



KERALA STATE ELECTRICITY BOARD LIMITED

(Incorporated under the Indian Companies Act, 1956)

TARIFF AND REGULATORY AFFAIRS CELL

Vydyuthi Bhavanam, Pattom, Thiruvananthapuram 695 004 India

Phone (O) +91 471 2514317 E-mail: trac@ksebn.in www.kseb.in

KSEBL/TRAC/CG/ Tariff Reg 2024-29/2023-24/ 996

20.02.2024

To,

Secretary

CENTRAL ELECTRICITY REGULATORY COMMISSION

3rd & 4th Floor, Chanderlok Building, 36, Janpath, New Delhi -110 001

Sir,

Sub: Draft Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024 for the tariff period from 1.4.2024 to 31.3.2029 – KSEBL Remarks - Reg.

Ref.: - CERC Public notice File No. L-1/268/2022/CERC dated 04.01.2024.

Kind attention is invited to the Draft Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024 for the tariff period from 1.4.2024 to 31.3.2029 notified by Hon'ble Commission vide reference.

It is submitted that, as per the tariff policy, the norms should be efficient and progressively reflecting increased efficiencies. However, it is observed that, most of the norms and provisions in the regulations do not align with the principles of Tariff Policy. It is also submitted that, the draft regulations does not include many of the alternate options put forwarded by the forum of regulators, for reducing the power purchase cost of the utilities.

The major suggestions of KSEBL in the draft Tariff regulations are as follows;

Regulation 17 : Special provision for tariff for thermal generating stations which have completed 25 years of operation from date of commercial operation - Even though this provision exist in the existing Regulations also , it is not getting implemented as

none of the generators has agreed for the arrangement specified in this provision. So, it is requested that provisions may be added for reducing the tariff impact on the beneficiaries for the power contracted from stations that have completed useful life through waiver of RoE.

Regulation 18(3): Debt-Equity Ratio - For projects that have completed its useful life, Return on equity may not be allowed as the project developer has already recovered the investment cost by the end of the useful life unless additional capital expenditure is incurred for extending the useful life and in such scenario, the RoE may be allowed only on the portion of the additional capital expenditure incurred.

Regulation 19(2): Capital cost - Commission has included additional compensation for flexible operation at lower loads for the generating stations in the present regulation through relaxed norms. Also low load compensation is allowed through SHR Compensation, Auxiliary compensation, secondary fuel oil compensation etc. Allowing additional capital expenditure along with the above compensation will enrich the generators at the cost of the beneficiaries. Therefore, this provision may be deleted.

Regulation 19(2)(i) - As per the FOR recommendation, the expenditure on ash transportation and handling will have substantial impact on cost of generation and hence on consumer tariff. It is recommended that the cost of transportation of fly ash be partially borne by the Central Government.

Regulation 28: Special allowance for coal-based/lignite fired thermal generating station - The actual expenditure incurred by the generating stations under the head Special Allowance may be verified and special allowance may be fixed based on the actuals for the last 5 years. It is also requested that while truing up, special allowance allowed may also be trued up and if the actual expenditure under this head is lower than norms, actual expended only may be allowed. It is also requested that Commission may also verify that Stations that have allowed Special allowance has made efforts to improve the operating parameters of the generating units.

Regulation 30: Return on Equity - Base rate of RoE is retained as 15.5% since 2009 onwards. It can be observed that the primary lending rate and the G-Sec Rates have shown a declining trend over the years. Therefore, the rate of RoE may be reduced considering the falling G-Sec rate for the last 5 years. FoR also Recommended for reducing the rate of ROE. RoE may not be allowed for plants that have completed its useful life, unless the generator makes additional capital expenditure by infusing equity. In such a case RoE may be allowed only for the equity portion of the additional capital expenditure if any incurred. Return on equity for the cost overrun and time overrun allowed by Commission may be only at the weighted average interest rate of the loan.

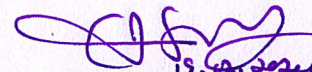
Regulation 34(1)(a): Interest on Working capital - It is requested that while truing up along with the truing up of interest rates, the cost of fuel and the actual stock of fuel maintained by the generators may also be considered while fixing interest on working capital. As per the coal stock report published in public domain, the percentage of actual coal stock with respect to the normative coal stock for domestic coal based non pit head and imported coal based stations are only in the range of 50-60%. However, the Regulations allows Interest on Working capital on normative basis of coal stock irrespective of whether the generator maintains coal stock or not. Non-adequacy of sufficient coal stock in generating stations have recently resulted in power crisis throughout the Country and MoP came with stringent directions to generators to blend imported coal. In order to compensate the short fall in contracted power from the CGS, the beneficiaries are forced to procure energy from alternate sources including exchanges at excessive rates. Hence KSEB request that, there shall be a provision in the tariff regulation to reduce the interest on working capital if the generators failed to maintain the stock of fuel as stipulated in the tariff regulation. Further, the prevailing regulations allow interest on 45 days receivable including capacity charges. The non cash flow expenditure including the depreciation and RoE also forms part of the working capital. It is recommended that the non cash expenditure including the depreciation and RoE may kindly be excluded from the working capital requirement. Since the O&M costs are separately allowed as part of the fixed cost and 45 days receivable automatically

covers 45 days O&M expenses, there is no need to consider the one month O&M expenses and maintenance of spares separately as part of the working capital.

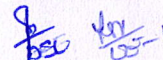
Regulation 60: Gross Calorific Value of Primary Fuel - Even if there is third party sampling, there shall be a ceiling limit for the variation in GCV value between 'as billed' and 'as received'. The ceiling limits fixed in the draft regulation, in case of third party sampling may be reduced.

Regulation 63: Supplementary capacity charge for coal or lignite based thermal generating stations - As per the recommendation of the FOR published in April 2021, with the implementation of new environmental norms, the cost per unit of energy is going to increase substantially. This increase in cost should be compensated from the clean energy cess which has been collected from the consumers of the electricity sector. This cess should be used to reduce retail tariff impact as a result of FGD installation in the thermal plants.

Detailed clause wise remarks on the draft regulation is prepared and submitted herewith, as Annexure, for the kind consideration.


19.05.2024
Chief Engineer

Commercial & Tariff



Sl.No.	Regulation	Provisions in draft (CERC Terms and Conditions of Tariff Regulations), 2024	Remarks
1	Definition: 3(5) 'Annual Target Quantity' or 'ATQ'	'Annual Target Quantity' or 'ATQ' in respect of an integrated mine(s) means the quantity of coal or lignite to be extracted during a year from such integrated mine(s) corresponding to 85% of the quantity specified in the Mining Plan	The mining plan may be validated by Ministry of Coal and may be made available to the beneficiaries.
2	Definition : 3(19) 'Date of Operation' or 'ODe'	'Date of Operation' or 'ODe' in respect of an emission control system means the date of putting the emission control system into use after meeting all applicable technical and environmental standards, certified through the Management Certificate duly signed by an authorised person, not below the level of Director of the generating company;	Certification of the emission control system as meeting all applicable technical and environmental standards may be made by the Central Electricity Authority.
3	Definition 3(50): 'Long-Term Customer'	'Long-Term Customer' shall have the same meaning as 'Long Term Customer' as defined in the Central Electricity Regulatory Commission (Grant of Connectivity, Long-term Access and Mediumterm Open Access in inter-State Transmission and related matters) Regulations, 2009	Since Open Access is replaced by GNA, this definition is no longer needed.
4	Definition 3(88) : 'Useful life'	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.	Operational life may be defined. Operational life may be specified for transmission system.
5	Regulation 9(5) : Application for determination of tariff	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.	The beneficiaries may not be loaded with carrying cost due to delay in issuing tariff order due to deficient petition filed by the generating stations or transmission licensees. So date of filing complete application with all details may only be considered as the date of filing of application. Also, any delay in issuing the tariff order beyond the stipulated time shall not be allowed for carrying cost.

6	Regulation 13(5) :Truing up of tariff for the period 2024-29	(5) After truing up, if the tariff or the input price already recovered exceeds or falls short of the tariff or the input price approved by the Commission under these regulations, the generating company or the transmission licensee, shall refund to or recover from, the beneficiaries or the long term customers, as the case may be, the excess or the shortfall amount, in accordance with Regulation 10(7) and 10(8) of these regulations as may be applicable. Provided that the generating company shall refund such excess amount or recover the shortfall amount from the beneficiaries based on scheduled energy.	The recovery/refund from the beneficiaries shall be based on allocation for fixed charges and not to be based on scheduled energy. However, recovery/refund of input price of lignite/coal and energy charges may be based on scheduled energy.
7	Regulation 15(2): Supplementary Capacity charges	Supplementary Capacity Charges: Supplementary capacity charges shall be derived on the basis of the Annual Fixed Cost for emission control system (AFCE). The Annual Fixed Cost for the emission control system shall consist of the components as listed in Sub-clauses (a) to (e) of Clause (1) of this Regulation.	For new stations, the need for having separate supplementary capacity charges may be reviewed since emission control systems form part of the initial capital expenditure itself of new stations.
8	Regulation 17 : Special provision for tariff for thermal generating stations which have completed 25 years of operation from date of commercial operation	Special Provisions for Tariff for Thermal Generating Station which have Completed 25 Years of Operation from Date of Commercial Operation: 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	Even though this provision exist in the existing Regulations also , it is not getting implemented as none of the generators has agreed for the arrangement specified in this provision. So, it is requested that provisions may be added for reducing the tariff impact on the beneficiaries for the power contracted from stations that have completed useful life through waiver of RoE.

9	Regulation 18(3): Debt-Equity Ratio	<p>.....</p> <p>Provided that in the case of a generating station or a transmission system, including a communication system which has completed its useful life as on 1.4.2024 or completing its useful life during the 2024-29 tariff period, if the equity actually deployed as on 1.4.2024 is more than 30% of the capital cost, equity in excess of 30% shall not be taken into account for tariff computation</p>	<p>For projects that have completed its useful life, Return on equity may not be allowed as the project developer has already recovered the investment cost by the end of the useful life unless additional capital expenditure is incurred for extending the useful life.</p>
10	Regulation 19(2) : Capital cost	<p>The Capital Cost of a new project shall include the following: Expenditure required to enable flexible operation of the generating station at lower loads.</p>	<p>Commission has included additional compensation for flexible operation at lower loads for the generating stations in the present regulation through relaxed norms. Also low load compensation is allowed through SHR Compensation, Auxiliary compensation, secondary fuel oil compensation etc. Allowing additional capital expenditure along with the above compensation will enrich the generators at the cost of the beneficiaries. Therefore, this provision may be deleted.</p>
11	Regulation 19(3) : Capital cost	<p>The Capital Cost of an existing project shall include the following: Expenditure required to enable flexible operation of the generating station at lower loads.</p>	<p>Commission has included additional compensation for flexible operation by providing additional RoE in the present regulation. Also low load compensation is allowed through SHR Compensation, Auxiliary compensation, secondary fuel oil compensation etc. Allowing additional capital expenditure along with the above compensation will enrich the generators at the cost of the beneficiaries. Therefore, this provision may be deleted.</p>
12	Regulation 19(4): Capital cost of existing or new hydro generating stations	<p>19 (4) (c) 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>As per the guidelines of MoP for allocation of power to home state, Allocation is made to the States/ UTs in two parts, namely firm allocation of 85% and unallocated power of 15% for allocation by the Government for meeting the urgent/overall requirement. The firm allocation includes allocation of 12% free power to the affected States and 1%</p>

			for local area development in case of Hydro Power Stations . In view of the above, there is no need for additionally allowing additional expenditure for local infrastructure.
13	Regulation 19(2)(i)	The Capital Cost of a new project shall include the following: Capital expenditure on account of ash disposal and utilization including handling and transportation facility	As per the FOR recommendation, the expenditure on ash transportation and handling will have substantial impact on cost of generation and hence on consumer tariff. It is recommended that the cost of transportation of fly ash be partially borne by the Central Government.
14	Regulation 20: Prudence check of capital cost	(1) In case of the thermal generating station and the transmission system, prudence check of capital cost shall include scrutiny of the capital expenditure, in the light of capital cost of similar projects based on past historical data, wherever available, reasonableness of financing plan, interest during construction, incidental expenditure during construction, use of efficient technology, cost over-run and time over-run, procurement of equipment and materials through competitive bidding as given in Regulation 100 below and such other matters as may be considered appropriate by the Commission	The capital cost of the major generation projects and transmission projects may be different depends on the site conditions, land availability, technology adoption, type of fuel etc. Hence, it may be difficult for benchmarking the capital cost of major generation and transmission projects. However, the cost of plant and machinery of a generation project can be standardized for each type of project- coal based/ gas based etc with suitable indexation for inflation during the subsequent years etc. Further, the capital cost of transmission projects can also be standardized with indexation for inflation.
15	Regulation 21 (5): Interest During Construction and Incidental Expenditure during Construction	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 up to 90% of the delay associated with obtaining such approvals or clearances.	Getting clearance from authorities is the responsibility of the generator/transmission licensee and therefore generator/transmission licensees shall be made attributable for the delay in receiving clearance if delay is due to lack of necessary followup or timely submission of necessary details by the generators. Forest clearance and land clearance may be included as a controllable factor as it provides certain responsibility and liability of developer towards the project. However, application for delay to be allowed on merit on a case to case basis.

16	Regulation 24(1)(f) : Additional Capitalisation within the original scope and upto the cut-off date	In the case of the hydro generating station, expenditure incurred towards developing local infrastructure in the vicinity of the power plant not exceeding Rs. 10 lakh/MW if funding is not provided for under “Budgetary Support for Flood Moderation and for Budgetary support for enabling infrastructure”;	As per the guidelines of MoP for allocation of power to home state, Allocation is made to the States/ UTs in two parts, namely firm allocation of 85% and unallocated power of 15% for allocation by the Government for meeting the urgent/overall requirement. The firm allocation includes allocation of 12% free power to the affected States and 1% for local area development in case of Hydro Power Stations . In view of the above, there is no need for additionally allowing additional expenditure for local infrastructure.
17	Regulation 25(1) (c) : Additional capitalization within the original scope and after the cut-off date	Deferred works relating to ash pond or ash handling system in the original scope of work	As per the FOR recommendation, the expenditure on ash transportation and handling will have substantial impact on cost of generation and hence on consumer tariff. It is recommended that the cost of transportation of fly ash be partially borne by the Central Government
18	Regulation 28: Special allowance for coal-based/lignite fired thermal generating station	The Special Allowance admissible to a generating station shall be @ Rs 10.75 lakh per MW per year for the control period. 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 details of the same shall be made available to the Commission as and when directed	The actual expenditure incurred by the generating stations under the head Special Allowance may be verified and special allowance may be fixed based on the actuals for the last 5 years. It is also requested that while truing up, special allowance allowed may also be trued up and if the actual expenditure under this head is lower than norms, actual expended only may be allowed. It is also requested that Commission may also verify that Stations that have allowed Special allowance has made efforts to improve the operating parameters of the generating units.
19	Regulation 30: Return on Equity	(2) Return on equity for existing project shall be computed at the base rate of 15.50% for thermal generating station, transmission system including communication system and run-ofriver hydro generating station and at the	Base rate of RoE is retained as 15.5% since 2009 onwards. It can be observed that the primary lending rate and the G-Sec Rates have shown a declining trend over the years. Therefore the rate of RoE may be reduced considering the falling G-Sec rate for the last 5 years. FoR also

		<p>base rate of 16.50% for storage type hydro generating stations, pumped storage hydro generating stations and run-of- river generating station with pondage;</p> <p>(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>Recommended for reducing the rate of ROE.</p> <p>RoE may not be allowed for plants that have completed its useful life, unless the generator makes additional capital expenditure by infusing equity. In such a case RoE may be allowed only for the equity portion of the additional capital expenditure if any incurred.</p> <p>Return on equity for the cost overrun and time overrun allowed by Commission may be only at the weighted average interest rate of the loan.</p>
20	Regulation 32 (6) : Interest on Loan	<p>Provided that the rate of interest on the loan for installation of the emission control system shall be the weighted average rate of interest of the actual loan portfolio of the emission control system, and in the absence of the actual loan portfolio, the weighted average rate of interest of the generating company as a whole shall be considered subject to a ceiling of 14%.</p>	<p>In the absence of actual loan portfolio of the emission control system, then the rate of interest for the loan shall be considered as 1 year MCLR of SBI of the relevant Financial year or the actual loan portfolio of the company whichever is lower.</p>
21	Regulation 33 (8): Depreciation	<p>(8) The generating company or the transmission licensee, as the case may be, shall submit the details of capital expenditure proposed to be incurred during five years before the completion of useful life along with proper justification and proposed life extension. The Commission, based on prudence check of such submissions, shall approve the depreciation by equally spreading the depreciable value over the balance Operational Life of the generating station or unit thereof or fifteen years,</p>	<p>For transmission systems also, the depreciation corresponding to the capital expenditure proposed during the 5 years before the completion of the useful life may be approved by equally spreading the depreciable value over the balance Operational Life of the transmission system or fifteen years, whichever is lower.</p>

		whichever is lower, and in case of the transmission system shall equally spread the depreciable value over the balance useful life of the Asset.	
22	Regulation 34(1)(a): Interest on Working capital	(1) The working capital shall cover: (a) For Coal-based/lignite-fired thermal generating stations: (i) Cost of coal or lignite, if applicable, for 10 days for pit-head generating stations and 20 days for non-pit-head generating stations for generation corresponding to the normative annual plant availability factor or the maximum coal/lignite stock storage capacity, whichever is lower;	It is requested that while truing up along with the truing up of interest rates, the cost of fuel and the actual stock of fuel maintained by the generators may also be considered while fixing interest on working capital. As per the coal stock report published in public domain, the percentage of actual coal stock with respect to the normative coal stock for domestic coal based non pit head and imported coal based stations are only in the range of 50-60%. However, the Regulations allows Interest on Working capital on normative basis of coal stock irrespective of whether the generator maintains coal stock or not. Non-adequacy of sufficient coal stock in generating stations have recently resulted in power crisis throughout the Country and MoP came with stringent directions to generators to blend imported coal. In order to compensate the short fall in contracted power from the CGS, the beneficiaries are forced to procure energy from alternate sources including exchanges at excessive rates. Hence KSEB request that, there shall be a provision in the tariff regulation to reduce the interest on working capital if the generators failed to maintain the stock of fuel as stipulated in the tariff regulation.
23	Regulation 34 (1)(a): Interest on Working capital	(v) Maintenance spares @ 20% of operation and maintenance expenses, including water charges and security expenses; (vi) Receivables equivalent to 45 days of capacity charge and energy charge for the sale of electricity calculated on the normative annual plant availability factor; and (vii) Operation and	Further, the prevailing regulations allow interest on 45 days receivable including capacity charges. The non cash flow expenditure including the depreciation and RoE also forms part of the working capital. It is recommended that the non cash expenditure including the depreciation and RoE may kindly be excluded from the working capital requirement.

		<p>maintenance expenses, including water charges and security expenses, for one month.</p>	<p>Since the O&M costs are separately allowed as part of the fixed cost and 45 days receivable automatically covers 45 days O&M expenses, there is no need to consider the one month O&M expenses and maintenance of spares separately as part of the working capital.</p>
24	Regulation 34(2): Interest on Working capital	<p>(2) The cost of fuel in cases covered under sub-clauses (a) and (c) of clause (1) of this Regulation shall be based on the landed fuel cost (taking into account normative transit and handling losses in terms of Regulation 59 of these regulations) by the generating station and gross calorific value of the fuel as per actual weighted average for the preceding financial year in case of each financial year for which tariff is to be determined</p>	<p>The actual weighted average price of fuel and GCV of the preceding financial year in case of each financial year can be assessed only during the truing up exercise. This may kindly be clarified.</p>
25	Regulation 36: Operation and Maintenance Expenses	<p>(1) Normative O&M expenses of thermal generating stations</p>	<p>The normative O&M expenses arrived for coal and lignite fired stations for the FY 2024-25 to FY 2028-29 in the draft Regulations do not match with the normative O&M expenses arrived in the explanatory memorandum.</p>
26		<p>(3) Transmission system: Provided further that the O&M expenses for Transmission Licensees whose transmission assets are located solely in NE Region, States of Uttarakhand and Himachal Pradesh, the Union Territories of Jammu and Kashmir and Ladakh shall be worked out by multiplying 1.50 to the normative O&M expenses prescribed above</p>	<p>The O&M norms of transmission system are derived by considering the actual O&M expenses of all regions. The average of the actual year over year increase in O&M expenses of NER is only 3.42%. However, the O&M norms and escalation factors for NER are fixed based on the higher O&M cost of other regions, which is 5.89%. Therefore, there is no need for allowing a multiplication of 1.50 to the normative O&M expenses for NE region, Uttarakhand, Himachal Pradesh, Jammu & Kashmir and Ladakh.</p>
27	Regulation 40 (3) : Additional charges	<p>(3) Where crushing, transportation, handling, or washing are undertaken by the generating company by engaging an agency other than the Mine Developer and Operator, the annual charges of such agencies shall be considered as</p>	<p>In this case also, no additional charges shall be admitted and the annual charges of such agencies shall be allowed in a similar way as mining charges, provided that the charges have been discovered through a transparent, competitive bidding process.</p>

		part of the Operation and Maintenance Expenses, provided that the charges have been discovered through a transparent, competitive bidding process.	
28	Regulation 55: Quality Measurement	Quality Measurement: 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	The frequency at which third party sampling is to be done shall be specified in the Regulations.
29	Regulation 60: Gross Calorific Value of Primary Fuel	<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 certified by the Ministry of Coal, the GCV shall be considered on the basis of 'as billed' by the Supplier less: 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</p>	<ol style="list-style-type: none"> 1. Even if there is third party sampling, there shall be a ceiling limit for the variation in GCV value between 'as billed' and 'as received'. 2. It is proposed that 2/3rd of the cost due to GCV variation between 'as billed' and 'as received' shall be borne by the generator as the generator is responsible for transportation, handling, loading and unloading the fuel from the billing end to receiving end. 3. As per the provisions of the Regulation, it is stated that recovery of compensation as per FSA shall be ensured. But this requires modification of FSA, if compensation clauses are not incorporated. Therefore, it may be difficult to implement this provision. 4. Third part sampling frequency may be specified in the Regulation. 5. Third party sampling report shall be published and non-compliance shall be penalized. 6. It shall be made mandatory for the generators to publish the source of fuel, mode of transport, distance of transportation for each source, GCV of fuel from each source, blending ratio and surface transportation

			<p>distance and charges separately along with the invoices and publish the same in the website also.</p> <p>7. Non-compliance may be penalized.</p> <p>8. As per the actual data of the variation between the GCV 'as billed' and 'as received' of pit head and non pit-head stations for the last year, it is seen that the GCV variation between 'GCV as billed' and 'GCV as received' for non pit head station is only 436 kCal/kg. It is submitted that the ceiling limits may be fixed as 200kCal/kg for pit head stations and 400kCal/kg for non pit head stations.</p>
30	Regulation 62(5) : Computation of payment of capacity charges	(5) 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 = $(1.00\% \times \beta \times CCy)/12$	The generating stations are already allowed incentive for schedule above the normative PLF. Further, in the case of a thermal generating station, there exist a provision of an additional rate of return on equity of .25% for every incremental ramp rate of 1% per minute achieved over and above the ramp rate specified under IEGC Regulations. In view of this, it is requested that this provision may be deleted.
31		(3) Normative Plant Availability Factor for "Peak" and "Off-Peak" Hours in a month shall be equivalent to the NAPAF specified in Clause (A) of Regulation 70 of these regulations. The number of hours of "Peak" and "Off-Peak" periods during a day shall be four and twenty, respectively. The hours of Peak and Off-Peak periods during a day shall be declared by the concerned RLDC at least a week in advance.	It is requested that peak hour availability may be increased to 90% considering the peak hour power shortage in the Country.
32		(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	The increase in incentive during peak hours may be compensated by the decrease in incentive during off-peak hours. Therefore, it is requested that the incentive during off peak hours may be reduced to 25 paise/kwh.

		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.	
33	Regulation 63: Supplementary capacity charge for coal or lignite based thermal generating stations	(1) The fixed cost of the emission control system shall be computed on an annual basis based on the norms specified under these regulations and recovered on a monthly basis under a supplementary capacity charge. The total supplementary capacity charge is payable for a generating station shall be shared by its beneficiaries as per their respective percentage share or allocation in the capacity of the generating station.	As per the recommendation of the FOR published in April 2021, with the implementation of new environmental norms, the cost per unit of energy is going to increase substantially. This increase in cost should be compensated from the clean energy cess which has been collected from the consumers of the electricity sector. This cess should be used to reduce retail tariff impact as a result of FGD installation in the thermal plants.
33	Regulation 64(4) : Computation and payment of energy charges	(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 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.	The provision of maximum of 6% blending by weight without beneficiary consultation may be allowed only if there is a direction to generating companies from MoP for mandatory blending.
34	Regulation 65(4) : Computation and payment of capacity charge and energy charge for hydro stations	(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. Incentive = $(4\% \times \beta \times CCy)/12$	Hydro stations are already paid higher tariff due to higher rate of RoE, therefore additional incentive may not be allowed.
35	Regulation 70 (A)(b): Normative Annual Plant Availability Factor	(b) 80% for coal and lignite based generating stations completing 30 years from COD as on 31.03.2024	For thermal stations that have undergone Renovation & Modernization or availing special allowance for efficient

			working after useful life, the NAPAF norm may be retained as 85% itself.
36	Regulation 70 (A)(d): Normative Annual Plant Availability Factor	(d) Lignite fired Generating Stations using Circulatory Fluidized Bed Combustion (CFBC) Technology and Generating stations based on coal rejects: 1. First Three years from the date of commercial operation – 68.50% 2. After completion of three years of the date of commercial operation - 75% (e) For following lignite fired thermal generating stations of NLC India Ltd. 1. TPS-II State-I and Stage-II : 80% 2. Barsingsar (CFBC) : 75% 3. TPS-II Expansion (CFBC) : 50% 4. TPS-1 Expansion : 80% 5. New Neyveli TPS : 80%	<p>As per the Tariff Policy 2016, the norms should be efficient, relatable to past performance, capable of achievement and progressively reflecting increased efficiencies and may also take into consideration the latest technological advancements, fuel, vintage of equipments, nature of operations, level of service to be provided to consumers etc. Continued and proven inefficiency must be controlled and penalized.</p> <p>However, it is observed that the operating norms as per the draft Regulations have been prepared based only on past actuals of the generating stations and have not considered the need for improving efficiency.</p> <p>In the initial years of operation of lignite stations using CFBC technology, relaxed norms were given. However, the same relaxed norms are continued in the Regulations for the next control period also.</p> <p>In the 2019-24 Regulations, the NAPAF for CFBC TECHNOLOGY stations was 75% for first 3 years and for the subsequent year 80%. So the stations should go to NAPAF of 80% after 3 years. However, in the proposed Regulations for 2024-29, the NAPAF has been reduced to 68.5% for first 3 years from CoD and 75%, thereafter. Thus, more relaxed norms are given to generators instead of better and efficient norms.</p> <p>The NAPAF of NLC TPS-Stage-I and II stations and TPS-II Expansion for the past few years were low in view of the shortage of lignite due to non availability of land for mining. This issue is getting resolved in 2024. However, based on</p>

			the low availability of these stations in the past years, a very low NAPAF has been fixed for TPS-II Stage –I and II and TPS-II EXPANSION. It is requested that the NAPAF norms of these stations may be fixed as 80%.
37	Regulation 70 (B)(b): Normative Annual Plant Load Factor for Incentive	(b) 80% for coal and lignite based generating stations completing 30 years from COD as on 31.03.2024	For thermal stations that have undergone Renovation & Modernization or availing special allowance for efficient working after useful life, the NAPLF norm may be retained as 85% itself.
38	Regulation 70(D): Secondary Fuel Oil Consumption		<p>As per the Tariff Policy 2016, the norms should be efficient, relatable to past performance, capable of achievement and progressively reflecting increased efficiencies and may also take into consideration the latest technological advancements, fuel, vintage of equipments, nature of operations, level of service to be provided to consumers etc. Continued and proven inefficiency must be controlled and penalized.</p> <p>However, it is observed that the operating norms as per the draft Regulations have been prepared based only on past actuals of the generating stations and have not considered the need for improving efficiency.</p>
39	Regulation 70(E) : Auxiliary Energy Consumption		<p>As per the Tariff Policy 2016, the norms should be efficient, relatable to past performance, capable of achievement and progressively reflecting increased efficiencies and may also take into consideration the latest technological advancements, fuel, vintage of equipments, nature of operations, level of service to be provided to consumers etc. Continued and proven inefficiency must be controlled and penalized.</p> <p>However, it is observed that the operating norms as per the draft Regulations have been prepared based only on past</p>

			<p>actuals of the generating stations and have not considered the need for improving efficiency.</p> <p>The norms of TPS-1 Expansion, TPS-II Stage-1 & II, TPS-II expansion has increased compared to the present Tariff period. It is requested that Auxiliary Consumption norms may be fixed considering the Tariff Policy guidelines.</p>
40	Regulation 80 : Late Payment Surcharge	80. Late payment surcharge: In case the payment of any bill for charges payable under these regulations is delayed by a beneficiary or long term customer as the case may be, beyond a period of 45 days from the date of presentation of bills, a late payment surcharge as specified in the Ministry of Power – Electricity (Late Payment Surcharge and Related Matters) Rules, 2022 as amended from time to time shall be levied by the generating company or the transmission licensee, as the case may be	The existing Late Payment Surcharge mechanism may be retained.
41	Regulation 81 (2) : Sharing of gains due to variation in norms	(2) The financial gains by the generating company or the transmission licensee, as the case may be, on account of controllable parameters shall be shared between the generating company or transmission licensee and the beneficiaries or long term customers, as the case may be on an annual basis. The financial gains computed as per the following formulae in the case of generating stations other than hydro generating stations on account of operational parameters as shown in Clause (1) of this Regulation shall be shared in the ratio of 1:1 between the generating stations and beneficiaries. Net Gain = (ECRN- ECRA) X Scheduled Generation	<p>The details methodology of sharing of gains may be stipulated in the Regulations as there are lot of disputes on how gain alone can be shared.</p> <p>2/3rd of gain may be allowed to pass through to the beneficiaries instead of 1:1 sharing</p>