

MPPGCL's revised/updated Observations/ Comments on CERC Draft Tariff Regulations (FY 2025-FY 2029)

SN	Particulars/ Regulation Clause	CERC Draft Regulations for FY25-FY29	Submission to be made to CERC
1	Clause 3 – Definitions - Force Majeure	Force Majeure	Condition of a direct or indirect cyber-attack affecting the operation of the Generating Co. may also be considered in the Force Majeure events.
2	Procedure for Tariff Determination Time for filing of application for determination of supplementary tariff for Emission Control System (ECS).	8.1.iii. The generating company shall file an application for determination of supplementary tariff for the emission control system installed in a coal or lignite based thermal generating station in accordance with these regulations not later than 90 days from the date of operation of such emission control system.	In Order to allow the generators to recover the fixed and variable costs associated with installation of Emission Control Systems (ECS) immediately after commissioning, filing of application for determination of supplementary tariff for the ECS may be allowed upto 120 days before the scheduled/ anticipated Date of Operation or ODe of the ECS. The Hon'ble Commission may dispose off such petitions and fix a provisional tariff within the next four months' period. In case there is difficulty in approving the final tariff, the Hon'ble Commission may kindly allow a provisional supplementary tariff of 95% of the reasonable costs after prudence check.
3	Application for determination of tariff Timeline for filing Application for tariff determination for a new generating station or unit thereof.	9.(1) The generating company or the transmission licensee may make an application for determination of tariff for a new generating station or unit thereof or transmission system or element thereof in accordance with these Regulations within 90 days from the actual date of commercial operation:	Hon'ble CERC is requested to kindly amend the statement as below:- The generating company or the transmission licensee may make an application for determination of tariff for a new generating station or unit thereof or transmission system or element thereof in accordance with these Regulations within 90 days from the anticipated date of commercial operation:
4	21. IDC and IEDC	21. (5) If the delay in achieving the COD is attributable	Hon'ble Commission is requested to kindly allow the generating company to retain the complete LD amount

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	<p>Clause 21.(5) has been modified.</p> <p>(If the delay in achieving the COD is attributable either in entirety or in part to the generating company.)</p>	<p>either in entirety or in part to the generating company or the transmission licensee or its contractor or supplier or agency, in such cases, IDC and IEDC due to such delay may be disallowed after prudence check either in entirety or on pro-ratabasis corresponding to the period of delay not condoned vis-à-vis total implementation period and the liquidated damages, if any, recovered from the contractor or supplier or agency shall be retained by the generating company or the transmission licensee, in the same proportion of delay not condoned vis-à-vis total implementation period.</p> <p>[Note: For e.g.: In case a project was scheduled to be completed in 48 months and is actually completed in 60 months. Out of 12 months of time overrun, if only 6 months of time overrun is condoned, the allowable IDC and IEDC shall be computed by considering the total IDC and IEDC incurred for 60 months and allowed in the proportion of 54 months over 60 month period.].</p> <p>Provided that in case of activities like obtaining forest clearance, NHAI Clearance, approval of Railways, and acquisition of government land, where delay is on account of delay in approval of concerned authority, in such cases maximum condonation shall be allowed up to 90% of the</p>	<p>deducted from the contractor for the delay in the project, otherwise it shall get double hit, one in terms of the pro-rated IDC and IEDC allowed only for the period of delay condoned and secondly on account of the corresponding prorated LD amount to be retained.</p> <p>Further, in the cases where delay is on account of delay in approval by the concerned authority, in such cases maximum condonation should be allowed up to 100% of the delay associated with obtaining such approvals or clearances since the grant of approvals and clearances is not a controllable factor for the Generating Company, even when it does its best to follow up for obtaining the required clearances for the timely completion of the project. Generating company may kindly not be penalized on this account when it is not at fault.</p>

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		delay associated with obtaining such approvals or clearances.	
5	25. Additional Capitalization within the original scope and after the cut-off date:	-	Hon'ble Commission is humbly requested to kindly allow the additional capitalization on account of raising of ash dyke as a part of ash disposal system, after the cut-off date, on case to case basis after prudence check.
6	25. Additional Capitalization within the original scope and after the cut-off date:	25.2 Provided that any claim of additional capitalization 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 license through normative O&M charges only.	Hon'ble Commission is requested to kindly allow all the additional capitalization with respect to the replacement of assets under the original scope and on account of obsolescence of technology irrespective of the claim value since meeting these expenses through O&M charges shall consume up the limited funds available under the O&M charges head.
7	30. Return on Equity:	30. (3) Return on equity for new project achieving COD on or after 01.04.2024 shall be computed at the base rate of 15.00% for the transmission system, including the communication system, at the base rate of 15.50% for Thermal Generating Station and run-of-river hydro generating station and at the base rate of 17.00% for storage type hydro generating stations, pumped storage hydro generating stations and run-of-river generating station with pondage; Provided that return on equity in respect of additional capitalization beyond the original	Hon'ble Commission is humbly requested to kindly allow the 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 to be computed at the minimum base rate of 15.5% only as in the case of new Thermal Generating Station or the run-of-river hydro station.

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		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 1st April of the year, subject to a ceiling of 14%.	
8	30. Return on Equity:	<p>30. (iii). Provided further that iii. in the case of a thermal generating station:</p> <p>a) rate of return on equity shall be reduced by 0.25% in case of failure to achieve the ramp rate as specified under Regulation 45(9) of IEGC Regulations, 2023 ((i) Coal or lignite fired plants shall declare a ramp up or ramp down rate of not less than 1% of ex-bus capacity corresponding to MCR on bar per minute);</p> <p>b) an additional rate of return on equity of 0.25% shall be allowed for every incremental ramp rate of 1% per minute achieved over and above the ramp rate specified under Regulation 45(9) of IEGC Regulations, 2023, subject to the ceiling of additional rate of return on equity of 1.00%.</p>	<p>It is humbly submitted before the Hon'ble CERC that in the existing Thermal Units it is difficult to achieve a ramp rate upto 1% of MCR on bar per minute and presently a ramp rate \geq 1% is not possible due to various technical constraints.</p> <p>For the compliance of CEA(Flexible Operation of coal based thermal generating units) Regulation 2023, MPPGCL is in the process of tendering and the respective OEMs, M/s BHEL and M/s L&T will be studying the capability of ramp rate and according to their recommendations the work will be carried out.</p> <p>It is, therefore, humbly requested that the Clause 30.3.iii (a) and (b) may kindly be deleted for the coming control period of FY25-FY29.</p>
9	32. Interest on loan capital:	<p>32.(5) For the Existing Project(s), the rate of interest shall</p>	It is humbly requested that in case of absence of actual loan portfolio of the generating station, the Hon'ble

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	Clause 5 has been modified slightly.	be the weighted average rate of interest calculated on the basis of the actual loan portfolio or allocated loan portfolio ;	Commission may kindly consider the weighted average rate of interest of the generating company or the transmission company, as the case may be, as a whole or the weighted average rate of interest on last outstanding loan portfolio of the generating station, as applicable.
10	<p>32. Interest on loan capital:</p> <p>6. Rate of interest in case of new projects (New clause)</p>	<p>32. (6) In the case of New Project(s), the rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio of the generating company or the transmission licensee, as the case may be.</p> <p>Provided further that if the generating station or the transmission system, as the case may be, does not have any actual loan, then the rate of interest for a loan shall be considered as 1-year MCLR of the State Bank of India as applicable as on April 01, of the relevant financial year.</p> <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>	It is humbly requested to the Hon'ble CERC that the ceiling limit of 14% for the rate of interest on the loan for installation of the emission control system may please be done away with/ removed.

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11	<p>33. Depreciation:</p> <p>Rates of depreciation defined separately for the existing and new projects in separate Appendix-I and Appendix-II, respectively.</p> <p>Period increased and Rates reduced in case of new Projects.</p>	<p>33. (5)</p> <p>Depreciation for Existing Projects shall be calculated annually based on the Straight Line Method and at rates specified in Appendix-I to these regulations for the assets of the generating station and transmission system:</p> <p>Provided that the remaining depreciable value as on 31st March of the year closing after a period of 12 years from the effective date of commercial operation of the station shall be spread over the balance useful life of the assets.</p> <p>Provided further that in the case of an existing hydro generating station, the generating company, with the consent of the beneficiaries, may charge depreciation at a rate lower than that specified in Appendix I and Appendix II to these Regulations to reduce front loading of tariff.</p> <p>(6) Depreciation for New Projects shall be calculated annually based on the Straight Line Method and at rates specified in Appendix-II to these regulations for the assets of the generating station and transmission system:</p> <p>Provided that the remaining depreciable value as on 31st March of the year closing after a period</p>	<p>Revised depreciation rate of 4.22% instead of the earlier depreciation rate of 5.28 % in Appendix-II shall be too low and it shall become difficult to repay the loan for new projects on the basis of yearly depreciation.</p> <p>Hon'ble Commission is, therefore, requested to please reconsider the drastic change of around 1.06 % points and should keep it somewhere in between the two, i.e., at least @4.75%.</p>

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		<p>of 15 years from the effective date of commercial operation of the station shall be spread over the balance useful life of the assets.</p> <p>Provided further that in the case of a new hydro generating stations, the generating company, with the consent of the beneficiaries, may charge depreciation at a rate lower than that specified in Appendix II to these Regulations to reduce front loading of tariff.</p>	
12	<p>34. Interest on Working Capital: (1)</p> <p>(a) For Coal-based/lignite-fired thermal generating stations:</p>	<p>34.1.a.(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/ignite stock storage capacity, whichever is lower.</p>	<p>Hon'ble CERC is humbly requested to please allow the Cost of coal or lignite towards stock for at least 15 days for pit-head generating stations and for at least for 30 days for the non-pithead generating stations for generation corresponding to the normative annual plant availability factor or the maximum coal stock storage capacity whichever is lower;</p>
13	<p>34. Interest on Working Capital: (1)</p> <p>(a) For Coal-based/lignite-fired thermal generating stations:</p>	<p>34.1.a.(ii) Limestone towards stock for 15 days corresponding to the normative annual plant availability.</p>	<p>Hon'ble CERC is humbly requested to please allow the Cost of limestone or reagent towards stock for at least 30 days corresponding to the normative plant availability factor.</p>
14	<p>70 (A) Normative Annual Plant Availability Factor</p>	<p>70.A. (b) 80% for coal and lignite based generating stations completing 30 years from COD as on</p>	<p>Hon'ble CERC is requested to keep the relaxed NAPAF norms of the Generating Stations as provided in existing Regulations for the existing old Thermal Units, as running</p>

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	(NAPAF	31.03.2024	most of the SEBs' old generating stations (completing life period of 20 to 25 years, even units above 200 MW), shall be commercially viable only with the existing relaxed norms.
15	<p>70.C. (b) Thermal Generating Stations achieving COD on or after 1.4.2009.</p> <p>Station Heat Rate</p>	<p>70.C. (b) Thermal Generating Stations achieving COD on or after 1.4.2009</p> <p>(i) For Coal-based and lignite-fired Thermal Generating Stations:</p> <p>For 200/210/250 MW Sets. : 1.05 X Design Heat Rate (kCal/kWh)</p> <p>For 500 MW Sets and above: 1.04 X Design Heat Rate (kCal/kWh)</p>	<p>Hon'ble CERC has proposed tightened Norms for Heat rate for plants having CoD on or after 1.4.2009.</p> <p>That means operating margin is proposed to be reduced to 4% from 5%.</p> <p>Whereas, in present scenario unit load variations in the generating stations is very high which are mainly due to two external factors as follows:</p> <p>i) Frequent change of load demand for accommodating the renewable energy sources.</p> <p>ii) Change of coal quality as per availability of different coal from different mines.</p> <p>On maintaining the IEGC specified ramp rate, most of the time steam parameters were going beyond the controllable range even with well-adjusted auto loops, which adversely affect the efficiency of machines.</p> <p>Moreover, in higher size units particularly supercritical/ ultra- supercritical units, Air Pre-heater baskets area and</p>

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			<p>heights are high, therefore to maintain clean condition of APH baskets and avoiding choking, APH soot blowing has to be carried out in every shifts with adequate pressure and temperature of steam, which causes high D.M. water consumption</p> <p>Hon'ble CERC is, therefore, requested to kindly keep the operating margin as 5% only, as provided in the existing Regulations.</p>
16	<p>70.C. (b) Thermal Generating Stations achieving COD on or after 1.4.2009.</p> <p>Station Heat Rate</p>	<p>70.C. (b) Thermal Generating Stations achieving COD on or after 1.4.2009. Provided that the design heat rate shall not exceed the following maximum design, unit heat rates depending upon the pressure and temperature ratings of the units:</p> <p>Design Heat rate of Ultra Supercritical units :</p> <p>1) Pr: 270 Kg/cm², SHT/RHT 0C: 593/593, Max Turbine HR (Kcal/Kwh) : 1810</p> <p>2) Pr: 270 Kg/cm² , SHT/RHT 0C: 600/600, Max Turbine HR (Kcal/Kwh) : 1790</p> <p>Minimum Boiler Efficiency with Sub-Bituminous, Indian Coal (%) : 86.5% for both Sr.No-1&2</p>	<p>It is humbly submitted that the Turbine H.R depends on Turbineterminal parameters conditions, i.e., Main Steam Pr., SHT, RHT, Turbine Back Pr. and Feed Water Inlet temp.</p> <p>If we refer the Global specifications of various turbine manufactures for Supercritical/ Ultra Supercritical units, where Turbine back pressure has been considered very low as compared to considered in India, i.e., max design back pressure considered as 77 mmHg. As such, the Turbine H.R, of 1790 Kcal/Kwh, appears to be very stringent with turbine back pressure of 77mmHg.</p> <p>On verifying the HMBD, one of Ultra supercritical unit supplied in India with 77mmHg back pressure, it has been found that the LP turbine cylinder efficiency requirement was more than 93.4% which is practically not achievable.</p>

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			In view of above, it is humbly requested before the Hon'ble CERC that such aspect may kindly be discussed with renowned turbine manufacturers before finalizing the Turbine H.R. for supercritical/ ultra-super critical units.
17	<p>70.C. (b) Thermal Generating Stations achieving COD on or after 1.4.2009.</p> <p>Boiler Efficiency</p>	<p>1) Pr: 270 Kg/cm², SHT/RHT 0C: 593/593, Max Turbine HR (Kcal/Kwh) : 1810</p> <p>2) Pr: 270 Kg/cm² , SHT/RHT 0C: 600/600, Max Turbine HR (Kcal/Kwh) : 1790</p> <p>Minimum Boiler Efficiency with Sub-Bituminous, Indian Coal (%) : 86.5% for both Sr.No-1&2</p>	<p>It is humbly submitted that the Boiler Efficiency is being evaluated through loss method. Boiler loss depends upon Flue Gas Exit Temp., Excess Air and Coal Quality but does not depend on the Steam parameters.</p> <p>The Min. Boiler Efficiency has been considered as 86% with Sub-Bituminous Indian Coal for Sub-Critical and Supercritical units, but it has been enhanced to 86.5% with Ultra Supercritical Units parameters. Whereas, in explanations it has been mentioned that</p> <p>“Provided also that where boiler efficiency is lower than 86% for Sub-Bituminous Indian coal 89% for bituminous Imported coal, the same shall be considered as 86% and 89% for Sub-Bituminous Indian coal and Bituminous Imported Coal, respectively, for computing of station heat rate.”</p> <p>It is, therefore, humbly requested before the Hon'ble CERC that Min. Boiler Efficiency should be considered uniformly for sub- critical, supercritical and ultra-supercritical units of coal-fired boilers, i.e., 86% for sub-bituminous Indian Coal and 89% for Bituminous Imported Coal.</p>

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18	Auxiliary Energy Consumption	70.E.a Auxiliary Energy Consumption (a) For Coal-based generating stations except at (b) below: Generating Station With Natural Draft cooling tower or without cooling tower (i) 200/210/250 MW series - 8.50% (ii) 300/ 330/ 350/ 500 MW and above Steam driven boiler feed pumps 5.25% Electrically driven boiler feed pumps 8.00% (iii) 600 MW and above Steam driven boiler feed pumps -5.25% Electrically driven boiler feed pumps -8.00%	Hon'ble CERC is requested to kindly keep the Auxiliary Energy Consumption norms, for Coal-based generating stations 300MW and above sets, with 'Natural Draft cooling tower or without cooling tower' and 'Steam driven boiler feed pumps', as 5.75% only as per the earlier provision.
19	Additional Comment of MPPGCL		Hon'ble CERC is humbly requested to kindly consider the expenditure incurred on study of "Power Plant Systems" for compliance of the new regulations regarding "Flexible operation" and "Biomass Co-firing with coal" as the system study expenditure is not covered under this Regulation.