(ies) incapable to justify such expenditure.

### **10. Compensation Allowance** (Cl.11.6.4)

- I. As per prevailing Tariff Regulations (Regulation-17), the expenditure of capital in nature, which are not covered under Additional Capitalisation (Regulation-14) is admitted as ‘Compensation Allowance’, which is the R&M Expense in disguise without any life extension, thereby no benefit is derived by the Beneficiary(ies)/Consumers.
- II. In view of the above and in the interest of Consumers, such type of expenditure should be covered under Additional Capitalisation after prudence check by the Commission on

the basis of the Petition by the Generator prior to incurring such expenditure.

**11. Rate of Return on Equity (ROE) (Cl. 18)**

- (i). ROE need to address both incentive/disincentives for timely/delay in completion of projects (be it thermal, hydro, transmission projects) and flat rate may be stipulated.
- (ii). There has been instances wherein if additional 0.5% of incentives have not been availed by the project developer for timely completion of the project, time/cost overrun have been allowed in the tariff orders.
- (iii). Further, Rate of Return on Equity should be reduced keeping in view the downward trends in Debt markets. Reduction of Rate of Return may be linked to MCLR of SBI.

**12. Debt:Equity Ratio (Cl. 16)**

Debt:Equity Ratio should be modified to 80:20 from the existing 70:30 in order reduce the burden of Return on Equity on the Consumers.

**13. Deviation from Norms (Cl. 8.3)**

As there is no embargo on the Generating Stations or the Transmission Licensee to charge lower tariff this provides a scope for creating some competition.

**14. Electricity Duty(Cl.32.2):** The Electricity Duty (ED) Act of the concerned state is to be adhered for payment of Electricity Duty.

**15. Optimum utilization of Capacity of Coal based Thermal Generation (Cl.10.3(a) & (b))**

Regarding Cl.10.3 clarification may be offered on the following points:

- (1) In case of surrender of contracted capacity by the beneficiary on annual basis whether the fixed cost liability will be relieved from the beneficiary.

- (2) Detailed Methodology regarding the bidding out of Surrendered Power and reallocation thereof.
- (3) Will there be any ceiling price for such bidding price.
- (4) What will happen if discovered price is less than the Variable Cost.
- (5) What will happen if discovered price is less than the Tariff.

**16. Hydro Generation** (Cl. 10.5(a) & (b))

- I. **Cl.10.5(a):** GRIDCO agrees to the views at Cl.10.5(a) of the Consultation Paper to extend the life of the project upto 50 years and the loan repayment period upto 18-20 years to reduce the front loading of tariff.
- II. **Cl.10.5(b):** We are not agreed to the proposal of delinking the Hydro power Generation, as the Hydro Projects are multi-purpose project.

**17. Cost of Debt** (Cl. 9)

Normative Loan comprises of two components, viz. (i) Actual Loan & (ii) Normative Loan (Equity in excess of 30% of Capital Cost). Currently weighted average interest rate of actual loan is applicable to the notional loan. GRIDCO suggests not to consider the above two components of the Normative Debt on same footing. Hence, the following methodology for calculation for Cost of Debt is proposed.

(a) Cost of Debt towards actual loan part may be determined on the basis of actual interest rates.

(b) As regards the Notional Debt part, MCLR Rate of SBI may be applied for calculation of Cost of Debt.

**18. Transmission System-Transmission Losses** (Cl.26.5.6 to 26.5.8)

GRIDCO agrees to the recommendation in Consultation Paper (Cl.26.5.7) to introduce the norms for Inter-state Transmission losses, based on factors within control and international benchmarks.

**19. Incentive** (Cl.27): In the present scenario of RE integration, the PLF of the thermal generators will come down to 56.5%. Generators should not be encouraged to generate more from fossil fuel, rather to be encouraged to integrate more RE power towards fulfillment of their target. Thus the incentive for generating more than the normative PLF needs to be discontinued as India is surging towards green energy Regime.

**20. Pay by Date for availing 2% rebate**: Regulation 44(1) of CERC Tariff Regulations, 2014 provided to allow 2% rebate for payment of bill of Generating Company and Transmission Licensee with in a period of 2 days of presentation of bill.

However, beneficiaries are experiencing practical difficulty to verify the bills of Generators and Transmission Licensees in all respects within the short period of 2 days to ensure the correctness of bill to avail 2% rebate.

Therefore, GRIDCO proposes for 7days time period for the date of presentation of bill for availing 2% rebate.

**21. Inter-State Transmission System - Tariff Structure**  
(Cl.7.5.1 to 7.5.6)

- I. **Cl.7.5.4** GRIDCO agrees with the proposal (Cl.7.5.4 of Consultation Paper) to segregate the Transmission tariff into two part tariff structure whereby transmission access & transmission service are recognized as separate transmission products.
- II. **Cl.7.5.5** In view of the substantial investment in the Transmission sector needed to infuse huge RE target fixed by GoI, & in absence of sufficient data, GRIDCO opts for Cl.7.5.5(a)(ii) i.e. the fixed components shall consist of annual fixed cost of the evacuation transmission system & Cl.7.5.5(b)(ii) i.e. variable components shall consist of common transmission system excluding evacuation transmission system.

Such tariff structure would be in line with the Tariff Policy mandate i.e. sensitivity towards distance direction & quantum of power flow.

However more clarifications are needed to analyze other options in the Consultation Paper:

- a) Regarding the methodology to be considered for selection of fixed transmission system designated for access.
- b) Past data of ISTS, segregated component wise, like %age of share of debt service obligations, interest on loan, guaranteed return, operation and maintenance expenses and interest on working capital etc. in total AFC.

III. **Cl.7.5.6** GRIDCO accepts the proposal to link the fixed component with Transmission Access Charge & variable component with Transmission Service Charge. The modalities of recovery of fixed component need to be clarified in more details. The recovery of variable component should be linked with actual flow only.

## **22. Reduction in the Rate of Late Payment Surcharge:**

Regulation 45 of CERC Tariff Regulations, 2014 provided that if the payment of any bill for charges is delayed beyond a period of 60 days from the date of billing, a late payment surcharge at the rate of 1.50% per month shall be levied.

It is to state that in the CERC Tariff Regulations, 2014 the LPS was kept at 1.25% per month or 15% per annum.

However, as per the existing regulation, the LPS is upward revised to 1.50% per month or 18% per annum which is much higher than the prime lending rate.

It is further to state that Reserve Bank of India vide its Letter No RBI/2015-16/273 dated December 17, 2015 has directed all

Schedule Commercial Banks that sanctioning all rupee loan and credit limits renewed w.e.f April 1, 2016 will be priced with reference to the Marginal Cost of Funds based Lending Rate (MCLR) which will be the internal benchmark for such purpose.

On the above background, GRIDCO is proposing for deciding the LPS at one year MCLR of SBI as on 1st April'2019 plus 300 basis points.

**23. Interest during Construction (IDC):** Regulation 11(A) of CERC (Terms and Conditions of Tariff) Regulations, 2014 provided that, IDC shall be computed corresponding to the loan from the date of infusion of debt fund, and after taking into account the prudent phasing of funds upto SCOD. However, there is no provision for prudence verification of due diligence in arranging finance at a best competitive price.

Therefore, GRIDCO proposes to keep provision for prudence verification of due diligence followed in arranging finance at a best competitive rate of interest.

**24. Determination of Energy Charges (Decimal point):**

Regulation 30(6) of CERC Tariff Regulations, 2014 stipulates that, ECR in Rupees per kWh on ex-power plant basis shall be determined to three decimal places. However, the above Regulation is silent about whether to round up/round down/round to three decimal place or to leave out all digits beyond third decimal place.

Therefore, GRIDCO proposes to clearly spell out the provision to avoid ambiguity.

**25. Commercial Operation Date (COD):**

- I. All expenditure up to the cut-off date, as per Project Approval for new generating station is to be considered towards capital cost. No additional capitalization is to be allowed up to the cut-off date, during this period de-capitalization if any is to be allowed.

**Justification:**

- i. CoD is declared by the Generating Station (for any particular unit) only after final completion of installation & commissioning and successful Trial Run Test of the plant.
  - ii. Generally there should not be any capital expenditure after CoD.
  - iii. The replacement/retrofit/rectification of defect after CoD of a unit is generally done by the OEM free of cost as the equipment are under guarantee period. So there should not be any major expenditure after CoD excepting the deferred works as per project approval.
- II. The word “Trial run and Trial operation” has been grossly misconceived. Trial run in case of a generating station can be considered for a generating unit only but not for the whole generating station. During trial run, the generating company can demonstrate the MCR of an unit for continuous 72 hours before declaration of CoD of that unit.

So the trial run or trial operation relates to the generating unit or block but not at all to the generating station. CoD can be declared for a generating station considering the successful trial run of the last unit.

**26. Force Majeure Condition:** To be re-defined as it is ambiguous due to the fact that as per Regulation – 3(25) of CERC Tariff Regulations, 2014 the general statement is ‘beyond the control of the Generating Company or Transmission Licensee’ including the Acts of God & others. The Generators and Transmission Licensee are taking the advantages of such generalized statement (Open-ended provision) to enhance the cost of the project, leading to burdening the consumers.

**27. Sharing of Gains in case of Controllable Parameters:** Before the implementation of the Compensation Mechanism towards SHR, Auxiliary Consumptions, Secondary Fuel Oil Consumption



as per 4<sup>th</sup> Amendment to IEGC Regulations, 2014, the sharing of gains between Generating Company and Beneficiaries was shared in the ratio 60:40. But, when the Generators are compensated after the above amendment, there is no justification in passing on any benefit to the Generators, which should be fully passed on to the Consumers.

**28. Transparency in Billing and Accounting of Fuel:** In addition to the documents, furnished by the Generators in the monthly bills, GRIDCO proposes for the Monthly Energy Bills to be supported by the following documents:

- (i). Coal Company Bill for each consignment.
- (ii). Debit/Credit Bill
- (iii). Coal Test Reports for GCV and moisture for each consignment, certified by third party (CIMFR).
- (iv). Transportation Bill
- (v). Credit Bill for excess moisture and stone

**29. Tariff Mechanism for pollution control system (New Norms for Thermal Power Plants):**

- I. When the PLF for Thermal Generating Stations will be around 60%, the question arises whether the level of emission of pollutants will have a downward trend and may remain within the allowable emission levels as mandated by MOEFCC. Without ascertaining the same, it would not be prudent to install the Emission Control Systems, which will burden the consumers financially.
- II. For those TPPs, where the Pollution Levels are beyond the allowable level of emissions, the Emission Control Systems with proven technology and performance be procured through competitive bidding.

III. The cost of the Emission Control Systems should be met from Power System Development Fund (PSDF) and Clean Energy Fund.