

**Central Electricity Regulatory Commission
3rd & 4th Floor, Chanderlok Building, 36 Janpath,
New Delhi-110 001**

No. Eco-1/2021-CERC

April 13, 2022

**EXPLANATION FOR CORRIGENDUM TO THE
NOTIFICATION DATED 23.4.2021
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, including the escalation rate for inland transportation charges for coal, for the purpose of payment. The CERC, vide notification dated 23.4.2021, notified the escalation rates and other parameters for the purpose of payment applicable for the period from 1.4.2021 to 30.9.2021.

2. Ministry of Railways vide its letter dated 8.3.2021, had submitted the data on transportation of coal (coal freight rate) from September 2020 to February 2021 with a note that long lead concession @ 20% for coal transportation for distance of more than 1400 kms w.e.f. 1.7.2020. Accordingly, CERC had notified the escalation rate for inland transportation charges for coal for distance up to 2000 kms (-39.63%) and beyond 2000 kms (-40.00%). However, subsequently it has come to the notice of the Commission from the website of the Indian Railways that the Circular dated 30.6.2020 issued by the Ministry of Railways on the basis of which the letter dated 8.3.2021 had been issued by the Ministry of Railways stipulates that the long lead concession of 20% applicable for coal transportation for distance more than 1400 kms would be subject to a condition (floor limit) that the normal tariff rate (NTR) after applying the concession shall not be less than the NTR for distance of 1400 kms.

3. Consequent to application of the condition mentioned in the Circular dated 30.6.2020, the data used for computing the escalation rate for inland transportation charges for coal for distance up to 2000 kms has been revised. However, no consequential change has been observed in the escalation rate for inland transportation charges for coal for distance beyond 2000 kms.

4. After applying the long lead concession along with the condition mentioned in the Circular referred above, the escalation rate for inland transportation charges for coal has been computed as below.

| Table-4: ESCALATION RATE FOR INLAND TRANSPORTATION CHARGES FOR COAL | | | | | |
|--|-------------------------------------|-------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| Period | Coal Freight Rate for 125 km | Coal Freight Rate for 500 km | Coal Freight Rate for 1000 km | Coal Freight Rate for 2000 km | Coal Freight Rate for 3000 km |
| Jan-20 | 389.6 | 1054.7 | 1891.8 | 3065.7 | 3787.9 |
| Feb-20 | 389.6 | 1054.7 | 1891.8 | 3065.7 | 3787.9 |
| Mar-20 | 389.6 | 1054.7 | 1891.8 | 3065.7 | 3787.9 |
| Apr-20 | 389.6 | 1054.7 | 1891.8 | 3065.7 | 3787.9 |
| May-20 | 389.6 | 1054.7 | 1891.8 | 3065.7 | 3787.9 |
| Jun-20 | 389.6 | 1054.7 | 1891.8 | 3065.7 | 3787.9 |
| Jul-20 | 389.6 | 1054.7 | 1891.8 | 2567.6 | 3030.3 |
| Aug-20 | 389.6 | 1054.7 | 1891.8 | 2567.6 | 3030.3 |
| Sep-20 | 389.6 | 1054.7 | 1891.8 | 2567.6 | 3030.3 |
| Oct-20 | 389.6 | 1054.7 | 1891.8 | 2567.6 | 3030.3 |
| Nov-20 | 389.6 | 1054.7 | 1891.8 | 2567.6 | 3030.3 |
| Dec-20 | 389.6 | 1054.7 | 1891.8 | 2567.6 | 3030.3 |
| Average Rate (Jan 20-June 20) | 389.60 | 1054.70 | 1891.80 | 3065.70 | 3787.90 |
| Average Rate (Jul 20- Dec 20) | 389.60 | 1054.70 | 1891.80 | 2567.60 | 3030.32 |
| Half-Yearly Escalation Rate | 0.00% | 0.00% | 0.00% | -16.25% | -20.00% |
| Annual Escalation Rate | 0.00% | 0.00% | 0.00% | -32.50% | -40.00% |

5. The annual escalation rates computed in the above table (0.00% applicable up to 125 km, 0.00% up to 500 km, 0.00% up to 1000 kms, (-)32.50% up to 2000 kms and (-) 40.00% beyond 2000 kms) are notified as annual escalation rates for inland transportation charges of coal for payment.
