



एन टी पी सी - सेल पावर कम्पनी लिमिटेड
(एन टी पी सी - सेल का संयुक्त उद्यम)

केन्द्रीय कार्यालय
CORPORATE CENTRE

NTPC-SAIL POWER COMPANY LIMITED
(A Joint Venture of NTPC & SAIL)

Ref.No.01:Comml.:CERC

Date: 31.07.2023

To,
The Secretary
Central Electricity Regulatory Commission
3rd& 4th Floor, Chanderlok Building,
36, Janpath,
New Delhi-110001.

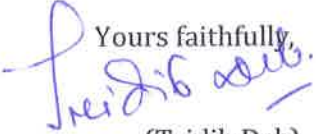
Subject: Submission of Comments/suggestions of NSPCL on the Approach Paper on Terms and Conditions of Tariff Regulations for Tariff Period 2024-29.

Dear Sir,

This is in reference to the Approach Paper published by CERC on Terms and Conditions of Tariff Regulations for the period 2024-29 wherein comments were invited from stakeholders.

In this regard, the comments/ suggestions of NTPC SAIL Power Company Limited (NSPCL) is enclosed herewith as Annexure-I.

Thanking You.

Yours faithfully,

(Tridib Deb)
GM (OS & Commercial)

Encl.: As above

Comments/Suggestion of NTPC SAIL POWER COMPANY LIMITED (NSPCL)
on Approach Paper for
Tariff Regulations 2024-29

1. Computation of Interest During Construction:

It is submitted that IDC as approved in the Investment Approval may be considered for calculating the total allowable IDC of the project.

This approach will be just and equitable for the generator. As already noted by the Commission in the approach paper that in case of delay of projects there is every possibility that actual infusion of debt may be phased in the later part of the project execution. In case the allowed IDC is kept on the basis of actual debt flow, then this will certainly deprive the generator of its legitimate IDC.

Thus it is suggested that IDC may be considered on the basis of approved value of Investment Approval/RCE.

2. Differential Norms - Servicing Impact of Delay

Generator should not be dis-incentivized for the delay of the project beyond SCOD due to the reasons beyond control of the Generator and the same being condoned by the Commission. This is due to the reason that delay is itself detrimental for the project and lesser rate of return in the long run. Further, dis-incentivizing for the same in the form of lower ROE or disallowing certain percentage as proposed in point no 1 and 2 of para 4.9 shall not be justified.

Therefore it is suggested that the current mechanism may be continued as proposed in point no 3 of para 4.9.

3. O&M Expenses:

The proposal of segregation of O&M expenses two categories is not advisable. Employee expenses may vary across the plants/companies due to different pay structure, level of automation, vintage and other local factors as well. Further, accounting treatment of employee expenses in different organizations may differ. As such making a uniform norm for employee expenses may be avoided and a single norm of O&M expenses as per practice may be continued.

Further, as already noted by the Commission that Wage Revision is a one time activity and therefore the impact of the same may be allowed as one time affair. To further incentivize the efficiency, Impact of wage revision should be allowed on actual basis without any further qualification on normative basis.

4. Depreciation

In case of longer tenor of loan, rate of interest is expected to be on higher side which will definitely have an impact on AFC. Further, lesser depreciation charges will add to the normative loan amount which will also have an adverse impact on IOL component of AFC to the beneficiaries.

Therefore, it is suggested that present scheme may be continued.

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5. Normative Annual Plant Availability Factor (NAPAF)

It is suggested that separate norm for pit-head and non-pit head stations may be prescribed wherein the NAPAF of the later category should be lower than the former one preferable 80%. This is on account of the prevalent coal situations in the country and lower loading of the thermal stations. The suggestion may be considered by the Commission.

6. Peak/Off-peak/High Demand/Low Demand Season:

Linking the fixed cost recovery of the station on the different set of time frames in a year as declared by RLDC causes careful planned overhauling of the station. However, the prediction of high demand season may not represent true picture in the actual course of time. Sometimes, government directives issued in the national interest also result in the re-scheduling the planned overhauling of the station.

Further, the commission may also appreciate that the resources of planned overhauling of the thermal stations is limited in the country in terms of contractors/vendors and materials. If the overhauling is not done in the phased manner and is getting concentrated within a specific short span of time in a year, this will create problem.

In view of above, it is suggested that the segregation of FY into different time frames may be avoided.

7. Incentive:

It is suggested that threshold for incentive may be decreased from current level of 85% to 70% in view of the prevalent scenario of lower average national thermal PLF, flexibilization, RE penetration etc.

8. Additional Points to be considered by the Hon'ble Commission

Certain developments that have taken place in the tariff period 2019-24 may be incorporated in the proposed Regulations for 2024-29. Two of such events are as follows:

a. Provisions related to Reimbursement of Ash Transportation Expenses:

As the Ash transportation Expenses incurring in thermal power plants has been considered as change in Law by the Commission, the same needs to be regularised by making regulations in the proposed Tariff Regulations 2024-29.

A regulation may be drafted for allowing Ash transportation expenses in line with all the avenues as specified in the MoEFCC notification and MoP notifications for the 2024-29 period after netting of any income generated from sale of ash for the tariff period 2024-29.

b. Mandatory Use of Treated sewage Water:

Additional capitalization arising out of implementation of Mandatory use of treated sewage water by the Thermal Power Plants as per the provisions of the

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Tariff Policy 2016 and in line with MoP letter ref no 11/104/2015-Th-II dated 04.03.2020 may be dealt in the proposed Regulations.

The impact of implementation of above in the Capital Cost and the increased O&M expenses may be considered while framing the Regulations. Increased O&M expenses shall be based on various factors like distance of the pipeline and the necessary treatment systems needed to be installed by the Generator. Hence, the Capital Cost may be allowed and the resulting increase in O&M expenses may be separately allowed.

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