

Ref. No: MSEDCL/CE/PP/ **No 0 5 1 5 8**

Date: **1 5 FEB 2024**

To,  
The Secretary,  
Central Electricity Regulatory Commission,  
3<sup>rd</sup> & 4<sup>th</sup> Floor, Chanderlok Building,  
36, Janpath, New Delhi – 110 001.

**Subject:** Comments on Draft Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024 for the tariff period from 1.4.2024 to 31.3.2029.

**Reference:** 1) CERC's letter No. L-1/268/2022/CERC dated 26.05.2023  
2) CERC's letter No. L-1/268/2022/CERC dated 3.07.2023  
3) CERC's letter No. L-1/268/2022/CERC dated 13.07.2023  
4) MSEDCL/CE/PP/22848 dated 28.07.2023  
5) CERC's letter No. L-1/268/2022/CERC dated 4.01.2024  
6) CERC's letter No. L-1/236/2022/CERC dated 30.01.2024

Sir,

This is with reference to CERC's public notice under ref. (5) and (6) with regard to seeking comments and suggestions of stakeholders on "Draft Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024" (CERC Tariff Regulations 2024) commencing from 1<sup>st</sup> April 2024. MSEDCL welcomes Hon. CERC's steps with positive gestures for involving Discoms which is major stakeholder in the process of tariff determination.

However, while framing regulations, there is a need to consider the factors such as transparency, availability of past data with actual operational parameter, expected capacity addition (w.r.t. thermal and renewable), efficiency parameter and impact of same on DISCOM and Generator. Considering the significance of certain key points of the proposed Regulations, MSEDCL thought to brief here in order to ensure addressing of the same in final CERC Tariff Regulations 2024.

1. **Operational Parameter:**

MSEDCL submits that usually the Norms should be progressive in nature to make the generator more efficient in order to make the prices more competitive. Even the progressive norms has been provided for distribution function with respect to their distribution loss and DISCOMs are binding to reduce T&D losses over the period of time, hence similar progressive norms of operation should be applicable for generator. However, it has been observed that in certain operational norm as provided for Generator, the more relaxation has been provided in the efficiency which may result in higher cost for DISCOM and additional income to Generator

as compare to earlier tariff regime. The same is highlighted as below:

**a. Normative Annual Plant Availability Factor (NAPAF):**

In Draft Regulation, it is proposed that “80% for coal and lignite based generating stations completing 30 years from COD as on 31.03.2024”, MSEDCL submits that NAPAF may not be relaxed to generating stations that have completed Renovation and Modernization and also, for the stations that have availed special allowance.

**b. Gross Calorific Value:**

- The energy charges determination as per Regulations is on the GCV Received basis with an additional 85kCal/kg loss allowed on account of variation during storage at generating station.
- Allowance of additional 85 Kcal/Kg loss on account of variation during storage at generating station will result in additional burden on the beneficiaries/ DISCOM which actual needs to be borne by Generator.
- It is to state near that some generating companies are claiming stacking loss for storage of coal on normative basis and at the same time claiming Change in Law for shortfall in coal supply for the same period.
- The possibility is either a station has piled up coal stock for incurring stacking loss or there is negligible coal available with the plant for claiming coal shortfall. However, both the events cannot simultaneously occur at one time during the same period.
- Such practice has doubly impacted the beneficiaries under the name of norms specified in the Regulations.
- Thus, Draft Regulation needs to impose necessary penalty for maintaining coal stock lower than the benchmark notified in the Rules.
- Further, it is pertinent to mention that maximum loss in calorific value of 300 kCal/kg for Pit-head based generating stations or generating stations with Integrated mine and 600 kCal/kg for Non-Pit Head based generating stations for computing actual loss in calorific value of coal between as billed by the supplier and as received at the generating station in the absence of any third party sampling through an agency certified by the Ministry of Coal, is equivalent to grade slippage by one and two grade respectively.

**2. Consent from Beneficiaries:**

- In case the (generation or transmission) asset is able to operate at optimum condition beyond its useful life as specified in these draft Regulations, then the

benefit of the same needs to be passed on to the beneficiaries of the asset who have been paying for the servicing of the asset throughout the useful life of the asset and during the tenure of the PPA.

- Hence, such plant has edge over other running plants in terms of variable cost rate. Therefore, such plant should be continued in operation to bring down overall cost of the original beneficiaries and ultimately reduce the tariff to the customer.
- Commission after scrutiny of the asset may allow to extend the useful life of the asset and give the first right of refusal to the original beneficiaries of the asset.

### **3. Charging of Lower Tariff:**

- As per Draft CERC Regulation 2024, Tariff determined is as per norms will be ceiling tariff with flexibility to Generator and beneficiary to agree for lower rate on mutual agreement. However, post mutually agreed tariff, no incremental cost need to be allowed under true-up mechanism or else the entire objective for providing power at lower rate for being more competitive will get defeated.

### **4. Non-Tariff Income:**

- MSEDCL welcomes the provisions of sharing the Non-Tariff Income equally with beneficiaries. However, the Regulations needs to be clear with the proviso that any cost incurred for such Non-Tariff Income resulting in net loss shall not be shared with the beneficiaries.

MSEDCL further submit that following comment proposed by MSEDCL in the approach paper has not been addressed in the Draft Regulations and request to re-look into the matter so as to provide the efficient tariff to the end consumers:

#### **1. Delay in commissioning Hydro projects:**

It is observed that Hydro generating stations are commissioned with a delay of almost 5-10 years from the SCOD due to various obstacles. Due to this delay, the overall actual cost of hydro stations becomes exorbitantly high as compared to the cost envisaged at the time of DPR/approval stage. It is therefore submitted that some incentives need to be introduced for early completion of hydro projects so that developers will take extra efforts for getting the additional incentive.

Further, a timeline of such delay should also be defined beyond which the developers should be penalized.

It is submitted that Govt. has issued HPO for promoting large hydro stations as the effective cost would be beneficial than thermal generators. However, if projects are coming up with such delays, then the target HPO would not be met, forcing

DISCOMs to buy additional Hydro power to meet its HPO obligation or to buy corresponding amount of Hydro Energy Certificate to meet the non-solar hydro renewable purchase obligations.

Therefore, it is necessary to introduce incentives as well as penalties to all upcoming Hydro stations.

**2. Availability during high demand and low demand seasons:**

MSEDCL submits that it is important that generators showcase their availability separately during high demand and low demand seasons rather than showing it combined for the year.

Keeping this bifurcation in capacity charge, as in existing Regulation, would ensure generator make themselves available during both the periods. During high demand season, the cost of procuring power from alternate sources is exorbitantly high and therefore, it becomes utmost necessary for the beneficiary that all its tied-up generators are equally available during high demand seasons so that beneficiaries are not overburdened with additional cost for arranging power from alternate sources.

In the Explanatory Memorandum, CERC stated that due to deficiency in standardization of definition of high and low demand season among states, the clause is proposed to be removed. However, the definition may not be state specific but can be region specific and respective RLDC based on the historical regional load pattern may come up with the definition of high and low demand season for that region.

It is submitted that seasonal NAPAF to be determined and shall be made applicable to the plants/units supplying to a particular region. For e.g. stations/units supplying power to Western Region states may have to adhere to seasonal variation observed in western region. Therefore, they shall not be allowed to take outage in high demand season of the western region. Accordingly, payment shall be based on the declared capacity during high and low demand season.

**3. Incentive based on Availability factor:**

It is to submit that NAPAF and incentive mechanism shall be revised as per below for pit head and non-pit head stations:

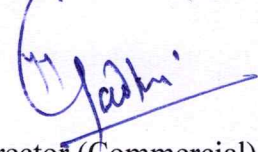
Particulars	NAPAF	For Incentive
Pit head Stations	90%	95%
Non-Pit head Stations	85%	90%

It is submitted that historically pit head stations have been able to show better performance than non-pit head stations, hence the NAPAF and incentives shall be higher for pit head as compared to non-pit head station.

Considering points discussed in foregoing paragraphs, the detailed comments are enclosed in **Annexure A**. It is kindly requested that the same may please be taken on record and to be considered while deciding the principle and methodology to be adopted for tariff determination during next tariff period commencing from 01.04.2024.

Thanking you

Yours' faithfully,



Director (Commercial)  
MSEDCL

**Copy s.w.rs. to:**

The Chairman and Managing Director, MSEDCL, Mumbai – 51.

**Annexure A: MSEDCL Comments on Draft CERC Tariff Regulations**

Clause and sub-clause	Draft CERC (Terms and Conditions of Tariff) Regulations, 2024	MSEDCL Comments
<b>CHAPTER-1</b>	<b>PRELIMINARY</b>	
<b>3. Definitions</b>		
(88)	<p>Provided that in the case of coal/lignite based thermal generating stations and hydro generating stations, the Operational Life may be 35 years and 50 years, respectively.</p>	<p>1. MSEDCL request that the Operational Life may be defined in the Regulation.</p> <p>2. Clarity should be provided whether on completion of useful life or expiration of tenure of PPA, can the expired PPA be extended till the operational life of the station.</p> <p>3. If such is the case, the approval of Commission would anyways be required for the same and therefore, the clause of approval of Commission may be retained in the Regulations.</p> <p>4. Further, following provision of Definition (73) of Tariff Regulation, 2019 may retained: <i>“Provided that the extension of life of the projects beyond the completion of their useful life shall be decided by the Commission on case to case basis;”</i></p> <p>5. Continuation of existing asset through extension of life beyond the completion of their useful life, shall be encouraged as it is always favourable and cost effective than replacement of asset.</p> <p>3. Therefore, the powers to grant extension beyond useful life shall be retained with the Commission.</p> <p>4. Commission after scrutiny of the asset, may allow to extend the useful life of the asset and give the first right of refusal to the original beneficiary of the asset.</p>

Clause and sub-clause	Draft CERC (Terms and Conditions of Tariff) Regulations, 2024	MSEDCL Comments
<b>CHAPTER-2</b>	<b>DATE OF COMMERCIAL OPERATION</b>	
		<p>1. The Regulation No. 5 (2) of CERC Tariff Regulation, 2019 “<i>In case the transmission system or element thereof executed by a transmission licensee is ready for commercial operation but the interconnected generating station or the transmission system of other transmission licensee as per the agreed project implementation schedule is not ready for commercial operation, the transmission licensee may file petition before the Commission for approval of the date of commercial operation of such transmission system or element thereof:</i></p> <p><i>Provided that the transmission licensee seeking the approval of the date of commercial operation under this clause shall give prior notice of at least one month, to the generating company or the other transmission licensee and the long term customers of its transmission system, as the case may be, regarding the date of commercial operation:</i></p> <p><i>Provided further that the transmission licensee seeking the approval of the date of commercial operation of the transmission system under this clause shall be required to submit the following documents along with the petition:</i></p> <ul style="list-style-type: none"> <li><i>(a) Energisation certificate issued by the Regional Electrical Inspector under Central Electricity Authority;</i></li> <li><i>(b) Trial operation certificate issued by the concerned RLDC for charging element with or without electrical load;</i></li> <li><i>(c) Implementation Agreement, if any, executed by the parties;</i></li> <li><i>(d) Minutes of the coordination meetings or related correspondences</i></li> </ul>

Clause and sub-clause	Draft CERC (Terms and Conditions of Tariff) Regulations, 2024	MSEDCL Comments
		<p>regarding the monitoring of the progress of the generating station and transmission systems;</p> <p>(e) Notice issued by the transmission licensee as per the first proviso under this clause and the response;</p> <p>(f) Certificate of the CEO or MD of the company regarding the completion of the transmission system including associated communication system in all respects." may be retained.</p> <p>2. It is to submit that in case such ambiguity as mentioned in the clause arises for connection of transmission lines with generating stations, the matter needs to be referred to the appropriate Commission.</p> <p>3. The Commission after assessment of the matter may take appropriate action on the defaulting party and give necessary treatment.</p> <p>4. It is important for transmission licensee to submit the list of documents that are significant for the Commission to ascertain the approval of the date of commercial operation of the transmission system.</p>
<b>CHAPTER-3</b>	<b>PROCEDURE FOR TARIFF DETERMINATION</b>	
		<p>1. The following Regulation No. 8 (1) (ii) from CERC Tariff Regulation, 2019 may be retained for getting co-ordinated approval of commercial operation of units and transmission system.</p> <p><i>"In case of commercial operation of units of generating station or elements of the transmission system on or after 1.4.2019, the</i></p>



Clause and sub-clause	Draft CERC (Terms and Conditions of Tariff) Regulations, 2024	MSEDCL Comments
		<p><i>generating company or the transmission licensee shall file a consolidated petition, in accordance with the provisions of the Procedure Regulations, combining all the units of the generating station or all elements of the transmission system which are anticipated to achieve commercial operation during the next two months from the date of application.”</i></p>
<b>8. Tariff Determination</b>		
		<p>1. It is necessary for the Commission to have an assessment of actual cost incurred by generating station or unit thereof and the transmission system through an Auditor Certificate for determination of interim tariff. Hence, the following provision of Clause (1) of Regulation 9 of Tariff Regulation, 2019 may be retained:  <i>“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 date of granting interim tariff.”</i></p>
		<p>1. The Clause (1a) of Regulation 10 of Tariff Regulation, 2019 <i>“The generating company having integrated mine(s) shall file petition before the Commission as per Annexure-I (Part IV) to these regulations for determination of the input price of coal or lignite from the integrated mine(s) containing the details of expenditure incurred and projected to be incurred duly certified by the Auditor”</i> may be retained.</p> <p>2. The clause mandates generating company to file a petition for</p>

Clause and sub-clause	Draft CERC (Terms and Conditions of Tariff) Regulations, 2024	MSEDCL Comments
		<p>input price of integrated mine along with the actual expenditure certified by Auditor.</p> <p>3. This is necessary for Commission to assess the actual expenditure incurred for approval of cost.</p>
<b>CHAPTER-4</b>	<b>TARIFF STRUCTURE</b>	
		<ol style="list-style-type: none"> <li>1. The clause (2) of Regulation 17 of Tariff Regulation, 2019 <i>“The beneficiary shall have the first right of refusal and upon its refusal to enter into an arrangement as above, the generating company shall be free to sell the electricity generated from such station in a manner as it deems fit”</i> shall be retained.</li> <li>2. In case the (generation or transmission) asset is able to operate at optimum condition beyond its useful life as specified in these Regulations, then the benefit of the same needs to be passed on to the beneficiaries of the asset who have been paying for the servicing of the asset throughout the useful life of the asset and during the tenure of the PPA.</li> <li>3. Commission after scrutiny of the asset may allow to extend the useful life of the asset and give the first right of refusal to the original beneficiary of the asset.</li> </ol>

Clause and sub-clause	Draft CERC (Terms and Conditions of Tariff) Regulations, 2024	MSEDCL Comments
<b>CHAPTER-5</b>	<b>CAPITAL STRUCTURE</b>	
18 (3)	Provided that in the case of a generating station or a transmission system, including a communication system which has completed its useful life as on 1.4.2024 or completing its useful life during the 2024-29 tariff period, if the equity actually deployed as on 1.4.2024 is more than 30% of the capital cost, equity in excess of 30% shall not be taken into account for tariff computation;	The words “ <i>or whenever the asset is completing its useful life during 2024-29</i> ” may be added after ‘as on 1.4.2024’ and before ‘is more than 30% of the capital cost’ so as to rationalise and balance the aforesaid clause.
<b>CHAPTER-6</b>	<b>COMPUTATION OF CAPITAL COST</b>	
19 (2) (p)	Expenditure required to enable flexible operation of the generating station at lower loads.	<ol style="list-style-type: none"> <li>1. Flexible operation of a station at lower loads are requirements for smooth operations of the grid.</li> <li>2. Maintaining the grid operations at optimum level is combined responsibility of all participants connected to the grid.</li> <li>3. Hence, the expenditure required to enable flexible operation of the generating station at lower loads may be allowed in capital cost. However, the expenditure may be shared equally between generating station and distribution licensee / beneficiary.</li> </ol>
19 (3) (g)	Expenditure required to enable flexible operation of the generating station at lower loads; and	<ol style="list-style-type: none"> <li>1. Flexible operation of a station at lower loads are requirements for smooth operations of the grid.</li> <li>2. Maintaining the grid operations at optimum level is combined responsibility of all participants connected to the grid.</li> <li>3. Hence the expenditure required to enable flexible operation of the generating station at lower loads may be allowed in capital cost. However, the expenditure may be shared equally between generating station and distribution licensee / beneficiary.</li> </ol>

Clause and sub-clause	Draft CERC (Terms and Conditions of Tariff) Regulations, 2024	MSEDCL Comments
19 (4) (c)	Expenditure incurred towards developing local infrastructure not exceeding Rs. 10 lakh/MW in the vicinity of the power plant approved in original scheme if funding is not provided for under “Budgetary Support for Flood Moderation and for Budgetary support for enabling infrastructure”.	<ol style="list-style-type: none"> <li>1. Any additional cost not directly related to the Hydro Power Station shall be funded by the State Govt. and may not be imposed in tariff.</li> <li>2. Cost of Hydro Stations are already on higher side due to delays in commissioning of project beyond the control of developer. Hence, for hydro stations to be viable, supplementary cost may not be loaded in tariff.</li> </ol>
19 (5)	<p>For Projects acquired through NCLT proceedings, the following shall be considered while approving Capital Cost for determination of tariff:</p> <p>(a) For projects already under operation, historical GFA of the project acquired or the acquisition value paid by the generating company, whichever is lower;</p> <p>(b) For considering the historical GFA for the purpose of Sub-Clause (a) above, the same shall be the capital cost approved by the appropriate commission till the date of acquisition;</p> <p>Provided that in the absence of any prior approved cost of an Appropriate Commission, the Commission shall consider the same on the basis of audited accounts subject to prudence check;</p> <p>Provided further, that in case additional capital expenditure is required post acquisition of an already operational project, the same shall be considered under the provisions of Chapter 7 of these Regulations;</p>	<ol style="list-style-type: none"> <li>1. The Capital cost to be considered for approval of existing projects under NCLT shall be the lower of Net GFA and acquisition cost.</li> </ol>

Clause and sub-clause	Draft CERC (Terms and Conditions of Tariff) Regulations, 2024	MSEDCL Comments
	<p>(c) In case any under construction project is acquired which is yet to achieve commercial operation, the acquisition value or the actual audited cost incurred till the date of acquisition, whichever is lower, shall be considered. and;</p> <p>(d) any additional capital expenditure incurred post acquisition of such project up to the date of commercial operation of the project in line with the investment approval of the Board of Directors of the generating company or the transmission licensees shall also be considered on a case to case basis subject to prudence check.</p> <p>Provided that post commercial operation, any additional capital expenditure shall be allowed under the provisions of Chapter 7 of these Regulations.</p>	
<p><b>21 (1)</b></p>	<p>Provided further that IDC on normative loan, post infusion of actual loan shall be computed based on WAROI for that respective quarter.</p>	<p>1. IDC on normative loan may be considered based on the actual rate of interest paid on infusion of actual loan</p> <p>2. It would not be justified to allow normative loan interest on WAROI basis as the generator/licensee is already enjoying the benefit of return on equity on the 30% of the capital cost</p>
<p><b>21 (5)</b></p>	<p>If the delay in achieving the COD is attributable 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</p>	<p>1. Liquidated damages are damages that are recovered by the generator/licensee from its EPC contractor due to delay in commissioning.</p> <p>2. Commission on the other hand disallows IDC and IEDC in case it is discovered that the delay in commissioning is on behalf of the</p>

Clause and sub-clause	Draft CERC (Terms and Conditions of Tariff) Regulations, 2024	MSEDCL Comments
	<p>after prudence check either in entirety or on pro-rata basis corresponding to the period of delay not condoned <b><i>vis-à-vis total implementation period</i></b> 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, <b>in the same proportion of delay not condoned vis-à-vis total implementation period.</b></p>	<p>generator/licensee. This disallowance is imposed as a penalty to the generator/licensee.</p> <p>3. If the liquidated damages recovered by the generator/licensee from its contractor are allowed to be retained fully or partially by the generator/licensee, then in such case the generator/licensee gets compensated (partially or fully) for the penalty imposed by the Commission in the form of disallowance of IDC and IEDC.</p> <p>4. Hence, it is necessary that entire amount of liquidated damages recovered from the contractor by the generator/licensee shall be adjusted in approval of capital cost and shall be passed on to the consumers.</p>
<p><b>21 (5)</b></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 delay associated with obtaining such approvals or clearances.</p>	<p>1. The Govt. of India has introduced <b>PM Gati Shakti National Master Plan</b> for economic transformation, seamless multimodal connectivity and logistics efficiency across seven engines.</p> <p>2. The comprehensive database of the ongoing &amp; future projects of various Ministries has been integrated thereby facilitating planning, designing and execution of the infrastructure projects with a common vision.</p> <p>3. Owing to the above plan, the Central Govt. has eased the procedures for getting necessary approvals for infrastructure projects.</p> <p>4. Henceforth, getting logistic approvals for infrastructure project would swift and hassle free process to all stakeholders.</p> <p>5. Hence, there is no basis to allow condonation of delay of up to 90% on account of obtaining such approvals or clearances.</p> <p>6. Further, in case the delay on account of such factors is condoned up to 90%, then no efforts would be taken by the generators/licensees</p>

Clause and sub-clause	Draft CERC (Terms and Conditions of Tariff) Regulations, 2024	MSEDCL Comments
		<p>for getting such approvals in time and completing the project in timely manner.</p> <p>7. Considering all the above factors, the clause is proposed to be deleted.</p>
<p><b>22 (2)</b></p>	<p><i>The "uncontrollable factors" shall include but shall not be limited to the following:</i></p> <p><i>a. Force Majeure events;</i></p> <p><i>b. Change in Law; and</i></p> <p><i>c. Land acquisition except where the delay is attributable to the generating company or the transmission licensee</i></p>	<p>1. Various states have simplified the process of land acquisition for infrastructure projects.</p> <p>2. Services such as development of land bank portal for identification of land for setting up stations/ transmission lines etc. and single window clearance system have also been introduced.</p> <p>3. Government has also come up with services to give all possible support to ease the process of land acquisition.</p> <p>4. Owing to all the above factors, land acquisition may kindly be excluded from the list of ‘uncontrollable factors’.</p>
<p><b>CHAPTER-7</b></p>	<p><b>COMPUTATION OF ADDITIONAL CAPITAL EXPENDITURE</b></p>	
<p><b>24 (1) (f)</b></p>	<p>In the case of the hydro generating station, expenditure incurred towards developing local infrastructure in the vicinity of the power plant not exceeding Rs. 10 lakh/MW if funding is not provided for under “Budgetary Support for Flood Moderation and for Budgetary support for enabling infrastructure”;</p>	<p>1. Any additional cost not directly related to the Hydro Power Station shall be funded by the State Govt. and may not be imposed in tariff.</p> <p>2. Cost of Hydro Stations are already on higher side due to delays in commissioning of project beyond the control of developer. Hence, for hydro stations to be viable, supplementary cost may not be loaded in tariff.</p>

Clause and sub-clause	Draft CERC (Terms and Conditions of Tariff) Regulations, 2024	MSEDCL Comments
26 (3)	Provided that in cases where an asset forming part of a scheme is de-capitalised and wherein the historical value of such asset is not available, the value of de-capitalisation shall be computed by de-escalating the value of the new asset by 5% per year until the year of capitalisation of the old asset subject to a minimum of 10% of the replacement cost of the asset.	<ol style="list-style-type: none"> <li>1. Instead of de-escalate the value of the new asset by 5% per year until the year of capitalisation of the old asset, Commission may consider the historical cost based on the capital cost approved by CERC for similar project during the same year as the COD of the project.</li> <li>3. Project cost can also be derived using the benchmark/ normative cost of various parameters as defined in the prevailing CERC Regulation that were effective during COD of that project.</li> </ol>
28 (2)	The Special Allowance admissible to a generating station shall be @ <i>Rs 10.75 lakh per MW</i> per year for the control period.	<ol style="list-style-type: none"> <li>1. The Explanatory Memorandum states that the norm is derived as per actual normalized escalation of O&amp;M expenses from FY 2018-19 to FY 2022-23.</li> <li>2. However, no computation is provided for substantiating higher norm at Rs. 10.75 lakh per MW.</li> <li>3. Special allowance of Rs. 9.5 lakh per MW which is prevailing in the existing Regulation is already 1.5 times higher than the average cost of setting up Thermal Power Station.</li> <li>4. Hence, the Special Allowance norm may be retained at Rs. 9.5 lakh per MW per year.</li> </ol>
<b>CHAPTER-8</b>	<b>COMPUTATION OF ANNUAL FIXED COST</b>	
30 (3)	Provided that return on equity in respect of additional capitalization beyond the original scope, including additional capitalization on account of the emission control system, <i>Change in Law, and Force Majeure shall be computed</i> at the base rate of one-year marginal cost of lending rate (MCLR) of the State Bank of India plus 350 basis points as	<ol style="list-style-type: none"> <li>1. 'Change in Law' and 'Force Majeure' conditions are exigency conditions and are not to be envisaged in regular course of action.</li> <li>2. The cost under 'Change in Law' and 'Force Majeure' needs to be allowed as a reimbursement of cost that is incurred by the generating company or transmission licensee under unforeseen circumstances and that too after prudence check of Commission.</li> <li>3. Allowing this cost through additional capitalisation and permitting</li> </ol>



Clause and sub-clause	Draft CERC (Terms and Conditions of Tariff) Regulations, 2024	MSEDCL Comments
	on 1st April of the year, subject to a ceiling of 14%;	<p>return on equity, will only escalate the cost and lead to unnecessary burden to beneficiaries and its end consumers.</p> <p>4. Hence, no claim of ‘Change in Law’ and ‘Force Majeure’ expense shall be made part of the capital cost or additional capital expenditure of the project.</p> <p>6. The cost incurred due to ‘Change in Law’ and ‘Force Majeure’ shall be spread over the balance operational life of the asset and may be shown separately as a line item of ARR rather than including it in the capital cost.</p> <p>7. Therefore, the clause may be retained as in the existing Regulations.</p>
31 (1)	<p>The rate of return on equity as allowed by the Commission under Regulation 30 of these regulations shall be grossed up with the effective tax rate of the respective financial year. The effective tax rate <i>shall be calculated at the beginning of every financial year based on the estimated profit and tax to be paid estimated</i> in line with the provisions of the relevant Finance Act applicable for that financial year to the concerned generating company or the transmission licensee by excluding the income of non-generation or non-transmission business, as the case may be, and the corresponding tax thereon.</p>	<ol style="list-style-type: none"> <li>1. Existing clause in Tariff Regulation, 2019 may be retained which provides for computation of effective tax rate on the basis of actual tax paid in respect of the financial year.</li> <li>2. Estimation of tax and profit would only put an unnecessary burden on the beneficiaries through tariff.</li> <li>3. Actual tax paid is the correct benchmark for allowing the tax rate for respective years.</li> </ol>

Clause and sub-clause	Draft CERC (Terms and Conditions of Tariff) Regulations, 2024	MSEDCL Comments
32 (6)	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>1. The ceiling rate of loan shall not be equivalent to the base rate of return on equity that is allowed under these Regulations.</p> <p>2. Since benchmark for ROE to be allowed on emission control system is considered at SBI MCLR plus 350 basis points, the ceiling on interest can be linked to a maximum of SBI MCLR rate notified on 1st April of respective year.</p>
33 (8)	The generating company or the transmission licensee, as the case may be, shall submit the details of capital expenditure proposed to be incurred during five years before the competition of useful life along with proper justification and proposed life extension. The Commission, based on prudence check of such submissions, shall approve the depreciation <i>by equally spreading the depreciable value over the balance Operational Life of the generating station or unit thereof or fifteen years, whichever is lower, and in case of the transmission system shall equally spread the depreciable value over the balance useful life of the Asset.</i>	<p>1. The balance Depreciation to be recovered shall be spread over the balance operational life of the asset (being generating station or unit or transmission asset). Hence, the clause may be amended as below</p> <p>“The Commission, based on prudence check of such submissions, shall approve the depreciation by equally spreading the depreciable value over the balance Operational Life of the generating station or unit thereof and in case of the transmission system shall equally spread the depreciable value over the balance <b>Operational</b> Life of the Asset.”</p>
33 (11)	Depreciation of the emission control system of an existing generating station that is yet to complete its useful life or a new generating station or unit thereof where the date of operation of the emission	<p>The clause may be aligned with the clauses for generating station unit/transmission asset. The clause may be modified as below</p> <p><i>Provided that the remaining depreciable value as on 31st March of</i></p>

Clause and sub-clause	Draft CERC (Terms and Conditions of Tariff) Regulations, 2024	MSEDCL Comments
	<p>control system is subsequent to the date of commercial operation of the generating station or unit thereof, shall be computed annually from the date of operation of such emission control system based on the straight line method at rates specified in Appendix- I to these regulations;</p> <p>Provided that the remaining depreciable value as on 31st March of the year closing after a period of 12 years from the date of operation of such emission control system shall be spread over the balance period of thirteen years or balance operational life of generating station, whichever is lower.</p>	<p><i>the year closing after a period of 15 years from the date of operation of such emission control system shall be spread over the balance operational life of generating station.</i></p>
<p><b>35</b></p>	<p><b>De-Commissioning</b></p>	
<p><b>35 (1)</b></p>	<p>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 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.</p>	<ol style="list-style-type: none"> <li>1. Since the de-capitalization is on account of concerns of safety or environmental norms, the Government at the time of issue of such notification should come up with a mechanism to allow generators/licensee recover the balance cost of the de-capitalised asset.</li> <li>2. The de-capitalisation is not on account of the beneficiary and therefore, it is not justified to pass on the entire cost to de-capitalisation to the beneficiary while the asset is no more in use for the beneficiary.</li> </ol>

Clause and sub-clause	Draft CERC (Terms and Conditions of Tariff) Regulations, 2024	MSEDCL Comments																																				
36 (1) (1)	<p>Coal based and lignite fired (including those based on Circulating Fluidised Bed Combustion (CFBC) technology) generating stations, other than the generating stations or units referred to in clauses (2), (4) and (5) of this Regulation:</p> <p style="text-align: center;">(in Rs. Lakh/MW)</p> <table border="1" data-bbox="386 704 1012 1024"> <thead> <tr> <th>Year</th> <th>200 /210/ 250 MW series</th> <th>300/ 330/ 350 MW series</th> <th>500 MW Series</th> <th>600 MW Series</th> <th>800 MW Series and above</th> </tr> </thead> <tbody> <tr> <td>FY 2024-25</td> <td>39.96</td> <td>33.09</td> <td>26.22</td> <td>24.81</td> <td>22.33</td> </tr> <tr> <td>FY 2025-26</td> <td>42.32</td> <td>35.04</td> <td>27.77</td> <td>26.27</td> <td>23.64</td> </tr> <tr> <td>FY 2026-27</td> <td>44.81</td> <td>37.11</td> <td>29.41</td> <td>27.82</td> <td>25.04</td> </tr> <tr> <td>FY 2027-28</td> <td>47.45</td> <td>39.29</td> <td>31.14</td> <td>29.46</td> <td>26.51</td> </tr> <tr> <td>FY 2028-29</td> <td>50.25</td> <td>41.61</td> <td>32.97</td> <td>31.2</td> <td>28.08</td> </tr> </tbody> </table>	Year	200 /210/ 250 MW series	300/ 330/ 350 MW series	500 MW Series	600 MW Series	800 MW Series and above	FY 2024-25	39.96	33.09	26.22	24.81	22.33	FY 2025-26	42.32	35.04	27.77	26.27	23.64	FY 2026-27	44.81	37.11	29.41	27.82	25.04	FY 2027-28	47.45	39.29	31.14	29.46	26.51	FY 2028-29	50.25	41.61	32.97	31.2	28.08	<ol style="list-style-type: none"> <li>1. There is no basis for escalation of O&amp;M norms provided for generating units</li> <li>2. Actual data on O&amp;M expenses is not provided along with the Regulations.</li> <li>3. It is observed that O&amp;M norms approved in existing Regulations are already on the higher side and therefore there is no need to further increase these norms for the next Control Period.</li> <li>4. Also, there is no further bifurcation of norms for older and newer generating units. O&amp;M norms for new generating units (i.e. stations that have started operations recently) may not be equivalent to the norms defined for older units (i.e. stations that have completed more than 70-80% of its useful life).</li> <li>5. Separate norms may be defined based on the completion of life cycle of the plants.</li> <li>6. Commission may undertake a study on the basis of actual O&amp;M cost incurred by various stations to arrive at the norms of O&amp;M expenses for the next Control Period.</li> <li>7. Same norms may be continued as defined in the existing Regulations.</li> </ol>
Year	200 /210/ 250 MW series	300/ 330/ 350 MW series	500 MW Series	600 MW Series	800 MW Series and above																																	
FY 2024-25	39.96	33.09	26.22	24.81	22.33																																	
FY 2025-26	42.32	35.04	27.77	26.27	23.64																																	
FY 2026-27	44.81	37.11	29.41	27.82	25.04																																	
FY 2027-28	47.45	39.29	31.14	29.46	26.51																																	
FY 2028-29	50.25	41.61	32.97	31.2	28.08																																	

Clause and sub-clause	Draft CERC (Terms and Conditions of Tariff) Regulations, 2024	MSEDCL Comments																														
<p><b>36 (1) (3)</b></p>	<p>Open Cycle Gas Turbine/Combined Cycle generating stations:</p> <p style="text-align: center;">(in Rs. Lakh/MW)</p> <table border="1" data-bbox="386 574 1012 961"> <thead> <tr> <th data-bbox="386 574 512 773">Year</th> <th data-bbox="512 574 680 773">Gas Turbine Combined Cycle generating stations other than small gas turbine power generating stations</th> <th data-bbox="680 574 795 773">Small gas turbine power generating stations</th> <th data-bbox="795 574 903 773">Agartala GPS</th> <th data-bbox="903 574 1012 773">Advance F class Machines</th> </tr> </thead> <tbody> <tr> <td data-bbox="386 773 512 812">FY 2024-25</td> <td data-bbox="512 773 680 812">17.22</td> <td data-bbox="680 773 795 812">38.16</td> <td data-bbox="795 773 903 812">42.76</td> <td data-bbox="903 773 1012 812">32.02</td> </tr> <tr> <td data-bbox="386 812 512 850">FY 2025-26</td> <td data-bbox="512 812 680 850">18.24</td> <td data-bbox="680 812 795 850">40.41</td> <td data-bbox="795 812 903 850">45.28</td> <td data-bbox="903 812 1012 850">33.91</td> </tr> <tr> <td data-bbox="386 850 512 889">FY 2026-27</td> <td data-bbox="512 850 680 889">19.31</td> <td data-bbox="680 850 795 889">42.79</td> <td data-bbox="795 850 903 889">47.94</td> <td data-bbox="903 850 1012 889">35.91</td> </tr> <tr> <td data-bbox="386 889 512 928">FY 2027-28</td> <td data-bbox="512 889 680 928">20.45</td> <td data-bbox="680 889 795 928">45.31</td> <td data-bbox="795 889 903 928">50.77</td> <td data-bbox="903 889 1012 928">38.02</td> </tr> <tr> <td data-bbox="386 928 512 961">FY 2028-29</td> <td data-bbox="512 928 680 961">21.66</td> <td data-bbox="680 928 795 961">47.98</td> <td data-bbox="795 928 903 961">53.76</td> <td data-bbox="903 928 1012 961">40.26</td> </tr> </tbody> </table>	Year	Gas Turbine Combined Cycle generating stations other than small gas turbine power generating stations	Small gas turbine power generating stations	Agartala GPS	Advance F class Machines	FY 2024-25	17.22	38.16	42.76	32.02	FY 2025-26	18.24	40.41	45.28	33.91	FY 2026-27	19.31	42.79	47.94	35.91	FY 2027-28	20.45	45.31	50.77	38.02	FY 2028-29	21.66	47.98	53.76	40.26	<ol style="list-style-type: none"> <li>1. There is no basis for escalation of O&amp;M norms provided for generating units. Actual data on O&amp;M expenses is not provided along with the Regulations.</li> <li>2. It is observed that O&amp;M norms approved in existing Regulations are already on the higher side and therefore, there is no need to further increase these norms for the next Control Period.</li> <li>3. Also, there is no further bifurcation of norms for older and newer generating units. O&amp;M norms for new generating units (i.e. stations that have started operations recently) may not be equivalent to the norms defined for older units (i.e. stations that have completed more than 70-80% of its useful life).</li> <li>5. Separate norms may be defined based on the completion of life cycle of the plants.</li> <li>6. Commission may undertake a study on the basis of actual O&amp;M cost incurred by various stations to arrive at the norms of O&amp;M expenses for the next Control Period.</li> <li>7. Same norms may be continued as defined in the existing Regulations.</li> </ol>
Year	Gas Turbine Combined Cycle generating stations other than small gas turbine power generating stations	Small gas turbine power generating stations	Agartala GPS	Advance F class Machines																												
FY 2024-25	17.22	38.16	42.76	32.02																												
FY 2025-26	18.24	40.41	45.28	33.91																												
FY 2026-27	19.31	42.79	47.94	35.91																												
FY 2027-28	20.45	45.31	50.77	38.02																												
FY 2028-29	21.66	47.98	53.76	40.26																												

Clause and sub-clause	Draft CERC (Terms and Conditions of Tariff) Regulations, 2024	MSEDCL Comments																																																																																																					
36 (1) (9)	<p>The operation and maintenance expenses on account of emission control systems in coal or lignite based thermal generating stations shall be 2% of the admitted capital expenditure (excluding IDC and IEDC) as on its date of operation, which shall be escalated annually @ 5.89% during the tariff period ending on 31st March 2029:</p>	<ol style="list-style-type: none"> <li>1. No basis provided for increasing the O&amp;M escalation from 3.5% to 5.89%.</li> <li>2. It is observed that norms provided in the existing Regulations are already on the higher side and therefore, there is no need to further increase the escalation rate.</li> <li>3. Commission may undertake a study on the basis of actual O&amp;M cost escalation for emission control system to arrive at the normative escalation of O&amp;M expenses.</li> <li>4. Hence, the same escalation as defined in the existing Regulation may be continued.</li> </ol>																																																																																																					
36 (2) (a)	<table border="1" data-bbox="384 732 1014 1354"> <thead> <tr> <th rowspan="2">Particulars</th> <th colspan="5">In Rs. Lakhs</th> </tr> <tr> <th>FY 2024-25</th> <th>FY 2025-26</th> <th>FY 2026-27</th> <th>FY 2027-28</th> <th>FY 2028-29</th> </tr> </thead> <tbody> <tr> <td>THDC Stage I</td> <td>42,847.30</td> <td>45,358.18</td> <td>48,016.19</td> <td>50,829.97</td> <td>53,808.64</td> </tr> <tr> <td>KHEP</td> <td>21,264.04</td> <td>22,510.13</td> <td>23,829.24</td> <td>25,225.64</td> <td>26,703.88</td> </tr> <tr> <td>Bairasul</td> <td>8,500.75</td> <td>8,998.90</td> <td>9,526.24</td> <td>10,084.48</td> <td>10,675.44</td> </tr> <tr> <td>Loktak</td> <td>9,788.20</td> <td>10,361.79</td> <td>10,969.00</td> <td>11,611.79</td> <td>12,292.24</td> </tr> <tr> <td>Salal</td> <td>20,486.34</td> <td>21,686.85</td> <td>22,957.72</td> <td>24,303.05</td> <td>25,727.23</td> </tr> <tr> <td>Tanakpur</td> <td>12,864.33</td> <td>13,618.19</td> <td>14,416.22</td> <td>15,261.02</td> <td>16,155.32</td> </tr> <tr> <td>Chamera-I</td> <td>16,184.76</td> <td>17,133.20</td> <td>18,137.22</td> <td>19,200.07</td> <td>20,325.21</td> </tr> <tr> <td>Uril</td> <td>15,019.58</td> <td>15,899.74</td> <td>16,831.47</td> <td>17,817.81</td> <td>18,861.94</td> </tr> <tr> <td>Rangit</td> <td>7,035.32</td> <td>7,447.59</td> <td>7,884.03</td> <td>8,346.04</td> <td>8,835.12</td> </tr> <tr> <td>Chamera-II</td> <td>14,262.87</td> <td>15,098.68</td> <td>15,983.48</td> <td>16,920.12</td> <td>17,911.65</td> </tr> <tr> <td>Dhauliganga</td> <td>12,893.21</td> <td>13,648.76</td> <td>14,448.58</td> <td>15,295.28</td> <td>16,191.59</td> </tr> <tr> <td>Dulhasti</td> <td>20,739.97</td> <td>21,955.35</td> <td>23,241.94</td> <td>24,603.93</td> <td>26,045.74</td> </tr> <tr> <td>Teesa-V</td> <td>17,678.36</td> <td>18,714.33</td> <td>19,811.00</td> <td>20,971.93</td> <td>22,200.90</td> </tr> <tr> <td>Sewa-II</td> <td>9,018.18</td> <td>9,546.66</td> <td>10,106.10</td> <td>10,698.32</td> <td>11,325.25</td> </tr> <tr> <td>TLDP III</td> <td>10,449.12</td> <td>11,061.44</td> <td>11,709.65</td> <td>12,395.84</td> <td>13,122.25</td> </tr> </tbody> </table>	Particulars	In Rs. Lakhs					FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	THDC Stage I	42,847.30	45,358.18	48,016.19	50,829.97	53,808.64	KHEP	21,264.04	22,510.13	23,829.24	25,225.64	26,703.88	Bairasul	8,500.75	8,998.90	9,526.24	10,084.48	10,675.44	Loktak	9,788.20	10,361.79	10,969.00	11,611.79	12,292.24	Salal	20,486.34	21,686.85	22,957.72	24,303.05	25,727.23	Tanakpur	12,864.33	13,618.19	14,416.22	15,261.02	16,155.32	Chamera-I	16,184.76	17,133.20	18,137.22	19,200.07	20,325.21	Uril	15,019.58	15,899.74	16,831.47	17,817.81	18,861.94	Rangit	7,035.32	7,447.59	7,884.03	8,346.04	8,835.12	Chamera-II	14,262.87	15,098.68	15,983.48	16,920.12	17,911.65	Dhauliganga	12,893.21	13,648.76	14,448.58	15,295.28	16,191.59	Dulhasti	20,739.97	21,955.35	23,241.94	24,603.93	26,045.74	Teesa-V	17,678.36	18,714.33	19,811.00	20,971.93	22,200.90	Sewa-II	9,018.18	9,546.66	10,106.10	10,698.32	11,325.25	TLDP III	10,449.12	11,061.44	11,709.65	12,395.84	13,122.25	<ol style="list-style-type: none"> <li>1. There is no basis for escalation of O&amp;M norms provided for generating units. Actual data on O&amp;M expenses is not provided along with the Regulations.</li> <li>2. It is observed that O&amp;M norms approved in existing Regulations are already on the higher side and therefore, there is no need to further increase these norms for the next Control Period.</li> <li>3. Also, there is no further bifurcation of norms for older and newer generating units. O&amp;M norms for new generating units (i.e. stations that have started operations recently) may not be equivalent to the norms defined for older units (i.e. stations that have completed more than 70-80% of its useful life).</li> <li>5. Separate norms may be defined based on the completion of life cycle of the plants.</li> <li>6. Commission may undertake a study on the basis of actual O&amp;M cost incurred by various stations to arrive at the norms of O&amp;M expenses for the next Control Period.</li> </ol>
Particulars	In Rs. Lakhs																																																																																																						
	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29																																																																																																		
THDC Stage I	42,847.30	45,358.18	48,016.19	50,829.97	53,808.64																																																																																																		
KHEP	21,264.04	22,510.13	23,829.24	25,225.64	26,703.88																																																																																																		
Bairasul	8,500.75	8,998.90	9,526.24	10,084.48	10,675.44																																																																																																		
Loktak	9,788.20	10,361.79	10,969.00	11,611.79	12,292.24																																																																																																		
Salal	20,486.34	21,686.85	22,957.72	24,303.05	25,727.23																																																																																																		
Tanakpur	12,864.33	13,618.19	14,416.22	15,261.02	16,155.32																																																																																																		
Chamera-I	16,184.76	17,133.20	18,137.22	19,200.07	20,325.21																																																																																																		
Uril	15,019.58	15,899.74	16,831.47	17,817.81	18,861.94																																																																																																		
Rangit	7,035.32	7,447.59	7,884.03	8,346.04	8,835.12																																																																																																		
Chamera-II	14,262.87	15,098.68	15,983.48	16,920.12	17,911.65																																																																																																		
Dhauliganga	12,893.21	13,648.76	14,448.58	15,295.28	16,191.59																																																																																																		
Dulhasti	20,739.97	21,955.35	23,241.94	24,603.93	26,045.74																																																																																																		
Teesa-V	17,678.36	18,714.33	19,811.00	20,971.93	22,200.90																																																																																																		
Sewa-II	9,018.18	9,546.66	10,106.10	10,698.32	11,325.25																																																																																																		
TLDP III	10,449.12	11,061.44	11,709.65	12,395.84	13,122.25																																																																																																		

Clause and sub-clause	Draft CERC (Terms and Conditions of Tariff) Regulations, 2024						MSEDCL Comments
	Chamera III	10,841.47	11,476.79	12,149.33	12,861.29	13,614.97	7. Same norms may be continued as defined in the existing Regulations.
	Chutak	4,859.97	5,144.76	5,446.25	5,765.40	6,103.26	
	NimmoBazgo	4,974.77	5,266.30	5,574.90	5,901.60	6,247.43	
	Uri II	10,409.18	11,019.16	11,664.89	12,348.46	13,072.09	
	Parbati III	12,183.32	12,897.27	13,653.06	14,453.14	15,300.10	
	Kishanganga	16,540.30	17,509.57	18,535.64	19,621.84	20,771.69	
	TLDP IV	11,873.41	12,569.20	13,305.76	14,085.48	14,910.90	
	Indira Sagar	16,099.67	17,043.12	18,041.86	19,099.12	20,218.34	
	Omkareshwar	10,837.28	11,472.35	12,144.64	12,856.32	13,609.71	
	Naphajhakari	53,396.29	56,525.35	59,837.77	63,344.30	67,056.31	
	Rampur	19,673.68	20,826.57	22,047.02	23,338.99	24,706.67	
	Koldam	14,317.21	15,156.21	16,044.37	16,984.58	17,979.89	
	Karcham Wangtoo	14,618.56	15,475.21	16,382.07	17,342.07	18,358.32	
	Kopili	12,355.69	13,079.74	13,846.22	14,657.61	15,516.56	
	Khandong I	2,987.44	3,162.51	3,347.84	3,544.02	3,751.70	
	Khandong II	1,467.98	1,554.00	1,645.07	1,741.47	1,843.52	
	Doyang	7,627.81	8,074.81	8,548.00	9,048.91	9,579.19	
	Panyor	16,956.75	17,950.42	19,002.33	20,115.88	21,294.68	
	Pare	16,623.01	17,597.13	18,628.33	19,719.96	20,875.57	
	Tural	6,331.98	6,703.04	7,095.84	7,511.66	7,951.85	
	Maithon	2,526.20	2,674.24	2,830.95	2,996.85	3,172.46	
	Panchet	2,795.57	2,959.39	3,132.81	3,316.39	3,510.74	
	Tilaiya	651.37	689.54	729.95	772.73	818.01	
	Teesta Urja Ltd.	31,368.73	33,206.96	35,152.91	37,212.89	39,393.59	

Clause and sub-clause	Draft CERC (Terms and Conditions of Tariff) Regulations, 2024	MSEDCL Comments																																																																														
36 (2) (c)	<p>In the case of hydro generating stations which have not completed a period of three years as on <b>1.4.2024</b>, operation and maintenance expenses for <b>2024-25</b> shall be worked out by applying an escalation rate of <b>5.86%</b> on the applicable operation and maintenance expenses as on <b>31.3.2024</b>. The operation and maintenance expenses for subsequent years of the tariff period shall be worked out by applying an escalation rate of <b>5.86%</b> per annum.</p>	<ol style="list-style-type: none"> <li>1. No basis provided for increasing the O&amp;M escalation from 4.77% to 5.86%.</li> <li>2. It is observed that norms provided in the existing Regulations are already on the higher side and therefore, there is no need to further increase the escalation rate.</li> <li>3. Commission may undertake a study on the basis of actual O&amp;M cost escalation for emission control system to arrive at the normative escalation of O&amp;M expenses.</li> <li>4. Hence, the same escalation as defined in the existing Regulation may be continued.</li> </ol>																																																																														
36 (3) (a)	<table border="1" data-bbox="384 735 1016 1351"> <thead> <tr> <th>Particulars</th> <th>2024-25</th> <th>2025-26</th> <th>2026-27</th> <th>2027-28</th> <th>2028-29</th> </tr> </thead> <tbody> <tr> <td colspan="6">Norms for sub-station Bays (Rs Lakh per bay)</td> </tr> <tr> <td>765 kV</td> <td>36.28</td> <td>38.41</td> <td>40.68</td> <td>43.07</td> <td>45.61</td> </tr> <tr> <td>400 kV</td> <td>25.91</td> <td>27.44</td> <td>29.06</td> <td>30.77</td> <td>32.58</td> </tr> <tr> <td>220 kV</td> <td>18.14</td> <td>19.21</td> <td>20.34</td> <td>21.54</td> <td>22.81</td> </tr> <tr> <td>132 kV and below</td> <td>12.96</td> <td>13.72</td> <td>14.53</td> <td>15.38</td> <td>16.29</td> </tr> <tr> <td colspan="6">Norms for Transformers/ Reactors (Rs Lakh per MVA or MVAR)</td> </tr> <tr> <td>O&amp;M expenditure per MVA or per MVAR (Rs Lakh per MVA or per MVAR)</td> <td>0.229</td> <td>0.242</td> <td>0.257</td> <td>0.272</td> <td>0.288</td> </tr> <tr> <td colspan="6">Norms for AC and HVDC lines (Rs Lakh per km)</td> </tr> <tr> <td>Single Circuit (Bundled Conductor with six or more sub-conductors)</td> <td>1.22</td> <td>1.292</td> <td>1.368</td> <td>1.448</td> <td>1.534</td> </tr> <tr> <td>Single Circuit (Bundled conductor with four or more sub-conductors)</td> <td>1.045</td> <td>1.107</td> <td>1.172</td> <td>1.241</td> <td>1.315</td> </tr> <tr> <td>Single Circuit (Twin &amp; Triple Conductor)</td> <td>0.697</td> <td>0.738</td> <td>0.782</td> <td>0.828</td> <td>0.876</td> </tr> <tr> <td>Single Circuit (Single Conductor)</td> <td>0.348</td> <td>0.369</td> <td>0.391</td> <td>0.414</td> <td>0.438</td> </tr> </tbody> </table>	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29	Norms for sub-station Bays (Rs Lakh per bay)						765 kV	36.28	38.41	40.68	43.07	45.61	400 kV	25.91	27.44	29.06	30.77	32.58	220 kV	18.14	19.21	20.34	21.54	22.81	132 kV and below	12.96	13.72	14.53	15.38	16.29	Norms for Transformers/ Reactors (Rs Lakh per MVA or MVAR)						O&M expenditure per MVA or per MVAR (Rs Lakh per MVA or per MVAR)	0.229	0.242	0.257	0.272	0.288	Norms for AC and HVDC lines (Rs Lakh per km)						Single Circuit (Bundled Conductor with six or more sub-conductors)	1.22	1.292	1.368	1.448	1.534	Single Circuit (Bundled conductor with four or more sub-conductors)	1.045	1.107	1.172	1.241	1.315	Single Circuit (Twin & Triple Conductor)	0.697	0.738	0.782	0.828	0.876	Single Circuit (Single Conductor)	0.348	0.369	0.391	0.414	0.438	<ol style="list-style-type: none"> <li>1. There is no basis for escalation of O&amp;M norms provided for AC and HVDC lines. Actual data on O&amp;M expenses is not provided along with the Regulations.</li> <li>2. It is observed that O&amp;M norms approved in existing Regulations are already on the higher side and therefore, there is no need to further increase these norms for the next Control Period.</li> <li>3. Also, there is no further bifurcation of norms for older and newer transmission units. O&amp;M norms for new transmission units (i.e. units that have started operations recently) may not be equivalent to the norms defined for older units (i.e. units that have completed more than 70-80% of its useful life).</li> <li>5. Separate norms may be defined based on the completion of life cycle of the transmission elements</li> <li>6. Commission may undertake a study on the basis of actual O&amp;M cost incurred by various licensee / assets to arrive at the norms of O&amp;M expenses for the next Control Period.</li> </ol>
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29																																																																											
Norms for sub-station Bays (Rs Lakh per bay)																																																																																
765 kV	36.28	38.41	40.68	43.07	45.61																																																																											
400 kV	25.91	27.44	29.06	30.77	32.58																																																																											
220 kV	18.14	19.21	20.34	21.54	22.81																																																																											
132 kV and below	12.96	13.72	14.53	15.38	16.29																																																																											
Norms for Transformers/ Reactors (Rs Lakh per MVA or MVAR)																																																																																
O&M expenditure per MVA or per MVAR (Rs Lakh per MVA or per MVAR)	0.229	0.242	0.257	0.272	0.288																																																																											
Norms for AC and HVDC lines (Rs Lakh per km)																																																																																
Single Circuit (Bundled Conductor with six or more sub-conductors)	1.22	1.292	1.368	1.448	1.534																																																																											
Single Circuit (Bundled conductor with four or more sub-conductors)	1.045	1.107	1.172	1.241	1.315																																																																											
Single Circuit (Twin & Triple Conductor)	0.697	0.738	0.782	0.828	0.876																																																																											
Single Circuit (Single Conductor)	0.348	0.369	0.391	0.414	0.438																																																																											



Clause and sub-clause	Draft CERC (Terms and Conditions of Tariff) Regulations, 2024						MSEDCL Comments
	Double Circuit (Bundled Conductor with four or more sub-conductors)	1.83	1.938	2.052	2.173	2.301	7. Same norms may be continued as defined in the existing Regulations for AC and HVDC lines.
Double Circuit (Twin & Triple Conductor)	1.22	1.292	1.368	1.448	1.534		
Double Circuit (Single Conductor)	0.523	0.554	0.586	0.621	0.657		
Multi Circuit (Bundled Conductor with four or more sub-conductor)	3.212	3.401	3.601	3.814	4.038		
Multi Circuit (Twin & Triple Conductor)	2.138	2.264	2.398	2.539	2.689		
Norms for HVDC stations							
HVDC Back-to-Back stations (Rs Lakh per MW)	2.15	2.27	2.41	2.55	2.7		
Gazuwaka BTB (Rs Lakh/MW)	1.89	2	2.12	2.25	2.38		
HVDC bipole scheme (Rs Lakh/MW)	1.13	1.2	1.27	1.34	1.42		
<b>CHAPTER-9</b>	<b>DETERMINATION OF INPUT PRICE OF COAL AND LIGNITE FROM INTEGRATED MINE</b>						
<b>46 (1) (b)</b>	<p>The Operation and Maintenance expenses for the tariff period ending on 31st March 2029 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 <b>5.89 %</b> per annum;</p>					<ol style="list-style-type: none"> <li>1. No basis provided for increasing the O&amp;M escalation from 3.5% to 5.89%.</li> <li>2. It is observed that norms provided in the existing Regulations are already on the higher side and therefore, there is no need to further increase the escalation rate.</li> <li>3. Commission may undertake a study on the basis of actual O&amp;M cost escalation for emission control system to arrive at the normative escalation of O&amp;M expenses.</li> <li>4. Hence, the same escalation as defined in the existing Regulation may be continued.</li> </ol>	

Clause and sub-clause	Draft CERC (Terms and Conditions of Tariff) Regulations, 2024	MSEDCL Comments
<b>CHAPTER 10</b>	<b>COMPONENTS OF ENERGY CHARGE AND SUPPLEMENTARY ENERGY CHARGE</b>	
<b>60 (1)</b>	<p>i. Actual loss in calorific value of coal between as billed by the supplier and as received at the generating station, subject to maximum loss in calorific value of 300 kCal/kg for Pit-head based generating stations or generating stations with Integrated mine and 600 kCal/kg for Non-Pit Head based generating stations.</p>	<ol style="list-style-type: none"> <li>1. For pit-head stations, there should not be any loss of GCV. Being pithead, the coal is produced and utilized at the same location and it is the purview of the generator to ensure that the GCV as billed shall be equivalent to GCV as received.</li> <li>2. In case of non-pit head stations, the GCV loss to be allowed can be maximum up to 300 kCal/kg which is equivalent to grade slippage by one grade.</li> <li>3. Allowing GCV loss to a level of 600 kCal/kg accounts for grade slippage by 2 grades, which is unreasonable and may not be allowed.</li> <li>4. Due to this, beneficiaries would end up paying coal price for higher GCV grade whereas actual grade of coal received/utilized at the plant would be lower by two grades.</li> <li>5. This would put a huge financial burden on the beneficiaries.</li> <li>6. GCV loss of up to 300 kCal/kg may maximum be allowed under any condition for non-pit-head stations.</li> </ol>
<b>60 (2)</b>	<p>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;</p>	<ol style="list-style-type: none"> <li>1. In case of usage of imported coal, generator needs to provide break-up of landed cost of imported coal utilised in the plant.</li> <li>2. Component wise details along with supporting bills/invoices each of imported coal, ocean freight, port handling charges, taxes etc. needs be provided along with the generation bills by the generators.</li> <li>3. Necessary modification hence be made in the clause</li> </ol>

Clause and sub-clause	Draft CERC (Terms and Conditions of Tariff) Regulations, 2024	MSEDCL Comments
<b>CHAPTER 11</b>	<b>COMPUTATION OF CAPACITY CHARGES, SUPPLEMENTARY CAPACITY CHARGES, ENERGY CHARGES AND SUPPLEMENTARY ENERGY CHARGES</b>	
<b>62 (1)</b>	<p>The fixed cost of a thermal generating station shall be computed on annual basis based on the norms specified under these regulations and recovered on a monthly basis under capacity charge. The total capacity charge payable for a generating station shall be shared by its beneficiaries as per their respective percentage share or allocation in the capacity of the generating station. The capacity charge shall be recovered in two parts, viz., Capacity Charge for Peak Hours of the month and Capacity Charge for Off- Peak Hours of the month as follows:</p>	No Comments
<b>62 (2)</b>	<p>The Capacity Charge payable to a thermal generating station for a calendar month shall be calculated in accordance with the following formulae:</p> <p>Capacity Charge for the Month (CC<sub>n</sub>) =</p> <p>Capacity Charge for Peak Hours of the Month (CC<sub>pn</sub>) +</p> <p>Capacity Charge for Off-Peak Hours of the Month (CC<sub>opn</sub>)</p> <p>Where,</p> $CC_{p1} = [(0.20 \times AFC) \times (1/12) \times$	<ol style="list-style-type: none"> <li>1. It is important that generators showcase their availability separately during high demand and low demand seasons rather than showing it combined for the year.</li> <li>2. Keeping this bifurcation in capacity charge would ensure generator make themselves available during both the periods.</li> <li>3. During high demand season, the cost of procuring power from alternate sources is exorbitantly high and therefore, it becomes utmost necessary for the beneficiary that all its tied-up generators are equally available during high demand seasons so that beneficiaries are not overburdened with additional cost for arranging power from alternate sources.</li> <li>4. In the Explanatory Memorandum, CERC stated that due to</li> </ol>

Clause and sub-clause	Draft CERC (Terms and Conditions of Tariff) Regulations, 2024	MSEDCL Comments
	<p>(PAFMp1/NAPAF) subject to ceiling of <math>\{(0.20 \times AFC) \times (1/12)\}</math></p> <p>CCp2= <math>[(0.20 \times AFC) \times (1/6) \times (</math>  PAFMp2/NAPAF) subject to ceiling of <math>\{(0.20 \times AFC) \times (1/6)\}</math>] – CCp1</p> <p>CCp3= <math>[(0.20 \times AFC) \times (1/4) \times (</math>PAFMp3/NAPAF) subject to ceiling of <math>\{(0.20 \times AFC) \times (1/4)\}</math>] --  (CCp1+ CCp2)</p> <p>.....</p>	<p>deficiency in standardization of definition of high and low demand season among states, the clause is proposed to be removed.</p> <p>5. However, the definition may not be state specific but can be region specific and respective RLDC based on the historical regional load pattern may come up with the definition of high and low demand season for that region.</p>
<p><b>62 (3)</b></p>	<p>Normative Plant Availability Factor for "Peak" and "Off-Peak" Hours in a month shall be equivalent to the NAPAF specified in Clause (A) of Regulation 70 of these regulations. The number of hours of "Peak" and "Off-Peak" periods during a day shall be four and twenty, respectively. The hours of Peak and Off-Peak periods during a day shall be declared by the concerned RLDC at least a week in advance.</p>	
<p><b>62 (5)</b></p>	<p>In addition to the AFC entitlement as computed above, the thermal generating station shall be allowed an incentive of up to 1.00% of AFC approved for a given year, which shall be billed monthly as per the following.</p>	<ol style="list-style-type: none"> <li>1. The incentive which is to be given for primary monthly response of the generating station may be provided as per the CERC Ancillary Services) Regulations, 2022.</li> <li>2. In case the incentive is not provided in the CERC Ancillary Services) Regulations, 2022, the same may be included in these</li> </ol>

Clause and sub-clause	Draft CERC (Terms and Conditions of Tariff) Regulations, 2024	MSEDCL Comments
	<p>Incentive = <math>(1.00\% \times \beta \times CCy)/12</math> Where, <math>\beta</math> = 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. CCy= Capacity Charges for the Year.</p>	<p>Regulations through amendment.</p> <p>3. Since, operation of primary monthly response of the said generator is the requirement of the grid, the incentive to be provided to this generator shall be recovered from all the grid participants that are responsible for instability of the grid at that point of time.</p> <p>4. There is no basis for recovery of cost of incentive arising due to operation of generator at primary monthly response, from the beneficiaries.</p> <p>5. Therefore the clause may be deleted from this Regulation and may be included if required in the CERC Ancillary Services) Regulations, 2022.</p>
<p><b>62 (6)</b></p>	<p>In addition to the capacity charge, an incentive shall be payable to a generating station or unit thereof @ <b>75 paise/ kWh</b> 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 <b>Regulation 70</b> of these regulations.</p>	<p>1. The purpose of incentive to generator is to encourage improvement in performance of the generating station.</p> <p>2. Currently, all Inter-State Generating Stations are already operating at optimum capacity with PLFs in the range of 90-95% during the year.</p> <p>3. Further, increase in incentive will not make any additional benefit to the beneficiaries.</p> <p>4. There is no technical improvement possible by increasing the incentive from 65 paise to 75 paise per unit as they are already operating at its optimum level.</p> <p>5. Therefore, the incentive may be maintained to 65 paise per unit for peak hours as in existing Regulations.</p>
<p><b>63 (2)</b></p>	<p>The Supplementary Capacity Charge payable to a coal or lignite generating station for a calendar month shall be calculated in accordance with the</p>	<p>1. It is important that generators showcase their availability separately during high demand and low demand seasons rather than showing it combined for the year.</p>

Clause and sub-clause	Draft CERC (Terms and Conditions of Tariff) Regulations, 2024	MSEDCL Comments
	<p>following formulae:</p> <p>SCC1= (AFCe) x (1/12) x (PAFM1/NAPAF) subject to ceiling of {(AFCe) x (1/12)}</p> <p>SCC2= [(AFCe) x (1/6) x (PAFM2/NAPAF) subject to ceiling of {(AFCe) x (1/6)}] – SCC1</p> <p>SCC3= [(AFCe) x (1/4) x (PAFM3/NAPAF) subject to ceiling of {(AFCe) x (1/4)}] - (SCC1+SCC2)</p> <p>SCC4= [(AFCe) x (1/3) x (PAFM4/NAPAF) subject to ceiling of {(AFCe) x (1/3)}] - (SCC1+ SCC2 + SCC3)</p> <p>SCC5= [(AFCe) x (5/12) x (PAFM5/NAPAF) subject to ceiling of {(AFCe) x (5/12)}] - (SCC1+ SCC2+SCC3+SCC4)</p> <p>SCC6= [(AFCe) x (1/2) x (PAFM6/NAPAF) subject to ceiling of {(AFCe) x (1/2)}] - (SCC1+ SCC2+SCC3+SCC4+SCC5)</p> <p>.....</p>	<p>2. Keeping this bifurcation in capacity charge would ensure generator make themselves available during both the periods.</p> <p>3. During high demand season, the cost of procuring power from alternate sources is exorbitantly high and therefore it becomes utmost necessary for the beneficiary that all its tied-up generators are equally available during high demand seasons so that beneficiaries are not overburdened with additional cost for arranging power from alternate sources.</p> <p>4. In the Explanatory Memorandum, CERC stated that due to deficiency in standardization of definition of high and low demand season among states, the clause is proposed to be removed.</p> <p>5. However, the definition may not be state specific but can be region specific and respective RLDC based on the historical regional load pattern may come up with the definition of high and low demand season for that region.</p>
		<p>1. The provision Clause (3) of Regulation 43 of Tariff Regulation, 2019,  <i>“Provided also that where the energy charge rate based on weighted average price of fuel upon use of alternative source of fuel supply exceeds 30% of base energy charge rate as approved by the Commission for that year or exceeds 20% of energy charge rate for the previous month, whichever is lower shall be considered and in</i></p>

Clause and sub-clause	Draft CERC (Terms and Conditions of Tariff) Regulations, 2024	MSEDCL Comments
		<p><i>that event, prior consultation with beneficiary shall be made at least three days in advance.</i>” may be retained.</p> <p>2. Prior consultation is necessary with the beneficiary before revising the weighted average price of fuel by more than 20% as compared to previous month.</p> <p>3. Energy charge has a huge impact on the tariff to be imposed on retail consumers through FAC.</p> <p>4. Since price of imported coal is very high, even blending of 6% increases the energy charge by more than 20%.</p> <p>5. In case the beneficiary is informed beforehand, the beneficiary has the option of arranging power through alternate source, it can do so and avoid the burden of imported coal cost to its consumers.</p> <p>5. It is necessary for beneficiaries to have an estimate of cost of fuel at which it is procuring power from generators at all times.</p>
65 (4)	<p>In addition to the AFC entitlement as computed above, the hydro generating station shall be allowed an incentive of up to 4% of the Capacity Charge approved for a given year which shall be billed monthly as per the following.</p>	<p>1. No basis has been provided for allowing incentive up to 4% of the Capacity Charge.</p> <p>2. Any incentive to be allowed for hydro stations over and above AFC shall be through support from the Government.</p>
	<p>Incentive = <math>(4\% \times \beta \times CCy)/12</math>            Where,    <math>\beta</math> = Average Monthly Frequency Response Performance for that generating station, as certified by RPCs, which shall be computed by considering</p>	<p style="text-align: center;">No Comments</p>

Clause and sub-clause	Draft CERC (Terms and Conditions of Tariff) Regulations, 2024	MSEDCL Comments
	primary response as per the methodology prescribed by the NLDC and shall range between 0 to 1. CCy= Capacity Charges for the Year.	
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, <i>the generating station may directly recover the shortfall in energy charges in six equal interest-free monthly instalments after adjusting for DSM Energy in the immediately following year and shall be subject to truing up at the end of the tariff period.</i>	<ol style="list-style-type: none"> <li>1. Recovery of energy charges for hydro stations shall be distributed over twelve monthly instalments instead of six instalments as recovery in six instalments would put unnecessary financial burden on the beneficiaries.</li> <li>2. Commission may scrutinize the matter on whether the inability to generate power from hydro station was on account of reasons within the control of hydro station or beyond the control of the generating station.</li> <li>3. Accordingly, the cost may be allowed.</li> <li>4. However, lack of generation due to shortfall in availability of sufficient water at the hydro station may not be passed on in tariff and shall be borne by the respective State Government.</li> </ol>
70 (A) (d) (1)	First Three years from the date of commercial operation <b>68.50%</b>	It is requested to retain the NAPAF for lignite based plant at 75% as provided in the existing Regulations.
70 (A) (d) (2)	After completion of three years of the date of commercial operation – <b>75%</b>	It is requested to retain the NAPAF for lignite based plant at 80% as provided in the existing Regulations.
70 (B) (b)	80% for coal and lignite based generating stations completing 30 years from COD as on 31.03.2024	<ol style="list-style-type: none"> <li>1. PAF may not be relaxed to stations that have completed Renovation and Modernization.</li> <li>2. Also, PAF may be same for stations that have availed special allowance.</li> </ol>



Clause and sub-clause	Draft CERC (Terms and Conditions of Tariff) Regulations, 2024	MSEDCL Comments
<b>CHAPTER 15</b>	<b>MISCELLANEOUS PROVISIONS</b>	
<b>93</b>	<b>Approval Process of Non-ISTS Lines carrying Inter-State Power:</b>	
<b>93 (2)</b>	<p><i>Provided that such lines have not been developed for the sole purpose of the beneficiary (ies) of a single State</i></p>	<p>1. The definition of inter-state transmission line as provided in the Electricity Act 2003 is as below.</p> <p><i>“inter-State transmission system” includes –</i></p> <p><i>(i) any system for the conveyance of electricity by means of main transmission line from the territory of one State to another State;</i></p> <p><i>(ii) the conveyance of electricity across the territory of an intervening State as well as conveyance within the State which is incidental to such inter-State transmission of electricity;</i></p> <p><i>(iii) the transmission of electricity within the territory of a State on a system built, owned, operated, maintained or controlled by Central Transmission Utility”</i></p> <p>2. As per the definition provided in the Act, any line carrying electricity from the territory of one State to another State shall be termed as inter-state line irrespective of the purpose for which such transmission line was developed.</p> <p>3. Hence, the said proviso in the Draft Regulation overrides the meaning of inter-state transmission line defined in the Electricity Act 2003 and therefore, is not acceptable.</p> <p>4. The proviso may hence be deleted.</p>

Clause and sub-clause	Draft CERC (Terms and Conditions of Tariff) Regulations, 2024	MSEDCL Comments
		<ol style="list-style-type: none"> <li>1. Some generating companies are claiming stacking loss for storage of coal on normative basis and at the same time claiming Change in Law for shortfall in coal supply for the same period.</li> <li>2. Either a station has piled up coal storage for incurring stacking loss or there is negligible coal available with the plant for claiming coal shortfall.</li> <li>3. However, both the events cannot simultaneously occur at one time during the same period.</li> <li>4. Claiming of stacking loss and coal shortfall claims in the same month shall not be allowed as it would lead to passing of generators inefficiency in handling and stacking of coal, overburdening the end consumers.</li> <li>5. Commission should adopt a strict monitoring mechanism for tracking of coal supply from supplier to each of the power stations and then the usage and availability of coal stock at the power stations.</li> <li>6. Draft Regulation also to provide for imposing necessary penalty for maintaining coal stock lower than the benchmark notified in the Rules.</li> <li>7. Necessary clause may be included in the Regulations that monitoring needs to be done by third party agency rather than relying on data provided by the generator itself.</li> </ol>