



**JHABUA
POWER**

Ref No. JPL/BD/CERC/2024/01

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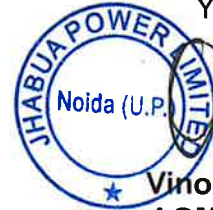
To,
The Secretary
36, 1st Floor, Chander Lok Building,
Near Petrol Pump, Janpath,
New Delhi- 110001

Sub: Jhabua Power Ltd's Comments on Draft CERC Tariff Regulations 2024-29.
Ref: Draft CERC Tariff Regulations 2024-29

Dear Sir,

Please find attached comments on Draft CERC Tariff Regulations 2024-29 for kind consideration of Hon'ble Commission.

Thanking You,
Yours faithfully,



Vinod Kumar Jain
AGM-Commercial
Jhabua Power Ltd- JV of NTPC Ltd

Jhabua Power Limited

A Joint Venture of NTPC Limited)

CIN: U40105WB 1995PLC068616

Corporate Office : EOC Building, 3rd Floor, Plot No. A-8A, Sector 24, Block A, Noida Uttar Pradesh 201301

Registered Office: Infinity IT Lagoon, 10th Floor, Block: EP & GP Office No: 1001 & 1002, Sector-V, Salt Lake Kolkata WB 70009:

Site Office : Village Barela, Post Office-Attaria, Tehsil-Ghansore, District Seoni-480997, Madhya Pradesh

Jhabua Power Ltd- 1* 600 MW Thermal Power Plant
Comments of Draft CERC Tariff Regulations, 2024

The Hon'ble Commission is already aware that around 10000 MW of power stations are under NCLT for successful bidder so that these stranded capacities can be put to use in a most optimal manner and may cater to energy requirement of the country at the earliest. All these plants are stressed mainly due to non-recovery of fixed cost because of part-capacity (~25-50%) tied-up, non-availability of power market at reasonable tariff all the time or due to lack of sufficient coal/Working Capital requirement. In view of above, Hon'ble Commission is requested to consider the provisions of Draft Tariff Regulations 2024-29 as stated below:

Clause no	Existing clause	Proposed Change	Remarks/ Rationale
19 (5)	<p>CAPITAL COST: For Projects acquired through NCLT proceedings, the following shall be considered while approving Capital Cost for determination of tariff: (a) For projects already under operation, historical GFA of the project acquired or the acquisition value paid by the generating company, whichever is lower; (b) For considering the historical GFA for the purpose of Sub-Clause (a) above, the same shall be the capital cost approved by the appropriate commission till the date of acquisition;</p>	<p>For Projects acquired through NCLT proceedings historical GFA as approved by the commission shall be considered while approving Capital Cost for determination of tariff</p>	<ul style="list-style-type: none"> • Huge power generation capacity on country is stressed and is already under NCLT. • Projects acquired through NCLT are already under financial stress. It has been seen that many relatively new projects (where the capital cost actually incurred to set up the station is quite high) are also admitted to NCLT. • In the NCLT bidding process, the intent of the lenders is to select a bid which will maximise the value for stakeholders (which is mainly bankers in Insolvency NCLT cases). • And the Bidder's bid for these projects is based on the revenue which they will be able to generate or capital cost that Hon'ble commission may approve. • Further, certainly, the bid value for new plants will be quite lower as compared to the Historical GFA. • Now in such cases, If the capital cost is restricted to Acquisition value, this will further reduce the value of asset and the bids will be quoted at a significantly lower value which would result into lesser recovery for bankers. • This will have an impact in two ways: (a) many bidders will not find it lucrative to bid for the project as the revenue they will generate might not justify the risk they will take in acquiring such projects. (b) also, if bids are quoted at a very low value due to decrease in capital cost base then bankers may also not select any bidder and such asset will remain unresolved and the Hon'ble Commission will continue to provide a higher rate of

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Clause no	Existing clause	Proposed Change	Remarks/ Rationale
			interest/IOWC etc till the time these assets are resolved. Further, lenders money is also public money, so if we ask lenders to take such huge haircuts, this also leads to public wealth erosion as well.
	<p>Cut-off Date:</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>For stressed Assets:</p> <p>'Cut-off Date" shall be the last day of the financial year closing after Sixty months from the date of resolution/NCLT approval of Resolution Plan of Such Stressed Assets.</p>	During CIRP (Corporate Insolvency Resolution Process), companies incur a very limited amount of Capex and funds are mainly utilised for survival or ongoing operations. Thus, till the time a successful resolution applicant is identified who is willing to come forward and take charge of asset, incurring capex is not a priority. Thus, such companies should be allowed a period of 5 years post Resolution of asset to pay the undischarged liabilities and incur Add Cap.
70	<p>Norms of operation:</p> <p>(a) APC: 500 MW & Above with TDBFP- 5.25%</p> <p>(b) Heat Rate: 1.04 X Design Heat Rate (kCal/kWh)</p>	<p>Following should be allowed as an exception for stressed assets:</p> <p>5.75%</p> <p>1.05 X Design Heat Rate(kCal/kWh)</p>	As mentioned above, Stressed power capacities are already under a lot of financial pressure, thus Hon'ble Commission is requested to give relaxation in technical parameters for a period of at least 5 years after acquisition of such assets.
34	<p>Interest on Working Capital: IOWC to be calculated at reference rate i.e. one-year marginal cost of funds based lending rate (MCLR) of the State Bank of India (SBI) issued from time to time plus 325 basis points</p>	Same should be considered at MCLR + 350 basis points as mentioned in the 2019-24 regulations.	
26	<p>Add Cap and Capital spares:</p> <p>Any claim of additional capitalisation less than Rs. 20 lakhs shall not be considered.</p>	Add Cap for value less than 20 lakhs should be allowed	Due to financial stress, assets under IBC are not able to incur huge capex at one go. Each item/work to be done is usually broken into small parts for execution and it could be possible that capitalisation value for assets capitalised is less than 20 Lakh.

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It is further requested that even if Hon'ble Commission desires to implement the provisions mentioned in the draft regulations towards determination of Tariff for the stressed assets based on Acquisition value, same should be applicable prospectively so that existing stressed assets which have already been acquired prior to the notification of these regulations are not impacted on account of Regulatory uncertainty. Moreover, this will give very positive signal to the investor community to take an informed decision for the future bidding process.

Further, the Hon'ble Commission's Regulations are considered to be a benchmark by SERCs across India and therefore any guideline issued by Hon'ble CERC will have very wide Impact on Indian Power system and banking Industry as a whole.

A handwritten signature in black ink, appearing to be the initials 'Oh' with a small dot at the end.