

**CENTRAL ELECTRICITY REGULATORY
COMMISSION
NEW DELHI**

Petition No. 117/MP/2022

Coram:

Shri I.S. Jha, Member

Shri Arun Goyal, Member

Shri Pravas Kumar Singh, Member

Date of Order: 11th July, 2022

In the matter of

Petition under sub Section 79(1)(b) of Electricity Act, 2003 for approval of the discount in tariff on account of allocation of coal linkage under the SHAKTI Scheme of the Government of India.

And

In the matter of

KSK Mahanadi Power Company Limited,
8-2-293/82/A, Road No. 22,
Jubilee Hills, Hyderabad – 500033

.....Petitioner

Vs

1. Tamil Nadu Generation and Distribution Corporation Ltd.
No. 144, Anna Salai, Chennai – 600 002

2. Madhyanchal Vidyut Vitran Nigam Ltd. (MVVNL)
Through The Managing Director
4A, Gokhale Marg, Lucknow – 226001

3. Paschimanchal Vidyut Vitran Nigam Ltd. (PaVVNL)
Through The Managing Director
Urja Bhawan, Victoria Park, Meerut – 250001

4. Purvanchal Vidyut Vitran Nigam Limited (PuVVNL)
Through The Managing Director
DLW Bhikharipur, Varanasi – 221 004

5. Dakshinanchal Vidyut Vitran Nigam Ltd. (DVVNL)
Through The Managing Director
Urja Bhawan, NH-2, (Agra-Delhi Bypass Road)
Sikandra, Agra-282002

..Respondents

Parties present:

Shri Anand K. Ganesan, Advocate, KSKMPCL
Shri Swapna Seshadri, Advocate, KSKMPCL
Ms. Anusha Nagarajan, Advocate, TANGEDCO

ORDER

The Petitioner, KSK Mahanadi Power Company Limited, has filed this Petition with the following prayers:

“(a) Approve the Amendment to the PPAs between Petitioner and Respondents 1 to 5 for passing on discount to the Procurers as provided in para 11 and 12 above as provided for in Clause (B)(ii)(b) of the SHAKTI Policy dated 22/05/2017 and Lols issued by SECL, MCL and NCL

(b) Pass such other order(s) as the Hon’ble Commission may deem just in the facts of the present case.”

Background

2. The Petitioner, KSK Mahanadi Power Company Ltd., is a company incorporated under the Companies Act, 1956 and presently existing under the provisions of the Companies Act, 2013. The Petitioner is a generating company within the meaning of section 2(28) of the Electricity Act, 2003 and is in the process of establishing a 3600 MW (6x600 MW) coal-based generating station at Village Nariyara, Tehsil Akaltara and District Janjgir-Champa in the State of Chhattisgarh (in short, “the generating station”). As of now, the Petitioner has commissioned 1800 MW (3 x 600 MW) The present petition has been filed to obtain the approval of Commission for revision in tariff pursuant to the discount to be offered for generation and supply of electricity by the Petitioner to the Respondents using coal availed under SHAKTI Policy, a coal linkage scheme.

3. The Respondents are licensees operating under the provisions of the Act. The Respondent No. 1 is the distribution licensee in the State of

Order in Petition No. 117/MP/2022 Page 2

Tamil Nadu. The Respondent No. 2 to Respondent No. 5 are the distribution licensees in the State of Uttar Pradesh. PPAs between the Petitioner and Respondent No. 1 to Respondent No. 5 have been entered into under Case-1 bid and the tariff under Section 63 of Act was adopted by respective State Electricity Regulatory Commissions. The Petitioner has entered into the Power Purchase Agreement (PPA) on 27.11.2013 with Respondent No. 1 for 500 MW and on 26.02.2014 with Respondents 2 to 5 for 1000 MW under Case-1 bid for supply of electricity from the generating station of the Petitioner. In addition to this, the Petitioner has entered into a PPA dated 18.10.2013 with Chhattisgarh State Power Trading Company (CSPT radeco), towards host state obligatory power supply.

4. The Government of India on 22.5.2017 had issued the New More Transparent Coal Allocation Policy for Power Sector – 2017 namely Scheme for Harnessing and Allocating Koyala (Coal) Transparently in India (hereinafter called SHAKTI Policy) for the purpose of providing linkage coal to the IPPs having already concluded long term PPA with DISCOMs. In accordance with the para (B) (ii) of SHAKTI Policy, the Petitioner was eligible to apply for coal linkage for generation and supply of electricity to the Respondents under the respective PPAs. Accordingly, the present petition has been filed seeking approval of the Commission for revision of tariff pursuant to the discount to be offered for generation and supply of electricity by the Petitioner to the Respondents using coal available under the coal linkage as the SHAKTI Policy.

5. The Petitioner participated in the fourth round of auction of coal linkages for IPPs having already concluded long term PPAs dated 9.9.2021 under the SHAKTI Policy held on September, 2021, wherein offered discount price of 10 – 11 paise per unit and was successful in obtaining coal linkages and allocation of coal from South Eastern Coalfields Limited (SECL), Mahanadi Coalfields Limited (MCL) and Northern Coalfields

Limited (NCL) and received Letter of Intents dated 22.11.2021, dated 02.12.2021 and dated 13.12.2021 from SECL, MCL and NCL, respectively. The details in brief are as follows:

S. No.	Source	Grade	Mode of Transport	Quantity allocated (Tonne)	Offered discount (Paise / KWh)
1	SECL Others (Korba & Mand Raigarh) State: Chhattisgarh	G 12	Rail / Road / Captive	9,30,200	10.0
2	MCL IB (IB Valley & Basundhara) State: Odisha	G 13	Rail / Road / RCR / Captive	3,00,000	11.0
3	NCL – Mines of NCL	G 10	Rail / Road / RCR / Captive	6,00,000	11.0
4	Total			18,30,200	

6. The Petitioner has submitted that in terms of the SHAKTI Policy and in terms of Lol issued to the Petitioner, the PPA between Petitioner and Respondents shall be amended / supplemented to pass on the discount offered by the Petitioner to the Respondents after approval of the Appropriate Commission Further, the Petitioner is required to submit such approval along with copies of the amended PPAs to SECL, MCL and NCL to declare the Petitioner as the successful bidder. Thereafter, the Petitioner would be entitled to sign and execute the Fuel Supply Agreement (**FSA**) for coal supply. The relevant para of SHAKTI Policy, is as under:

“(b) Accordingly, PPA may be amended or supplemented mutually between the developer and the procurer to pass on the discount to the procurer and the approval of the Appropriate Commission obtained, as per the provisions of the PPA or Regulations.”

7. The Petitioner has submitted that in terms of the above, the PPA signed between the Petitioner and the Respondent No. 1 has been amended vide Addendum No. 4 dated 30.3.2022, wherein, the Schedule 4A has been amended to provide a methodology for adjustment of the discount in the monthly bills of the Respondent No.

1, TANGEDCO. Similarly, the Petitioner and the Respondent No. 2 to Respondent No. 5 vide Supplementary PPA III dated 25.2.2022 amended the Schedule 4A to provide a methodology for adjustment of the discount in the monthly bills of the Respondents No. 2 to 5, namely, distribution companies of UP . Further, in regards to Respondents No. 2 to 5, the Petitioner has submitted that the generation and supply of power to these Respondents is from the generating station as a whole but not from any particular unit of the generating station. Therefore, the generation of electricity using coal available under the coal linkage in terms of the SHAKTI scheme is to be apportioned to these respondents in a proportionate manner as per with reference to their respective capacities and the discounts offered on the tariff under SHAKTI scheme are uniform to all these respondents.

8. The Petitioner in respect of jurisdiction has submitted that, it has PPAs with more than one State for supply of electricity and the supply by the Petitioner to the Respondents is also on inter-State basis. The Hon'ble Supreme Court, in the case of Energy Watchdog v. Central Electricity Regulatory Commission & Ors, (2017) 14 SCC 80, has settled the jurisdiction of the Commission in respect of inter-State supply under Section 79(1)(b) of the Electricity Act, 2003 and is squarely applicable to the present case.

9. During the hearing of the Petition on 28.4.2022, the learned counsel for the Petitioner, KSKMPCL mainly reiterated the submissions captured above. The learned counsel for the Respondent, TANGEDCO and the representative of the Respondent, UPPCL submitted that they had no objection to the grant of the prayer of the Petitioner and same may be allowed.

Analysis and Decision:

(A) Issue of Jurisdiction

10. The Petitioner has entered into separate PPAs with the DISCOMs of three States (TANGEDCO, DISCOMSs of Uttar Pradesh and Chhattisgarh State Power Trading Company) for supply of power at different points i.e. has PPAs with more than one State and also supplying power on inter-State basis. Sub-section (b) of Section 79(1) of the Act provides that Central Commission shall regulate the tariff of generating company, if such generating company enters into or otherwise have a composite scheme for generation and sale of electricity in more than one State. The Hon'ble Supreme Court vide its judgment dated 11.4.2017 in Civil Appeals titled Energy Watchdog v CERC & ors [(2017 (4) SCALE 580)] has explained the composite scheme and decided the jurisdiction of this Commission for regulating the tariff of the projects meeting the composite scheme as under:

“22. The scheme that emerges from these Sections is that whenever there is inter-State generation or supply of electricity, it is the Central Government that is involved, and whenever there is intra-State generation or supply of electricity, the State Government or the State Commission is involved. This is the precise scheme of the entire Act, including Sections 79 and 86. It will be seen that Section 79(1) itself in sub-sections (c), (d) and (e) speaks of inter-State transmission and inter-State operations. This is to be contrasted with Section 86 which deals with functions of the State Commission which uses the expression “within the State” in sub-clauses (a), (b), and (d), and “intra-state” in sub-clause(c). This being the case, it is clear that the PPA, which deals with generation and supply of electricity, will either have to be governed by the State Commission or the Central Commission. The State Commission’s jurisdiction is only where generation and supply takes place within the State. On the other hand, the moment generation and sale takes place in more than one State, the Central Commission becomes the appropriate Commission under the Act. What is important to remember is that if we were to accept the argument on behalf of the appellant, and we were to hold in the Adani case that there is no composite scheme for generation and sale, as argued by the appellant, it would be clear that neither Commission would have jurisdiction, something which would lead to absurdity. Since generation and sale of electricity is in more than one State obviously Section 86 does not get attracted. This being the case, we are constrained to observe that the expression “composite scheme” does not mean anything more than a scheme for generation and sale of electricity in more than one State.”

11. In light of the decision of the Hon'ble Supreme Court, this Commission has the jurisdiction to regulate the tariff of the Project of the Petitioner under Section 79 (1) (b) of the Act since in terms of the PPAs entered into, the Project of the Petitioner has a composite scheme for generation and sale of electricity in more than one State.

(B) Reliefs

12. The Petitioner has sought approval of the amendments to the PPAs between Petitioner and Respondents 1 to 5 for passing on discount to the Procurers as provided in Clause (B)(ii)(b) of the SHAKTI Policy dated 22.05.2017 and Lols issued by SECL, MCL and NCL. The relevant portions of Clause (B) of the Policy guidelines for allocation of Coal linkages to Power Sector under 'SHAKTI scheme' are extracted under:

“(B) The following shall be considered under a New More Transparent Coal Allocation Policy for Power Sector, 2017-SHAKTI (Scheme for Harnessing and Allocating Koyala (Coal) Transparently in India):

(ii) CIL/SCCL may grant coal linkages on notified price on auction basis for power producers/IPPs having already concluded long term PPAs (both under section 62 and section 63 of The Electricity Act, 2003) based on domestic coal. Power producers/ IPPs, participating in auction will bid for discount on the tariff (in paise/unit). Bid Evaluation Criteria shall be the non-zero Levellised Value of the discount (applying a pre-notified discount rate) quoted by the bidders on the existing tariff for each year of the balance period of the PPA. Ministry of Coal may, in consultation with Ministry of Power, work out a methodology on normative basis to be used in the bidding process for allocation of coal linkages to IPPs with PPAs.

(a) The discount by generating companies would be adjusted from the gross amount of bill at the time of billing, i.e., the original bill shall be raised as per the terms and conditions of the PPA and the discount would be reduced from the gross amount of the bill. The discount shall be computed with reference to scheduled generation from linkage coal supplied under this auction. This would be applicable to both the PPAs contracted under Section 62 as well as Section 63 of the Electricity Act,2003.

(b) Accordingly, PPA may be amended or supplemented mutually between the developer and the procurer to pass on the discount to the procurer and the approval of the Appropriate Commission obtained, as per the provisions of the PPA or Regulations.

(c) FSA shall be signed with the successful bidders after the terms and conditions for signing of FSA are met and the Appropriate Commission has approved the amendment or supplement to the PPA.

(iii) CIL / SCCL may grant future coal linkages on auction basis for power producers/ IPPs without PPAs that are either commissioned or to be commissioned. All such power producers/IPPAs may participate in this auction and bid for premium above the notified price of the coal company. The methodology for bidding of linkages shall be similar to the bidding methodology in the policy on auction of linkages of Non-Regulated Sector dated 15.02.2016. Coal drawal will be permitted only against valid long term and medium term PPA with Discoms / State Designated Agencies (SDAs), which the successful bidder shall be required to procure and submit within two years of completion of auction process...

13. In accordance with the above scheme, the Petitioner, who had already concluded the long term PPAs based on domestic coal was eligible to participate in the bidding process. The grant of coal linkage on notified price from each source will be based on the discount offered by the power producer on the existing tariff for the balance period of the PPA. The discount would be computed with reference to linkage coal supplied and received under clause (B)(ii) of the SHAKTI Scheme. Moreover, the discount offered by the generating companies would be adjusted from the gross amount of the monthly bill raised in terms of the PPA.

14. The quantum of coal allocation in the LOIs under the “Shakti scheme” to the Petitioner against the above mentioned PPAs with Respondents is extracted under.

S. No.	Source	Mode of Transport	Indicative Range of Grades	Source Grade	Quantity allocated (Tonne)	Offered discount (Paise / kWh)
1	SECL Others (Korba & Mand Raigarh) State : Chhattisgarh	Rail / Road / Captive	G10 - G15	G-12	9,30,200	10.0
2	MCL IB (IB Valley & Basundhara) State: Odisha	Rail / Road / RCR / Captive	G12 - G14	G-13	3,00,000	11.0
3	NCL – Mines of NCL	Rail / Road / RCR / Captive	G7 - G13	G-10	6,00,000	11.0
	Total				18,30,200	

15. In terms of the above, the Petitioner has entered into Addendum / Supplementary Agreements with the Respondent Nos 1 to 5 thereby amending the respective PPAs by insertion of Schedule 4A to provide for methodology for adjustment of discount in the

monthly bills to the Procurers. The details of the amended / supplementary PPAs are as under:

Procurer	Date of Original PPA	Date of Amended / Supplementary PPA
TANGEDCO (Respondent No.1)	27.11.2013	Addendum No.4 dated 30.03.2022
UP DISCOMs (Respondent Nos. 2 to 5)	26.02.2014	Supplementary PPA III dated 25.02.2022

16. Relevant provisions of addendum to the PPA with respondent No. 1 (TANGEDCO) are extracted as under:

“SCHEDULE 4A – TARIFF DISCOUNT

*I. The year on year “**Tariff Discount Stream**” applicable for each of the allocated sources under Round 1 Coal Auction (shall be called as Source 1 to 4) for the balance period of the PPA shall be as indicated in the **Annexure-2***

*IA. The year on year “**Tariff Discount Stream**” applicable for the allocated source **SECL Others Korba and Mand Raigarh** under Round-3 coal auction (shall be called as Source 5) for the balance period of the concluded PPA shall be indicated in the **Annexure-3***

*IB. The year on year “**Tariff Discount Stream**” applicable for each of the allocated sources under **Round-4** coal auction (shall be called as Source 6 to 8) for the balance period of the concluded PPA shall be indicated in the **Annexure-4***

II. The gross amount of Monthly Bill shall be as per the terms and conditions of the concluded PPA and the discount applicable for the respective year shall be reduced from the gross amount of each such Monthly Bill.

III. For the actual application of the year on year discount, the first year or Year-1 will be said to have commenced from the date of commencement of coal supply under the Fuel Supply Agreement entered into by KMPCL and the relevant fuel supplier (under Round-1 coal auction) as provided under the Shakti Policy. Any period remaining in the last year of the concluded PPA shall be considered to be one year for the purpose of calculating the levellized discount.

IIIA. For the actual application of the year on year discount, the first year or Year-1 will be said to have commenced from the date of commencement of coal supply under the Fuel Supply Agreement entered into by KMPCL and the relevant fuel supplier of Round-3 coal auction (as per LOI dated 10.07.2020) as provided under the Shakti Policy. Any period remaining in the last year of the concluded PPA shall be considered to be one year for the purpose of calculating the levellized discount.

IIIB. For the actual application of the year on year discount, the first year or Year-1 will be said to have commenced from the date of commencement of coal supply under the Fuel Supply Agreement entered into by KMPCL and the relevant fuel supplier of Round-4 coal auction (as per LOIs dated 22.11.2021, 02.12.2021 and 13.12.2021) as provided under the Shakti Policy. Any period remaining in the last year of the concluded PPA shall be considered to be one year for the purpose of calculating the levelized discount.

Point no IV of schedule 4A of PPA shall be read/amended as follows:

IV. The amount to be passed on as discount to the Procurer shall be computed with reference to the power generation from the corresponding linkage coal supplied and received under the Shakti Auction (Round-1, Round-3 and Round-4). The same will be calculated for each source separately. The Monthly Energy Bill raised by the Seller on the Procurer will be as per the formula mentioned below:

Monthly Energy Bill = $EB_{PPA} - DA_{Total}$

Where:

EB_{PPA} the amount specified in the Monthly Bill raised by Seller as per schedule 4 of the PPA, without applying the adjustment/discount as provided for in Schedule 4A.

DA_{Total} Total Discount Amount for all the sources from where linkage coal has been received under the SHAKTI policy. DA_{Total} will be calculated as:

$$DA_{Total} = DA_{Source1} + DA_{Source2} + DA_{Source3} + DA_{Source4} + DA_{Source5} + DA_{Source6} + DA_{Source7} + DA_{Source8} + \dots + DA_{SourceN}$$

$DA_{Source1}$ Discount Amount for linkage coal received from source 1 (MCL Ib Valley and Basundhara, State : Odisha) under the SHAKTI Policy

$DA_{Source2}$ Discount Amount for linkage coal received from source 2 (MCL Talcher, State : Odisha) under SHAKTI Policy

$DA_{Source3}$ Discount Amount for linkage coal received from source 3 (SECL Korea Rewa, State : Chhattisgarh) under SHAKTI Policy

$DA_{Source4}$ Discount Amount for linkage coal received from source 4 (SECL Others Korba and Mand Raigarh, State : Chhattisgarh) under SHAKTI Policy

$DA_{Source5}$ Discount Amount for linkage coal received from source 5 (SECL Others Korba and Mand Raigarh, State : Chhattisgarh) under SHAKTI Policy –Round 3 auction (LOI-10.07.2020)

$DA_{Source6}$ Discount Amount for linkage coal received from source 6 (SECL Others Korba and Mand Raigarh, State : Chhattisgarh) under SHAKTI Policy –Round 4 auction (LOI-22.11.2021)

$DA_{Source7}$ Discount Amount for linkage coal received from source 7 (MCL IB (IB Valley & Basundhara, State : Odisha) under SHAKTI

Policy –Round 4 auction (LOI-02.12.2021)

$DA_{Source\ 8}$ Discount Amount for linkage coal received from source 8 (Northern Coalfields Ltd, State : Madhya Pradesh) under SHAKTI Policy –Round 4 auction (LOI-13.12.2021)

The discount amount for Source 1 and other sources (Sources 1 to 4) for a month shall be calculated as per the formula mentioned below:

$$DA_{Source\ n} = \{SE \times (Generation_{Source\ n} / Total\ Scheduled\ Energy)\} \times TDS_{Source\ n}$$

SE Scheduled Energy for the month for TANGEDCO from the Power Station

$TDS_{Source\ n}$ is the discount offered by the Seller for Source n on year on year basis as per the “**Tariff Discount Stream**” applicable for the month.

$Generation_{Source\ n}$ is the ex-bus generation corresponding to the quantity of coal received at power station from Source n and will be calculated as:

$$Generation_{Source\ n} = \frac{Q_{ACT} \times GCV_{ACT}}{SHR_{Gross}} \times (1 - Aux\%)$$

Source_n = 1,2,3 & 4

Where:

Q_{ACT} Quantity of coal received from Source n under the Shakti Policy FSA for the month in MT.

GCV_{ACT} Average of the GCV band of coal received under Shakti Policy FSA from Source n for the month in Kcal / Kg on as per the invoice raised by coal source.

$Aux\%$ As specified in the Central Electricity Regulatory Commission Terms and Conditions of Tariff Regulations as modified and amended from time to time).

SHR_{Gross} As specified in the Central Electricity Regulatory Commission Terms and Conditions of Tariff Regulations as modified and amended from time to time.

Total Scheduled Energy = Sum of Scheduled Energy from the Power Station to all DISCOMs eligible under Shakti Policy for the month

The discount amount for Source 5 for a month shall be calculated as per the formula mentioned below:

$$DA_{Source\ n} = \{SE \times (Generation_{Source\ n} / Total\ Scheduled\ Energy)\} \times TDS_{Source\ n}$$

SE Scheduled Energy for the month for TANGEDCO from the Power Station

$TDS_{Source\ n}$ is the discount offered by the Seller for Source n on year on year basis as per the **Tariff Discount Stream** applicable for the month.

Generation_{Source n} is the ex-bus generation corresponding to the quantity of coal received at Power Station from Source n and will be calculated as:

$$\text{Generation}_{\text{Source } n} = \frac{Q_{\text{ACT}} \times \text{GCV}_{\text{ACT}} \times (1 - \text{Aux}\%)}{\text{SHR}_{\text{Gross}}}$$

Source n = 5

Where:

Q_{ACT} Quantity of coal received from Source n under the Shakti Policy FSA for the month in MT.

GCV_{ACT} Average of the GCV band of coal received under Shakti Policy FSA from Source n for the month in Kcal / Kg on as per the invoice raised by coal source.

Aux% As specified in the Central Electricity Regulatory Commission Terms and Conditions of Tariff Regulations as modified and amended from time to time).

SHR_{Gross} As specified in the Central Electricity Regulatory Commission Terms and Conditions of Tariff Regulations as modified and amended from time to time.

Total Scheduled Energy = Sum of Scheduled Energy from the Power Station to all DISCOMs eligible under Shakti Policy for the month

The discount amount for Source 6 and other sources (Source 6 to 8) for a month shall be calculated as per the formula mentioned below:

$$DA_{\text{Source } n} = \{SE \times (\text{Generation}_{\text{Source } n} / \text{Total Scheduled Energy})\} \times TDS_{\text{Source } n}$$

SE Scheduled Energy for the month for TANGEDCO from the Power Station

TDS_{Source n} is the discount offered by the Seller for Source n on year on year basis as per the **Tariff Discount Stream** applicable for the month.

Generation_{Source n} is the ex-bus generation corresponding to the quantity of coal received at Power Station from Source n and will be calculated as:

$$\text{Generation}_{\text{Source } n} = \frac{Q_{\text{ACT}} \times \text{GCV}_{\text{ACT}} \times (1 - \text{Aux}\%)}{\text{SHR}_{\text{Gross}}}$$

Source n = 6,7 & 8

Where:

Q_{ACT} Quantity of coal received from Source n under the Shakti Policy FSA for the month in MT.

GCV_{ACT} Average of the GCV band of coal received under Shakti Policy FSA from Source n for the month in Kcal / Kg on as per the invoice raised by coal source.

Aux% As specified in the Central Electricity Regulatory Commission Terms and Conditions of Tariff Regulations as modified and amended from time to time).

SHR_{Gross} As specified in the Central Electricity Regulatory Commission Terms and Conditions of Tariff Regulations as modified and amended from time to time.

Total Scheduled Energy = Sum of Scheduled Energy from the Power Station to all DISCOMs eligible under Shakti Policy for the month”

17. Relevant provisions of supplementary PPA with Respondents No. 2 to 5 (DISCOMs) are extracted as under:

“SCHEDULE 4A – TARIFF DISCOUNT

*I. The year on year “Tariff Discount Stream” applicable for each of the allocated Sources under Round 1 Coal Auction (shall be called as Source 1 to 4) for the balance period of the PPA shall be as indicated in the **Annexure-3**.*

*IA. The year on year “Tariff Discount Stream- LOI-10.07.2020” applicable for the allocated source SECL Others Korba and Mand Raigarh under Round-3 coal auction (shall be called as Source 5) for the balance period of the concluded PPA shall be indicated in the **Annexure-4**.*

*IB. The year on year “**Tariff Discount Stream**” applicable for each of the allocated sources under Round-4 coal auction (shall be called as Source 6 to 8) for the balance period of the concluded PPA shall be indicated in the **Annexure-2**.*

II. The gross amount of Monthly Bill shall be as per the terms and conditions of the concluded PPA and the discount applicable for the respective year shall be reduced from the gross amount of each such Monthly Bill.

III. For the actual application of the year on year discount, the first year or Year-1 will be said to have commenced from the date of commencement of coal supply under the Fuel Supply Agreement entered into by KMPCL and the relevant fuel supplier as provided under the Shakti Policy. Any period remaining in the last year of the concluded PPA shall be considered to be one year for the purpose of calculating the levellized discount.

IIIA. For the actual application of the year on year discount, the first year or Year-1 will be said to have commenced from the date of commencement of coal supply under the Fuel Supply Agreement entered into by KMPCL and the relevant fuel supplier of Round-3 Coal auction (as per LOI dated 10.07.2020) as provided under the Shakti Policy. Any Period remaining in the last year of the concluded PPA shall be considered to be one year for the purpose of calculating the levellized discount

IIIB. For the actual application of the year on year discount, the first year or Year-1 will be said to have commenced from the date of commencement of coal supply under the Fuel Supply Agreement entered into by KMPCL and the relevant fuel supplier of Round-4 Coal auction (as per LOIs dated 22.11.2021, 02.12.2021 and 13.12.2021) as provided under the Shakti Policy. Any Period remaining in the last year of the concluded PPA shall be considered to be one year for the purpose of calculating the levellized discount

IV. The amount to be passed on as discount to the Procurer shall be computed with reference to the power generation from the corresponding linkage coal supplied and received under the Shakti Auction (Round-1, Round-3 and Round-4). The same will be calculated for each source separately. The Monthly Energy Bill raised by the Seller on the Procurer will be as per the formula mentioned below:

$$\text{Monthly Energy Bill} = EB_{PPA} - DA_{Total}$$

Where:

EB_{PPA} the amount specified in the Monthly Bill raised by Seller as per schedule 4 of the PPA, without applying the adjustment/ discount as provided for in Schedule 4A.

DA_{Total} Total Discount Amount for all the sources from where linkage coal has been received under the SHAKTI policy. DA_{Total} will be calculated as:

$$DA_{Total} = DA_{Source1} + DA_{Source2} + DA_{Source3} + DA_{Source4} + DA_{Source5} + DA_{Source6} + DA_{Source7} + DA_{Source8} + \dots + DA_{SourceN}$$

$DA_{Source1}$ Discount Amount for linkage coal received from source 1 (MCL IB Valley and Basundhara, State: Odisha) under the SHAKTI Policy

$DA_{Source2}$ Discount Amount for linkage coal received from source 2 (MCL Talcher, State: Odisha) under SHAKTI Policy

$DA_{Source3}$ Discount Amount for linkage coal received from source 3 (SECL Korea Rewa, State: Chhattisgarh) under SHAKTI Policy

$DA_{Source4}$ Discount Amount for linkage coal received from source 4 (SECL Others Korba and Mand Raigarh, State : Chhattisgarh) under SHAKTI Policy

$DA_{Source5}$ Discount Amount for linkage coal received from source 5 (SECL Others Korba and Mand Raigarh, State : Chhattisgarh) under SHAKTI Policy –Round 3 auction (LOI-10.07.2020)

$DA_{Source6}$ Discount Amount for linkage coal received from source 6 (SECL Others Korba and Mand Raigarh, State : Chhattisgarh) under SHAKTI Policy –Round 4 auction (LOI-22.11.2021)

$DA_{Source7}$ Discount Amount for linkage coal received from source 7 (MCL IB (IB Valley & Basundhara, State : Odisha) under SHAKTI Policy –Round 4 auction (LOI-02.12.2021)

$DA_{Source8}$ Discount Amount for linkage coal received from source 8 (Northern Coalfields Ltd, State : Madhya Pradesh) under SHAKTI Policy –Round 4 auction (LOI-13.12.2021)

The discount amount for Source 1 and other sources (Source 1 to 4) for a month shall be calculated as per the formula mentioned below:

$$DA_{Source1} = \{SE \times (Generation_{Source1} / Total Scheduled Energy)\} \times TDS_{Source1}$$

SE Scheduled Energy for the month for U.P. Discoms from the Power Station

TDS_{Source1} is the discount offered by the Seller for Source 1 on year on year basis as per the “**Tariff Discount Stream**” applicable for the month.

Generation_{Source1} is the ex-bus generation corresponding to the quantity of coal received at Power Station from Source 1 and will be calculated as:

$$\text{Generation}_{\text{Source1}} = \frac{Q_{\text{ACT}} \times \text{GCV}_{\text{ACT}}}{\text{Net SHR}}$$

Where:

Q_{ACT} Quantity of coal received from Source 1 under the Shakti Policy FSA for the month in MT

GCV_{ACT} GCV of coal received at the Power Plant under Shakti Policy FSA from Source 1 for the month in Kcal / Kg on as received basis.

Net SHR As specified in RFP submission, format 4.6B (i.e. 2262.51kCal/kWh)

Total Scheduled Energy = Sum of Scheduled Energy from the Power Station to all DISCOMs eligible under Shakti Policy for the month

The discount amount for Source 5 for a month shall be calculated as per the formula mentioned below:

$$DA_{\text{Source5}} = \{SE \times (\text{Generation}_{\text{Source5}} / \text{Total Scheduled Energy})\} \times TDS_{\text{Source5}}$$

SE Scheduled Energy for the month for U.P. Discoms from the Power Station

TDS_{Source5} is the discount offered by the Seller for Source 5 on year on year basis as per the “**Tariff Discount Stream-LOI-10.07.2020**” applicable for the month.

Generation_{Source5} is the ex-bus generation corresponding to the quantity of coal received at Power Station from Source 5 and will be calculated as:

$$\text{Generation}_{\text{Source5}} = \frac{Q_{\text{ACT}} \times \text{GCV}_{\text{ACT}}}{\text{Net SHR}}$$

Where:

Q_{ACT} Quantity of coal received from Source 5 under the Shakti Policy FSA for the month in MT.

GCV_{ACT} GCV of coal received at the Power Plant under Shakti Policy FSA from Source 5 for the month in Kcal / Kg on as received basis.

Net SHR As specified in RFP submission, format 4.6B (i.e. 2262.51kCal/kWh)

Total Scheduled Energy = Sum of Scheduled Energy from the Power Station to all DISCOMs eligible under Shakti Policy for the month

The discount amount for Source 6 and other sources (Source 6 to 8) for a month shall be calculated as per the formula mentioned below:

$$DA_{Source6} = \{SE \times (Generation_{Source6} / Total\ Scheduled\ Energy)\} \times TDS_{Source6}$$

SE Scheduled Energy for the month for U.P. Discoms from the Power Station

TDS_{Source6} is the discount offered by the Seller for Source 6 on year on year basis as per the “**Tariff Discount Stream**” applicable for the month.

Generation_{Source6} is the ex-bus generation corresponding to the quantity of coal received at Power Station from Source 6 and will be calculated as:

$$Generation_{Source6} = \frac{Q_{ACT} \times GCV_{ACT}}{Net\ SHR}$$

Where:

Q_{ACT} Quantity of coal received from Source 6 under the Shakti Policy FSA for the month in MT

GCV_{ACT} GCV of coal received at the Power Plant under Shakti Policy FSA from Source 6 for the month in Kcal / Kg on as received basis.

Net SHR As specified in RFP submission, format 4.6B (i.e. 2262.51kCal/kWh)

Total Scheduled Energy = Sum of Scheduled Energy from the Power Station to all DISCOMs eligible under Shakti Policy for the month”

18. Accordingly, the discount provided by the Petitioner under the SHAKTI policy as per the Letter of Intent dated 22.11.2021 (10 paise / kWh), Letter of Intent dated 02.12.2021 (11 paise / kWh) and Letter of Intent dated 13.12.2021 (11 paise/kWh) for the Respondents No. 1 to 5, is adopted in terms of Section 63 of Act.

19. The Petition No. 117/MP/2022 is disposed of in terms of the above.

**Sd/-
(P.K Singh)
Member**

**Sd/-
(Arun Goyal)
Member**

**Sd/-
(I.S Jha)
Member**