



Maharashtra State Electricity Distribution Co. Ltd.

CIN = U40109MH200SSGC153645

5th floor, Prakashgad, Plot No.G-9, Bandra (East), Mumbai – 400 051 ☎ (O) 26474211

Email: ceppmsedcl@gmail.com Website: www.mahadiscom.in

Ref. No: CE/PP/Draft First Amendment/9606

Date: **15 MAY 2020**

To,
The Secretary,
Central Electricity Regulatory Commission
3rd & 4th Floor, Chanderlok Building,
36, Janpath, New Delhi – 110 001.

Subject: Comment on Draft Central Electricity Regulations Commission (Terms and Conditions of Tariff) (First Amendment) Regulation, 2020.

Reference: CERC' Public Notice L-1 /236/2018/CERC dated 30.04.2020 and 1.04.2020.

Sir,

This is with reference to CERC's public notice under reference with regard to seeking comments and suggestions of stakeholders on "Draft Central Electricity Regulations Commission (Terms and Conditions of Tariff) (First Amendment) Regulation, 2020". MSEDCL welcomes Hon'ble CERC's steps with positive gestures for involving DISCOMs which is major stakeholder in the process of tariff determination.

However, while framing regulations, there is a need to consider the factors such as impact of same on DISCOM and its end user. Considering the significance of certain key points of the proposed Regulations, MSEDCL thought to brief here in order to ensure addressing of the same in final CERC (Terms and Conditions of Tariff) (First Amendment) Regulation, 2020.

- 1) Hon. Commission needs to have benchmark capital cost considering suggestions from CEA to have check on expenditure.
- 2) It is suggested that Generating Stations may approach Ministry of Power for funding of the capital cost on Grant basis in line with various grants/ funds provided to Distribution companies under APDRP/ IPDS/ DDUGJY / UDAY etc. The GoI is already collecting Rs. 400/MT of Green Cess (Clean Environment Cess) on coal from thermal generator from 1.03.2016 there might be significant corpus available with GOI for same.

- 3) Beneficiaries and subsequently consumer should not be overburdened due to cost incurred for compliance of emission norms and Hon. Commission should fix ceiling limit for Capital cost and Supplementary Charge as well.
- 4) It is submitted that CERC may not allow any time/ cost over run for the capital cost and any such liabilities may be recovered from the contractors/ suppliers as the notification was issued on 7th December, 2015 by Ministry of Environment, Forest & Climate Change and there was sufficient time available with generators for planning and implementation of same.
- 5) Return on Equity – It is submitted that weighted average rate of Interest on loan be considered to keep supplementary charge lower.
- 6) O&M Expenses – It is provided that it would be 2% of the admitted capital cost (excluding IDC & IEDC) and further escalated by 3.5% p.a. till FY 2023-24. MSEDCL suggests that the O&M expenses would be considered on lower side considering the new systems installed and further the existing O&M facilities can be utilized for same and hence, the cost can further be brought down, hence escalation of 3.5% p.a. appears to be high.

Considering points in foregoing paragraphs, it is requested that the same may please be taken on record and to be considered while deciding the principle and methodology to be adopted for tariff determination during next tariff period commencing from 01.04.2019.

Thanking you,

Yours faithfully,

-sd/-

Chief Engineer (Power Purchase)
MSEDCL