



Bihar Industries Association

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No.V-14/ 238

February 08, 2024

To

The Secretary,

Central Electricity Regulatory Commission,

3rd & 4th Floor Chandralok Building,

36, Janpath New Delhi -110001.

Email: secy@cercind.gov.in; tariff-reg@cercind.gov.in

In the matter of,

Comments/ Suggestions/ Objections on the CERC Tariff Regulations for FY 2024-29.

And

Public Notice issued vide file No.L- 1/268/2022/CERC, Dated 04.01.2024.

Petitioner --- Bihar Industries Association

Bihar Industries Association is an Association to safeguard the interest of Industrial Consumers of Bihar. Electricity is the main component of the production and the Distribution Tariff have a major impact on the survival of the Industries. It is well known fact that the growth of industry in Bihar is negligible and as such the labour and other personals have to go to other states.

In the interest of the state and industries of Bihar we are submitting our comments/ Suggestions/ objections on the aforementioned Tariff Regulations in the following paragraphs.

1. High Power Cost ----

In Bihar the average cost of supply to consumers is about Rs.11 per unit. That comprises of about seven to eight rupees on account of power purchase and seventy to eighty paise PGCIL charges and the balance towards BGCL, BSPTCL and Discoms charges.

So we have to object on such high rate of power procurement and on the Tariff of Genco we have to suggest that CERC should abide by the provision contained in section 61(c) and 61(d) which provides that the Regulation should be guided by the following --

i. the factors which would encourage competition, efficiency, economical use of resources, good performance and optimum investments.

ii. Safe guarding of consumers interest and at the same time , recovery of the cost of electricity in a reasonable manner.

The Discoms doesn't care for increase in the power purchase cost, because they know that the cost will be transferred to the consumer by the BERC. Because all the power plants of Bihar has been handed over to NTPC and so BERC has no role in determining the power purchase cost. So both DISCOMS and BERC remain silent in this matter.

2. Fuel Surcharge ---

The provision of the Act is clear that " No tariff or part of any tariff may be ordinarily be amended except FSC. In our opinion frequent changing rate in the guise of FSC from month to month is very much detemintal to the financial structure of the Industries. Also the FSC should be levied only in extreme circumstances which too after the examination of causes and calculation of FSC by appropriate Commission.

So we suggest that FSC should be avoided in case of Bihar, because Bihar is the only state wherein the Truing Up exercise and Tariff are issued well in advance each year.

Also checking at least at commission level will maintain the transparency in the determination of FSC.

3. Tariff for FY 2024-29 ---

Regulation 9.

i Tariff Petition -- Genco have been directed to file Tariff petition by 31.10.2024. It is not understood that why such procedures is allowed. The Tariff should have been determined well before 1st April 2024.

We object such procedures and suggest that the tariff should have been determined in March and published giving wide publicity by CERC and the Discoms as enshrined in Section 45(2)(b) so that the consumer may be able to know whether they have to pay high or low rate from April.

ii. True Up petition ---

Truing Up of five years period is not proper and justified. Is it proper and justified to say after five years to a consumer that you pay so much amount which has been short charged five years back.

We are quite unaware about the results of Truing up exercise of 2014-19 . Honble CERC, BERC and Discoms should have published the result of the Truing Up exercise for FY 2014 - 19 and We should have been given a copy because We are the concerned person under Section 64(4) of the Electricity Act 2003.

In view of the above stated facts we suggest that a copy of the Truing Up exercise should be made available through the Discoms or BERC.

And for the period 2019-24 it is suggested that Truing Up of four years 2019 - 23 annual accounts of which has been audited by CAG should be done well before April 2024 so that any adjustments or recovery as the case may be effected. The accounts should be audited by CAG.

4. Incidental Expenditure During Construction (IEDC) ----

Regulation 21--

IDECD have a wide scope of unforeseen expenditure. It has not been specified or particularized. We have seen in case of BGCL that they claim IDECD in most of the year without specifying the particular work. Also all projects work are done on contract basis and any incidental Expenditure required is to be borne by the contractor.

In view of the above we object allowance of IDECD.

5. Additional Capitalisation ----

Regulation 24 -

Additional Capitalisation should not be allowed without prior approval of CERC and Hon'ble CERC should obtain the views of beneficiaries and the concerned consumers association.

6. Renovation and Modernization --

Regulation 27 ---

For Renovation and Modernization the views of Beneficiaries and the Consumers Associations should be taken and that should be carried after the approval of CERC. The Genco should file petition before CERC with a copy to beneficiaries and other stakeholders.

7. Return On Equity (RoE) --

The rate of RoE is too much.

The rate of interest is decreasing from year to year. Also there provision of recovery of income tax on RoE from the beneficiaries or consumer is not justified.

We object such high rate and suggest that ten (10) percent RoE should be allowed which.

8. Interest On loan --

Regulation 32

Interest on Loan should be fixed. No Time over run should be allowed. Also the amount of loan taken should be deposited in Bank to earn interest. The loan should be phased out and the amount of interest actually paid should be allowed.

9. Depreciation --

Regulation 33--

Depreciation should be charged strictly in accordance with Straight Line Method. But CERC is adopting different method. For twelve years the Depreciation at higher rate of 5.27% is charged. This result in higher recovery during initial period.

We object such procedures and suggest that uniform rate of Depreciation should be charged throughout the whole life of the plant

10. Interest on Working Capital --

Regulation 34---

Interest On Working Capital

(IOWC)

a. Cost of coal -

Cost of Coal for ten days or actual whichever is less should be enough. We always heard that there is shortage of coal. We object blanket allowance of 20 days. It should be on actual basis subject to maximum of ten days.

b. Advance payment --

Advance payment of 30 days of coal at normative PLF is abnormally high. The advance payment bof one week is too much which is at actual PLF. So we object it and suggest that one week should be adopted.

c. Maintenance spares should be 5%

d. Receivable of 45 days is quite unjustified and unparalleled. It should be one week.

e. O&M Expenses of of one month is abnormally high and unjustified. Salary of staff are given at the end of the month. So it is suggested that O& M Expenses of seven days should be considered for IOWC.

11. O & M Expenses for coal based -

Regulation 36-

The present amount of Rs 26.22 lakhs per MW for 500 MW series is itself at higher side. So, we object it's increase to Rs32.97 lakhs and suggest that this should not be increased.

12. Landed Cost of primary fuel --

Regulation 58 ---

The Fuel Cost should be placed on website so that we can see that. Copy of the invoice should be placed at website for transparency.

The per unit fuel cost of previous month of a plant should be placed at website so that We can visualise because that has bearing on our tariff.

Also for measurement of Gross Calorik Value the third party agency should be roated and if consumers demand the same should be made available. The name of the agency should be placed on website.

The price of Coal should be reduced if the GCV is found less compared to the agreement.

13. Monitoring of GCV---

Regulation 60 --

CERC should monitor the GCV of coal of each plant on six monthly basis and the Genco shall provide the details of GCV of coal with the monthly bill to the Discoms. This procedure should be monitored by Honble CERC and BERC.

14. Energy charge Thermal --

Regulation 64--

i. The reduction of 85 kcal in GCV for storage is not proper and justified. This should not be allowed

ii. The Auxiliary Consumption should be 5% for plant of 500 MW series.

iii. The monthly bill served to the Discoms should be accompanied with the detail calculation of the rate and amount if different rates are taken in different months and the Discoms should provide the same to the BERC for data validation for fixing the power purchase cost.

15. Station Heat Rate (SHR) -

Regulation 70.--

We are of the view that SHR of power plants of 500 MW series or above is quite low and it is around 2200 k Cal per KWh. So we object the proposal of 2375 and 2880 for TPS.

We suggest that uniform rate of 2250 Kcal per KWh should be approved for all the plants of 500MW series and above.

16. Plant Load Factor (PLF)

PLF should be fixed at 85% for working out the fixed cost.

As power is now sufficient and surplus so there should not be provision to allow incentive for maintaining higher PLF above 85%.

We have submitted suggestion in short because we represent the general Consumers and not versed with the working of Tariff.

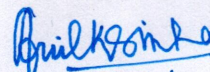
However, we understand that the Tariff Regulations specified by CERC has bearing on our tariff so we are obligated to file this objection petition.

In view of the submission made above we hope that Hon'ble CERC would be kind enough to consider our suggestion so that we may survive.

For this we shall ever pray.

With Regards,

Yours faithfully,



(Anil Kumar Sinha)
Secretary