

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

No. L-1/268/2022/CERC

Dated: _____

DRAFT NOTIFICATION

No. L-1/268/2022/CERC: In the exercise of powers conferred under section 178 of the Electricity Act, 2003 (36 of 2003) read with Section 61 thereof and all other powers enabling it in this behalf, and after previous publication, the Central Electricity Regulatory Commission hereby makes the following regulations to amend the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024 as amended from time to time (hereinafter referred to as “the Principal Regulations”).

1. Short Title and Commencement

- 1.1. These regulations may be called the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) (First Amendment) Regulations, 2024.
- 1.2. These regulations shall come into force from 1.4.2024.

2. Amendment of Regulation 3 of the Principal Regulations

- 2.1 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.”

3. Amendment of Regulations 9 & 10 of the Principal Regulations

- 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”.

4. Amendment of Regulation 36 of the Principal Regulations

4.1 In the first proviso to clause (d) of sub-regulation (3) of Regulation 36 of the Principal Regulations, the numbers “0.09%” shall be substituted by the numbers “0.12%”.

4.2 Following proviso shall be added after the second proviso to clause (d) of sub-regulation (3) of Regulation 36 of the Principal Regulations:-

“ Provided that the self-insurance premium shall be transferred to a separate fund for 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.”

5. Amendment of Regulation 37 of the Principal Regulations

5.1 The proviso under sub-regulation (2) of Regulation 37 of the Principal Regulations shall be substituted by the following provisos:-

“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 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.”

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”.

6. Amendment of Regulation 50 of the Principal Regulations

- 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 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”.

7. Amendment of Regulation 51 of the Principal Regulations

- 7.1 Regulation 51 of the Principal Regulations shall be substituted by following:-

“51. Adjustment on account of Shortfall of Overburden Removal (OB Adjustment):

- (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 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:-

$$\text{OB Adjustment} = [\text{Factor of adjustment for shortfall of overburden removal during the year}] \times [\text{Mining Charge during the year}]$$

- b) If Mine Developer and Operator is not appointed:-

$$\text{OB Adjustment} = [\text{Factor of adjustment for shortfall of overburden removal during the year}] \times [\text{Operation and Maintenance expenses during the year}]$$

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 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 –

- 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.”

8. Amendment of Regulation 55 of the Principal Regulations.

8.1 In Regulation 55, the words “ Ministry of Coal, Government of India” shall be substituted by the words “the Central Government ”.

9. Amendment of Regulation 64 of the Principal Regulations.

9.1 In Second provision to Regulation 64, the words and expression “clause (5)” shall be substituted by “clause(6)”.

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 in respect of Chandrapur TPS (2x250 MW) (DVC) shall be substituted as “9.80%”.

10.4. Clause (G) shall be added after Clause (F) of Regulation 70 of the Principal Regulations as follows:-

“(G) Compensation for the operation of generating station below normative plant availability factor

(1) The generating stations whose tariff is determined by the Commission under Section 62 of the Act shall be compensated for degradation of station heat rate and auxiliary energy

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:-

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

b) For gas or liquid fuel based generating station:-

(i) Module/ plant operating in CCGT mode:

Sr. No.	Module/ plant loading as % of installed capacity	Increase in SHR (for module/ plant) (%)
1.	85 -100	Nil
2.	80 - <85	2.5
3.	70 - <80	5
4.	60 - <70	8
5.	50 - <60	12

(ii) Module/ plant operating in Open Cycle mode:

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

(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 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 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.

(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.”

11. Amendment of Regulation 71 of the Principal Regulations

11.1 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”;

(Harpreet Singh Pruthi)
Secretary

Note: The Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024 were published vide notification No. L-1/268/2022/CERC dated 15th March, 2024 in the Gazette of India, Extraordinary, Part III-Section 4. No. 468 dated 1st July, 2024.