TAMIL NADU GENERATION AND DISTRIBUTION CORPORATION LTD

From

B.RAJESWARI, B.Com., FCMA,
Chief Financial Controller / Regulatory Cell,
7th Floor, Western Wing,
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Chennai - 600 002.

To
The Secretary,
Central Electricity Regulatory Commission,
6th, 7th & 8th Floors, Tower B, World Trade Centre,,
Nauroji Nagar,
New Delhi-110029

Lr. No. CFC/RC/SE/CERC/EE/ F. CERC-TR 2024-29(FIRST AMENDMENT /D 82/24 dt:18.09.2024

Sir,

Sub: CERC –Central Electricity Regulatory Commission (Terms and Conditions of Tariff) (First Amendment) Regulations ,2024-Draft Notification published by CERC - Submission of comments and views of TANGEDCO – Regarding.

Ref: (i)CERC's notification No. L-1 /268/2022/CERC dated: 2nd Aug 2024
(ii) CERC's notification No. L-1 /268/2022/CERC dated: 7th Sep 2024

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This has reference to the public notification of Hon'ble CERC dated: 02.08.2024 and 07.09.2024 inviting comments / suggestions on the draft Central Electricity Regulatory Commission (Terms and Conditions of Tariff) (First Amendment) Regulations, 2024.

In this regard, TANGEDCO's observations are enclosed as Annexure I. It is requested that the comments / views may be considered inorder to protect the interest of DISCOMS and end consumers.

Thanking you,

Yours faithfully,

Encl.: As above

B. Rajeswari 18/09/2024

Chief Financial Controller /
Regulatory Cell

ANNEXURE- I

These amendments shall come into force from 01.04.2024

Sl No	Regulation No	Draft Amendment	As per TR 2024-29	TANGEDCO COMMENTS
2	Regulation 3 of the Principal Regulations **Definitions. -**	Sub-regulation (9A) shall be added after sub-regulation (9) of Regulation 3 as under:- "**Bank Rate**" means the one year Marginal cost of lending rate as specified by the State Bank of India from time to time or any replacement thereof for the time being in force plus 100 basis points."	New introduction	....
3	Regulations 9 & 10 of the Principal Regulations 9. **Application for determination of tariff** 10. **Determination of tariff**	3.1 In sub-regulations (5) of Regulation 9, the words and expressions "at the simple interest rate of 1-year SBI MCLR plus 100 basis points" shall be substituted by the words "at the bank rate". 3.2 In sub-regulations (6) of Regulation 10, the words and expressions "the 1 year SBI MCLR plus 100 basis points" shall be substituted by the words "the bank rate". 3.3 In sub-regulation (7) of Regulation 10, the words and expressions "of the rate worked out on the basis of 1 year SBI MCLR plus 100 basis points" shall be substituted by the words "the bank rate".	**9(5) Application for determination of tariff**: In case the generating company or the transmission licensee files the application as per the timeline specified in sub-clause (1) to (4) of this Regulation, carrying cost at the **simple interest rate of 1-year SBI MCLR plus 100 basis points** shall be allowed from the date of commercial operation of the project.	Changes subsequent to amendment above

			10(6) Determination of tariff / Truing up: Subject to Sub-Clause (7) below, the difference between the tariff determined in accordance with clauses (3) and (5) above and clauses (4) and (5) above, shall be recovered from or refunded to the beneficiaries or the long term customers, as the case may be, with simple interest at the rate equal to the **1 year SBI MCLR plus 100 basis points** prevailing as on 1st April of the respective year of the tariff period, in a maximum of six equal monthly instalments; (7) Where the capital cost approved by the Commission on the basis of projected additional capital expenditure exceeds the actual trued up additional capital expenditure incurred on a year to year basis by more than 10%, the generating company or the transmission licensee shall refund to the beneficiaries or the long term customers as the case may be, the tariff	

			recovered corresponding to the additional capital expenditure not incurred, as approved by the Commission, along with simple interest at 1.20 times of the rate worked out on the basis of **1 year SBI MCLR plus 100 basis points** as prevalent on 1st April of the respective year	
4	**Regulation 36 (3) of the Principal Regulations** **Operation and Maintenance Expenses:**	(d) The Security Expenses, Capital Spares individually costing more than Rs. 10 lakh and Insurance expenses arrived through competitive bidding for the transmission system and associated communication system shall be allowed separately after prudence check: Provided that in case of self insurance, the premium shall not exceed **0.12%** of the GFA of the assets insured;	(d) The Security Expenses, Capital Spares individually costing more than Rs. 10 lakh and Insurance expenses arrived through competitive bidding for the transmission system and associated communication system shall be allowed separately after prudence check: Provided that in case of self insurance, the premium shall not exceed **0.09% of** the GFA of the assets insured;	
		New proviso to be added below the above changed proviso: " Provided that the self-insurance premium shall be transferred to a separate fund for	New proviso	Documentary evidence for self insurance shall be made available to the beneficiaries. Further, the self insurance

		utilization to meet the claims, and the expenditure incurred or utilized from the self insurance fund shall be made available to the Commission as and when directed."		amount, if not utilized during a year may be adjusted for the consecutive year. All details may be furnished during true-up. Any adjustment against the self-insured assets shall be done through self-insurance fund alone and not charged to O&M.
5/ 5.1	**Regulation 37 (2) of the Principal Regulations** **Input Price of coal and lignite for energy charges:**	37 (2) The generating company shall, after the date of commercial operation of the integrated mine(s) till the input price of coal is determined by the Commission under these regulations, adopt the notified price of Coal India Limited commensurate with the grade of the coal from the integrated mine(s) or the estimated price available in the investment approval, whichever is lower, as the input price of coal for the generating station: **"Provided that the generating company may plead for an interim input price in its petition, which may be allowed by the Commission up to 90% of the claimed input price after the first hearing of the application;** **Provided further that the difference between the input price of coal determined under these regulations and**	(2) The generating company shall, after the date of commercial operation of the integrated mine(s) till the input price of coal is determined by the Commission under these regulations, adopt the notified price of Coal India Limited commensurate with the grade of the coal from the integrated mine(s) or the estimated price available in the investment approval, whichever is lower, as the input price of coal for the generating station: **Provided that the difference between the input price of coal determined under these regulations and the input**	....

		the input price of coal either adopted by the generating company in terms of this sub-regulation or the interim input price allowed by the Commission in terms of the first proviso to this sub-regulation shall be recoverable or payable in accordance with sub-regulation (4) of this Regulation."	**price of coal so adopted prior to such determination, the quantity of coal billed shall be adjusted in accordance with Clause (4) of this Regulation.**	
5.2		In sub-regulation (4) of Regulation 37 of the Principal Regulations and the second proviso thereunder, the words and expressions "1-year SBI MCLR plus 100 basis points" shall be substituted by the words "**the bank rate**".	In case of excess or short recovery of input price under Clauses (2) or (3) of this Regulation, the generating company shall refund the excess amount or recover the shortfall amount, as the case may be, with simple interest at the rate equal to **1-year SBI MCLR plus 100 basis points** prevailing as on 1st April of the respective year of the tariff period, in six equal monthly instalments.	.....
6	**Regulation 50 of the Principal Regulations** **Recovery of Input Charges**	6.1 In first proviso to Regulation 50, the words and expressions "based on the notified price of Coal India Limited for the commensurate grade of coal in a month, prior consent of the Beneficiary (ies) shall be required to be obtained by the generating company;" shall be substituted by "**based on the price of alternate coal available to the station in a given month, the generating company shall obtain prior consent from the**	50. **Recovery of Input Charges:** (1) The input charges of coal or lignite shall be recovered as under: Input Charges = [Input Price x Quantity of coal or lignite supplied] + Statutory charges, as applicable; Provided that where the	....

		beneficiary(ies);". 6.2 In second proviso to Regulation 50, the words and expressions "based on the notified price of Coal India Limited for the commensurate grade of coal in a month", shall be substituted by **"based on the price of alternate coal available to the station in a given month".**	energy charge rate based on the input price of coal from integrated mine(s) exceeds 20% of the energy charge rate **based on the notified price of Coal India Limited for the commensurate grade of coal in a month,** prior consent of the beneficiary(ies) shall be required to be obtained by the generating company; Provided further that where such consents of beneficiaries are not available, the input price of coal from such integrated mine(s) shall be so fixed that the energy charge rate based on the input price of coal from integrated mine(s) does not exceed by more than 20% of the energy charge rate **based on the notified price of Coal India Limited for the commensurate grade of coal in a month;**	
7.	**Regulation 51 of the Principal Regulations :**	(1) The generating company shall remove overburden as specified in the Mining Plan. (2) Where the overburden removed in a year is less than the overburden to be removed as per	51. (1) The generating company shall remove overburden as specified in the Mining Plan.	...

	Adjustment on account of Shortfall of Overburden Removal (OB Adjustment):	the year wise schedule of extraction given in mine plan, the adjustment on account of the shortfall of overburden removal ("OB Adjustment") for that year shall be worked out as under:- a) If Mine Developer and Operator is appointed:- OB Adjustment = [Factor of adjustment for shortfall of overburden removal during the year] x [Mining Charge during the year] b) If Mine Developer and Operator is not appointed:- OB Adjustment = [Factor of adjustment for shortfall of overburden removal during the year] x [Operation and Maintenance expenses during the year] Where, i) Factor of adjustment for the shortfall of overburden removal during the year shall be computed as under:- [(Annual Stripping ratio as per mining plan) - (Actual Stripping ratio based on the actual quantity of coal and overburden removed during the year)] / (1+Annual Stripping Ratio as per Mining Plan); ii) Annual Stripping ratio is the ratio of the volume of overburden to be removed for one unit of coal or lignite as specified in the Mining Plan. iii) Mining Charge is the quoted charge per tonne of coal or lignite paid by the generating company to the Mine Developer and Operator	(2) In case of a shortfall of overburden removal during a year, the generating company shall be allowed to adjust such shortfall against excess of overburden removal, if any, during the subsequent three years. (3) In case of excess of overburden removal during a year, the generating company shall be allowed to carry forward such excess for adjustment against the shortfall, if any, during the subsequent three years. (4) Where the shortfall of overburden removal of any year is not made good by the generating company in accordance with Clause (2) of this Regulation, the adjustment on account of the shortfall of overburden removal (OB Adjustment) for that year shall be worked out as under: OB Adjustment = [Factor of adjustment for shortfall of overburden removal during the year] x [Mining Charge during the year + Operation and	

		engaged by the generating company for mining, wherever applicable, without the OB adjustment as per contract with the Mine Developer and Operator. iv) Mining Charge and Operation and Maintenance expenses shall be in terms of Rupees per tonne corresponding to the stripping ratio and annual quantity of coal and overburden as per the mining plan v) Where the generating company has engaged the Mine Developer and Operator for mining and the OB Adjustment is carried out as per the contract with the Mine Developer and Operator, the net OB adjustment as per this regulation shall be computed on the basis of the difference between the OB adjustment as per Regulation 51(4) of this regulation and the OB adjustment as per the contract of the generating company with the Mine Developer and Operator: Provided that if the OB adjustment as per the contract with the Mine Developer and Operator exceeds the OB adjustment as per Regulation 51(4), the OB adjustment shall be treated as NIL. (3) In case of a shortfall or excess of overburden removal during a year, the generating company shall be allowed to adjust such shortfall or excess, as the case may be, if any, during the remaining years of the tariff period till 31.3.2029. Provided that –	Maintenance expenses during the year] Where, i) Factor of adjustment for the shortfall of overburden removal during the year shall be computed as under: [(Actual quantity of coal or lignite extracted during the year x Annual Stripping Ratio as per Mining Plan) - (Actual quantity of overburden removed during the year/ Annual Stripping Ratio as per Mining Plan)]/ (Annual Target Quantity); ii) Annual Stripping ratio is the ratio of the volume of overburden to be removed for one unit of coal or lignite as specified in the Mining Plan. iii) Mining Charge is the charge per tonne of coal or lignite paid by the generating company to the Mine Developer and Operator engaged by the generating company for mining, wherever applicable. iv) Mining Charge and Operation and Maintenance expenses shall be in terms of	

		a) the excess overburden as on 31.3.2029, if any, on account of the reasons not attributable to the generating company, shall be allowed to be carried forward beyond the end of the tariff period at the time of true up of the input price; b) the generating company shall submit the details of the adjustment of overburden at the end of the tariff period for the purpose of truing up. (4) The provisions of this Regulation regarding adjustment on account of shortfall or excess overburden removal, as the case may be, shall not be applicable in case of the integrated mine(s) allocated through an auction route under the Coal Mines (Special Provisions) Act, 2015."	Rupees per tonne corresponding to the Annual Target Quantity. (5) The provisions of this Regulation regarding adjustment on account of shortfall of overburden removal shall not be applicable in case of the integrated mine(s) allocated through an auction route under the Coal Mines (Special Provisions) Act, 2015.	
8.	**Regulation 55 of the Principal Regulations:** **Quality Measurement:**	In Regulation 55, the words " Ministry of Coal, Government of India" shall be substituted by the words "**the Central Government ".**	The quality of coal or lignite supplied from the integrated mine(s) shall be measured at the loading point through third party sampling as per the guidelines and procedure specified by the **Ministry of Coal, Government of India** and records of such measurement of quality of coal shall be made available to the beneficiaries on demand.	....
9	**Regulation 64 of the Principal**	Provided that the weighted average price of alternative source of fuel shall not exceed 30% of base price of fuel computed as per **clause**	9.1 In Second provision to Regulation 64, the words and expression "clause (5)" shall be	....

	Regulations: **Computation and Payment of Energy Charge for Thermal Generating Stations and Supplementary Energy Charge for Coal or Lignite based Thermal Generating Stations**	**(5)** of this Regulation and in such case, prior permission from beneficiaries shall not be a pre-condition, unless otherwise agreed specifically in the power purchase agreement:	substituted by **"clause(6)".**	
10	**10. Amendment of Regulation 70 of the Principal Regulations**	10.1. In Clause (b) of Regulation 70(A), the words " or thereafter" shall be added after the words "as on or after 31.03.2024".		....
		10.2. In Clause (b) of Regulation 70(B), the words " or thereafter" shall be added after the words "as on or after 31.03.2024".		....
		10.3. In Regulation 70(E)- a) In table of clause (a), the numbers and expressions "300/ 330/ 350/ 500 MW and above" shall be substituted as "500 MW and above" at Sr.No.2 of the table; b) In table of Clause (b), the value of auxiliary consumption as "9.50%' in second row in table		....

<table>
<tr><td></td><td></td><td>in respect of Chandrapur TPS (2x250 MW) (DVC) shall be substituted as "9.80%"</td><td></td><td></td></tr>
<tr><td></td><td></td><td>10.4. Clause (G) shall be added after Clause (F) of Regulation 70 of the Principal Regulations as follows:-
(1) consumption, consumption of additional secondary fuel oil due to loading below the normative plant availability factor specified under Regulation 70(A) of these regulations.
(2) The compensation for degradation under regulation (1) of this regulation shall be borne by the entity which has caused the plant to be operated at schedule lower than the corresponding Normative Plant Availability Factor.
(3) The compensation for the station heat rate and auxiliary energy consumption shall be worked out in terms of energy charge rate
(4) For the purpose of compensation under regulation (1) of this regulations, the degradation of gross station heat rate (SHR) over and above the norms specified under Regulation 70(B) of these regulations shall be considered as under:-

a) For coal or lignite based generating stations:-</td><td>New Regulation</td><td>Increase in degradation percentage is not agreeable due to the following reasons:
The proposal to increase the rate of compensation is unjustified and will have a huge tariff impact for end consumers. A sample working for one CGS station based on the proposed increase in degradation compensation when compared with the existing degradation is below:
<table>
<tr><th>Unit loading as a % of Installed Capacity</th><th>Increase in compensation amount</th></tr>
<tr><td>75-<80</td><td>60%</td></tr>
<tr><td>70-<75</td><td>11%</td></tr>
<tr><td>65-<70</td><td>53%</td></tr>
<tr><td>60-<65</td><td>73%</td></tr>
<tr><td>55-<60</td><td>48%</td></tr>
<tr><td>50-<55</td><td>71%</td></tr>
</table>
As seen from the above, there is a phenomenal increase in the compensation amount as per the revised norms. There is no explanatory memorandum justifying the sudden increase in</td></tr>
</table>

		TABLE_A b) For gas or liquid fuel based generating station:- (i) Module/ plant operating in CCGT mode: TABLE_B (ii) Module/ plant operating in Open Cycle mode: (5) For the purpose of compensation under regulation (1) of this regulations, the degradation of auxiliary energy consumption (AEC) over and above the norms specified under	TABLE_C New Regulation	compensation rate. It is to be pointed out that the backing down of generating station is warranted only due to 'must run status' of RE power. There is no mechanism to check whether the backing down is due to inaccurate forecasting and noncompliance by the RE generators. Under such circumstances, it is suggested that the compensation if any shall be restricted to the barest minimum, if at all to be levied. Alternatively, the entity causing the backdown, ie. RE generators shall be made to compensate for such degradation, if any.

TABLE_A:

Sr. No.	Unit loading as a % of Installed Capacity of the Unit	Increase in SHR (for sub-critical units) %	Increase in SHR (for super critical units) %
1.	85 -100	Nil	Nil
2.	80 - <85	2.1	1.8
3.	75 - <80	3.0	2.5
4.	70 - <75	4.0	3.3
5.	65 - <70	5.1	4.1
6.	60 - <65	6.1	4.9
7.	55 - <60	7.6	6.0
8.	50 - <55	9.2	7.1
9.	45 - <50	11.3	8.3
10.	40 - <45	13.8	9.9

TABLE_B:

Sr. No.	Module/ plant loading as % of installed capacity	Increase in SHR (for module/ plant) (%)
1.	85 -100	Nil
2.	80 - <85	3
3.	70 - <80	7
4.	60 - <70	11
5.	50 - <60	16

TABLE_C:

S.No.	Unit loading as a % of Installed Capacity of the Unit	Increase in SHR (for supercritical units) (%)	Increase in S (for sub-critic units) (%)
1	85-100	Nil	Nil
2	75-84.99	1.25	2.25
3	65-74.99	2	4
4	55-64.99	3	6

Regulation 70(E) of these regulations shall be considered as under:-

a) For coal or lignite based generating stations:

Sr. No.	Unit loading as a % of Installed Capacity	% degradation in AEC admissible
1.	85 -100	Nil
2.	80 - <85	0.5
3.	70 - <80	1.1
4.	60 - <70	1.8
5.	50 - <60	2.5
6.	40 - <50	3.2

b) For gas or liquid based generating stations:

Sr. No.	Module/ plant loading as % of installed capacity	% degradation in AEC admissible
1.	85 -100	Nil
2.	80 - <85	0.25
3.	70 - <80	0.50
4.	60 - <70	0.80
5.	50 - <60	1.20

(6) The additional compensation for secondary fuel oil consumption shall be permissible over and above seven (7) start / stop in a year for the generating station under Unit Shutdown in terms of Regulation 47 of the Grid Code Regulations 2023. For the purpose of compensation under regulation (1) of this regulation, the secondary fuel oil consumption

Sl. No	Unit Loading (% of MCR)	% Degrada AEC admis
1.	85 – 100	NIL
2.	75 – 84.99	0.35
3.	65 – 74.99	0.65
4.	55 - 64.99	1.00

per start up shall be considered based on the following norms or actual, whichever is lower:-

Unit Size (MW)	Secondary fuel oil consumption per start up (Kl)		
	Hot	Warm	Cold
200/210/250 MW	20	30	50
500 MW	30	50	90
660 MW	40	60	110

Additional specific secondary fuel oil consumption of 0.2 ml/ kWh shall be provided for units operating below 55% unit loading.

(7) The financial gains computed, after taking into account compensation, over and above the actual energy charges shall be shared between the generating station and the beneficiaries in the ratio of 1:1. in accordance with the procedure to be issued by NLDC with the approval of the Commission.

(8) There shall be a reconciliation of the compensation at the end of the financial year considering actual weighted average operational parameters of station heat rate, auxiliary energy consumption and secondary oil consumption.

(9) The change in the schedule of power under the provisions of Central Electricity Regulatory Commission (Ancillary Services Operations) Regulations, 2022 shall not be considered for compensation.

Unit Size (MW)	Oil Consumption per start up (Kl)		
	Hot	Warm	
200/210/250 MW	20	30	
500 MW	30	50	
660 MW	40	60	

<table>
<tr><td></td><td></td><td>(10) Procedure stipulating the mechanism to work out the compensation for degradation of heat rate, auxiliary consumption and secondary fuel oil consumption due to part load operation and multiple start and stop of units of the generating station shall be issued by the NLDC separately with the approval of the Commission.</td><td></td><td></td></tr>
<tr><td>11</td><td>Regulation 71 of the Principal Regulations

NAPAF of Hydro stations</td><td>In the table in Clause (4) of Regulation 71(A), the NAPAF (%) of the station Karcham Wangtoo indicated in the last row of the table as "90" shall be substituted by "87";</td><td><table>
<tr><td>DVC</td><td></td><td></td><td></td></tr>
<tr><td>Panchet</td><td>Storage</td><td>2x40</td><td></td></tr>
<tr><td>Tilaya</td><td>Storage</td><td>2x2</td><td></td></tr>
<tr><td>Maithon</td><td>Storage</td><td>3x20</td><td></td></tr>
<tr><td></td><td></td><td></td><td></td></tr>
<tr><td>Karcham Wangtoo</td><td>ROR with</td><td>4x261.25</td><td></td></tr>
</table></td><td>....</td></tr>
</table>

B. Rajeswari

Chief Financial Controller /
Regulatory Cell