



छत्तीसगढ़ स्टेट पॉवर डिस्ट्रीब्यूशन कम्पनी लिमिटेड
CHHATTISGARH STATE POWER DISTRIBUTION COMPANY LTD.
(A Government of Chhattisgarh Undertaking) (A Successor Company of CSEB)
(CIN : U40108CT2003SGCO15822)

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No.02-02/ 3156

Raipur, Dt: 20/02/2024

To,

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

SPEED POST

Subject- Comments on the Draft Central Electricity Regulatory Commission (Terms and Conditions of Tariff), Regulations, 2024 for the tariff period from 01.04.2024 to 31.03.2029.

Hon'ble CERC has issued Draft Central Electricity Regulatory Commission (Terms and Conditions of Tariff), Regulations, 2024 for the tariff period from 01.04.2024 to 31.03.2029 where by the Commission has framed Regulations for determination of tariff of Thermal , Hydro generating stations and transmission lines and the Commission has invited comments /suggestions from all the stake holders latest by 20.02.2024.

Chhattisgarh State Power Distribution Co Ltd has also offered its comments on the draft regulations which are enclosed herewith for kind consideration of the Hon'ble Commission please.

The above comments are also being up loaded in the CERC's website today itself.

Executive Director (RA&PM)
CSPDCL, RAIPUR

Comments of CSPDCL on the Draft CERC Tariff Regulations 2024

Sr No	PARTICULARS	COMMENTS
01	<p><u>3. Definition -</u></p> <p><u>Clause 12</u> Capital Spares' means spares individually costing above Rs. 20 lakh, which is maintained by the generating company or the transmission licensee over and above the initial spares.</p>	<p>Capital spares must be a part of the O&M which is allowed on normative basis. Hence Capital spares should not be allowed separately. It is submitted that the O&M charges allowing by this Hon'ble Commission in various tariff regulations are sufficient to cover the expenses towards capital spares also.</p> <p>Still if the Commission thinks it justified to capitalize the Capital Spares then the capital spares worth more than Rs 50 Lakhs could be allowed to be capitalized</p>
02	<p>Definition -</p> <p>Clause 17</p> <p>'Cut-off Date" shall be the last day of the financial year closing after thirty six months from the date of commercial operation of the project, except in case of integrated mine(s);</p>	<p>In the previous Regulations, i.e for Control period 2019-24 , the 'Cut-off Date' was the last day of the calendar month after thirty six months from the date of COD of the project;</p> <p>But in the instant draft Regulations, the Cut off date is the last day of the financial year closing after thirty six months from the date of COD of the project.</p> <p>Thus, if a project achieves COD on 15th of April then as per previous regulations, the Cut off date is 30th April of that year where as, as per draft Regulations, the cut off date would be 31st March of next year. Hence the Project is getting undue benefit of more than 11 months, which is not justified.</p>

		It is therefore requested that the “Cut-off “date be kept same as that of the Regulations, 2019 i.e. Last day of the month.
03	<p>Definition -</p> <p>Clause 38</p> <p>“Provided that the measurement of coal shall be carried out through sampling by a third party to be appointed by the generating companies in accordance with the guidelines, if any, issued by the Central Government “</p>	<p>The GCV of the coal has direct bearing on the energy charges , as such, for measurement of GCV, guidelines have to be formulated by Govt of India (either by Ministry of Coal or by Ministry of power) for third party sampling of coal.</p> <p>Hon’ble Commission may request Govt of India accordingly.</p>
04	<p>Definition</p> <p>Clause (56)</p> <p>“Operation and Maintenance Expenses’ or ‘O&M expenses’ means the expenditure incurred for operation and maintenance of the project, or part thereof, and includes the expenditure on manpower, maintenance, repairs and maintenance spares, other spares of capital nature valuing less than Rs. 20 lakhs, additional capital expenditure of an individual asset costing up to Rs. 20 lakhs, consumables, insurance and overheads and fuel other than used for generation of electricity:</p>	<p>Capital Spares, Initial Spares and Maintenance Spares should be specifically defined in the Regulations itself so that the items which could be capitalized may be identified . However, it is submitted that the O&M charges allowing by this Hon’ble Commission in various tariff regulations are sufficient to cover the expenses towards capital spares also.</p> <p>Still if the Commission thinks it justified to capitalize the Capital Spares then the capital spares worth more than Rs 50 Lakhs could be allowed to be capitalized. .</p>
05	<p>Definitions-</p> <p>Clause (60)</p>	<p>‘Auxiliary Energy Consumption’ for the Generating Station as well as for Emission Control System should be “Normative Auxiliary Consumption.”</p>

	Plant Availability Factor' or '(PAF)' in relation to a generating station for any period means the average of the daily declared capacities (DCs) for all the days during the period expressed as a percentage of the installed capacity in MW less the auxiliary energy consumption and auxiliary energy consumption for emission control system as per these Regulations.	
06	<p>Definition - Clause (88) 'Useful Life' -</p> <p>“ Provided that in the case of coal/lignite based thermal generating stations and hydro generating stations, the Operational Life may be 35 years and 50 years, respectively “</p>	<p>It will not be appropriate that the Operational Life of a Power Plant is restricted to 35 Yrs or 50 Yrs as the case may be. Instead , after Useful Life of a plant, the operational life may be determined by a high level committee consisting of personnel from CEA, the Generating Company and at least one beneficiary of the Generating Co , who may be nominated by the Regional Power Committee.</p> <p>Further , the Useful life of communication system have been reduced to 7 years. In previous Regulations i.e. for Control Period 2019-24 , the useful life of communication system was 15 years. No justified reason has been given for the same. As such, it is requested that the Use full life of communication may kindly be kept as 15 years.</p>
07.	<p>Chapter 2- Date of Commercial Operation -- -</p>	<p>It may be mentioned that in the previous Tariff Regulations for Control period 2019-24 , one of the clause (Regulation 6 of 2019 Regulations) related with Treatment of mismatch in date of Commercial operation was specifically provided in the</p>

	<p>In the draft Regulations the clause related with “Treatment of mismatch in date of Commercial operation” which was specified in the previous Regulations for Control period 2019-24 , is missing. This important clause should be included in the draft Regulations.</p>	<p>Regulations, to address or resolve the disputes related with liability of transmission charges when there was mismatch in the date of COD of Generating station and associated transmission lines. As such, it is requested that the entire clause (Regulation 6 of 2019 Tariff Regulations) related with Treatment of mismatch in date of Commercial operation be included in the Final Tariff Regulations for the Control period 2024-29.</p>
8	<p>Chapter 3- Procedure for Tariff Determination –</p> <p>Clause 9.Application for determination of tariff --</p> <p>4th Proviso to Clause 9 (1) - “ Provided that for a new generating station or unit thereof or transmission system or element thereof, the applicant, through a specific prayer in its application filed under Regulation 9(1) of these regulations, may plead for an interim tariff, and the Commission shall consider granting interim tariff from the date of commercial operation during the first hearing of the application.</p> <p>Clause 9. Application for determination of tariff</p> <p>Clause 9 (3) – In case an emission control system is required to be installed in the existing</p>	<p>It may be mentioned that the Respondent should be given time for filing of reply even for determination of interim tariff, other wise it will be against the violation of principle of natural justice .</p> <p>Before installation of emission control systems , the a generator should be required to get an in principle</p>

	<p>generating station or unit thereof to meet the revised emission standards, an application shall be made for the determination of supplementary tariff (capacity charges or energy charge or both) based on the actual capital expenditure duly certified by the Auditor.</p>	<p>approval from the Commission for installation of the same.</p> <p>Further, it may be mentioned that in the previous Regulations for the Control period 2019-24, the clause related with interim tariff i.e. Third proviso to Clause 9 (1) was specified , to deal with interim tariff, where in it was provided that in case interim tariff has been determined based on management certificate, then the generating company or the transmission licensee shall submit the Auditor Certificate not later than 60 days from the date of granting interim tariff”</p> <p>The above clause is missing in the draft Regulations for Control period 2024-29.</p> <p>It may be mentioned that this is an important clause and should be included in the Final Tariff Regulations to avoid any dispute and in the interests of all the Stake holders. .</p>
9	<p>Clause 9.Application for determination of tariff -</p> <p>Clause 9 (5)- 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 shall be allowed from the date of commercial operation of the project:</p>	<p>It may be mentioned that the issue of Carrying cost is pending before Hon’ble Supreme Court under Civil Appeal No 9045/2022 , 2921/2023and batch matters where in Hon’ble Commission is also a party , as such it will not be appropriate at this moment to incorporate any clause related with carrying cost in the Tariff Regulations.</p>

	<p>Provided that in case the generating company or the transmission licensee delays in filing of application as per the timeline specified in sub-clause (1) to (4) of this Regulation, carrying cost shall be allowed to the generating company or the transmission licensee from the date of filing of the application as per Regulation 10(7) and 10(8) of these regulations.</p>	
10	<p>Chapter 4 Tariff Structure Clause 16- Energy Charges shall be derived on the basis of the landed fuel cost (LFC) of a generating station (excluding hydro) and shall consist of the following costs :</p> <ul style="list-style-type: none"> (a) Landed Fuel Cost of primary fuel; (b) Cost of secondary fuel of consumption; and (c) Cost of limestone or any other reagent, as applicable.” 	<p>Central Generating Stations like NTPC are using up to 4 (four) decimal points in their energy charges Bills.As such, it is submitted that the digits to be allowed after the decimal point should be specified in the regulations itself. Further, it should also be specified whether the digits are to be “truncated” or “rounded-off” after decimal places. It is submitted that only three digits should be allowed after decimal points.</p>

<p>11</p>	<p>Chapter 4 - Tariff Structure -</p> <p>Clause 17. Special Provisions for Tariff for Thermal Generating Station which have Completed 25 Years of Operation from Date of Commercial Operation:</p> <p>“ In respect of a thermal generating station that has completed 25 years of operation from the date of commercial operation, the generating company and the beneficiary may agree on an arrangement, including provisions for target availability and incentive, where in addition to the energy charge, capacity charges determined under these regulations shall also be recovered based on scheduled generation. “</p>	<p>In the Tariff Regulation 2019 it was specifically provided for Thermal Generating Stations which have completed 25 Years that –</p> <p><i>“ Clause 17 (2)-The beneficiary shall have the first right of refusal and upon its refusal to enter into an arrangement as above, the generating company shall be free to sell the electricity generated from such station in a manner as it deems fit.”</i></p> <p>However, in the draft Regulations for 2024-29 the above said clause has been deleted.</p> <p>In this regard it is submitted that the Commission itself has mentioned in the order dtd 4th January , 2000 , in the matter of “ Availability Based Tariff” that –</p> <p><i>“ In the proposed ABT system, the fixed charge for a period is to be pro-rated among the beneficiaries in the ratio of their entitlement for power from that station. The logic is that, the station was created for catering to these beneficiaries. Hence its fixed cost has to be borne by them according to their share in the capacity so created -----“</i></p> <p>Meaning there by that a Power station is created for the beneficiaries only and hence after completion of the defined life of the station, the benefit of the reduced cost of fixed charges should also go to the beneficiaries. It is because of this reason that in the regulation 17 of the principal Regulations, liberty was given to the beneficiaries that they shall have the first right of refusal for</p>
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		<p>entering in to an agreement with the generator after completion of the life of a generator.</p> <p>It is further submitted that the Commission had incorporated the above said regulation 17 (2) in the Tariff Regulations 2019 for control period 2019-24 , after conducting a public hearing and following due regulatory process. Now, if the above said regulation 17 (2) is omitted from the CERC Tariff regulation, 2019 then there will not be any binding on the generator to enter into agreement with beneficiaries who have borne the entire cost of the Station and this will cause a grave injustice to the original beneficiary.</p> <p>It is also to mention here that the State of Chhattisgarh and CSPDCL had filed a writ petition against Ministry of Power's order dtd 03.11.2004 before Hon'ble High court of Delhi in the year 2005 in regard to dispute of allocation of power from NTPC's Korba STPS, Vindychal STPS, Kawas and Gandhar GPS and Kakrapar Atomic power station , majority of which have completed their life. The said Writ Petition is registered as W.C. 5789-90/2005 and is under active consideration with Hon'ble Court. The next date of hearing is 4th March, 2024.</p> <p>Above submissions were also made by CSPDCL before this Hon'ble Commission when 4th amendment in the Tariff Regulations, 2019 was brought in by way of draft CERC (Terms and</p>
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		<p>Conditions of Tariff) (Fourth Amendment) Regulations, 2023 , for omission of Clause 17 (2).</p> <p>Further, a few States have already filed petitions before High Court where in they have opposed pooling scheme of Ministry of Power for pooling of power of Thermal Stations which have completed 25 yrs of life.</p> <p>In view of the submission made above it is humbly requested to Hon'ble Commission not to omit the regulation 17 from the principal regulations of CERC (Terms and Conditions of Tariff) Regulation, 2019 otherwise it will cause injustice to beneficiary States.</p> <p>In view of above, it is submitted that Regulation 17(2) of the CERC Tariff Regulations, 2019 be retained in the Final CERC Tariff Regulations, 2024 for control period 2024-29.</p>
12	<p>19. Capital Cost: (2) Clause 19 (2)(h) –</p> <p>(h) Adjustment of revenue earned by the transmission licensee by using the assets before the date of commercial operation</p>	<p>It is submitted that before COD of a transmission line how a transmission licensee could earn revenue be specified specifically in the regulations itself.</p>
	<p>Clause 19(2)(i) -</p>	<p>Any capital expenditure on account of ash disposal and utilization including handling and transportation</p>

	<p>Capital expenditure on account of ash disposal and utilization including handling and transportation facility;</p> <p>(m) Expenditure on account of the fulfilment of any conditions for obtaining environment clearance for the project</p>	<p>facility shall be limited to the premises of generating station after conducting prudence check along with auditor's certificate</p>
	<p>Clause 19(2)(l) - Capital expenditure on account of emission control system necessary to meet the revised emission standards and sewage treatment plant</p>	<p>Before incurring any expenditure on emission control system and sewage treatment plant, approval for such expenditure should be obtained from the Commission.</p>
	<p>Clause 19 (2)(p) and 19 (3)(g) - Expenditure required to enable flexible operation of the Generating Station at lower loads.</p>	<p>Such expenditure is in the nature of O&M , as such the same should be met from O&M expenses allowed to a generator.</p>
13	<p>Clause 19 (4)(c) and also Clause 24 (1) (f) -</p> <p>Expenditure incurred towards developing local infrastructure not exceeding Rs. 10 lakh/MW in the vicinity of the power plant approved in original scheme if funding is not provided for under "Budgetary Support for Flood Moderation and for Budgetary support for enabling infrastructure".</p>	<p>It is to submit that such expenses should be met from the CSR of the generating Company and should not be allowed to be capitalized.</p>
14	<p>Clause 19 (5) For Projects acquired through NCLT proceedings, the following shall be</p>	

	<p>considered while approving Capital Cost for determination of tariff</p> <p>19 (5) (b) ----- 2nd proviso – Provided further, that in case additional capital expenditure is required post acquisition of an already operational project, the same shall be considered under the provisions of Chapter 7 of these Regulations;</p>	<p>For any additional Capital Expenditure for plant acquired through NCLT proceedings , whether existing running plant or new plant , prior approval of the Commission has to be obtained.</p>
15	<p>Clause 21 (5) – First Proviso -</p> <p>Provided that in case of activities like obtaining forest clearance, NHAI Clearance, approval of Railways, and acquisition of government land, where delay is on account of delay in approval of concerned authority, in such cases maximum condonation shall be allowed upto 90% of the delay associated with obtaining such approvals or clearances.</p>	<p>No upfront delay condone should be allowed. Project developer has to take into account all such uncertainties after conducting proper due diligence , as such, delay on account of such clearances should not be condoned upfront , instead the commission should hear the reason and justification of condonation of delay and allow accordingly.</p>
16	<p>Controllable and Uncontrollable factors</p> <p>Clause 22 (2) (c) - The "uncontrollable factors" shall include but shall not be limited to the following: </p> <p>c. Land acquisition except where the delay is attributable to the generating company</p>	<p>Land acquisition for project is the prime duty of the project developer , he has to do due diligence for this purpose. While conceiving the project he has to ensure whether he will be in a position to acquire land or not and accordingly he will proceed.</p> <p>Hence it is submitted that the land acquisition should not be an uncontrollable factor. If there is any delay</p>

		in acquisition , then the project developer shall have a proper justification for the same.
17	<p>Chapter 7 Computation of Additional Capital Expenditure –</p> <p>Clause 25 (2) and also Clause 26(2) –</p> <p>Provided that any claim of ACE with respect to the replacement of assets under the original scope and on account of obsolescence of technology, less than Rs. 20 lakhs shall not be considered as part of Capital cost and shall be met by Generating company and Transmission licensee through normative O&M charges only</p>	It is submitted that claim of replacement cost less than 50 Lacs shall not be allowed to be capitalized. Such expenses should be met from the O&M charges allowed .
18.	<p>26. Additional Capitalisation beyond the original scope</p> <p>Clause 26 (1)-The capital expenditure, ----- the original scope, may be admitted by the Commission, subject to prudence check -</p> <p>(d) Need for higher security and safety of the plant as advised or directed by appropriate Indian Government Instrumentality or statutory authorities responsible for national or internal security;</p>	It is submitted that the appropriate Indian Government Instrumentality or statutory authorities should be specified specifically so as to avoid any dispute or misuse of the provision.

19	<p>Capitalisation beyond the original scope</p> <p>Clause 26 (1) (i) - Any additional capital expenditure which has become necessary for efficient operation of generating station or transmission system as the case may be, including the works required towards projects acquired through NCLT process. The claim shall be substantiated with the technical justification and cost benefit analysis</p>	<p>For any additional Capital Expenditure beyond original scope , for plant acquired through NCLT proceedings , whether existing running plant or new plant , prior approval of the Commission has to be obtained</p>
20	<p>Clause 28 Special Allowance for Coal-based/Lignite fired Thermal Generating station –</p> <p>Clause 28(2) - (2) The Special Allowance admissible to a generating station shall be @ Rs 10.75 lakh per MW per year for the control period.</p> <p>(3) In the event of a generating station availing of Special Allowance, the expenditure incurred upon or utilized from Special Allowance shall be maintained separately by the generating station, and</p>	<p>It is submitted that any savings in the special allowance in a particular year should be carried over to next year and should be adjusted against the special allowance permissible in that year and so on. Further, if the special allowance is availed by a generator then the additional capital expenditure allowable to the generator should be clarified.</p>

	<p>details of the same shall be made available to the Commission as and when directed.</p> <p>(4) The Special Allowance allowed under this Regulation shall be transferred to a separate fund for utilization towards Renovation & Modernisation and additional capitalisation</p>	
21	<p>30. Computaion of Annual Fixed Cost – 30 (2) Return on equity for existing project shall be computed at the base rate of 15.50% for thermal generating station and transmission system and RoR hydro generating station and at the base rate of 16.50% for storage type hydro generating station etc.</p>	<p>Return on equity may be linked with MCLR of SBI plus 3.5 basis points subject to maximum limit of 14 % in case of thermal projects and 15% for Hydro projects including run of the river projects.</p>
22	<p>Clause 30 (3) – Return on equity for new project achieving COD on or after 01.04.2024 shall be computed at the base rate of 15.00% for the transmission system, including the communication system, at the base rate of 15.50% for Thermal Generating Station and run-of-river hydro generating station and at the base rate of 17.00% for storage type hydro generating stations, pumped storage hydro generating stations and run-of-river generating station with pondage;</p>	<p>Return on equity may be linked with MCLR of SBI plus 3.5 basis points subject to maximum limit of 14 % in case of thermal projects and 15% for Hydro projects including run of the river projects. Return on equity for pump storage system may be kept as MCLR of SBI plus 4.5 basis points subject to maximum limit of 15 % .</p>
23	<p>31. Tax on Return on Equity.-</p>	

	<p>(1) The rate of return on equity as allowed by the Commission under Regulation 30 of these regulations shall be grossed up with the effective tax rate of the respective financial year. The effective tax rate shall be calculated at the beginning of every financial year based on the estimated profit and tax to be paid estimated in line with the provisions of the relevant Finance Act applicable for that financial year to the concerned generating company or the transmission licensee by excluding the income of non-generation or non-transmission business, as the case may be, and the corresponding tax thereon.</p>	<p>It is submitted that income tax is payable by a company which is earning profit. Year after year this issue is being raised by the beneficiaries before this Hon'ble Commission. Again it is requested that the burden of income tax should not be passed on to the beneficiaries.</p> <p>Further, it is also to submit that generators whose tariff is determined under section 63 i.e. Tariff is discovered under Competitive bidding process, there is no compulsion on the part of beneficiaries to bear the burden income tax to be paid by the generator or transmission company.</p>
24	<p>Interest on Loan Capital – Clause 32 (6)- In the case of New Project(s), the rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio of the generating company or the transmission licensee, as the case may be.</p>	<p>For New Project(s), the rate of interest should be the weighted average rate of interest calculated on the basis of the actual loan specially availed for the new project .</p>
25	<p>Clause 33 Depreciation</p>	<p>Methodology for calculation of depreciation and interest on loan for an asset acquired through Insolvency process through NCLT route should also be specified.</p>
26	<p>Clause 34 Interest on Working Capital –</p>	<p>The limestone stock should not be counted for calculation of interest on working capital as the same is used for FGD system for emission control</p>

	Clause 34 (1)(ii) Limestone toward stock for 15 days corresponding to the normative annual plant availability	system and hence it should not be counted for calculation of Interest on working capital .
27	<p>Interest on Working Capital:</p> <p>Clasue 34(1) (a)(iii) –</p> <p>Advance payment for 30 days towards the cost of coal or lignite and limestone for generation corresponding to the normative annual plant availability factor;</p>	It is submitted that the advance payment for 30 days towards the cost of coal or lignite and limestone for generation of power corresponding to annual PLF should not be allowed ,because the commission is already allowing receivable for 45 days towards capacity charges and energy charges. Hence it will be a case of double counting.
28	<p>Clause 34 (1) (a) (iv) -Cost of secondary fuel oil for two months for generation corresponding to the normative annual plant availability factor, and in case of use of more than one secondary fuel oil, cost of fuel oil stock for the main secondary fuel oil;</p>	It is submitted that the cost of secondary fuel for two months should not be allowed ,because the commission is already allowing receivable for 45 days towards capacity charges and energy charges which includes cost of secondary fuel as well. Hence it will also be a case of double counting.
29	<p>Clause 36 O&M Expenses -</p> <p>(1) Thermal Generating Station -</p> <p>In the explanatory memorandum it has been stated that escalation factor for O&M charges the WPI and CPI @ 5.89% per annum has been considered.</p>	<p>It may be mentioned that the average five year growth rate for the period FY 2018-19 to FY 2022-23 , comes out to be 3.22% . Accordingly 3.22 % should only be considered as escalation factor for O&M charges, and no any additional escalation factor should be allowed.</p> <p>Similarly for emission control system also the escalation factor should be considered as 3.22 % only.</p>
30	<p>Clause 36 O&M Expenses -</p> <p>(1) Thermal Generating Station -</p>	

	<p>(6) The Water Charges, Security Expenses and Capital Spares for thermal generating stations shall be allowed separately after prudence check:</p> <p>Provided that water charges shall be allowed based on water consumption depending upon type of plant and type of cooling water system or water agreement with state govt./utilities, and the norms specified by the Ministry of Environment, Forest and Climate Change subject to prudence check. The details regarding the same shall be furnished along with the petition;</p> <p>Provided further that the generating station shall submit the assessment of the security requirement and estimated expenses along with the petition seeking the determination of tariff</p>	<p>It is submitted that the Water Charges, Security Expenses and Capital Spares for thermal generating stations shall be a part of O&M Charges only. It should not be pass through on actual basis.</p>
29	<p>Clause 36 O&M Expenses -</p> <p>(1) Thermal Generating Station clause (6) 4th Proviso –</p> <p>Provided also that the generating station shall submit the details of year-wise actual capital spares consumed individually costing above Rs. 20 Lakh at the time of truing up with appropriate justification for</p>	<p>As already submitted , the Capital spares must be a part of the normative O&M and should not be allowed separately.</p> <p>However, still if the Commission consideres that capital spares are to be allowed to capitalize then the limit should be 50 Lakhs i.e. Spares above Rs 50 Lakhs should only be allowed to be capitalized.</p>

	<p>incurring the same and substantiating that the same is not funded through compensatory allowance as per Regulation 17 of Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 or Special Allowance or claimed as a part of additional capitalisation or consumption of stores and spares and renovation and modernization.</p>	
30	<p>Clause 36 O&M Expenses -</p> <p>36(2) Hydro Generating Station – (c) In the case of hydro generating stations which have not completed a period of three years as on 1.4.2024, operation and maintenance expenses for 2024-25 shall be worked out by applying an escalation rate of 5.86% on the applicable operation and maintenance expenses as on 31.3.2024. The operation and maintenance expenses for subsequent years of the tariff period shall be worked out by applying an escalation rate of 5.86% per annum.</p>	<p>It is submitted that the escalation factor of 5.86 % is very high hence the escalation factor of 4.77% as per Regulations for previous control period i.e. 2019-24 should continue.</p>
31	<p>Clause 36 O&M Expenses -</p> <p>36(2) Hydro Generating Station - (d) The Security Expenses and Capital Spares for hydro generating stations shall be allowed separately after prudence check:</p>	<p>It is submitted that the Security Expenses and Capital Spares for thermal generating stations shall be a part of O&M Charges only. It should not be pass through on actual basis.</p> <p>As already submitted , the Capital spares must be a part of the normative O&M and should not be allowed separately.</p>

	<p>Provided that the generating station shall submit the assessment of the security requirement and estimated expenses, the details of year-wise actual capital spares consumed at the time of truing up with appropriate justification.</p> <p>Provided further that the value of capital spares exceeding Rs. 20.00 lakh shall only be considered for reimbursement at the time of truing up with appropriate justification for incurring the same and substantiating that the same is not claimed as a part of additional capitalisation or consumption of stores and spares and renovation and modernization.</p>	<p>However, still if the Commission considers that capital spares are to be allowed to capitalize then the limit should be 50 Lakhs i.e. Spares above Rs 50 Lakhs should only be allowed to be capitalized.</p>
32	<p>Chapter 10 Components of Energy Charges-</p> <p>Clause 58. Landed Fuel Cost of Primary Fuel -</p> <p>3rd Proviso – “Provided also that in the case of coal-fired or lignite based thermal generating station, the Gross Calorific Value shall be measured by third party sampling, and the expenses towards the third party sampling facility shall be reimbursed by the beneficiaries.”</p>	<p>The GCV of the coal has direct bearing on the energy charges , as such, for measurement of GCV, guidelines have to be formulated by Govt of India (either by Ministry of Coal or by Ministry of power) for third party sampling of coal. Hon’ble Commission may request Govt of India accordingly.</p>
33	<p>Chapter 10 Components of Energy Charges –</p>	<p>It is requested to maintain the transit loss according to the CEA recommendations dtd 19.12.2023 operational norms , where in CEA has stated that</p>

	<p>59. Transit and Handling Losses: For coal and lignite, the transit and handling losses shall be as per the following norms: -</p> <table border="1" data-bbox="438 282 974 665"> <thead> <tr> <th data-bbox="438 282 768 412">Thermal Generating Stations</th> <th data-bbox="768 282 974 412">Transit & Handling Losses (%)</th> </tr> </thead> <tbody> <tr> <td data-bbox="438 412 768 665">Non-pit head multi modal transportation (using two or more than two mode of transport involving multiple trans-shipments)</td> <td data-bbox="768 412 974 665">1.0%</td> </tr> </tbody> </table>	Thermal Generating Stations	Transit & Handling Losses (%)	Non-pit head multi modal transportation (using two or more than two mode of transport involving multiple trans-shipments)	1.0%	<p>transit losses of coal @ 0.2% where transportation of coal is more than 50% through captive mode and transit loss in other cases is 0.8%.</p> <p>Accordingly , it is requested to continue transit losses as per CEA recommendations only.</p>
Thermal Generating Stations	Transit & Handling Losses (%)					
Non-pit head multi modal transportation (using two or more than two mode of transport involving multiple trans-shipments)	1.0%					
34	<p>The gross calorific value for computation of energy charges as per Regulation 64 of these regulations shall be done in accordance with 'GCV as Received':</p> <p>Provided that the generating station shall have third party sampling done at the billing end and the receiving end through an agency certified by the Ministry of Coal and ensure recovery of compensation as per Fuel Supply Agreement(s) and pass on the benefits of the same to the beneficiaries of the generating station;</p> <p>Provided further that in the absence of any third party sampling through an agency</p>	<p>It is submitted that the gross calorific value for computation of energy charges should be done as per GCV on as billed basis and not on as received basis.</p> <p>There should not be any permissible limit for grade slippage of 300 Kcal/Kwh for pit head stations and integrated mines or 600 Kcal/Kwh for Non pit head Stations.</p> <p>This is not at all acceptable. It is the responsibility of the fuel supplier to supply the coal on the GCV as</p>				

	<p>certified by the Ministry of Coal, the GCV shall be considered on the basis of 'as billed' by the Supplier less:</p> <p>i. Actual loss in calorific value of coal between as billed by the supplier and as received at the generating station, subject to maximum loss in calorific value of 300 kCal/kg for Pit-head based generating stations or generating stations with Integrated mine and 600 kCal/kg for Non-Pit Head based generating stations. No loss in calorific value between 'GCV as billed' and 'GCV as received' is admissible for generating stations procuring coal from Integrated mines or through the import of coal.</p>	<p>per billed. Further, how there could be slippage in case of integrated mines ? An integrated mine is totally under control of the generator.</p> <p>The GCV loss cannot be passed on to the beneficiaries . There has to be some accountability on the generator , fuel supplier etc. It is therefore requested to kindly delete this clause in the Regulations to be finalized.</p>
35	<p>Chapter 11 Computation of Capacity Charges and Energy Charges-</p> <p>Clause 62 (5) & (6)—</p> <p>In addition to the AFC entitlement as computed above, the thermal generating station shall be allowed an incentive of up to 1.00% of AFC approved for a given year, which shall be billed monthly as per the following. Incentive = (1.00% x β x CCy)/12 Where,</p>	<p>It is submitted that .the Frequency response is the duty of a generating company like duty of a Discom in case of Demand side management hence there should not be any kind of incentive. Distribution companies should not be burdened on this count.</p> <p>Further , the incentive @ 65 paise / kWh for ex-bus scheduled energy during Peak Hours and @ 50 paise/ kWh for ex-bus scheduled energy during Off-Peak Hours corresponding to scheduled generation in excess of ex-bus energy corresponding to 95 % of Annual Plant Load factor may be allowed in the new Tariff Regulations for Control period 2024-29.</p>

	<p>β = Average Monthly Frequency Response Performance for that generating station, as certified by RPCs, which shall be computed by considering primary response as per the methodology prescribed by the NLDC and shall range between 0 to 1.</p> <p>CCy= Capacity Charges for the Year.</p> <p>(6) In addition to the capacity charge, an incentive shall be payable to a generating station or unit thereof @ 75 paise/ kWh for ex-bus scheduled energy during Peak Hours and @ 50 paise/ kWh for ex-bus scheduled energy during Off-Peak Hours corresponding to scheduled generation in excess of ex-bus energy corresponding to Normative Annual Plant Load Factor (NAPLF) achieved on a cumulative basis, as specified in Clause (B) of Regulation 70 of these regulations.</p>	
36	<p>Computation of Payment of Energy Charges for thermal stations -</p> <p>Clause 64 (4)—</p> <p>Clause (4) In case of part or full use of an alternative source of fuel supply by coal based thermal generating stations other than as agreed by the generating company and beneficiaries in their power purchase agreement for the supply of contracted power on account of a shortage of fuel or optimization of economical operation</p>	<p>In the CERC Tariff Regulation 2019 for control period 2019-24 following provision has been made in the clause 43 (3) , in case of alternative source of fuel supply other than as agreed by the generating company and the beneficiaries –</p> <p>CLAUSE 43 (3) of CERC Tariff Regulations 2019 – “ Provided further that the weighted average price of coal use from its alternative source shall not exceed 30% of base price of coal computed as per Regulation 46.3 of these Regulations.</p>

	<p>through blending, the use of an alternative source of fuel supply shall be permitted to generating station up to a maximum of 6% blending by weight.</p> <p>Provided that in such case, prior permission from beneficiaries shall not be a precondition, unless otherwise agreed specifically in the power purchase agreement:</p>	<p>Provided also that where the energy charge rate based on weighted average price of coal including alternative source of coal exceed 30% of base energy charge rate as approved by the Commission for that year or exceeds 20% of energy charge rate for previous month whichever is lower shall be considered and in that event, prior consultation with beneficiary shall be made at least three days in advance.”</p> <p>It is requested that the above provision be retained in the new Tariff Regulations, 2024 for control period 2024-29 as well.</p>
37	<p>Computation of Payment of Capacity Charges and Energy Charge for Hydro stations</p> <p>Clause 65 (4) -</p> <p>(4) In addition to the AFC entitlement as computed above, the hydro generating station shall be allowed an incentive of up to 4% of the Capacity Charge approved for a given year which shall be billed monthly as per the following.</p> <p>Incentive = (4% x β x CCy)/12</p> <p>Where,</p> <p>β = Average Monthly Frequency Response Performance for that generating station, as certified by RPCs, which shall be computed by considering primary response as per the methodology prescribed by the NLDC and shall range between 0 to 1.</p>	<p>It is to submit that the hydro generating plants are meant to supply power during the peak hrs and also for quick start, therefore incentive on the basis of Average Monthly primary response / Frequency Response is not justified and should not be allowed. They are duty bound to do so.</p> <p>It is further submitted that incentive to the tune of 4% on capacity charge exorbitant and should not be allowed.</p>

	CCy= Capacity Charges for the Year.	
38	<p>Clause 65 (7) Proviso - Provided that in case actual generation from a hydro generating station is less than the design energy for a continuous period of four years on account of hydrology factor, the generating station shall approach the Central Electricity Authority with relevant hydrology data for revision of design energy of the station.</p>	<p>It is submitted that there has to be some limit for variation (less generation) in generation as compared to Design energy.</p> <p>It is submitted that if the generation is less than or more than 10% of Design energy for continuous four years then only a generating company should be allowed to approach CEA for revision of Design energy.</p>
39	<p>Clause 65(10) - In addition to the above, an incentive shall be payable to a ROR Hydro generating station @ 50 paise/ kWh corresponding to the saleable scheduled energy during peak hours of the day in excess of average saleable scheduled energy during the day (24 hours)</p>	<p>There is no need for any incentive in case of ROR projects as they don't put any extra effort for excess generation. Generation from ROR projects are totally dependent on the upstream hydrological flow. As such any incentive over and above energy charges will be an undue benefit for ROR Projects at the cost of consumers of the state.</p>
40	<p>Chapter 13 Scheduling Accounting & Billing – Clause 79.- Rebate: (1) For payment of bills of the generating company and the transmission licensee through letter of credit on presentation or through National Electronic Fund Transfer (NEFT) or Real Time Gross</p>	<p>In case the Discom gets the bill on Friday evening, after the official working hours , then the bill should not be considered as received on Friday, but received on the next working day, that is Monday.</p>

Settlement (RTGS) payment mode within a period of 5 days of presentation of bills by the generating company or the transmission licensee, a rebate of 1.50% shall be allowed.

Provided that in case a different Rebate mechanism is provided in the PPA, the same shall be governed by the provisions of the PPA.

Explanation: In case of computation of '5 days', the number of days shall be counted consecutively without considering any holiday. However, in case the last day or day is an official holiday, the 5th day for the purpose of Rebate shall be construed as the immediate succeeding working day (as per the official State Government's calendar, where the Office of the Authorised Signatory or Representative of the Beneficiary, for the purpose of receipt or acknowledgement of Bill is situated).

(2) Where payments are made on any day after 5 days and within a period of 30 days of presentation of bills by the generating company or the transmission licensee, a rebate of 1% shall be allowed


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