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**Fwd: MB Power comments on CERC Staff Paper on Methodology for Computing Deterrent Charges for maintaining lower coal stock by coal based thermal generating stations**

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**From :** Sunil Kumar Jain <sunil\_jain@nic.in>  
**Subject :** Fwd: MB Power comments on CERC Staff Paper on Methodology for Computing Deterrent Charges for maintaining lower coal stock by coal based thermal generating stations  
**To :** Suman Shiva <shivvasuman@nic.in>

Fri, May 27, 2022 03:50 PM

 1 attachment

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**From:** "Harpreet Singh Pruthi" <secy@cercind.gov.in>  
**To:** "Sunil Kumar Jain" <sunil\_jain@nic.in>  
**Cc:** "sushanta chat" <sushanta\_chat@yahoo.com>  
**Sent:** Friday, May 27, 2022 3:25:17 PM  
**Subject:** FW: MB Power comments on CERC Staff Paper on Methodology for Computing Deterrent Charges for maintaining lower coal stock by coal based thermal generating stations

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**From:** abhishekgupta@hpppl.in <>  
**Sent:** 27 May 2022 14:08  
**To:** Harpreet Singh Pruthi <secy@cercind.gov.in>  
**Subject:** MB Power comments on CERC Staff Paper on Methodology for Computing Deterrent Charges for maintaining lower coal stock by coal based thermal generating stations

**Dear Sir**

Enclosed the comments of MB Power (Madhya Pradesh) Limited on the CERC Staff Paper on Methodology for Computing Deterrent Charges for maintaining lower coal stock by coal based thermal generating stations.

We would request you to kindly consider our request favorably and oblige.

*Regards*

Abhishek Gupta | General Manager | Thermal Projects  
MB Power (Madhya Pradesh) Limited  
Hindustan Power Projects Private Limited  
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 **MB Power Comments 27.05.2022.pdf**  
241 KB

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# MB POWER (MADHYA PRADESH) LIMITED

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MBPMPL/ANP-I/CERC/2022-23/269

27.05.2022

The Secretary,  
Central Electricity Regulatory Commission (CERC),  
3<sup>rd</sup> & 4<sup>th</sup> Floor, Chanderlok Building,  
36, Janpath, New Delhi-110001.

**Subject:** *Comments/ suggestions/ objections of MB Power (Madhya Pradesh) Limited on the CERC Staff Paper on Methodology for Computing Deterrent Charges for maintaining lower coal stock by coal based thermal generating stations.*

**Ref:** *CERC Public Notice dated 13.05.2022 on the subject matter*

Dear Sir,

We write in reference to the above referred Public Notice dated 13.05.2022 issued by this Hon'ble Commission vide which Staff Paper on "Methodology for Computing Deterrent Charges for maintaining lower coal stock by coal based thermal generating stations" was issued and comments/ suggestions/ objections of various stakeholders were invited on the said Staff Paper.

We, MB Power (Madhya Pradesh) Limited, are a Generating Company having an operational 1200 MW (2X600 MW) coal based Thermal Power Project in district Anuppur of Madhya Pradesh. We are hereby furnishing our detailed comments/ concerns/ suggestions on the said Staff Paper (enclosed herewith as *Annexure-1*) for the kind consideration of the Hon'ble Commission.

We hope this Hon'ble Commission would acknowledge a genuine merit in our comments/ concerns/ suggestions and would consider the same favourably while finalising the Methodology for Computing Deterrent Charges for maintaining lower coal stock by coal based thermal generating stations.

Thanking You,

Yours Truly



Abhishek Gupta  
General Manager (Regulatory & Commercial)  
MB Power (Madhya Pradesh) Ltd.

***Annexure-1: MB Power (Madhya Pradesh) Limited's comments/ concerns/ suggestions on CERC Staff Paper on Methodology for Computing Deterrent Charges for maintaining lower coal stock by coal based thermal generating stations***

The Staff Paper has proposed to amend the CERC Tariff Regulations 2019 in terms of reduction of Annual Fixed Charges (“AFC”) on monthly basis in event of:

- a) Plant Availability in any month is lower than NAPAF by a margin of 5% (or more) AND;
- b) Average coal stock availability for the last three months (month for which reduction in capacity charges are computed and two months preceding that month) is lower than the average coal stock norms specified by CEA for the respective three months

This has been done to serve as a deterrent with an objective that the Generative Company should ensure that adequate coal is maintained at its Plant in accordance with the norms specified by the CEA.

Evidently the Staff Paper has failed to appreciate that multiple stake-holders are involved for maintaining the adequate coal at a Power Plant viz. Generating Company, Coal Companies, Indian Railways etc. and as such any lower coal stocks vis-à-vis norms specified by the CEA cannot be solely attributed to a Generating Company.

There have been numerous instances where despite a Generating Company making the entire advance payments to Coal Companies and having adequate arrangement at its Power Plant to ensure expeditious unloading the coal from the rakes, challenges have been faced to ensure adequate coal stocks due to issues related to under supply of coal by the Coal Companies, supply low grade/ inferior coal by the Coal Companies resulting in increased coal consumption, coal logistics /transportation issues including restricted allocation of rakes by Indian Railways, heavy rainfalls adversely affecting mining, supply, transportation and loading/unloading of coal etc. These external challenges are beyond the reasonable control of any Generating Company and penalizing any Generating Company on account of such external factors shall be absolutely unwarranted.

- 1) In view of the above, it is earnestly requested that no penalty be imposed on Generating Companies in terms of reduction of AFC or otherwise, on account of the external factors which are beyond the control of any Generating Company and result in reduced Plant Availability and/or reduced coal stock availability at the Power Plant vis-à-vis coal stock norms specified by CEA. As such:

***Annexure-1: MB Power (Madhya Pradesh) Limited's comments/ concerns/ suggestions on CERC Staff Paper on Methodology for Computing Deterrent Charges for maintaining lower coal stock by coal based thermal generating stations***

- a. Non-supply/ Under-Supply of coal by Coal India Ltd./ its subsidiaries needs to be clearly considered as an exclusion and during such periods, any reduction in Plant Availability on account of such Non-supply/ Under-Supply of coal, shall be considered as “Deemed Availability” for computation of AFC.
  - b. Constraints in coal logistics and transportation on account of restricted allocation of rakes by Indian Railways or any other factors not attributable to a Generating Company need to be clearly considered as an exclusion and during such periods, any reduction in Plant Availability on account of such Non-supply/ Under-Supply of coal, shall be considered as “Deemed Availability” for computation of AFC
  - c. Refusal/ Non response by the beneficiary/ utility to allow purchase of market coal/ imported coal needs to be clearly considered as an exclusion and during such periods, any reduction in Plant Availability on account of such refusal/ non response by the beneficiary/ utility shall be considered as “Deemed Availability” for computation of AFC.
  - d. Reduction in Declared Capacity due to lower grade of coal supplied by Coal India Ltd./ its subsidiaries shall not be counted towards Plant Unavailability
  - e. PLFs higher than last Financial Year resulting in coal shortage shall not be counted towards Plant Unavailability
- 2) Further, for the purpose of the proposed reduction in AFC, the Plant Availability should be computed on annual basis.
- 3) The proposed multiplication factor of 0.2 i.e. (i.e. levy of additional 20% due to reduced availability) in case Plant Availability is lower than NAPAF by a margin of 5%-25% is significantly high and this may be reduced to 0.1 i.e. 10%.

Similarly proposed multiplication factor of 1 i.e. (i.e. levy of additional 100% due to reduced availability) in case Plant Availability is lower than NAPAF by a margin of more than 25% is significantly high and this may be reduced to 0.5 i.e. 50%.