

Comparative Review of Draft CERC Tariff Regulations 2024

Particulars/ Head	CERC Tariff Regulations 2019		Draft CERC Tariff Regulations 2024		Initial Remarks/ Comments/Rationale
	Ref Cl.	Details	Ref Cl.	Details	
Chapter 1 PRELIMINARY					
Definition of Capital Spares New Term			3 (12)	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.	Capital spares must be a part of the O&M expenses being allowed on normative basis and should not be allowed separately. Further Initial Spares has still not been defined in the Regulations. This creates anomaly. Individual Capital Spares costing up to Rs. 20 Lakh should be considered as part of O&M Expenses. This will put pressure on actual O&M expenses. The rational/ logic of arriving at an amount of Rs. 20 Lakh has not been explained. If Commission finds it utmost necessary, than it is proposed that capital spares of the value of Rs. 50 Lakh and above may only be allowed as capital spares. Further, in the absence of specific definition of what will be constituted as Capital Spares, Initial Spares and Maintenance Spares the ambiguity will persist. So they should clearly be deified.
Definition of Cut-Off date	3 (14)	'Cut-off Date' means the last day of the calendar month after thirty six months from the date of commercial operation of the project;	3 (17)	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);	This would give an extra time (up to one year) for Assets depending upon their CoD date in the FY to close contracts, discharge liabilities. The anomaly of different timeline for cut-off date which was removed in 2019 Tariff Regulations has been proposed again with even a wider time difference. It is therefore proposed that the cut off date for the plant achieving CoD in first half of the year should be on 31 st March of previous year and the for the plants achieving CoD in 2 nd half of the


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					year the cut off date should be 31 st March of that financial year. This proposition will balance the interest of generator as well as beneficiaries.
Definition of 'O&M expenses'	3 (45)	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, consumables, insurance and overheads and fuel other than used for generation of electricity: Provided that for integrated mine(s), the Operation & Maintenance Expenses shall not include the mining charge paid to the Mine Developer and Operator, if any, engaged by the generating company and the mine closure expenses.	3 (56)	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, <u>other spares of capital nature valuing less than Rs. 20 lakhs, additional capital expenditure of an individual asset costing up to Rs. 20 lakhs</u> , consumables, insurance and overheads and fuel other than used for generation of electricity: Provided that for integrated mine(s), the Operation & Maintenance Expenses shall not include the mining charge paid to the Mine Developer and Operator, if any, engaged by the generating company and the mine closure expenses.	Following additional components have been added to the O&M expenses: <ul style="list-style-type: none"> • other spares of capital nature valuing less than Rs. 20 lakhs; • additional capital expenditure of an individual asset costing up to Rs. 20 lakhs Capital spares must be a part of the O&M expenses being allowed on normative basis and should not be allowed separately. If Commission find it utmost necessary, then it is proposed that capital spares of the value of Rs. 50 Lakh and above may only be allowed as capital spares as rational/ logic of arriving at an amount of Rs. 20 Lakh has not been explained... Further, in the absence of specific definition of what will constitute as Capital Spares, Initial Spares and Maintenance Spares the ambiguity will persist.
Definition of PAF	3(47)	'Plant Availability Factor' or '(PAF)' in relation to a generating station for any	3(60)	Plant Availability Factor' or '(PAF)' in relation to a generating station for any	It is proposed to add word 'NORMATIVE' before the word 'Auxiliary Energy Consumption' in both the places.


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		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 normative auxiliary energy consumption.		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.	
Definition Reference Rate of Interest			3(67)	'Reference Rate of Interest' means the one year marginal cost of funds based lending rule (MCLR) of the State Bank of India (SBI) issued from time to time plus 325 basis points.	In regulated tariff regime the 'Reference Rate of Interest' must not be a source of earning to the generating company or the transmission licensee, as the case may be and accordingly it is requested that no margin should be allowed over and above MCLR. RRoI is applicable for IOWC on normative basis whether any loan or working capital has been taken by the utility or not. Further, the risk involves in case of the capital invested and it is felt that there is no such risk in obtaining loan for WC. Therefore, risk premium should not be applicable in this case and RROI should be equal to one year MCLR of SBI as on 1 st April of that financial year.
Definition of scheduled generation	3(59)	'Scheduled Generation' or 'SG' at any time or for any period or time block means schedule of ex-bus generation in MW or MWh, given by the concerned Load Dispatch Centre.	3(73)	'Scheduled Generation' or 'Scheduled injection' for a time block or any period means schedule of generation or injection in MW or MWh ex-bus, including the schedule for Ancillary Services given by the	Note appended to definition 3(59) of Scheduled Generation of existing Regulation has been dropped in proposed Regulation. This relates to frequency correction and it is requested to retain the same.


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		Note:		concerned Load Dispatch Centre.	
Definition useful life	3(73)	Useful life	3 (88)	Useful life	Useful life of communication system have been proposed to be reduced from 15 years to 7 years. It is requested to retain the useful life of 15 years. It is also requested to define the operational life as indicated in proviso to definition of useful life in Regulation 3 (88).
Chapter 2					
Date of Commercial Operation					
	5(2)	This Regulation provides for CoD of Transmission system or element thereof. Second proviso of 5(2) provides for documents required to be submitted by Transmission licensee seeking approval of the CoD.		This Clause has been dropped in proposed Regulation. This Regulation is necessary to safeguard the interest of the beneficiaries.	It is proposed that this Regulation 5(2) along with its two proviso must be a part of the proposed Tariff Regulation applicable for 2024 to 2029.
Chapter 3					
Procedure for Tariff Determination					
	9(1) 2 nd Proviso	Provided further that the generating company or the transmission licensee, as the case may be, shall submit an Auditor Certificate and, in case of non-availability of an Auditor Certificate, a Management Certificate duly signed by an authorised person, not below the level of Director of the company,	9(1) 3 rd Proviso	Provided further that the generating company or the transmission licensee, as the case may be, shall submit an Auditor Certificate and, in case of non-availability of an Auditor Certificate, a Management Certificate duly signed by an authorised person, not below the level of Director of the company, indicating the	It is submitted that Auditor Certificate should compulsorily be submitted by the generating company or the transmission licensee, as the case may be. It is also submitted for consideration of Hon'ble Commission that the Auditor appointed by Companies may not be aware of the requirement of the Hon'ble Commission and repercussions thereof which may have direct impact on the beneficiaries / public. It is proposed that certain norms and conditions should be laid down by Hon'ble Commission to authorise qualified number

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		indicating the capital cost incurred as on the date of commercial operation and the projected additional capital expenditure for respective years of the tariff period 2019-24;		capital cost incurred as on the date of commercial operation and the projected additional capital expenditure for respective years of the tariff period 2024-29;	of professionals to carry out the Audit in prescribed manner and no claim shall be allowed, without Audit by authorised Auditor. Further, certain checks and balances shall also be mentioned, including random checks, penalty for any kind of manipulation etc.
	9(1) 3 rd Proviso	Provided also that where interim tariff of the Generating Station or unit thereof and the Transmission system or element thereof including communication system has been determined based on management certificate, the generating company or the transmission licensee shall submit the Auditor Certificate not later than 60 days from the date of granting interim tariff.	9(1) 3 rd Proviso	This Clause has been dropped in proposed Regulation. This Regulation is necessary to safeguard the interests of the beneficiaries.	It is proposed that this proviso should be appended and incorporated after 3 rd proviso to Regulation 9(1). This proviso must be a part of the proposed Tariff Regulation applicable for 2024 to 2029.
			Fourth Proviso to Regn 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	Proviso has been added to allow seeking interim tariff in the prayer which the Commission shall consider in the first hearing. It is proposed that the word 'not more than 80% of the tariff claimed' in case of time over run or cost over run projects and not more than 85% in other cases ' may please be inserted after words 'interim tariff'.

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				interim tariff, and the Commission shall consider granting interim tariff from the date of commercial operation during the first hearing of the application.	
			10 (3)	If the information furnished in the Petition is in accordance with these Regulations, the Commission may consider granting interim tariff of upto Ninety percent (90%) of the tariff claimed in case of new generating station ----- during first hearing.	It is proposed to replace the word “ upto Ninety Percent (90%) “ with words “not more than 80% of the tariff claimed’ in case of time over run or cost over run projects and not more than 85% in other cases ‘
Chapter 4 Tariff Structure					
			16 Energy Charges	<p><i>“ 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 :</i></p> <p>(a) <i>Landed Fuel Cost of primary fuel;</i></p> <p>(b) <i>Cost of secondary fuel of consumption; and</i></p> <p>(c) <i>Cost of limestone or any other reagent, as applicable.”</i></p>	<p>Some Generators using LPPF up to 6 decimal figures (in terms of Rs/Kg) to derive ECR, however, it is not specified in proposed Tariff Regulation any capping of decimal for LPPF. Further, it may be clarified that the ECR derived shall be “truncated” or “rounded-off” after three decimal places.</p> <p>A specific Regulatory provision is required to avoid anomaly</p>


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	17(2)	<p>Special Provisions for Tariff for Thermal Generating Station which have Completed 25 Years of Operation from Date of Commercial Operation: 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.</p> 	No Clause	<p>Regulation 17 (2) has been deleted The tariff regulation 2019 has Special Provisions for Tariff for Thermal Generating Station which have completed 25 Years of Operation from Date of Commercial Operation and the same have been described in regulation 17(1) &(2). However, the regulation 17(2) of tariff regulation 2019 has been omitted in proposed Tariff regulation 2024.</p>	<p>It is pertinent or mention that the regulation 17(2) provides first right of refusal to the beneficiary for such plants. The MoP has already introduced scheme of pooling of power for Thermal Generating Station which have Completed 25 Years of Operation from Date of Commercial Operation. The state has already opposed this pooling scheme on various platforms as it has been formulated to blend costly gas fired stations with comparatively cheaper coal fired stations. Any step to take away state's first right of refusal will empower the Generating Station in operationalizing pooling scheme and thus the regulation 17 (2) of tariff regulation, 2019 must be retained in 2024 Tariff Regulation in larger interest of the consumers of the state.</p> <p>It is submitted that as per the provision, the generating company and the beneficiary have the option after 25 years of operation to enter into a mutual agreement to recover capacity charges based on scheduled generation.</p> <p>In order to add additional layer of regulatory certainty it is submitted that a provision may be inserted to have such a mutual agreement for a minimum period of 5 years. Further, as there will be mutual agreement which shall govern the terms & condition for power purchase hence, there is no</p>

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					<p>violation of contract sanctity. The agreed party will be bound by the mutual contract. Hence, there is no need to delete the Regulations 17(2)</p> <p>Further, as regard to unilateral exit clause that seems to be inequitable, it is submitted that it is mainly the R&M, the cost of which is borne by the beneficiary, that has made possible to operate such plants efficiently even after completing existing useful life of 25 years. Further, the stations of 25 plus years have their capex recovered, fully depreciated and are debt free etc. all on account of expenses being recovered from beneficiary. Hence, it is purely logical for the beneficiaries to have first right of refusal to such arrangement and to exit from the ongoing PPA.</p> <p>In view of above, it is submitted that there is no need to delete Regulation 17(2) and the same may be continued for next tariff period</p>
CHAPTER-6					
COMPUTATION OF CAPITAL COST					
	Chapter 6 clause 19(1)	19. Capital Cost: (2) (i) Capital expenditure on account of ash disposal and utilization including handling and transportation facility; (m) Expenditure on account of the fulfilment of any	Chapter 6 clause 19(1)	19. Capital Cost: (2) (i) Capital expenditure on account of ash disposal and utilization including handling and transportation facility; (m) Expenditure on account of the fulfilment of any conditions for obtaining environment clearance for the project;	<p>It is suggested that the capital expenditure on account of ash disposal and utilization including handling and transportation facility shall be limited to the premises of generating station.</p> <p>Such expenditure shall only be allowed after detailed prudence check along with auditor's certificate.</p>

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		conditions for obtaining environment clearance for the project;			
		No provision	19 (2) (p)	Expenditure required to enable flexible operation of the Generating Station at lower loads.	It is proposed that if the expenditure required to enable flexible operation of the Generating Station at lower loads is allowed to pass through as capital expenditure then the beneficiaries may not be made liable to pay compensation charges for operating the plant at lower loads. It is requested to consider this aspect in interest of justice with beneficiaries.
		No provision	19(3) (g)	Expenditure required to enable flexible operation of the Generating Station at lower loads.	It is proposed that if the expenditure required to enable flexible operation of the Generating Station at lower loads is allowed to pass through as capital expenditure then the beneficiaries may not be made liable to pay compensation charges for operating the plant at lower loads. It is requested to consider this aspect in interest of justice with beneficiaries.
			20 (1)	(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	Hon'ble Commission allows majority of claims on the basis of Auditor Certificate. It is submitted for consideration of Hon'ble Commission that the Auditor appointed by Companies may not be aware of the requirement of the Hon'ble Commission and repercussions thereof which may have direct impact on the beneficiaries / public. It is proposed that certain norms and conditions should be laid down by Hon'ble Commission to authorise qualified number of professionals to carry out the Audit in prescribed manner and no claim shall be allowed, without Audit by authorised Auditor. Further, certain checks and balances shall also be mentioned,


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				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:	including random checks, penalty for any kind of manipulation etc.
	21(1)	Interest during construction (IDC) shall be computed corresponding to the loan from the date of infusion of debt fund, and after taking into account the prudent phasing of funds upto SCOD	21(1)	(1) Interest during construction (IDC) shall be computed considering the actual loan and normative loan after taking into account the prudent phasing of funds up to actual COD:	The existing regulation provide for capitalization of IDC till the scheduled CoD of the Plant whereas the proposed regulation provide for capitalization of IDC till the actual CoD of the Plant. The same is incentivizing the time over run projects, at the cost of overburdening the public, unnecessarily. Accordingly, capitalization of IDC shall be allowed up to SCOD only and thereafter, these may be reimbursed, on prudence check.
	21(2)	Incidental expenditure during construction (IEDC) shall be computed from the zero date, taking into account pre-operative expenses up to SCOD:	21(2)	Incidental expenditure during construction (IEDC) shall be computed from the zero date, taking into account pre-operative expenses up to actual COD:	The existing regulation provide for capitalization of IEDC till the scheduled CoD of the Plant whereas the proposed regulation provide for capitalization of IEDC till the actual CoD of the Plant. The same is incentivizing the time over run projects, at the cost of overburdening the public, unnecessarily. Accordingly, capitalization of IEDCs shall be allowed up to SCOD only and thereafter, these may be reimbursed, on prudence check.
			21(5) Proviso	Provided that in case of activities like obtaining forest clearance, NHAI Clearance, approval of Railways, and	The tariff being determined by Central Commission pertains to Central Sector Generating Station like NTPC, DVC, NHDC etc. and Transmission Tariff like PGCIL These all are

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				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.	Central Government owned undertakings having easy access to the other Central Government Departments like NHAI, MOEFCC and Railway etc. Further, the DPR is always prepared taking care of such eventualities of procedural delay and therefore, delay on account of such clearances should not be condoned because such delay is attributable to the developers. It is proposed to treat delay on this count as attributable to the developer.
	22	22. Controllable and Uncontrollable factors: The following shall be considered as controllable and uncontrollable factors for deciding time over-run, cost escalation, IDC and IEDC of the project: (1) The "controllable factors" shall include but shall not be limited to the following: a. Efficiency in the implementation of the project not involving approved change in scope of such project, change in statutory levies or change in law or force majeure events; and b. Delay in execution of the project on account of	22 (2)	Controllable and Uncontrollable factors (2) The "uncontrollable factors" shall include but shall not be limited to the following: c. Land acquisition except where the delay is attributable to the generating company or the transmission licensee.	Inclusion of delay on account of Land acquisition / forest clearances as an uncontrollable factor may lead to further delay in commissioning of projects as these might create a perceived image in the mind of person who is responsible for taking timely clearances, approvals that at the end any delay will get condoned being uncontrollable and hence, his/her proactiveness and rigorous follow up for getting clearance may diminish. Further, developers have already obtained enough forest clearances in the past and they know how long it usually takes to get one. They should plan their project timelines accordingly and not use forest clearance as an excuse for delays. The government is developing an e-governance site and a single window clearance system for various activities, including forest clearance. These initiatives aim to speed up the approval process for Land acquisition / forest clearance. Therefore,

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		contractor or supplier or agency of the generating company or transmission licensee. (2) The “uncontrollable factors” shall include but shall not be limited to the following: a. Force Majeure events; b. Change in law; and c. Land acquisition except where the delay is attributable to the generating company or the transmission licensee.			land acquisition, forest clearance should not be considered as an uncontrollable factor.
Chapter 7					
Computation of Additional Capital Expenditure					
	25(2)	No Proviso	Proviso to 25 (2)	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	It is proposed that any claim of additional capitalization with respect to the replacement of assets under the original scope and on account of provisions contained in Regulation 25 (2) (a to d) , less than 50 Lacs 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.
Special Allowance for Coal-	28(1)	In case of coal-based/lignite fired thermal generating stations, the generating company, instead of	28(1)	In the case of coal-based/ lignite fired thermal generating stations, the generating company, instead of availing	It is requested to bring more clarity on what ‘Special Allowance’ shall cover and what Add-Caps will still be allowed even if special allowance is availed.


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based/Lignite fired Thermal Generating station		availing renovation and modernization (R&M) may opt to avail a 'special allowance' in accordance with the norms specified in this Regulation, as compensation for meeting the requirement of expenses including renovation and modernisation beyond the useful life of the generating station or a unit thereof and in such an event, upward revision of the capital cost shall not be allowed and the applicable operational norms shall not be relaxed but the Special Allowance shall be included in the annual fixed cost:		renovation and modernization (R&M), may opt to avail of a 'special allowance' in accordance with the norms specified in this Regulation, as compensation for meeting the requirement of expenses towards any additional capital expenditure covered in Regulation 24, 25, 26 and 27 except for capital expenditure arising out of change in law, award of arbitration or for compliance of the directions or order of any statutory authority, or order or decree of any court of law, and force majeure after completion of 25 years from the date of Commercial operation of the generating station or a unit thereof and in such an event, an upward revision of the capital cost shall not be allowed and the applicable operational norms shall not be relaxed but the Special Allowance shall be included in the annual fixed cost	
Rate of Special	28 (2)	The Special Allowance admissible to a generating	28 (2)	The Special Allowance admissible to a generating	The special allowance has been increased from ₹ 9.5/MW per year of previous control period i.e.

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Allowance		station shall be @ Rs 9.5 lakh per MW per year for the tariff period 2019-24		station shall be @ Rs 10.75 lakh per MW per year for the control period.	FY 2019-24 to ₹ 10.75 lakh per MW per year for this control period which is an exorbitant and steep hike of about 13.16% in special allowance. The Commission may limit the increase to a maximum of 5% over previous special allowance i.e. ₹ 9.975 Lakh per MW per year for the purpose of this control period.
	28(4)	The Special Allowance allowed under this Regulation shall be transferred to a separate fund for utilization towards Renovation & Modernization activities, for which detailed methodology shall be issued separately.	28(4)	The Special Allowance allowed under this Regulation shall be transferred to a separate fund for utilization towards Renovation & Modernization and additional capitalization.	It is to mention that the regulation 28(4) of 2019, Tariff Regulations provides that Commission shall issue a detailed methodology for fund utilization towards R & M but the subject methodology was not published till date, however, huge amounts were allowed under special allowance. It is also observed that, the utilization of special allowance is very less. Accordingly, after the Loan is fully repaid, equity shall be reduced, till asset is fully depreciated. The special allowance should be allowed only for R&M activities as was being done since last many tariff control periods and not for the additional capital expenditure. Allowing utilization of the Special Allowance for additional capitalization will adversely affect the regulatory certainty which was maintained for a decade or so for utilization of the Special Allowance towards Renovation & Modernization only. It is to further submit that if the R&M activity is not undertaken or not intended to be undertaken by the Generating Company, the amount accumulated and recovered from the beneficiaries under the head of special allowance may be returned back to all the beneficiaries alongwith interest @ one year


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					MCLR of SBI Plus 350 basis point for the duration of withholding amount by Generating Company..
Chapter 8 Computation of Annual Fixed Cost					
RoE	30(2)		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.	RoE has a huge impact on AFC. Even for a rate of 15.5% the actual impact after grossing up of Income Tax comes in the range of 18.781% (in case of applicability of MAT) to 21.528%. Thus, the higher rate of RoE impacts the interest of beneficiaries adversely. It is therefore, proposed to reduce the base rate of RoE to 14% and 15% respectively.
RoE	30	No separate Rate of RoE for new projects.	30(3)	(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;	If the return on equity for these projects increases, it could lead to higher costs for consumers & Utilities. The Section 61 (d) of Electricity Act, 2003 provides for safeguarding the interest of the consumer. In order to safeguard the interest of the consumer the following is proposed for kind consideration: It is proposed to consider RoE for new projects with COD on or after 1.4.2024 @ 14% for transmission as well as generating company with a special provision for 1% higher RoE for pump storage system.

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RoE	30(2) First provision	Provided that return on equity in respect of additional capitalization after cut-off date beyond the original scope excluding additional capitalization due to Change in Law, shall be computed at the weighted average rate of interest on actual loan portfolio of the generating station or the transmission system.	30(3) First provision	Provided that return on equity in respect of additional capitalization beyond the original scope, including additional capitalization on account of the emission control system, Change in Law, and Force Majeure shall be computed at the base rate of one-year marginal cost of lending rate (MCLR) of the State Bank of India plus 350 basis points as on 1 st April of the year, subject to a ceiling of 14%.	There is no rational in reviewing the existing provision as it safeguards the interest of the beneficiaries without affecting the generating company adversely. It is therefore, requested that the proposed clause may be revised as under: Provided that return on equity in respect of additional capitalization beyond the original scope, including additional capitalization on account of the emission control system, Change in Law, and Force Majeure shall be computed at the base rate of one-year marginal cost of lending rate (MCLR) of the State Bank of India or at the weighted average rate of interest on actual loan portfolio of the licensee whichever is higher subject to ceiling of 14%.
Tax on return on equity	31	Tax on return on equity	31	Tax on return on equity	By definition Income tax is a tax imposed on individuals or entities in respect of income or profit earned by them. It is, therefore, proposed that the entity should be made responsible for payment of their income tax from the profit being earned by them and it must not be levied on the consumers. The Hon'ble Commission is requested to kindly review the provision of grossing up of income tax in the interest of justice. It is also requested to define '(t)' in Regulation 31 (2)
	32(3)	The repayment for each of the years of the tariff period 2019-24 shall be deemed to be equal to the depreciation allowed for the corresponding year/period.	32(3)	The repayment for each of the years of the tariff period 2024-29 shall be deemed to be equal to the depreciation allowed for the corresponding year/period. In case of de-capitalization of	The Regulations provide for manifold recovery for the asset which stand depreciated after repayment of Loan burdening the consumer unnecessarily. It is proposed that the depreciation recovered over and above the loan amount should be used to reduce the equity base. Thus, when the asset stands

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		In case of de-capitalization of assets, the repayment shall be adjusted by taking into account cumulative repayment on a pro rata basis, and the adjustment should not exceed cumulative depreciation recovered up to the date of de-capitalization of such asset.		assets, the repayment shall be adjusted by taking into account cumulative repayment on a pro rata basis, and the adjustment should not exceed cumulative depreciation recovered up to the date of de-capitalization of such asset.	fully depreciated, the equity will get reduced to the extent of 10%. It is proposed to allow Return on Equity on the reduced equity base to safeguard the interest of the consumer as mandated in Electricity Act, 2003.
Interest on Loan Capital	32	Interest on Loan Capital	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.	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 taken for the purpose of development of that particular power projects of the generating company or the transmission licensee, as the case may be.
Interest on Working Capital	34	Interest on Working Capital	34(1)(a)(ii)	(ii) Limestone toward stock for 15 days corresponding to the normative annual plant availability	The limestone is used for FGD system for emission control system and therefore it may not be considered as allowable in IOWC for coal based thermal generating station. It is therefore proposed to drop 34(1)(a)(ii) from proposed Regulations in the interest of justice.
Interest on Working Capital	34	Interest on Working Capital	34(1)(a)(iii)	Interest on Working Capital: (iii) Advance payment for 30 days towards the cost of coal or lignite and limestone for generation corresponding to the normative annual plant availability factor;	It is humbly submitted that limestone is not used in generation of electricity by coal fired thermal generating station and therefore the word 'and limestone' may be omitted from the proposed Regulations as under:


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					(iii) Advance payment for 30 days towards the cost of coal or lignite for generation corresponding to the normative annual plant availability factor; It is further requested that IOWC may also be subject to truing up based on the actual average stock of coal maintained by the generating station during the year, oil, actual O&M or normative O&M expenses, whichever is less etc.
Interest on Working Capital	34	Interest on Working Capital	34(1)(a)(iv)	Cost of Secondary fuel oil for 2 months for generation corresponding to NAPA	In line with the coal stock allowed the cost of Secondary Fuel Oil (SFO) may also be reduced to one month. It is further requested that IOWC may also be subject to truing up based on the actual average stock of SFO maintained by the generating station during the year.
Interest on Working Capital	34	Interest on Working Capital	34(1)(b)(i)	Cost of limestone or reagent toward stock for 20 days corresponding to NAPAF	It is proposed to reduce the cost of limestone to 15 days as indicated in explanatory Memorandum as under: Cost of limestone or reagent toward stock for 15 days corresponding to NAPAF
	34	Interest on Working Capital	34(3)	(3) Rate of interest on working capital shall be on a normative basis and shall be considered at the Reference Rate of Interest as on 1.4.2024 or as on 1st April of the year during the tariff period 2024- 29 in which the generating station or a unit thereof or the transmission system including communication system or	In regulated tariff regime the 'Reference Rate of Interest' must not be a source of earning to the generating company or the transmission licensee as the case may be and accordingly it is requested that no margin should be allowed over and above MCLR. RRoI is applicable for IOWC on normative basis whether any loan or working capital has been taken by the utility or not. Further, the risk is involved in case of the capital invested and it is felt that there is no such risk in obtaining loan for WC. Therefore, risk premium should not


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				<p>element thereof, as the case may be, is declared under commercial operation, whichever is later: Provided that in case of true-up, the rate of interest on working capital shall be considered at Reference Rate of Interest as on 1st April of each of the financial year during the tariff period 2024-29.</p>	<p>be applicable in this case and RROI should be equal to one year MCLR of SBI as on 1st April of that financial year. It is therefore proposed to amend the proposed clause as under: (3) Rate of interest on working capital shall be on a normative basis and shall be considered at the one year MCLR of SBI as on 1.4.2024 or as on 1st April of the year during the tariff period 2024- 29 in which the generating station or a unit thereof or the transmission system including communication system or element thereof, as the case may be, is declared under commercial operation, whichever is later: It is also proposed to carry out true up of IOWC on the rate of interest as well as actual average stock of coal, SFO and reagent maintained by the generating company during the financial year.</p>
De-Commissioning	-	-	35(1)	<p>(1) In case a generating station or unit thereof, or a transmission system including communication systems or element thereof after it is certified by CEA or CTU or any other statutory authority, that any asset cannot be operated or needs to be replaced on account of environmental concerns or safety issues or system upgradation or a combination of these factors not attributable to generating company or a</p> 	<p>It is to submit that it is the responsibility of the project developer to invest in a project in prudent manner after considering all aspects of its cost benefit analysis, applicable rules and regulation of the land, stage of technology being adopted, the Change in Law and rules, in pipe line and other feasibility studies. If a project fails to deliver then only the project developer could be held responsible and therefore the same is attributable to them. In view of above, it is prayed that recovery of the unrecovered depreciable value may not be allowed to be recovered. Further in order to ensure long term energy security, the Procurer has been procuring power</p>

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				<p>transmission licensee, the unrecovered depreciable value may be allowed to be recovered on a case-to-case basis after duly adjusting the actual salvage value post disposal of such project. Provided that the manner of recovery, including a number of instalments in which such unrecovered depreciation will be allowed, shall be specified by the Commission on a case-to-case basis.</p>	<p>from ongoing /upcoming projects on long term basis from time to time to ensure uninterrupted supply of power to the consumers of the State. In the event of forced closure or early retirement of the project, as envisaged in above clause, the firm supply of power from the Project to the State will be discontinued and proposed payment of closure compensation to Generator will result in additional financial implication to the consumers of the State. Also, DISCOMs would be required to source power from alterative arrangement, thereby resulting in further enhanced cost implication.</p> <p>It is therefore, submitted that such provision is not in consonance with principle of natural justice and equity.</p>
O&M Expenses	35 (1)	Thermal Generating Station	36(1)	<p>Thermal Generating Station: It has been explained in EM of the draft Regulation that based On WPI and CPI of growth @ 5.89% per annum has been considered.</p>	<p>In this context, it is humbly submitted that to nullify the Covid lockdown etc., the Hon'ble Commission has considered an additional escalation factor @ 2.94% for thermal generating stations during FY 2020-21 and FY 2021-22, whereas there was no major lockdown during FY2021-22 and hence the applicability of escalation factor of 2.94% does not appear to be in order. Inspite of this the average five year growth rate comes out to be 3.22% during FY 2018-19 to FY 2022-23. The annual growth rate during above period was 3.22% and therefore consideration of a growth rate of 5.89% based on WPI and CPI ratio may cause unfair burden on the beneficiaries. It is therefore, requested to revise the proposed O&M</p>

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					norms for thermal generating station by considering a growth rate of 3.22% in the interest of justice.
	35	No such provision	36(1) (6) 3 rd provis o	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 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 capitalization or consumption of stores and spares and renovation and modernization.	Capital spares must be a part of the O&M expenses being allowed on normative basis and should not be allowed separately. In this context, it is to submit that the amount of Rs. 20 Lacs is really very meagre in respect of spares cost of a Thermal Generating Station. If Commission finds it utmost necessary, then it is proposed that capital spares of the value of Rs. 50 Lakh and above may only be allowed as capital spares as rational/ logic of arriving at an amount of Rs. 20 Lakh has not been understood. Further, in the absence of specific definition of what will constitute as Capital Spares, Initial Spares and Maintenance Spares the ambiguity will persist.
	35(2)(c)	(c) In case of hydro generating stations which have not completed a period of three years as on 1.4.2019, operation and maintenance expenses for 2019-20 shall be worked out by applying escalation	36(2)(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	It is requested to reconsider the escalation rate suggested from 4.77% to 5.86%. Higher O&M expenses may lead to an adjustment in tariff rates to cover the increased costs. This could result in higher electricity prices for consumers unless offset by other factors. It is suggested that based on the previous year True-Ups the escalation rate may be restricted to the


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		rate of 4.77% on the applicable operation and maintenance expenses as on 31.3.2019. The operation and maintenance expenses for subsequent years of the tariff period shall be worked out by applying escalation rate of 4.77% per annum.		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.	rate prevailing in previous control period i.e. 4.77%.
	35	No provisions	36(1)(8), 36(2)(f) & 36(3)(f)	In case of generating company owned by Central or State Govt. the impact on account of implementation of wage or pay revision shall be allowed at the time of truing up of tariff.	This is a new provision and such open ended provisions were not incorporated in previous Tariff Regulations. The previous wage revision was implemented in 2016/2017 and at that time the Commission has adopted the policy that at the time of truing up the actual impact of wage revision along with actual O&M expenses will be compared with the normative O&M expenses and in case of any shortfall than only the impact of wage revision will be allowed. It is requested to drop the proposed clause 36(1)(8) and adopt the same principles as adopted in previous years to maintain the regulatory certainty in the sector.
	35		36(1)(9)	Year over year hike of 5.89% has been proposed during the tariff period ending on 31 st March 2029.	As proposed in respect of clause 36(1), it is requested to revise the proposed O&M norms for ECS of thermal generating station by considering a growth rate of 3.22% in the interest of justice.
Chapter 9					
Computation of Input price of Coal and lignite from integrated Mine.					
	36 I (b)	The Operation and Maintenance expenses for the tariff period ending on	46 (1) (b)	The Operation and Maintenance expenses for the tariff period ending on 31 st	It is submitted that the proposed rate of escalation @ 5.89% is higher by about 68% from the escalation rate of 3.5% considered during control

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		31st March 2024 in respect of the integrated mine(s) of lignite commissioned on or before 31st March 2019, shall be worked out based on the Operation and Maintenance expenses as admitted by the Commission during 2018-19 and escalated at the rate of 3.5% per annum;		March 2024 in respect of the integrated mine(s) of lignite commissioned on or before 31st March 2024 shall be worked out based on the Operation and Maintenance expenses as admitted by the Commission during 2023-24 and escalated at the rate of 5.89% per annum;	period 2019-24 that means the charges prevailing as on Fy 2023-24 will suddenly get increased by whopping 68% for 2024-25. This proposed hike is highly unreasonable and may cause a enormous burden of the beneficiaries. It is requested to consider the rate of 3.5% as per previous tariff control period subject to truing up based on the normative or actual whichever is lower.
	36 J (1)(i)	(i) Input cost of coal stock for 7 days of production corresponding to the Annual Target Quantity for the relevant year;	47 (1)(i)	Input cost of coal stock for 7 days of production corresponding to the Annual Target Quantity for the relevant year;	The purpose of integrated mine is to provide coal on continuous basis and, therefore, it is felt that there is no rational in providing interest on Input cost of coal stock for 7 days of production corresponding to the Annual Target Quantity for the relevant year. Accordingly, it is proposed to drop Clause-47(1)(i).
	36 J (3)	The rate and payment of interest on working capital shall be determined in accordance with Clauses (3) and (4) of Regulation 34 of these regulations	47 (3)	The rate and payment of interest on working capital shall be determined in accordance with Clauses (3) and (4) of Regulation 34 of these regulations	In regulated tariff regime the 'Reference Rate of Interest' must not be a source of earning to the generating company or the transmission licensee as the case may be and accordingly it is requested that no margin should be allowed over and above MCLR. RRoI is applicable for IOWC on normative basis whether any loan or working capital has been taken by the utility or not. Further, the risk involves in case of the capital invested and it is felt that there is no such risk in obtaining loan for WC. Therefore, risk premium should not be applicable in this case and RROI should be equal to one year MCLR of SBI as on 1 st April of that financial year. It is therefore proposed to amend the proposed clause as under:


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					<p>(3) Rate of interest on working capital shall be on a normative basis and shall be considered at the one year MCLR of SBI as on 1.4.2024 or as on 1st April of the year during the tariff period 2024-29 in which the generating station or a unit thereof or the transmission system including communication system or element thereof, as the case may be, is declared under commercial operation, whichever is later:</p> <p>It is also proposed to carry out true up of IOWC on the rate of interest as well as actual average stock of coal, during the financial year.</p>
Chapter-10 Component of Energy Charges:					
Transit and Handling Losses	39	Transit and Handling Loss for pithead @ 0.2% and for Non Pit Head is @ 0.8%.	59	<p>A new norm has been introduced for non pit head stations using multi modal transportation (two or other modes) where the loss for the norm is 1% (as against 0.8% applicable for single mode of rail)</p> 	<p>CEA vide letter dated 19.12.2023 has submitted recommendations of operational norms for thermal power station for tariff period starting from 01.04.2024, wherein in para 'G', CEA has suggested transit losses of coal @ 0.2% where transportation of coal is more than 50% through captive mode and transit loss in other cases has been proposed to be 0.8%. Even these recommendations are on higher side however, it is requested to maintain the transit loss according to the CEA recommendations and as well as previous provision, and there is no justification to revise it to 1%.</p>

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Gross Calorific Value of Primary Fuel:	40 (1)	The gross calorific value for computation of energy charges as per Regulation 43 of these regulations shall be done in accordance with 'GCV as received' basis.	60(1)	<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 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</p>	<p>1. It is seen that the generating company are least bothered about the grade slippage in coal being supplied to them.</p> <p>2. It is suggested that third-party sampling through an agency certified by the Ministry of Coal, at billing end and receiving end should be made mandatory.</p> <p>3. It is proposed that to do away and eliminate all kind of anomalies and discrepancies in the fuel management by either of the three stake holders i.e. coal supplier, transporter or the generation unit, the GCV should be considered on 'as billed' basis for calculation of ECR This provision will make the every entity in fuel supply chain accountable and more responsible, safeguarding the interest of the ultimate consumers of the electricity.</p> <p>3. Further, the proposal contained in second proviso to Regulations 60 (1) is totally against the provisions of Section 61 of Electricity Act, 2003 it simply allows a grade slippage in the range of 300 to 600 kCal/Kg for pithead and non pithead station respectively. This amounts to accepting the leakages of fuel management system which is highly unjustified and grossly against the interest of the consumers. Each percentage drop in GCV will results in terms of thousand of Crores of Rupees on consumer. It is humbly requested to drop the proposed proviso in the interest of justice and to allow consideration of GCV on as billed basis.</p>

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				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.	
	40(2)		60(1)	<p><i>" (1) The gross calorific value for computation of energy charges as per Regulations 64 of these regulations shall be done in accordance with 'GCV as Received'".</i></p> <p><i>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</i></p>	<p>1. It is observed many times that there is difference in 'GCV billed and GCV as Received' for which Generating companies do not transfer credit note to beneficiary timely. It should be compulsorily be passed on month to month basis to beneficiaries.</p> <p>2. Form-15 indicating details of coal purchase, transportation charges and other charges should be certified by CA of concerned Generator. Further, Form-15 should have break up of other charges also.</p>

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				<p><i>same to the beneficiaries of the generating station.</i></p> <p><i>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.</i></p> <p><i>(2) The generating company shall provide to the beneficiaries of the generating station the details in respect of GCV and price of fuel i.e. domestic coal, imported coal, e-auction coal, lignite, natural gas, RLNG, liquid fuel etc., as per the Form15 prescribed at Annexure-I(Part-1) to these regulations:</i></p>	




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	40(2)		60(2)	<p>(2) The generating company shall provide to the beneficiaries of the generating station the details in respect of GCV and price of fuel i.e. domestic coal, imported coal, e-auction coal, lignite, natural gas, RLNG, liquid fuel etc., as per the Form 15 prescribed at Annexure-I (Part I) to these regulations: Provided that the additional details of the weighted average GCV of the fuel on a received basis used for generation during the period, the blending ratio of the imported coal with domestic coal, and the proportion of e-auction coal shall be provided, along with the bills of the respective month; Provided further copies of the bills and details of parameters of GCV and price of fuel such as domestic coal, imported coal, e-auction coal, lignite, natural gas, RLNG, liquid fuel, details of blending ratio of the</p>	<p>The regulation provides that copies of the bills and details of parameters of GCV and price of fuel such as domestic coal, imported coal, e-auction coal, lignite, natural gas, RLNG, liquid fuel details of blending ratio of the imported coal with domestic coal, the proportion of e-auction coal shall be displayed on the website of the generating company. However, it has been observed that most of the generators do not upload these data on their website timely and regularly. Further, such important data is not being stored for previous years in the website. As a result, beneficiary faces many issues while complying with audit observations and reconciliation work.</p> <p>It is therefore, provision may be incorporated to update above details on their website by Generators timely and compulsorily.</p> <p>It is further proposed that the Hon'ble Commission may incorporate a provision of compulsory Audit of landed price of primary as well as secondary fuel in every six month by the Agency to be notified by Hon'ble Commission or CEA and to share the data with the beneficiaries and commission. Adjustment in energy charges rate on the basis of same shall be affected twice every year.</p>


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				imported coal with domestic coal, the proportion of e-auction coal shall also be displayed on the website of the generating company.	
Chapter 11					
Computation of Capacity Charges and Energy Charges					
		New provision	62(5) &(6)	<p>(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.</p> <p>Incentive = $(1.00\% \times \beta \times CCy)/12$</p> <p>Where,</p> <p>$\beta$ = 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>In earlier Tariff Regulations payment of incentive is allowed either on AFC charges or in terms of paise per unit on scheduled energy. This is for the first time that both kind incentive are being proposed i.e. in terms of capacity charges as well as energy charges. Frequency response performance is the duty of the generating company and there should not be any kind of incentive for what they are ought to comply with. It is proposed to drop this provision from the Tariff Regulations. Further, it is humbly submitted that Distribution companies are reeling under the losses of several thousand Crores of Rupees and to allow two way incentive will put enormous financial burden on the Distribution companies. Unit based incentive is proposed over NAPLF which is not justified as penalty/compensation is being imposed on beneficiaries for operation below 85% and incentive is levied for operation above 85%. This is not a justified preposition. There must be some buffer zone. In this context, it is proposed to reduced the proposed rate of 75/50 paise per unit</p>


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				(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.	incentive to 35 paise per unit for achieving scheduled generation above 95% of installed capacity.
	43(3)	In case of part or full use of an alternative source of fuel supply by coal based thermal generating stations..... 	64(4)	(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	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. 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. Please refer above excerpts from CERC regulation 2019 (43) – The above provision has been omitted

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				station up to a maximum of 6% blending by weight. Provided that in such case, prior permission from beneficiaries shall not be a precondition, unless otherwise agreed specifically in the power purchase agreement:	from proposed Regulation 2024 which is required necessarily to control ECR of Generating plant. Same may be included in proposed draft Regulation 2024-2029.
	44(2)	The capacity charge (inclusive of incentive) payable to a hydro generating station for a calendar month shall be: $AFC \times 0.5 \times NDM / NDY \times (PAFM / NAPAF)$ (in Rupees)	65(2)	The capacity charge (inclusive of incentive) payable to a hydro generating station for a calendar month shall be: $AFC \times 0.5 \times NDM / NDY \times (PAFM / NAPAF)$ (in Rupees)	NAPAF in respect of RoR Generating Stations is not mentioned in Regulation-71 (c) of the proposed 2024 Tariff Regulations. It is submitted that basis of defining PAFM and NAPAF in respect of RoR Generating Stations should be the same, so that value of (PAFM / NAPAF) should not be more than one and it should be limited to maximum value of one.. It is to further submit that this provision is causing undue enrichment of the Hydro Generating Stations on account of liability of double incentive on beneficiaries. It is, therefore, requested that the value of (PAFM / NAPAF) should be limited to maximum value of one for all Hydro based Generating Stations.
	44 (6)&(7)	In case the saleable scheduled energy (ex-bus) of a hydro generating station during a year is less than the saleable design energy (ex-bus) for reasons beyond the control of the generating station, the treatment shall be as per clause (7) of this	65 (7)	In case the saleable scheduled energy (ex-bus) of a hydro generating station during a year is less than the saleable design energy (ex-bus) for reasons beyond the control of the generating station, the generating station may directly recover the shortfall in energy	Following need to be added to clarify/ modify the clause: - (7) In case the cumulative saleable scheduled energy (ex-bus) of a hydro generating station up to a year during control period is less than the cumulative saleable design energy (ex-bus) for reasons beyond the control of the generating station, the generating station may directly recover



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		<p>Regulation, on an application filed by the generating company. (7) Shortfall in energy charges in comparison to fifty percent of the annual fixed cost shall be allowed to be recovered in six equal monthly installments:</p>		<p>charges in six equal interest-free monthly instalments after adjusting for DSM Energy in the immediately following year and shall be subject to true up at the end of the tariff period.</p>	<p>the shortfall in such cumulative energy charges in six equal interest-free monthly instalments after adjusting for DSM Energy in the immediately following year and shall be subject to true up. This procedure will be followed for the first 4 years of the control period. For last year in the control period i.e. FY 2028-29 any cumulative shortfall in energy charges, adjustment shall be carried out during true up. Thus under/over recovery, if any shall be aggregated for five years period.</p> <p>For control period 2019-24 also, shortfall of energy charges shall also be aggregated for the Five year period and under/over recovery, if any, shall be aggregated for five years period from 2019-20 to 2023-24 itself during true up of 2019-24 and same should not be carried over to control period 2024-29.</p> <p>Reason:</p> <p>a) It is observed that the generators claims under-recovered energy charges of any particular year/s and ignores the fact that they already have recovered the aggregate of energy charges during the tariff control period.</p> <p>(b) By clarifying the clause by this proviso, will not only help to protect the generator against less recovery of energy charges during the tariff period but will also help to avoid burden on end</p>



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					consumers in the event of less recovery during particular year/s whereas overall excess recovery due to generation over and above saleable energy in rest of the years of tariff period.
	44 (6)&(7)	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.	Proviso of clause 65 (7)	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.	Amendment suggested in the Proviso is as under:- Provided that in case actual generation from a hydro generating station is less than or more than 10% of 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. To ascertain balance between design energy and actual generation due to hydrological changes and to safeguard Discoms for paying excessive energy charges over and above design energy. As ultimately the excessive energy charge will be passed on to the end consumers.
		(9) In case the energy charge rate (ECR) for a hydro generating station, computed as per clause (5) of this Regulation exceeds one hundred and twenty paise per kWh, and the actual saleable energy in a year exceeds { DE x (100 - AUX) x (100 - FEHS)	65 (9)	(9) In case the energy charge rate (ECR) for a hydro generating station, computed as per clause (5) of this Regulation exceeds one hundred and twenty paise per kWh, and the actual saleable energy in a year exceeds {DE x (100- AUX) x (100 - FEHS) /10000} MWh, the energy charge for the energy	The energy charge for the energy in excess of the design energy should not be billed at a rate more than <u>Ten paise</u> per kWh only. Further, the amount so received by the generator shall be kept as a corpus in a separate account of Generator and this amount will be utilized in the event of under recovery of 50% of energy charges during tariff control period, and will be carried forward to next control period. The balance amount so accrued in this account will be shared


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		/10000 } MWh, the energy charge for the energy in excess of the above shall be billed at one hundred and twenty paise per kWh only.		in excess of the above shall be billed at one hundred and twenty paise per kWh only.	<p>equally between generator and procurer after the agreement period is over</p> <p>Reason:</p> <p>a) The energy charge for the energy in excess of the Design Energy is also a situation beyond the control of generator and no extra effort / expense is required by the generator and therefore can't be incentivize by giving additional energy charge.</p> <p>(b) Provision of incentive to the generator is already in place once the plant is made available above normative availability as the generator is eligible to bill AFC if availability is up to normative and scheduled up to design energy.</p> <p>(d) Unlike Thermal power generator, it doesn't require fuel, therefore <u>rational to bill it comparable with lowest variable cost NTPC's plant is inconsistent.</u></p> <p>(e) Such incentive shall be undue and unjust enrichment of generators because already tariff has been determined under section 62 of EA i.e. taking into consideration all the constraints and attributes thus if it will be unnecessary burden on the Discoms and consumers of the state at large.</p>
		New sub clause  <i>Chief General Manager (Regulatory)</i> <i>M.P. Power Management Co. Ltd., JBP.</i>	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	<p>It is suggested to delete the proposed clause as:</p> <p>(a) ROR projects are normally installed at locations where generator is not required to incur</p>

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				energy during peak hours of the day in excess of average saleable scheduled energy during the day (24 hours)	any extra expenditure and most of the generation depends on the upstream hydrological flow. (b) Such incentive shall be undue enrichment of generators because already tariff has been determined under section 62 of EA i.e. taking into consideration all the constraints and attributes thus if it will be unnecessary burden on the Discoms and consumers of the state at large.
				<p>65. Computation and Payment of Capacity Charge and Energy Charge for Hydro Generating Stations:</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. Incentive = (4% x β x CCy)/12 Where, β = Average Monthly Frequency Response Performance for that generating station, as certified</p>	It is submitted that the, 4% of incentive on capacity charge will significantly impact the increase in the capacity charge. The hydro generating plants are meant for peaking power and quick start therefore additional incentive on the basis of Average Monthly Frequency Response Performance is undue enrichment of generator and should not be allowed.


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				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. CCy= Capacity Charges for the Year.	
CHAPTER-12					
NORMS OF OPERATION					
	49(A)	NAPAF	70(A)	(A) Normative Annual Plant Availability Factor (NAPAF) (a) 85% for all thermal generating stations, except those covered under clauses (b), (c), (d) & (e) (b) 80% for coal and lignite based generating stations completing 30 years from COD as on 31.03.2024	It is to submit that Tariff Policy 2016 mandates that : 5.11 (f) Operating Norms Suitable performance norms of operations together with incentives and disincentives would need to be evolved along with appropriate arrangement for sharing the gains of efficient operations with the consumers. Except for the cases referred to in para 5.11(h)(2), the operating parameters in tariffs should be at “normative levels” only and not at “lower of normative and actuals”. This is essential to encourage better operating performance. 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


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					<p>proven inefficiency must be controlled and penalized.</p> <p>The Central Commission would, in consultation with the Central Electricity Authority, notify operating norms from time to time for generation and transmission. The SERC would adopt these norms. In cases where operations have been much below the norms for many previous years, the SERCs may fix relaxed norms suitably and draw a transition path over the time for achieving the norms notified by the Central Commission, or phase them out in accordance with the norms specified by the Authority in this regard.</p> <p>Operating norms for distribution networks would be notified by the concerned SERCs. For uniformity, the Forum of Regulators should evolve model guidelines taking into consideration the state specific distinctive features.</p> <p>The norms prescribed by the Hon'ble Commission are not in line with the provision of Tariff Policy. The proposed reduction in NAPAF for generating stations completing 30 years from CoD as on 31.03.2024 is not relatable to the past performance of these plants as Korba I& II and VSTPS are performing even better and achieving NAPAF even more than normative availability factor. Accordingly, it is proposed that the NAPAF may be revised based on their performance for past five years as under:</p> <p>70 (A) (a) actual average NAPAF achieved during last five years or 85% whichever is</p>
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	Ref Cl.	Details	Ref Cl.	Details																			
					<p>higher for all thermal generating stations, except those covered under clauses (b), (c), (d) & (e)</p> <p>It is requested to drop the proposed Regulation 70 (A) (b) as it is in contravention to Tariff Policy and will result in undue enrichment of generating company.</p> <p>Even CEA has not made any recommendation in this regard.</p>																		
	49(B)	<p>Normative Annual Plant Load Factor (NAPLF) for Incentive:</p> <p>(a) 85% for all thermal generating stations, except for those covered under clause (b) below</p>	70(B)	<p>Normative Annual Plant Load Factor (NAPLF) for Incentive:</p> <p>(a) 85% for all thermal generating stations, except for those covered under clause (b) below</p> <p>(b) 80% for coal and lignite based generating stations completing 30 years from COD as on 31.03.2024</p>	<p>It is to submit that beneficiaries are required to pay compensation for operation below 85% and are required to pay incentive for operation above 85%. It is observed that there must be a buffer zone of atleast 5%, where the liability of neither compensation nor incentive will be applicable on the beneficiaries.</p>																		
	50 (A) (4)	<p>(A) Normative Annual Plant Availability Factor (NAPAF): (1) The following normative annual plant availability factor (NAPAF) shall apply to hydro generating station:</p> <p>(4) Based on the above, the Normative annual plant availability factor (NAPAF) of the hydro generating</p>	71 (4)	<p>71. Norms of Operation for Hydro Generating Stations: The norms of operation as given hereunder shall apply to hydro generating stations:</p> <p>(4) Normative annual plant availability factor (NAPAF) of the hydro generating stations already in operation</p>	<p>The actual NAPAF of plants in question during period 2019-24 (upto Dec-2023) has been :-</p> <table border="1"> <thead> <tr> <th>FY</th> <th>ISP</th> <th>OSP</th> </tr> </thead> <tbody> <tr> <td>2019-20</td> <td>94.05</td> <td>94.85</td> </tr> <tr> <td>2020-21</td> <td>94.05</td> <td>96.29</td> </tr> <tr> <td>2021-22</td> <td>90.61</td> <td>96.85</td> </tr> <tr> <td>2022-23</td> <td>97.37</td> <td>97.51</td> </tr> <tr> <td>2023-24 (upto Dec-23)</td> <td>95.68</td> <td>97.92</td> </tr> </tbody> </table>	FY	ISP	OSP	2019-20	94.05	94.85	2020-21	94.05	96.29	2021-22	90.61	96.85	2022-23	97.37	97.51	2023-24 (upto Dec-23)	95.68	97.92
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2019-20	94.05	94.85																					
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		stations already in operation shall be as follows:- Indira Sagar - 87% Omkareshwar- 90%		Indira Sagar - 87% Omkareshwar- 90%	From above tabulation, it can be inferred that the NAPAF considered in respect of these generating stations for the control period is on lower side. Therefore, Normative Annual Plant Availability Factor (NAPAF) of any plant shall be fixed by taking average of Annual Plant Availability Factor of last control period of that plant. The method so adopted is also in consonance with the tariff policy 2016.
CHAPTER – 13 SCHEDULING, ACCOUNTING AND BILLING					
	55(2)	Note 2 - The beneficiaries may propose surrendering part of their allocated firm share to other States within or outside the region. In such cases, depending upon.....	76(2)	EXPLANATION-II: The beneficiaries may propose surrendering part of their allocated firm share to other States within or outside the region. In such cases, depending upon the technical feasibility of power transfer and specific agreements reached by the generating company with	It is proposed to drop the explanation II of Regulation 76(2) of draft Tariff Regulations to the extent that beneficiaries are required to continue paying the full capacity charges as per allocated capacity despite surrendering their share, for an indefinite period of time until the surrendered share is re-allocated. The said explanation is inconsistent with the provisions of the Electricity Act, 2003 as it fails to recover the cost in a reasonable manner

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				<p>other States within or outside the region for such transfers, the shares of the beneficiaries may be re-allocated by the Central Government for a specific period (in complete months) from the beginning of a calendar month. When such re-allocations are made, the beneficiaries who surrender the share shall not be liable to pay capacity charges for the surrendered share. The capacity charges for the capacity surrendered and reallocated as above shall be paid by the State(s) to whom the surrendered capacity is allocated. Except for the period of reallocation of capacity as above, the beneficiaries of the generating station shall continue to pay the full capacity charges as per allocated capacity shares. Any such reallocation and its reversion shall be communicated to all concerned by the Member Secretary, Regional Power Committee in advance, at least three days prior to such</p>	<p>and in a manner beneficial to the interest of the consumer. Further, the explanation II of Regulation 76(2) is inconsistent with the object as has been stated by Tariff Policy notified on 28.01.2016 and National Electricity Policy notified on 12.02.2005 which proclaims supply of electricity to consumer at reasonable rate. The Explanation II is arbitrary and unreasonable as the Tariff Regulations does not regulate the duration and methodology of re-allocation but recovers the capacity charge for the duration until the surrendered share is reallocated.</p> <p>The absence of a proper mechanism for reallocation results in a situation wherein if a state is in surplus power after such allocation, then even if it surrenders the allocated share, it is still required to pay the capacity charge with no certainty as to the re-allocation of such surrendered share. Therefore, in such a situation, such state DISCOMs end up paying huge amounts as idle capacity charges despite surrendering the allocated share, which lead to increased user charges and a higher price for electricity to the consumer. This manner of recovering the cost of generating companies is wholly unreasonable as it has no rational nexus with the object of increasing the access to power to consumers at a reasonable rate.</p>



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				reallocation or reversion taking effect.	
	58 (1)	58. 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 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. 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 5 th day is 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	79 (1)	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 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	1. The current definition of working day is not clear enough and needs to be updated. For example, suppose the Discom/Consumer get the bill on Friday evening, after the official working hours or close to them. In this case, the bill should not be counted as received on Friday, but on the next working day, which is Monday. This way, the Discom/Consumer will have enough time to process the bill and avoid any confusion or delay. It is also proposed that general holidays may also be taken into account as off days while considering the period of five days for rebate. Bill received up to 3.00 pm on any working day shall be counted as received on that day. Bills received after 3.00 pm on any working day shall be counted as received on next working day. Bills received during a holiday(s) shall be counted as received on next working day.

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		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.		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	
CHAPTER 14 SHARING OF BENEFITS					
	60(2)	 Chief General Manager (Regulatory)	81(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	It is proposed that the gain on account of supplementary energy charges should also be shared with the beneficiaries and accordingly, provision may kindly be added in the Regulation 81 (2)

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				parameters as shown in Clause (1) of this Regulation shall be shared in the ratio of 1:1 between the generating stations and beneficiaries	


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