

EXPLANATION FOR CORRIGENDUM TO THE NOTIFICATION DATED 27.10.2021 ON ESCALATION RATES FOR PAYMENT

As required under para 5.6 (vi) of the MoP Notification dated 19.1.2005 (as amended from time to time) on “Guidelines for Determination of Tariff by Bidding Process for Procurement of Power by Distribution Licensees”, the Central Electricity Regulatory Commission (CERC) has been notifying, every six months, various escalation rates and other parameters for the purpose of payment. The CERC, vide notification dated 27.10.2021, notified the escalation rates and other parameters for the purpose of payment applicable for the period from 1.10.2021 to 31.03.2022.

2. The Coal Price Index of CERC has been used for arriving at the escalation rate for domestic coal. The Coal Price Index of CERC for the period from September, 2020 to August, 2021 was used for arriving at the escalation rate notified on 27.10.2021.

3. Coal India Ltd, through its notification dated 27.11.2020, has revised coal prices w.e.f.1.12.2020. Consequent to this revision, the CERC has revised its Coal Price Index w.e.f. December, 2020 and published the same on its website. However, the revised coal price index has been used for the period from September 2020 to August 2021 in place of December 2020 to August 2021 while computing the escalation rate for domestic coal for payment applicable for the period from 1.10.2021 to 31.3.2022. Therefore, there was an error in computing the escalation rate for domestic coal.

4. By correcting the data i.e. by using the Coal Price Index as published on the website of CERC (i.e. considering the revised coal price index w.e.f. December, 2020) the escalation rate at Sr.No.1 of Table of the notification dated 27.10.2021 (1. Annual Escalation Rate for Domestic Coal applicable for the period from 01.10.2021 to 31.03.2022 for the purpose of payment as per the Power Purchase Agreement entered into under the guidelines mentioned above) is computed as below.

4.1 Escalation Rate for Domestic Coal

The escalation rate for domestic coal for payment has been computed based on the data on Coal Price Index of CERC for the period from September, 2020 to August, 2021 as follows.

Table-1: ESCALATION RATE FOR DOMESTIC COAL	
Period	CERC Coal Price Index (2017-18=100)
Sep-20	107.7
Oct-20	107.7
Nov-20	107.7
Dec-20	108.7
Jan-21	108.7
Feb-21	108.7
Mar-21	108.7
Apr-21	108.7
May-21	108.7
Jun-21	108.7
Jul-21	108.7
Aug-21	108.7
Average Index (Sep 20-Feb 21)	108.20
Average Index (Mar 21-Aug 21)	108.70
Half-Yearly Inflation	0.46%
Annual Inflation	0.92%

The above computed annual inflation (0.92%) is notified as escalation rate for domestic coal for payment.
