Background: Central Electricity Regulatory Commission has issued draft CERC (Terms and Condition of Tariff) Regulation 2024 on January 4, 2024 for stakeholder comments. Following is the comparison of CERC (Terms and Condition of Tariff) Regulation 2019 and draft CERC (Terms and Condition of Tariff) Regulation 2024 along with comments on the draft Regulations.

Clause and sub-clause	Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019	Draft Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024	Added / Modified / Deleted	MSPGCL's Comments
3	**Definitions. -** In these regulations, unless the context otherwise requires:			
(2)	**'Annual Target Quantity' or 'ATQ'** in respect of an integrated mine(s) means the quantity of coal or lignite to be extracted during a year from such integrated mine(s) corresponding to 85% of the quantity specified in the Mining Plan; Provided that in case the integrated mine(s) of coal or lignite is ready for supply of coal or lignite as per the Mining Plan but is prevented due to reasons not attributable to the generating company, the Commission may relax the Annual Target Quantity up to a maximum of 15% of the quantity of coal or lignite to be extracted during a year as specified in the Mining Plan."	**'Annual Target Quantity' or 'ATQ'** in respect of an integrated mine(s) means the quantity of coal or lignite to be extracted during a year from such integrated mine(s) corresponding to 85% of the quantity specified in the Mining Plan;	Modified	Approval for the Annual Target Quantity (ATQ) for mines is granted by the Coal Controller, and according to Regulation 39(4), any deviation from the mining plan can only be considered by the competent authority, which is the Coal Controller. Therefore, setting 85% of the ATQ is not permissible under the regulation.
(67)		**'Reference Rate of Interest'** means the one-year marginal cost of funds based lending rate (MCLR) of the State Bank of India (SBI) issued from time to time plus 325 basis points;	Modified	It is submitted that definition of bank rate is replaced with Reference rate of interest. The rate of MCLR from the year of 2016 of ~ 9.20% to 8.65% prevalent currently. Hence, reduction in rate of cost of borrowing would itself reflecting in MCLR rate.

Clause and sub-clause	Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019	Draft Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024	Added / Modified / Deleted	MSPGCL's Comments
				Therefore, MSPGCL respectfully submits that the reduction of basis point from 350 to 325 to arrive at 'Reference Rate of Interest' is not justified. In light of above, MSPGCL request to retain the 350 basis point as considered in existing CERC Tariff Regulations.
(88)	**'Useful Life'** in relation to a unit of a generating station, integrated mines, transmission system and communication system from the date of commercial operation shall mean the following: (a)Coal/Lignite based thermal generating station : 25 years (b)Gas/Liquid fuel based thermal generating station : 25 years (c)AC and DC sub-station : 25 years (d)Gas Insulated Substation (GIS) : 25 years (e)Hydro generating station including pumped storage hydro generating stations : 40 years (f)Transmission line (including HVAC & HVDC) & OPGW : 35 years (g)Communication system excluding OPGW, IT and SCADA : 7 years (h)Integrated mine(s) : As per the Mining Plan	**'Useful Life'** in relation to a unit of a generating station, integrated mines, transmission system and communication system from the date of commercial operation shall mean the following: (a)Coal/Lignite based thermal generating station : :25 years (b)Gas/Liquid fuel based thermal generating station : : 25 years (c)AC and DC sub-station : 25 years (d)Gas Insulated Substation (GIS) : 25 years (e)Hydro generating station including pumped storage hydro generating stations : 40 years (f)Transmission line (including HVAC & HVDC) & OPGW : 35 years (g)Communication system excluding OPGW, IT and SCADA	No Change	

Clause and sub-clause	Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019	Draft Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024	Added / Modified / Deleted	MSPGCL's Comments
		: 7 years (h)Integrated mine(s) : As per the Mining Plan		
	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;		Deleted	
		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.	Modified	As per draft Regulations, extension of useful life of Coal/Lignite based and Hydro based station has been increased to 35 and 50 years respectively. MoP in its letter dated 20th January 2023 had also urged "*all utilities not to retire any thermal units till 2030 and ensure the availability of units after carrying out R&M activities, if required*". MSPGCL welcomes the decision of extension of useful life of Thermal and Hydro generating stations. As this will ensure availability for base load generating capacity at times of high demand to consumers.
	CHAPTER – 2 DATE OF COMMERCIAL OPERATION			

Clause and sub-clause	Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019	Draft Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024	Added / Modified / Deleted	MSPGCL's Comments
5	Date of Commercial Operation …… (2) The date of commercial operation in case of integrated mine(s), shall mean the earliest of: - (a) the first date of the year succeeding the year in which 25% of the Peak Rated Capacity as per the Mining Plan is achieved; or (b) the first date of the year succeeding the year in which the value of production estimated in accordance with Regulation 7 of these regulations, exceeds total expenditure in that year; or (c) the date of two years from the date of commencement of production:	Date of Commercial Operation …… (2) The date of commercial operation in case of integrated mine(s), shall mean the earliest of: - (a) the first date of the year succeeding the year in which 25% of the Peak Rated Capacity as per the Mining Plan is achieved; or (b) the first date of the year succeeding the year in which the value of production estimated in accordance with Regulation 7 of these regulations, exceeds total expenditure in that year; or (c) the date of two years from the date of commencement of production:	No change	It is submitted that out of the three conditions of date of commercial operation of integrated mine, generally condition of two years from date of commencement of production will qualify. Hence, resulting CoD of mine from 2nd year onwards. MSPGCL most respectfully submits that loading of impact of capital cost from 2nd year onwards would make cost of coal unviable to supply at input price of coal. Hence, MSPGCL request to remove the condition of two years from date of commencement of production.
6	**<u>Treatment of mismatch in date of commercial operation:</u>**			
	(1) In case of mismatch of the date of commercial operation of the generating station and the transmission system, the liability for the transmission charges shall be determined as under:(a) Where the generating station has not achieved the commercial operation as on the date of commercial operation of the associated transmission system (which is not before the SCOD of the generating station) and the Commission has approved the date of commercial operation of such		Deleted	MSPGCL submits that following provision from the existing Regulation may be retained. **"***(b) Where the associated transmission system has not achieved the commercial operation as on the date of commercial operation of the concerned generating station or unit thereof (which is not before the SCOD of the transmission system), the transmission licensee shall make*

Clause and sub-clause	Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019	Draft Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024	Added / Modified / Deleted	MSPGCL's Comments
	transmission system in terms of clause (2) of the Regulation 5 of these regulations, the generating company shall be liable to pay the transmission charges of the associated transmission system in accordance with clause (5) of Regulation 14 of these regulations to the transmission licensee till the generating station or unit thereof achieves commercial operation:**(b) Where the associated transmission system has not achieved the commercial operation as on the date of commercial operation of the concerned generating station or unit thereof (which is not before the SCOD of the transmission system), the transmission licensee shall make alternate arrangement for the evacuation from the generating station at its own cost, failing which, the transmission licensee shall be liable to pay the transmission charges to the generating company as determined by the Commission, in accordance with clause (5) of Regulation 14 of these regulations, till the transmission system achieves the commercial operation**.(2) In case of mismatch of the date of commercial operation of the transmission system and the transmission system of other transmission licensee, the liability for the			*alternate arrangement for the evacuation from the generating station at its own cost, failing which, the transmission licensee shall be liable to pay the transmission charges to the generating company as determined by the Commission, in accordance with clause (5) of Regulation 14 of these regulations, till the transmission system achieves the commercial operation."* *It is submitted that the generator should not face penalties for delays in achieving commercial operation of the transmission system, especially when such delays are beyond its control and not due to any default on its part. Therefore, MSPGCL urges the Hon'ble Commission to maintain the clause as mentioned above.*

Clause and sub-clause	Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019	Draft Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024	Added / Modified / Deleted	MSPGCL's Comments
	transmission charges shall be determined as under:(a) Where an interconnected transmission system of other transmission licensee has not achieved the commercial operation as on the date of commercial operation of the transmission system (which is not before the SCOD of the interconnected transmission system) and the Commission has approved the date of commercial operation of such transmission system in terms of clause(2) of Regulation 5 of these regulations, the other transmission licensee shall be liable to pay the transmission charges of the transmission system inaccordance with clause (5) of Regulation 14 of these regulations to thetransmission licensee till the interconnected transmission system achievescommercial operation:(b) Where the transmission system has not achieved the commercial operation as on the date of commercial operation of the interconnected transmission system of other transmission licensee (which is not before the SCOD of the transmission system), the transmission licensee shall be liable to pay the transmission charges of such interconnected transmission system to the other transmission licensee or as may be determined by the			

Clause and sub-clause	Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019	Draft Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024	Added / Modified / Deleted	MSPGCL's Comments
	Commission, in accordance with clause (5) of Regulation 14 of these regulations, till the transmission system achieves the commercial operation			
7	**Supply of Coal or Lignite prior to the Date of Commercial Operation of Integrated Mine:**	**Supply of Coal or Lignite prior to the Date of Commercial Operation of Integrated Mine:**		
	The input price for the supply of coal or lignite from the integrated mine(s) prior to their date of commercial operation shall be: a) in the case of coal, the estimated price available in the investment approval, or the notified price of Coal India Limited for the corresponding grade of coal supplied to the power sector, whichever is lower; and b) in the case of lignite, the estimated price available in the investment approval or the last available pooled lignite price as determined by the Commission for the transfer price of lignite, whichever is lower: Provided that any revenue earned from the supply of coal or lignite prior to the date of commercial operation of the integrated mine(s) shall be applied in	The input price for the supply of coal or lignite from the integrated mine(s) prior to their date of commercial operation shall be: c) in the case of coal, the estimated price available in the investment approval, or the notified price of Coal India Limited for the corresponding grade of coal supplied to the power sector, whichever is lower; and d) in the case of lignite, the estimated price available in the investment approval or the last available pooled lignite price as determined by the Commission for the transfer price of lignite, whichever is lower: Provided that any revenue earned from the supply of coal or lignite prior to the date of commercial operation of the	No change	As per said provisions, it is stated that revenue earned from the supply of coal prior to the date of commercial operation shall be adjusted in capital cost of integrated mine. Sale of coal prior to the date of commercial operation allowed lower of investment approval or notified price of coal India Ltd. Hence, it is need to clarify whether loss due to restriction of cost of coal with notified price of Coal India Ltd would be allowed to capitalised or not. As per interpretation of proposed clause, capitalisation amount would be reduced to the extent of revenue earned. Hence, it appears that cost of coal production during year prior to CoD would not be totally recovered and amount recovered would be reduced from capitalisation which is inappropriate.

Clause and sub-clause	Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019	Draft Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024	Added / Modified / Deleted	MSPGCL's Comments
	adjusting the capital cost of the said integrated mine(s).	integrated mine(s) shall be applied in adjusting the capital cost of the said integrated mine(s).		In view of above, MSPGCL suggest that loss on account of sale of coal during prior CoD allowed to be capitalised or profit (if any) to be reduced from the amount of capitalisation.
	CHAPTER-3 PROCEDURE FOR TARIFF DETERMINATION			
8.	**Tariff determination**			
(5)	Energy charge component of tariff of the generating station sourcing coal or lignite from the integrated mine shall be determined based on the input price of coal or lignite, as the case may be, from such integrated mines:	Energy charge component of the tariff of the generating station ***getting*** coal or lignite from the integrated mine shall be determined based on the input price of coal or lignite, as the case may be, from such integrated mines:	Modified	It is submitted that similar provisions for coal source from commercial mine especially which are operated by Government entities, be incorporated in to these Regulations, or clarity be provided on this matter.
9	**Application for determination of tariff**	**Application for determination of tariff**		
(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 60 days from the actual date of commercial operation:	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 ~~60 days~~ ***90 days*** from the actual date of commercial operation:	Modified	**MSPGCL welcomes the decision of Hon'ble Commission to increase the duration of submission of Application for Determination of Tariff.** It is submitted that an extended period of 90 days in the draft Regulation, compared to the existing 60 days, is practical and suitable given the need for 2-3 months for finalizing accounts. Additionally, it should be noted that determining the amount of liquidated damages and un-discharge liabilities takes 1 or 2 years.

Clause and sub-clause	Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019	Draft Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024	Added / Modified / Deleted	MSPGCL's Comments
	Provided that where the transmission system comprises various elements, the transmission licensee shall file an application for determination of tariff for a group of elements on incurring of expenditure of not less than 70% of the cost envisaged in the Investment Approval or Rs. 200 Crore, whichever is lower, as on the anticipated date of commercial operation:	Provided that where the transmission system comprises various elements, the transmission licensee shall file an application for determination of tariff for a group of elements on incurring of expenditure of not less than Rs. 100 Crore or **100% of the cost envisaged** in the Investment Approval, ~~or Rs. 200 Crore~~ whichever is lower, as on the actual date of commercial operation:	Modified	
	Provided also that the generating company shall file an application for determination of supplementary tariff for the emission control system installed in coal or lignite based thermal generating station in accordance with these regulations not later than 60 days from the date of start of operation of such emission control system.	Provided also that the generating company shall file an application for determination of supplementary tariff for the emission control system installed in coal or lignite based thermal generating station in accordance with these regulations not later than **90 days** from the date of start of operation of such emission control system.	Modified	**MSPGCL welcomes the decision of Hon'ble Commission to increase the duration of submission of Application for Determination of Tariff.** Considering the time for finalisation of Accounts between 2 to 3 months, period of 90 days for filing of application for determination of supplementary tariff for Emission control system is appropriate.
(5)		In case the generating company or the transmission licensee files the application as per the timeline specified in sub-clause (1) to (4) of this Regulation, carrying cost shall be allowed from the date of commercial operation of the project:	Added	Proposed proviso would penalise the generator in case delay in filing of Petition due to reason beyond the control of the Generator. Hence, it is suggested that Generator should be allowed opportunity to submit the justification for the delay in filing of Petition and accordingly it may be decided on case to case basis regarding allowing of carrying cost.

Clause and sub-clause	Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019	Draft Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024	Added / Modified / Deleted	MSPGCL's Comments
10	**Determination of tariff**	**Determination of tariff**		
(2)	If the petition is inadequate in any respect as required under Annexure-I to these regulations, the application shall be returned to the generating company or transmission licensee, as the case may be, for resubmission of the petition within one month after rectifying the deficiencies as may be pointed out by the staff of the Commission.	If the petition is deficient in any respect as required under Annexure-I to these regulations, the application shall be returned to the generating company or transmission licensee, as the case may be, for resubmission of the petition within one month of the ***date of return of the application*** after rectifying the deficiencies as may be pointed out by the staff of the Commission.	Modified	
(3)	If the information furnished in the petition is in accordance with these regulations and is adequate for carrying out prudence check of the claims made, the Commission may consider granting interim tariff in case of new projects.	If the information furnished in the petition is in accordance with these regulations, ~~is adequate for carrying out prudence check of the claims made, the Commission may consider granting interim tariff in case of new projects~~. ***the Commission may consider granting interim tariff of up to ninety per cent (90%) of the tariff claimed in case of new generating station or unit thereof or transmission system or element thereof during the first hearing of the application***:	Modified	As per the provisions, filing of Petition for tariff is after the date of COD, hence MSPGCL submit that the interim tariff during the initial hearing of the application, may be provided at 100% of the cost submitted by the new generating stations or their units. In case of any excess amount paid by the beneficiaries to the generating station or unit, it may be proposed that excess amount in accordance with final tariff is to be refunded to the beneficiaries or vice versa along with carrying/holding cost.
		Provided that in case the final tariff determined by the Commission is lower than the interim tariff by more than 10%, the generating company or transmission licensee shall return the	Added	It is submitted that compensation to party who has been paid excess amount due to variation in estimation of the tariff should be provided along with holding cost as defined in this

Clause and sub-clause	Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019	Draft Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024	Added / Modified / Deleted	MSPGCL's Comments
		excess amount recovered from the beneficiaries or long-term customers, as the case may be with simple interest at 1.20 times of the rate worked out on the basis of 1 year SBI MCLR plus 100 basis points prevailing as on 1st April of the financial year in which such excess recovery was made		Regulation and it should not be penalising the other party by levying additional 20% holding cost. In view of above, MSPGCL request the Hon'ble Commission to modify the provision as under: *"Provided that in case the final tariff determined by the Commission is lower than the interim tariff by more than 10%, the generating company or transmission licensee shall return the excess amount recovered from the beneficiaries or long-term customers, as the case may be with simple interest at ~~1.20 times of the rate worked out on the basis of~~ 1 year SBI MCLR plus 100 basis points prevailing as on 1st April of the financial year in which such excess recovery was made"*
(6)	The Commission may hear the petitioner, the respondents and any other person permitted, including the consumers or recognised consumer associations while granting interim or final tariff.	The Commission may hear the petitioner, the respondents and any other person permitted, including the consumers or recognised consumer associations while granting interim or final tariff.	No Change	

Clause and sub-clause	Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019	Draft Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024	Added / Modified / Deleted	MSPGCL's Comments
(7)	The difference between the tariff determined in accordance with clauses (3) and (5) above and clauses (4) and (5) above, shall be recovered from or refunded to, the beneficiaries or the long-term customers, as the case may be, with simple interest at the rate equal to the bank rate prevailing as on 1st April of the respective year of the tariff period, in six equal monthly instalments.	Subject to Sub-Clause (8) below, the difference between the tariff determined in accordance with clauses (3) and (5) above and clauses (4) and (5) above, shall be recovered from or refunded to, the beneficiaries or the long term customers, as the case may be, with simple interest ~~-equal to the bank rate~~ ***equal to the 1 year SBI MCLR plus 100 basis points*** prevailing as on 1st April of the respective year of the tariff period, in six equal monthly instalments.	Modified	Given that it is extremely difficult to project the ARR of the plants so precisely, MSPGCL appreciates the decrease in rate of carrying cost on the excess or shortfall amount to be paid to beneficiary or vice versa.
		Provided that the bills to recover or refund shall be raised by the generating company or the transmission licensees within 30 days from the issuance of the Order.	Added	
		Provided further that such interest, including that determined as per sub-clause (8) of this regulation shall be payable till the date of issuance of the Order and no interest shall be allowed or levied during the period of six-monthly instalments.	Added	The justification for imposing the interest amount lies in its role in compensating the recipient to maintain an equivalent economic position. Hence, it is imperative to extend interest on the outstanding amount until the payment of the last instalment. Failing to do so would undermine the purpose of imposing interest or carrying/holding costs.

Clause and sub-clause	Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019	Draft Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024	Added / Modified / Deleted	MSPGCL's Comments
		Provided further that in case where money is to be refunded and there is a delay in the raising of bills by the generating company or transmission licensees beyond 30 days from the issuance of the Order, it shall attract a late payment surcharge as applicable in accordance with these regulations.	Added	
(8)	Where the capital cost considered by the Commission on the basis of projected additional capital expenditure exceeds the actual additional capital expenditure incurred on year to year basis by more than 10%, the generating company or the transmission licensee shall refund to the beneficiaries or the long term customers as the case may be, the tariff recovered corresponding to the additional capital expenditure not incurred, as approved by the Commission, along with interest at 1.20 times of the bank rate as prevalent on 1st April of the respective year.	Where the capital cost ~~considered~~ ***approved*** by the Commission on the basis of projected additional capital expenditure exceeds the actual trued up additional capital expenditure incurred on a year to year basis by more than 10%, the generating company or the transmission licensee shall refund to the beneficiaries or the long term customers as the case may be, the tariff recovered corresponding to the additional capital expenditure not incurred, as approved by the Commission, along with simple interest at 1.20 times of the ~~bank rate~~ ***rate worked out on the basis of 1 year SBI MCLR plus 100 basis*** **points** as prevalent on 1st April of the respective year.	Modified	The surplus amount collected from the beneficiary or long-term customer is to be reimbursed along with interest at the MCLR plus 100 points rate. Therefore, MSPGCL submits that imposing an additional 20% through interest amounts would unnecessarily burden the generating company or transmission licensee. In any case, the Commission is expected to approve the tariff after conducting a prudent check. Hence, significant variations in True Up might occur due to exceptional circumstances. Therefore, MSPGCL requests the removal of the provision to impose 1.20 times the MCLR plus 100 basis points as interest. Instead, interest should only be levied at MCLR plus 100 basis points.

Clause and sub-clause	Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019	Draft Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024	Added / Modified / Deleted	MSPGCL's Comments
	Where the capital cost considered by the Commission on the basis of projected additional capital expenditure falls short of the actual additional capital expenditure incurred by more than 10% on year to year basis, the generating company or the transmission licensee shall recover from the beneficiaries or the long term customers as the case may be, the shortfall in tariff corresponding to difference in additional capital expenditure, as approved by the Commission, along with interest at the bank rate as prevalent on 1st April of the respective year.		Deleted	Since, Electricity Act, 2003 focuses on equal treatment of all stakeholders in a transparent manner, Therefore, in case of projected additional capital expenditure exceeding the actual trued up additional capital expenditure incurred on a year-to-year basis by more than 10% being refunded to beneficiaries, the same may also be extended to **Generating companies on account of projected additional capital expenditure falling short of the actual additional capital expenditure incurred by more than 10% on year to year basis. The same may be recovered by Beneficiaries with the appropriate Simple Interest rate.** **Hence, MSPGCL suggests that the clause may be restored in the Final Tariff Regulations, 2024.**
11	**<u>In-principle approval in specific circumstances:</u>**	**<u>In-principle approval in specific circumstances:</u>**		
(5)		For Projects acquired through NCLT proceedings, the following shall be considered while approving Capital Cost for determination of tariff: For projects already under operation, historical GFA of the project acquired or the acquisition value paid by the	Added	Power stations facing liquidation in the National Company Law Tribunal (NCLT) often encounter challenges such as the absence of power purchase agreements, fuel supply uncertainties, complications in land acquisition, delays and cost overruns

Clause and sub-clause	Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019	Draft Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024	Added / Modified / Deleted	MSPGCL's Comments
		generating company, whichever is lower;(b)For considering the historical GFA for the purpose of Sub-Clause (a) above, the same shall be the capital cost approved by the appropriate commission till the date of acquisition; 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; 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;(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;(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.		due to environmental and forest clearances, and local issues. **It is suggested that in the case of operational power stations undergoing NCLT proceedings, if the acquisition price is lower than the actual project cost, a risk premium may be granted to the new owners to account for the inherent project risks. This would involve considering the actual project cost, adhering to commonly adopted regulatory prudence, and factoring in appropriate depreciations when determining the tariff.** A similar approach could be applied when acquiring stranded assets through NCLT proceedings.

Clause and sub-clause	Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019	Draft Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024	Added / Modified / Deleted	MSPGCL's Comments
		Provided that post commercial operation, any additional capital expenditure shall be allowed under the provisions of Chapter 7 of these Regulations.		
(6)		The following shall be excluded from the capital cost of the existing and new projects: ……		
(f)		Any grant received from the Central or State Government or any statutory body or authority for the execution of the project which does not carry any liability of repayment.	Added	It is appropriate that any grant received for the execution of the Project to be excluded from the capital cost of the Project. However, it is pertinent to note that capitalisation of initial spares is allowed with ceiling of 4% of capitalisation. Therefore, while restricting allowable capitalisation of initial spares, it is important to consider entire portion of assets and not excluding any grant received from Central or State Government or any statutory body.
20	**<u>Prudence Check of Capital Cost:</u>**	**<u>Prudence Check of Capital Cost:</u>**		
	The following principles shall be adopted for prudence check of capital cost of the existing or new projects:	The following principles shall be adopted for prudence check of capital cost of the existing or new projects:	No Change	

Clause and sub-clause	Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019	Draft Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024	Added / Modified / Deleted	MSPGCL's Comments
(1)	In case of the thermal generating station and the transmission system, prudence check of capital cost shall include scrutiny of the capital expenditure, in the light of capital cost of similar projects based on past historical data, wherever available, reasonableness of financing plan, interest during construction, incidental expenditure during construction, use of efficient technology, cost over-run and time over-run, procurement of equipment and materials through competitive bidding as given in Regulation 100 below and such other matters as may be considered appropriate by the Commission:	In case of the thermal generating station and the transmission system, prudence check of capital cost shall include scrutiny of the capital expenditure, in the light of capital cost of similar projects based on past historical data, wherever available, reasonableness of financing plan, interest during construction, incidental expenditure during construction, use of efficient technology, cost over-run and time over-run, procurement of equipment and materials through competitive bidding as given in Regulation 100 below and such other matters as may be considered appropriate by the Commission:	No Change	During the prudence check, it is essential to validate the selected project for historical cost comparison with a similar geographical area where the plant is situated. This is because the land cost varies based on location. Considering this, it would be inappropriate to compare the project with a similar size in a different geographical area.
		[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.]	Added	Allowance for project implementation delays due to uncontrollable factors beyond the project developer's control is crucial. It is essential to emphasize that penalizing developers by disallowing Interest During Construction (IDC) for delays caused by unforeseen circumstances would be unfair. Delays, arising from unforeseen reasons during the original implementation period, cannot be accurately predicted in advance. Therefore, it is submitted that the

Clause and sub-clause	Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019	Draft Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024	Added / Modified / Deleted	MSPGCL's Comments
				Hon'ble Commission should establish the reason for delays and allocate the responsibility. In case delay is practically not possible to control, IDC and IEDC should be allowed accordingly.
		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.	Added	It is crucial to assert that when generating companies submit applications for permissions from authorities like NHAI, Railways, and other clearances on time, the responsibility lies with the respective authorities to promptly process these requests. Despite the generating stations making diligent efforts to resolve any issues and expedite the approval process, certain complexities and challenges may persist, leading to inevitable delays. Considering the inherent challenges in the bureaucratic processes and the unforeseeable nature of complications that may arise during the approval phase, it is suggested that the maximum condonation allowed for delays associated with obtaining approvals or clearances from authorities may be allowed after prudence check.

Clause and sub-clause	Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019	Draft Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024	Added / Modified / Deleted	MSPGCL's Comments
				This acknowledges the practical difficulties faced by generating companies, ensuring fairness and recognizing the external factors beyond their control.
28	**Special Allowance for Coal-based/Lignite fired Thermal Generating station**	**Special Allowance for Coal-based/Lignite fired Thermal Generating station**		
(1)	In case of coal-based/lignite fired thermal generating stations, the generating company, instead of availing renovation and modernization (R&M) may opt to avail a 'special allowance' in accordance with the norms specified in this Regulation, as compensation for meeting the requirement of expenses including renovation and modernisation beyond the useful life of the generating station or a unit thereof and in such an event, upward revision of the capital cost shall not be allowed and the applicable operational norms shall not be relaxed but the Special Allowance shall be included in the annual fixed cost:	In the case of coal-based/ lignite fired thermal generating stations, the generating company, instead of availing renovation and modernization (R&M), may opt to avail of a 'special allowance' in accordance with the norms specified in this Regulation, as compensation for meeting the requirement of expenses ***towards any additional capital expenditure covered in Regulation 24, 25, 26 and 27 except for capital expenditure arising out of change in law, award of arbitration or for compliance of the directions or order of any statutory authority, or order or decree of any court of law, and force majeure after completion of 25 years from the date of Commercial operation of*** the generating station or a unit thereof and in such an event, an upward revision of the capital cost shall not be allowed and the applicable operational norms shall not be relaxed	Modified	

Clause and sub-clause	Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019	Draft Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024	Added / Modified / Deleted	MSPGCL's Comments
		but the Special Allowance shall be included in the annual fixed cost:		
	Provided that such option shall not be available for a generating station or unit thereof for which renovation and modernization has been undertaken and the expenditure has been admitted by the Commission before commencement of these regulations, or for a generating station or unit which is in a depleted condition or operating under relaxed operational and performance norms;	Provided that such option shall not be available for a generating station or unit thereof for which renovation and modernization has been undertaken and the expenditure has been admitted by the Commission before the commencement of these regulations, or for a generating station or unit which is in a depleted condition or operating under relaxed operational and performance norms;	No Change	It is submitted that generating station may be operating under relax operational norms considering specific reason and it may be since its period of useful life of the generating station. In view of this, exception of such cases may be allowed.
(2)	The Special Allowance admissible to a generating station shall be @ Rs 9.5 lakh per MW per year for the tariff period 2019-24.	The Special Allowance admissible to a generating station shall be ~~@ Rs 9.5~~ ***@ Rs 10.75 lakh per MW*** per year for the control period.	Modified	It is submitted that the CERC Tariff Regulations 2009 (Rs. 5 Lakhs/MW for the 1st year) and 2014 (Rs. 7.5 Lakhs/MW for the 1st year) included a special allowance with yearly escalations of 5.72% and 6.35%, respectively. However, the CERC Tariff Regulations 2019 fixed a norm of Rs. 9.5 Lakhs per MW per year for the tariff period 2019-24. MSPGCL submits that the proposed upward revision regarding special allowance, i.e., Rs. 10.75 Lakhs per MW per year, in this draft Regulations is justified. However, MSPGCL suggests that the special allowance should have a yearly escalation to address inflation. Thus, Rs. 10.75 Lakhs per MW per

Clause and sub-clause	Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019	Draft Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024	Added / Modified / Deleted	MSPGCL's Comments
				year could be determined for the 1st year of the control period, with subsequent yearly escalations. MSPGCL requests the consideration of this suggestion in this regard. This will be useful for the stations having life of greater than 25 years to sustain their performance.
CHAPTER – 7	**COMPUTATION OF ADDITIONAL CAPITAL EXPENDITURE**			
25	**Additional Capitalisation within the original scope and after the cut-off date:**	**Additional Capitalisation within the original scope and after the cut-off date:**		
(1)	The additional capital expenditure incurred or projected to be incurred in respect of an existing project or a new project on the following counts within the original scope of work and after the cut-off date may be admitted by the Commission, subject to prudence check:	The additional capital expenditure incurred or projected to be incurred in respect of an existing project or a new project on the following counts within the original scope of work and after the cut-off date may be admitted by the Commission, subject to prudence check:	No Change	Initial spares are crucial part of the project and capitalisation of spares are dependent on spares availability, delivery time etc. Hence, it is suggested that initial spares beyond cut-off date may be considered if it is within the specified limit of initial spares.
CHAPTER -8	**COMPUTATION OF ANNUAL FIXED COST**			
30	**<u>Return on Equity:</u>**	**<u>Return on Equity:</u>**		
(1)	Return on equity shall be computed in rupee terms, on the equity base determined in accordance with Regulation 18 of these regulations.	Return on equity shall be computed in rupee terms, on the equity base determined in accordance with Regulation 18 of these regulations.	No Change	

Clause and sub-clause	Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019	Draft Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024	Added / Modified / Deleted	MSPGCL's Comments
(2)	Return on equity for existing project shall be computed at the base rate of 15.50% for thermal generating station, transmission system including communication system and run-of- river hydro generating station and at the base rate of 16.50% for storage type hydro generating stations, pumped storage hydro generating stations and run-of-river generating station with pondage;	Return on equity for existing project shall be computed at the base rate of 15.50% for thermal generating station, transmission system including communication system and run-of-river hydro generating station and at the base rate of 16.50% for storage type hydro generating stations, pumped storage hydro generating stations and run-of- river generating station with pondage;	No Change	As per MSPGCL's suggestions on CERC Tariff Approach Paper, Hon'ble Commission has continued the RoE approach for the Tariff Period 2024-29, as it offers investors clarity regarding the returns on their assets with no change in rates for existing projects. MSPGCL welcomes the decision of Hon'ble Commission
(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;	Added	
	Provided that return on equity in respect of additional capitalization after cut-off date beyond the original scope, excluding additional capitalization on account of emission control system, shall be computed at the weighted average rate of interest on actual loan portfolio of the generating station or the transmission	Provided that return on equity in respect of additional capitalization beyond the original scope, including additional capitalization on account of the emission control system, Change in Law, and Force Majeure shall be computed at the base rate of one-year marginal cost of lending rate (MCLR) of	Modified	It is submitted that additional capitalization resulting from incidents like force majeure and change in law approved after undertaking prudence check should be considered as an integral part of capital expenditure and treated equivalently to regular capital expenditure.

Clause and sub-clause	Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019	Draft Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024	Added / Modified / Deleted	MSPGCL's Comments
	system or in the absence of actual loan portfolio of the generating station or the transmission system, the weighted average rate of interest of the generating company or the transmission licensee, as the case may be, as a whole shall be considered, subject to ceiling of 14%"	the State Bank of India plus 350 basis points as on 1st April of the year, subject to a ceiling of 14%;		Hence, the rate of ROE for additional capitalisation on account of change in law, force majeure event and emission control system should be same as considered for project as on COD. i.e., 15.50% for Thermal Generating Stations. Further, it is submitted that the interest rate on loans for capital expenditure related to the emission control system is relatively higher than the interest rate on loans obtained for financing the main project's capital cost. In view of above, it is suggested that return on equity should be allowed at 15.50% for thermal generating stations and if it is link to interest rate, at a slightly higher rate specifically for the capital expenditure incurred in establishing the emission control system may be allowed.
	The return on equity in respect of additional capitalization on account of emission control system shall be computed at the base rate of one year marginal cost of lending rate (MCLR) of the State Bank of India as on 1st April of the year in which the date of operation		Modified	

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	(ODe) occurs plus 350 basis point, subject to ceiling of 14%;			
32	**Interest on loan capital:**	**Interest on loan capital:**		
(4)	Notwithstanding any moratorium period availed of by the generating company or the transmission licensee, as the case may be, the repayment of the loan shall be considered from the first year of commercial operation of the project and shall be equal to the depreciation allowed for the year or part of the year.	Notwithstanding any moratorium period availed of by the generating company or the transmission licensee, as the case may be, the repayment of the loan shall be considered from the first year of commercial operation of the project and shall be equal to the depreciation allowed for the year or part of the year.	No Change	
(5)	The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio after providing appropriate accounting adjustment for interest capitalized:	***For the Existing Project(s),*** the rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio or allocated loan portfolio ~~after providing appropriate accounting adjustment for interest capitalized:~~		MSPGCL appreciates that the Hon'ble Commission has continued the current methodology of calculating interest on loans based on the weighted average rate of interest derived from the actual loan portfolio in line with the MSPGCL's suggestion to CERC approach paper. However, it is suggested that the weighted average rate of interest based on the actual loan portfolio should include the interest that is capitalized. This inclusion is essential because the accurate calculation of the actual rate of interest can be

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				arrived only when such capitalized interest is considered in determining the weighted average rate of interest. Otherwise it will results in interest rate lower than actual interest rate.
	Provided that if there is no actual loan outstanding for a particular year but the normative loan is still outstanding, the last available weighted average rate of interest of the loan portfolio for the project shall be considered;	Provided that if there is no actual loan outstanding for a particular year but the normative loan is still outstanding, the last available weighted average rate of interest of the loan portfolio for the project shall be considered;	No Change	
	Provided further that if the generating station or the transmission system, as the case may be, does not have any actual loan, then the weighted average rate of interest of the loan portfolio of the generating company or the transmission licensee as a whole shall be considered.	Provided further that if the generating station or the transmission system, as the case may be, does not have any actual loan, then the weighted average rate of interest of the loan portfolio of the generating company or the transmission licensee as a whole shall be considered.	No Change	
		Provided that the rate of interest on the loan for the 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.	Added	It is noted that the financing of project costs related to the emission control system typically incurs interest rates approximately 1.5% to 1.70% higher than the interest rates for long-term financing of the main project costs for thermal generating stations. Therefore, it is suggested that separate provision is made for the interest on loans obtained for the emission control system (ECS). However, it is important to highlight that in cases where there is no actual

Clause and sub-clause	Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019	Draft Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024	Added / Modified / Deleted	MSPGCL's Comments
				loan for the emission control system, the interest rate on such notional loan should be higher (by 1.50%) than the weighted average rate of interest of regular long-term financing for the project.
(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;	Added	-
		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.	Added	It is submitted that MSPGCL avails long term loan from financial institutions at rate of 9.50% to 10%. In view of this, it is suggested that the in absence of actual loan portfolio and current 1 year MCLR at 8.65%, rate of interest for loan shall be considered as 1 year MCLR of SBI as on April 01 of relevant financial plus 100-150 bps.
	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%.	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%.	No changes	

Clause and sub-clause	Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019	Draft Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024	Added / Modified / Deleted	MSPGCL's Comments
33	**Depreciation:**	**Depreciation:**		
(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:	Added	MSPGCL submit that debt servicing is being done through provision of depreciation. Hence, considering the normative component of loan which is 70% of capitalisation, MSPGCL suggest that 70% depreciation may be allowed to charge as per repayment tenure of the loan subject to maximum of 15 years. i.e. If tenure is less than 15 years, it should be linked to tenure, else depreciation allowed in 15 years.
		Provided that the remaining depreciable value as on 31st March of the year closing after a period of 15 years from the effective date of commercial operation of the station shall be spread over the balance useful life of the assets.	Added	
(8)	**.....** The generating company or the transmission licensee, as the case may be, shall submit the details of proposed capital expenditure five years before the completion of useful life of the project along with justification and proposed life extension. The Commission based on prudence check of such submissions shall approve the depreciation on capital expenditure.	The generating company or the transmission licensee, as the case may be, shall submit the details of capital expenditure proposed to be incurred during five years before the completion of useful life along with proper justification and proposed life extension. The Commission, based on prudence check of such submissions, shall approve the depreciation ***by equally spreading the depreciable value over the balance Operational Life of the generating station or unit thereof or fifteen years, whichever is lower, and in case of the transmission system shall equally spread the***	Modified	It is submitted that after incurring capital expenditure for extending the life of assets, the useful life of those assets would be prolonged. Therefore, it would be more appropriate to link the charging of remaining depreciation to the extended useful life of the assets rather than the operational life. In view of this, MSPGCL requests the Hon'ble Commission to amend this provision to align balance depreciation with the remaining useful life of the assets. Moreover, it is submitted that for older generating units equipped with

Clause and sub-clause	Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019	Draft Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024	Added / Modified / Deleted	MSPGCL's Comments
		depreciable value over the balance useful life of the Asset.		Flue Gas Desulfurization (FGD), the FGD's lifespan is considered as 25 years. In cases where the lifespan of the generating unit is less than 25 years from the FGD installation date, FGD should be depreciated in balance useful life only.
34	**Interest on Working Capital:**	**Interest on Working Capital:**		
(1)	The working capital shall cover:…….	The working capital shall cover:		
(i)	Fuel cost for 30 days corresponding to the normative annual plant availability factor, duly taking into account the mode of operation of the generating station on gas fuel and liquid fuel;	Fuel cost for ~~30 days~~ ***15 days*** corresponding to the normative annual plant availability factor, duly taking into account the mode of operation of the generating station on gas fuel and liquid fuel;	Modified	It is submitted that change in norm of IoWC proposed will adversely impact arrangement of fuel supply. Hence, it is suggested that existing norm of 30 days may be retained.
(3)	Rate of interest on working capital shall be on a normative basis and shall be considered at the Reference Rate of Interest as on 1.4.2019 or as on 1st April of the year during the tariff period 2019-24 in which the generating station or a unit thereof or the transmission system including communication system or element thereof, as the case may be, is declared under commercial operation, whichever is later:	Rate of interest on working capital shall be on a normative basis and shall be considered at the Reference Rate of Interest as on ***1.4.2024*** or as on 1st April of the year during the tariff period ***2024-29*** in which the generating station or a unit thereof or the transmission system including communication system or element thereof, as the case may be, is declared under commercial operation, whichever is later:	Modified	As per the new definition of Reference rate, the effective rate for IoWC has proposed to be decreased by 0.25% in view of fostering a more stable and predictable financial environment. With the market's increasing inclination towards clean energy, the risk associated with thermal generating stations has amplified from the perspective of lenders. Hence, maintaining the current rate of interest on working capital for generating stations is essential due to
	Provided that in case of truing-up, the rate of interest on working capital shall be considered at Reference Rate of Interest as on 1st April of each of the financial year during the tariff period 2014-19.	Provided that in case of truing-up, the rate of interest on working capital shall be considered at Reference Rate of Interest as on 1st April of each of the financial year during the tariff period **2024-29**.	Modified	

Clause and sub-clause	Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019	Draft Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024	Added / Modified / Deleted	MSPGCL's Comments
				the sector's inherent risks and uncertainties. Thus MSPGCL requests Hon'ble Commission that Rate of interest on working capital may be considered at the Reference Rate of Interest + additional 25 Basis Points or maintain the existing spread of 350 basis points.
(4)	Interest on working capital shall be payable on a normative basis, notwithstanding that the generating company or the transmission licensee has not taken a loan for working capital from any outside agency.	Interest on working capital shall be payable on a normative basis, notwithstanding that the generating company or the transmission licensee has not taken a loan for working capital from any outside agency.	No change	
35		**De-Commissioning**		
(1)		In case a generating station or unit thereof, or a transmission system including communication systems or element thereof after it is certified by CEA or CTU or any other statutory authority, that any asset cannot be operated or needs to be replaced on account of environmental concerns or safety issues or system upgradation or a combination of these factors not attributable to generating company or a transmission licensee, the unrecovered depreciable value may be allowed to be recovered on a case-to-	Added	MSPGCL had suggested to Hon'ble Commission in the Approach paper on Terms and Conditions of Tariff that If a power generation facility is retired prematurely due to specific statutory orders, the unrecovered portion of depreciation should be eligible for recovery. MSPGCL appreciates that the Hon'ble Commission has considered the suggestion with regards to approval of unrecovered portion of depreciation of the decommissioned asset.

Clause and sub-clause	Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019	Draft Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024	Added / Modified / Deleted	MSPGCL's Comments
		case basis after duly adjusting the actual salvage value post disposal of such project.		**Additionally, MPSGCL request Hon'ble Commission to not exclude or reduce the decommissioned asset from the licensee's regulated Gross Fixed Assets (GFA).** **Consequently, the retrieval of all cost components linked to GFA should be authorized.**
		Provided that the manner of recovery, including a number of instalments in which such unrecovered depreciation will be allowed, shall be specified by the Commission on a case-to-case basis.	Added	
		Provided further that no carrying cost shall be allowed on any delay associated with such recovery.	Added	
36	**Operation and Maintenance Expenses:**	**Operation and Maintenance Expenses:**		
(1)	**Thermal Generating Station:** Normative Operation and Maintenance expenses of thermal generating stations shall be as follows:	**Thermal Generating Station:** Normative Operation and Maintenance expenses of thermal generating stations shall be as follows:	Modified/updated	MSPGCL had suggested Hon'ble Commission on the Approach paper on Terms and Conditions of Tariff that Segregation of O&M cost into Employee Cost and Other O&M Cost O&M would benefit the Generating Company. Expenses of generation company constitute of 1. Employee expenses (around 50% to 60% of total O & M)
(1)	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:	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:		

<table>
<tr><th>Clause and sub-clause</th><th>Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019</th><th>Draft Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024</th><th>Added / Modified / Deleted</th><th>MSPGCL's Comments</th></tr>
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<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>
<tr><td>FY 2019-20</td><td>32.96</td><td>27.74</td><td>22.51</td><td>20.26</td><td>18.23</td></tr>
<tr><td>FY 2020-21</td><td>34.12</td><td>28.71</td><td>23.30</td><td>20.97</td><td>18.87</td></tr>
<tr><td>FY 2021-22</td><td>35.31</td><td>29.72</td><td>24.12</td><td>21.71</td><td>19.54</td></tr>
<tr><td>FY 2022-23</td><td>36.56</td><td>30.76</td><td>24.97</td><td>22.47</td><td>20.22</td></tr>
<tr><td>FY 2023-24</td><td>37.84</td><td>31.84</td><td>25.84</td><td>23.26</td><td>20.93</td></tr>
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<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>
<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>
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</td><td></td><td rowspan="2">2. Administrative and General expenses (around 5% to 10% of O & M)
3. Repair and Maintenance expenses (remaining part i.e. around 40% to 50% of O & M)
Employee Expenses: Major heads of employee expenses are
a. Basic salary
b. Dearness allowances
c. Allowances Bonus, other miscellaneous claims
d. Terminal benefits
(i) PF contributions
(ii) Provision of projected benefits obligation towards accumulating Compensated Absences.
(iii) Provision of projected benefits obligation towards gratuity.

Employee expenses are uncontrollable expenses, especially in the case of government entities/utilities, owing to various socio-economic constraints. Under the current approach, where approved O&M is restricted at the normative level, the funds available for R&M are limited after covering employee expenses and administrative expenses.</td></tr>
<tr><td></td><td>Provided that where the date of commercial operation of any additional unit(s)of a generating station after first four units occurs on or after 1.4.2019, the O&M expenses of such additional unit(s) shall be admissible at 90% of the operation and maintenance expenses as specified above;</td><td></td></tr>
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Clause and sub-clause	Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019	Draft Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024	Added / Modified / Deleted	MSPGCL's Comments
				This results in an observed trend where the increase in employee costs is not adequately factored into the approved O&M costs, leading to constraints for generating companies in carrying out essential R&M activities within the remaining budget. As a consequence, there may be disallowance of crucial R&M expenses, which are vital for maintaining the plant at the desired normative performance levels. Therefore, MSPGCL had earlier suggested that the proposed approach of segregating the O&M norms into two categories, namely "Employee costs" and "Other O&M expenses towards R&M and A&G expenses," is a prudent suggestion in Approach Paper on Terms and Conditions of Tariff. This approach would grant generators the necessary flexibility in prioritizing R&M activities and reduce the likelihood of cost disallowances. **In light of this, MSPGCL respectfully reiterates to the Hon'ble Commission to allow O&M costs in the segregated manner as suggested, with employee costs approved at**

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				actuals, subject to prudence check, and the (A&G + R&M) component allowed at the normative level. Regarding the challenge of non-availability of historical approved norms in such a segregated manner, it can be resolved by apportioning the approved norms based on actuals during the relevant period. This adjustment would enable a fair and practical implementation of the proposed approach. It has been noticed that in various states the O&M norms differ from that of CERC Tariff Regulation Norms. **MSPGCL also requests Hon'ble Commission to enforce the O&M Norms with uniformity across all states, so as to have transparent and equitable tariffs for stations with similar MW Series.** **It may further be provided that in case total O&M norms are higher than total actual O&M expenses, O&M expense allowed as per total O&M norms.**

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				Further, normative O&M expense for 500 MW sets for FY 2024-25 escalated with 1.47% and other series escalated by at least 3.93%. Hence, MSPGCL request the Hon'ble Commission to consider norm for FY 24-25 at escalation rate of 3.93% for 500 MW series.
(7)	The additional operation and maintenance expenses on account of implementation of revised emission standards shall be notified separately:	Any additional O&M expenses incurred by the generating company or transmission licensee due to any change in law or Force Majeure event shall be considered at the time of truing up of tariff.	No Change	
	Provided that till the norms are notified, the Commission shall decide the additional O&M expenses on case to case basis.	Provided that such impact shall be ***allowed only in case the overall impact of such change in law event in a year is more than 5% of normative O&M expenses allowed for the year.***		MSPGCL respectfully submits that it is important to consider scenarios where generating stations may face a substantial need for O&M expenses exceeding the normative O&M expenses by more than 5%, even if not directly attributed to the generating station. There are instances where unforeseen factors, such as sudden equipment failures, changes in environmental conditions, or unexpected regulatory requirements, can significantly impact operational and maintenance requirements. In such cases, imposing a restriction that allows compensation for change

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				in law events only if the overall impact exceeds 5% of normative O&M expenses may unfairly burden generating companies. It is essential to recognize that unforeseen circumstances, beyond the control of the generating station, may necessitate higher O&M expenses. Therefore, a more flexible approach, accommodating genuine and unforeseen increases in O&M costs, would be equitable and conducive to the financial sustainability of generating companies. This would ensure that generating stations are not unduly penalized for factors beyond their control that may lead to a substantial increase in O&M expenses.
(8)		In the case of a generating company owned by the Central or State Government, the impact on account of implementation of wage or pay revision shall be allowed at the time of truing up of tariff.		
(9)	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,	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	No Changes	

Clause and sub-clause	Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019	Draft Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024	Added / Modified / Deleted	MSPGCL's Comments
	which shall be escalated annually @ 3.5% during the tariff period ending on 31st March 2029:	of operation, which shall be escalated annually @ 5.89% during the tariff period ending on 31st March 2029:		
	Provided that income generated from the sale of gypsum or other by-products shall be reduced from the operation and maintenance expenses.	Provided that income generated from the sale of gypsum or other by-products shall be reduced from the operation and maintenance expenses.	No Changes	
CHAPTER – 9	**COMPUTATION OF INPUT PRICE OF COAL AND LIGNITE FROM INTEGRATED MINE**			
39	**Run of Mine (ROM) Cost**			
(2)	Run of Mine Cost of coal in case of integrated mine allocated through allotment route under Coal Mines (Special Provisions) Act, 2015 shall be worked out as under: ROM Cost = [(Annual Extraction Cost / (ATQ or Actual production whichever is higher) + Mining Charge] + (Fixed Reserve Price).	Run of Mine Cost of coal in case of integrated mine allocated through allotment route under Coal Mines (Special Provisions) Act, 2015 shall be worked out as under: ROM Cost = [(Annual Extraction Cost / (ATQ or Actual production whichever is higher) + Mining Charge] + (Fixed Reserve Price).	No change	The production beyond ATQ may be possible, to meet generation requirement as per GOI's directions. Hence, in the formula of RoM cost, consideration of actual production may provide under-recovery of the annual extraction cost (AEC) over life of the mine. Hence, in such instance of production in excess of mine plan, proportional incremental AEC recovery may be allowed.
44	**Capital Structure, Return on Equity and Interest on Loan:**	**Capital Structure, Return on Equity and Interest on Loan:**		
(3)	Return on equity shall be computed in rupee terms on the equity base arrived under Clause (1) of this Regulation at the base rate of 14%.	Return on equity shall be computed in rupee terms on the equity base arrived under Clause (1) of this Regulation at the base rate of 14%.	No change	Development of integrated mine has risk or challenges such as land acquisition, R&R, wide area of operation, no fencing, prone to flooding & other extreme weather

Clause and sub-clause	Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019	Draft Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024	Added / Modified / Deleted	MSPGCL's Comments
				conditions, etc. In view of this, MSPGCL submits that development of integrated mine involves significant risk comparable to that of thermal power plant. Therefore, it is suggested that RoE should be considered at par with ROE allowed for coal thermal generating stations, i.e. 15.50%.
53	**Adjustment on account of Non-tariff income (NTI Adjustment):**	**Adjustment on account of Non-tariff income (NTI Adjustment):**		
(1)	Adjustment on account of non-tariff income (NTI Adjustment) for any year, such as income from sale of washery rejects in case of integrated mine of coal and profit, if any, from supply of coal to the Coal India Limited or merchant sale of coal as allowed under the Coal Mines (Special Provisions) Act, 2015 shall be worked out as under:	Adjustment on account of non-tariff income (NTI Adjustment) for any year, such as income from sale of washery rejects in case of integrated mine of coal and profit, if any, from supply of coal to the Coal India Limited or merchant sale of coal as allowed under the Coal Mines (Special Provisions) Act, 2015 shall be worked out as under:	No change	
	NTI Adjustment = (2/3) x (Total Non-tariff income during the year)/(Actual quantity of coal or lignite extracted during the year)	NTI Adjustment = (2/3) x (Total Non-tariff income during the year)/(Actual quantity of coal or lignite extracted during the year)	No change	The Mines and Minerals (Development and Regulation) Amendment act, 2021 allows the miner to sell up to fifty per cent of the total coal or lignite produced in a year after meeting the requirement of the end use plant considering that the risk & expenditures for mining operations are completely borne by

Clause and sub-clause	Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019	Draft Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024	Added / Modified / Deleted	MSPGCL's Comments
				mining company. Hence, MSPGCL suggests that the sale of coal be excluded from the purview of NTI to ensure complete recovery of annual extraction costs.
60	**Gross Calorific Value of Primary Fuel:**	**Gross Calorific Value of Primary Fuel:**		
(1)	The gross calorific value for computation of energy charges as per Regulation 64 of these regulations shall be done in accordance with 'GCV as Received';	The gross calorific value for computation of energy charges as per Regulation 64 of these regulations shall be done in accordance with 'GCV as Received';	Modified	MSPGCL submits that it is necessary to carry out sampling of the GCV of the coal at loading end and unloading end to check the quality of coal offered and whether it is as agreed upon in the FSA. Further, generating stations should not be penalized for the loss in GCV of coal when a third-party sampling is being carried out. Generating companies operate within a regulated framework, but coal companies, which supply the fuel, are not subject to regulation. The cost of fuel is a significant portion of the generating companies' overall expenses. Currently, the generating companies pay for the coal supply based on its billed Gross Calorific Value (GCV). However, in practice, significant grade slippages (2 to 4 Grades or around 600 kcal/kg to 1200 kcal/kg) are observed in the coal "As received" at the power stations. Thus the coal used for power generation is

Clause and sub-clause	Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019	Draft Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024	Added / Modified / Deleted	MSPGCL's Comments
				often utilised post a grade slippage of 2-4 grades of billing grade. Hon'ble Commission has taken the step in the right direction to consider in accordance with 'GCV as Received'. **It is worth noting that this methodology is widely accepted and followed, as it recognizes the practical challenges faced by generating companies in accurately receiving the exact GCV as billed. By considering the GCV as received, after accounting for stacking loss, for calculating the ECR, it accommodates the variations beyond the control of the generating company.** It is further to submit though presently some ERCs have provided for consideration of "As billed" GCV methodology with some allowed margin , such shift has resulted in financial disallowances to the generating companies. **In view of above, wider accepted methodology of consideration of GCV "As received" less additional margin towards storage losses, to arrive at the GCV "as fired" for calculation of energy charge rate as per prevailing CERC tariff**

Clause and sub-clause	Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019	Draft Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024	Added / Modified / Deleted	MSPGCL's Comments
				Regulations is more appropriate and practical. **Hence, the MSPGCL strongly suggest that the present approach of considering "GCV as Received" with allowable margin for stacking loss to arrive at the GCV "As fired" for calculation of ECR must be continued.** **Furthermore, MSPGCL submits that uniform approach for consideration of GCV for calculation of ECR across all State Commissions should be maintained so that calculation MOD rates across different States are comparable and are in consistent methodology.**
		……. Provided that the generating station shall have third party sampling done at the billing end and the receiving end through an agency certified by the Ministry of Coal and ensure recovery of compensation as per Fuel Supply Agreement(s) and pass on the benefits of the same to the beneficiaries of the generating station;		In the absence of third-party sampling, the declaration of GCV "As Received" will rely solely on the Generator's declaration. Consequently, there will be no assurance of the actual GCV variation between GCV "As Billed" and GCV "As Received." Therefore, MSPGCL suggests that coal sampling be made mandatory to ensure sanctity of the GCV variation.

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		Provided further that in the absence of any third party sampling through an agency certified by the Ministry of Coal, the GCV shall be considered on the basis of 'as billed' by the Supplier less:		
		No loss in calorific value between 'GCV as billed' and 'GCV as received' is admissible for generating stations procuring coal from Integrated mines or through the import of coal.		MSPGCL submits that an allowance for a maximum loss of 300 kCal/kg (based on distance) between the 'GCV at loading' end and 'GCV at unloading end—Receiving end' may be granted for integrated mines supplying coal to non-Pithead stations.
CHAPTER 11	**COMPUTATION OF CAPACITY CHARGES, SUPPLEMENTARY CAPACITY CHARGES AND ENERGY CHARGES**			
62	**Computation and Payment of Capacity Charge for Thermal Generating Stations:**	**Computation and Payment of Capacity Charge for Thermal Generating Stations:**		
(1)	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 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 under two segments of the year, i.e. High Demand Season (period of three months)	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	Modified	It is submitted that high and low demand differs from State to State. Hence, the methodology of computing payment of capacity charges linking to only peak and off peak hours without bifurcating in to high and low demand season is more appropriate. As it will, provide appropriate recovery of the capacity charge uniformly for generator from different geographical area. In light of this, MSPGCL appreciates the proposed changes in this draft

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	and Low Demand Season (period of remaining nine months), and within each season in two parts viz., Capacity Charge for Peak Hours of the month and Capacity Charge for OffPeak Hours of the month as follows: Capacity Charge for the Year (CCy) = Sum of Capacity Charge for three months of High Demand Season + Sum of Capacity Charge for nine months of Low Demand Season	month and Capacity Charge for Off-Peak Hours of the month as follows:		Regulations and request the Hon'ble Commission to finalise the approach proposed in this Draft Regulations.
(2).	The Capacity Charge payable to a thermal generating station for a calendar month shall be calculated in accordance with the following formulae:	The Capacity Charge payable to a thermal generating station for a calendar month shall be calculated in accordance with the following formulae:		
	High Demand session CCp1= [(0.20 x AFC) x (1/12) x (PAFMp1/NAPAF) subject to ceiling of {(0.20 x AFC) x (1/12)}] CCp2= [(0.20 x AFC) x (1/6) x (PAFMp2/NAPAF) subject to ceiling of {(0.20 x AFC) x (1/6)}] – CCp1 CCp3= [(0.20 x AFC) x (1/4) x (PAFMp3/NAPAF) subject to ceiling of {(0.20 x AFC) x (1/4)}] -- (CCp1+ CCp2) CCop1= (0.80 x AFC) x (1/12) x (PAFMop1/NAPAF) subject to ceiling of {(0.80 x AFC) x (1/12)} CCop2= [(0.80 x AFC) x (1/6) x (PAFMop2/NAPAF) subject to ceiling of	Capacity Charge for the Month (CCn) = Capacity Charge for Peak Hours of the Month (CCpn) + Capacity Charge for Off-Peak Hours of the Month (CCopn) Where, CCp1= [(0.20 x AFC) x (1/12) x (PAFMp1/NAPAF) subject to ceiling of {(0.20 x AFC) x (1/12)}] CCp2= [(0.20 x AFC) x (1/6) x (PAFMp2/NAPAF) subject to ceiling of {(0.20 x AFC) x (1/6)}] – CCp1 CCp3= [(0.20 x AFC) x (1/4) x (PAFMp3/NAPAF) subject to ceiling of	Modified	

Clause and sub-clause	Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019	Draft Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024	Added / Modified / Deleted	MSPGCL's Comments
	{(0.80 x AFC) x (1/6)}] – CCop1 CCop3= [(0.80 x AFC) x (1/4) x (PAFMop3/NAPAF) subject to ceiling of {(0.80 x AFC) x (1/4)}]- (CCop1+ CCop2) **Low Demand session** CCp1= [(0.20 x AFC) x (1/12) x (PAFMp1/NAPAF) subject to ceiling of {(0.20 x AFC) x (1/12)}] CCp2= [(0.20 x AFC) x (1/6) x (PAFMp2/NAPAF) subject to ceiling of {(0.20 x AFC) x (1/6)}] – CCp1 CCp3= [(0.20 x AFC) x (1/4) x (PAFMp3/NAPAF) subject to ceiling of {(0.20 x AFC) x (1/4)}] -- (CCp1+ CCp2) CCop1= (0.80 x AFC) x (1/12) x (PAFMop1/NAPAF) subject to ceiling of {(0.80 x AFC) x (1/12)} CCp4= [(0.20 x AFC) x (1/3) x (PAFMp4/NAPAF) subject to ceiling of {(0.20 x AFC) x (1/3)}] - (CCp1+ CCp2+CCp3) CCp5= [(0.20 x AFC) x (5/12) x (PAFMp5/NAPAF) subject to ceiling of {(0.20 x AFC) x (5/12)}]- (CCp1+ CCp2+CCp3+CCp4) CCp6= [(0.20 x AFC) x (1/2) x (PAFMp6/NAPAF) subject to ceiling of {(0.20 x AFC) x (1/2)}] - CCp1+ CCp2+CCp3+CCp4+CCp5)	{(0.20 x AFC) x (1/4)}] -- (CCp1+ CCp2) CCp4= [(0.20 x AFC) x (1/3) x (PAFMp4/NAPAF) subject to ceiling of {(0.20 x AFC) x (1/3)}] - (CCp1+ CCp2+CCp3) CCp5= [(0.20 x AFC) x (5/12) x (PAFMp5/NAPAF) subject to ceiling of {(0.20 x AFC) x (5/12)}]- (CCp1+ CCp2+CCp3+CCp4) CCp6= [(0.20 x AFC) x (1/2) x (PAFMp6/NAPAF) subject to ceiling of {(0.20 x AFC) x (1/2)}] - CCp1+ CCp2+CCp3+CCp4+CCp5) CCp7= [(0.20 x AFC) x (7/12) x (PAFMp7/NAPAF) subject to ceiling of {(0.20 x AFC) x (7/12)}]- (CCp1+ CCp2+ CCp3+CCp4+CCp5+CCp6) CCp8= [(0.20 x AFC) x (2/3) x (PAFMp8/NAPAF) subject to ceiling of {(0.20 x AFC) x (2/3)}] -(CCp1+ CCp2+ CCp3+CCp4+CCp5+CCp6 +CCp7) CCp9= [(0.20 x AFC) x (3/4) x (PAFMp9/NAPAF) subject to ceiling of {(0.20 x AFC) x (3/4)}] -(CCp1+ CCp2+ CCp3+CCp4+CCp5+CCp6+CCp7+CCp8)		

Clause and sub-clause	Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019	Draft Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024	Added / Modified / Deleted	MSPGCL's Comments
	CCp7= [(0.20 x AFC) x (7/12) x (PAFMp7/NAPAF) subject to ceiling of {(0.20 x AFC) x (7/12)}]- (CCp1+ CCp2+ CCp3+CCp4+CCp5+CCp6) CCp8= [(0.20 x AFC) x (2/3) x (PAFMp8/NAPAF) subject to ceiling of {(0.20 x AFC) x (2/3)}] -(CCp1+ CCp2+ CCp3+CCp4+CCp5+CCp6 +CCp7) CCp9= [(0.20 x AFC) x (3/4) x (PAFMp9/NAPAF) subject to ceiling of {(0.20 x AFC) x (3/4)}] -(CCp1+ CCp2+ CCp3+CCp4+CCp5+CCp6+CCp7+CCp8) CCop2= [(0.80 x AFC) x (1/6) x (PAFMop2/NAPAF) subject to ceiling of {(0.80 x AFC) x (1/6)}] – CCop1 CCop3= [(0.80 x AFC) x (1/4) x (PAFMop3/NAPAF) subject to ceiling of {(0.80 x AFC) x (1/4)}]- (CCop1+ CCop2) CCop4= [(0.80 x AFC) x (1/3) x (PAFMop4/NAPAF) subject to ceiling of {(0.80 x AFC) x (1/3)}] - (CCop1+ CCop2+CCop3) CCop5= [(0.80 x AFC) x (5/12) x (PAFMop5/NAPAF) subject to ceiling of	CCp10= [(0.20 x AFC) x (5/6) x (PAFMp10/NAPAF) subject to ceiling of {(0.20 x AFC) x (5/6)}] - (CCp1+ CCp2+ CCp3+CCp4+CCp5+CCp6 +CCp7 +CCp8 +CCp9) CCp11= [(0.20 x AFC) x (11/12) x (PAFMp12/NAPAF) subject to ceiling of {(0.20 x AFC) x (11/12)}] - (CCp1+ CCp2+ CCp3+CCp4+CCp5+CCp6 +CCp7+CCp8+CCp9+CCp10) CCp12= [(0.20 x AFC) x (PAFMp12/NAPAF) subject to ceiling of (0.20 x AFC)] - (CCp1+ CCp2+ CCp3+CCp4+CCp5+CCp6 +CCp7+CCp8+CCp9+CCp10+CCp11) CCop1= (0.80 x AFC) x (1/12) x (PAFMop1/NAPAF) subject to ceiling of {(0.80 x AFC) x (1/12)} CCop2= [(0.80 x AFC) x (1/6) x (PAFMop2/NAPAF) subject to ceiling of {(0.80 x AFC) x (1/6)}] – CCop1 CCop3= [(0.80 x AFC) x (1/4) x (PAFMop3/NAPAF) subject to ceiling of {(0.80 x AFC) x (1/4)}]- (CCop1+ CCop2)		

Clause and sub-clause	Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019	Draft Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024	Added / Modified / Deleted	MSPGCL's Comments
	{(0.80 x AFC) x (5/12)}] – (CCop1+ CCop2+CCop3+CCop4) CCop6= [(0.80 x AFC) x (1/2) x (PAFMop6/NAPAF) subject to ceiling of {(0.80 x AFC) x (1/2)}] – (CCop1+ CCop2+CCop3+CCop4+CCop5) CCop7= [(0.80 x AFC) x (7/12) x (PAFMop7/NAPAF) subject to ceiling of {(0.80 x AFC) x (7/12)}] - ((CCop1+ CCop2+CCop3+CCop4+CCop5+CCop6) CCop8= [(0.80 x AFC) x (2/3) x (PAFMop8/NAPAF) subject to ceiling of {(0.80 x AFC) x (2/3)}] - (CCop1+ CCop2+CCop3+CCop4+CCop5+CCop6+C Cop7) CCop9= [(0.80 x AFC) x (3/4) x (PAFMop9/NAPAF) subject to ceiling of {(0.80 x AFC) x (3/4)}] - (CCop1+ CCop2+CCop3+CCop4+CCop5+CCop6+C Cop7+CCop8)	CCop4= [(0.80 x AFC) x (1/3) x (PAFMop4/NAPAF) subject to ceiling of {(0.80 x AFC) x (1/3)}] - (CCop1+ CCop2+CCop3) CCop5= [(0.80 x AFC) x (5/12) x (PAFMop5/NAPAF) subject to ceiling of {(0.80 x AFC) x (5/12)}] – (CCop1+ CCop2+CCop3+CCop4) CCop6= [(0.80 x AFC) x (1/2) x (PAFMop6/NAPAF) subject to ceiling of {(0.80 x AFC) x (1/2)}] – (CCop1+ CCop2+CCop3+CCop4+CCop5) CCop7= [(0.80 x AFC) x (7/12) x (PAFMop7/NAPAF) subject to ceiling of {(0.80 x AFC) x (7/12)}] - ((CCop1+ CCop2+CCop3+CCop4+CCop5+CCop6) CCop8= [(0.80 x AFC) x (2/3) x (PAFMop8/NAPAF) subject to ceiling of {(0.80 x AFC) x (2/3)}] - (CCop1+ CCop2+CCop3+CCop4+CCop5+CCop6+ CCop7) CCop9= [(0.80 x AFC) x (3/4) x (PAFMop9/NAPAF) subject to ceiling of {(0.80 x AFC) x (3/4)}] - (CCop1+ CCop2+CCop3+CCop4+CCop5+CCop6+		

Clause and sub-clause	Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019	Draft Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024	Added / Modified / Deleted	MSPGCL's Comments
		CCop7+CCop8) CCop10= [(0.80 x AFC) x (5/6) x (PAFMop10/NAPAF) subject to ceiling of {(0.80 x AFC) x (5/6)}] - (CCop1+ CCop2+CCop3+CCop4+CCop5+CCop6+ CCop7+CCop8 +CCop9) CCop11= [(0.80 x AFC) x (11/12) x (PAFMop12/NAPAF) subject to ceiling of {(0.80 x AFC) x (11/12)}] - (CCop1+ CCop2+CCop3+CCop4+CCop5+CCop6 +CCop7+CCop8+CCop9+CCop10) CCop12= [(0.80 x AFC) x (PAFMop12/NAPAF) subject to ceiling of (0.80 x AFC)] - (CCop1+ CCop2+CCop3+CCop4+CCop5+CCop6+ CCop7+CCop8 +CCop9+CCop10+CCop11)		
	Provided further that in respect of a generating station having beneficiaries across different regions, the Peak Hours shall correspond to Peak Hours of the region in which the majority of its beneficiaries, in terms of percentage of allocation of share, are located.	Provided further that in respect of a generating station having beneficiaries across different regions, the Peak Hours shall correspond to Peak Hours of the region in which the majority of its beneficiaries, in terms of percentage of allocation of share, are located.	No Change	MSPGCL submits that approach of national or regional peak seems impractical. It is pertinent to device the peak hours based on the beneficiaries involved so as to it provides the appropriate recovery of capacity charges to the Generator. Further, it is essential to ensure that the methodology does not penalize

Clause and sub-clause	Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019	Draft Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024	Added / Modified / Deleted	MSPGCL's Comments
				the generator due to factors beyond their control, such as under-recovery of capacity charges.
	Provided further that within a Season, the shortfall in recovery of Capacity Charge for cumulative Peak Hours derived based on NAPAF, shall not be allowed to be off-set by over-achievement of PAF, if any, and consequent notional over-recovery of Capacity Charge for cumulative Off-Peak Hours in that Season.	Provided that the shortfall in recovery of Capacity Charge for cumulative Peak Hours derived based on NAPAF, shall not be allowed to be off-set by over-achievement of PAF, if any, and consequent notional over-recovery of Capacity Charge for cumulative Off-Peak Hours ~~in that Season~~.	Modified	According to the proposed provision, capacity charges are not divided into high-demand and low-demand seasons. Consequently, it is submitted that there is no scenario where the generator would reduce its plant's availability during peak demand periods of the beneficiaries. Therefore, this provision could be relaxed thereby allowing for compensating shortfall in capacity charge recovery during cumulative peak hours, by over-recovery of capacity charges during cumulative off-peak hours.
(4)	The Plant Availability Factor for a Month ('PAFM') shall be computed in accordance with the following formula:	The Plant Availability Factor for a Month ('PAFM') shall be computed in accordance with the following formula:	No Changes	
	The Plant Availability Factor for a Month ('PAFM') shall be computed in accordance with the following formula: N NPAFM = 10000 x Σ DCi / { N x IC x (100 - AUXn-**AUXen**) } % i = 1 Where, AUXn = Normative auxiliary energy consumption as a percentage of gross energy generation; AUXen= Normative auxiliary energy consumption	The Plant Availability Factor for a Month ('PAFM') shall be computed in accordance with the following formula: N NPAFM = 10000 x Σ DCi / { N x IC x (100 - AUXn-**AUXen**) } % i = 1 '	No Changes	

Clause and sub-clause	Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019	Draft Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024	Added / Modified / Deleted	MSPGCL's Comments
	for emission control system as a percentage of gross energy generation, wherever applicable; DCi = Average declared capacity (in ex-bus MW), for the ith day of the period i.e. the month or the year, as the case may be, as certified by the concerned load dispatch centre after the day is over; IC = Installed Capacity (in MW) of the generating station; n = Number of days during the period; Note: DCi and IC shall exclude the capacity of generating units not declared under commercial operation. In case of a change in IC during the concerned period, its average value shall be taken.	Where,AUXn = Normative auxiliary energy consumption as a percentage of gross energy generation; **AUXen= Normative auxiliary energy consumption for emission control system as a percentage of gross energy generation, wherever applicable;** DCi = Average declared capacity (in ex-bus MW), for the ith day of the period i.e. the month or the year, as the case may be, as certified by the concerned load dispatch centre after the day is over; IC = Installed Capacity (in MW) of the generating station; n = Number of days during the period; Note: DCi and IC shall exclude the capacity of generating units not declared under commercial operation. In case of a change in IC during the concerned period, its average value shall be taken.		
(6)	In addition to the capacity charge, an incentive shall be payable to a generating station or unit thereof @ 65 paise/ kWh for ex-bus scheduled energy during Peak Hours and @ 50 paise/ kWh for ex-bus	In addition to the capacity charge, an incentive shall be payable to a generating station or unit thereof **@** ~~65 paise/kWh~~ **75 paise/ kWh** for ex-bus scheduled energy during Peak Hours	Modified	**Due to increasing demand power market rates are at peak, however incentive rates are remaining stagnant as shown below:**

<table>
<tr><th>Clause and sub-clause</th><th>Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019</th><th>Draft Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024</th><th>Added / Modified / Deleted</th><th>MSPGCL's Comments</th></tr>
<tr><td></td><td>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 within each Season (High Demand Season or Low Demand Season, as the case may be), as specified in Clause (B) of Regulation 49 of these regulations.</td><td>and @ 50 paise/ kWh for ex-bus scheduled energy during Off-Peak Hours corresponding to scheduled generation in excess of ex-bus energy corresponding to Normative Annual Plant Load Factor (NAPLF) achieved on a cumulative basis, as specified in Clause (B) of Regulation 70 of these regulations.</td><td></td><td>
<table>
<tr><th>Control Period</th><th>Incentive</th></tr>
<tr><td>2004-09</td><td>25 paisa/kWh</td></tr>
<tr><td>2009-14</td><td>Linked to per unit capacity charges</td></tr>
<tr><td>2014-19</td><td>50 paisa/kWh</td></tr>
<tr><td>2019-24</td><td>Off-peak hours -50 paisa/kWh and peak hours -65 paisa/kWh</td></tr>
<tr><td>2024-29 (Draft)</td><td>Off-peak hours -50 paisa/kWh and peak hours -75 paisa/kWh</td></tr>
</table>

Hence, MSPGCL suggest that incentive rate may be fixed at Rs.1.00/kWh for off-peak hours and Rs.12.5/kWh for peak hours for 1st year of control period and escalation for subsequent year may be provided.

The same incentive may be enforced uniformly across all states to incentivize all generators across the country to take part in countering the peak demand load.</td></tr>
</table>

Clause and sub-clause	Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019	Draft Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024	Added / Modified / Deleted	MSPGCL's Comments
(7)	The provisions under Clauses (1) to (6) of this Regulation shall come into force with effect from 1.4.2020. Till that date, the capacity charge for a thermal generating station determined under these regulations shall be recovered in accordance with the provisions contained in Clauses (1) to (4) of Regulation 30 of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014, subject to the condition that the NAPAF and NAPLF shall be taken as specified under these regulations.	The provisions under Clauses (1) to (6) of this Regulation shall come into force with effect from 1.4.2024. Till that date, the capacity charge for a thermal generating station determined under these regulations shall be recovered in accordance with the provisions contained in Regulation 42 of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019, subject to the condition that the NAPAF and NAPLF shall be taken as specified under these regulations.	No Changes	
(i)	For Coal-based Thermal Generating Stations other than those covered under clause (ii) below:	For Coal-based Thermal Generating Stations other than those covered under clause (ii) below:	No Change	
	200/210/250 MW Sets : 2,430kCal/kWh	200/210/250 MW Sets : ~~2,430~~ 2,400kCal/kWh	Modified	It is submitted that coal quality is getting deteriorating and thermal generating units of 200/210/250 MW series are getting old. Hence, MSPGCL respectfully submits that SHR should not be reduced. Hence, MSPGCL request to retain the SHR as specified in existing Regulations for 200/210/250 MW.
	500 MW Sets (Sub-critical) : 2,390kCal/kWh	500 MW Sets (Sub-critical) : ~~2,390~~ 2,375kCal/kWh	Modified	

<table>
<tr><th>Clause and sub-clause</th><th>Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019</th><th>Draft Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024</th><th>Added / Modified / Deleted</th><th>MSPGCL's Comments</th></tr>
<tr><td>(i)</td><td>For Coal-based and lignite-fired Thermal Generating Stations: For 200/210/250 MW Sets. : 1.05 X Design Heat Rate (kCal/kWh)</td><td>For Coal-based and lignite-fired Thermal Generating Stations: For 200/210/250 MW Sets. : 1.05 X Design Heat Rate (kCal/kWh) For 500 MW Sets and above : 1.04 X Design Heat Rate (kCal/kWh)</td><td>Modified</td><td>Following were the historical norms for heat rate specified by the Hon'ble Commission in Tariff Regulations.
<table>
<tr><th>Tariff Period</th><th>Norms for Heat Rate</th></tr>
<tr><td>2009-14</td><td>1.065 x Design Heat Rate</td></tr>
<tr><td>2014-19</td><td>1.045 x Design Heat Rate</td></tr>
<tr><td>2019-24</td><td>1.05 x Design Heat Rate</td></tr>
<tr><td>2024-29 (Proposed in draft)</td><td>1.04 x Design Heat Rate</td></tr>
</table>
Draft Regulation has proposed separate norms for 200 MW Series and 500 MW and above Series. The Hon'ble Commission has not provided any rationale for reducing the operating margin for 500 MW and above sets.

In view of above, MSPGCL suggested that norm for SHR should be retained at 1.05 for 500 MW set.</td></tr>
<tr><td>(E)</td><td>Auxiliary Energy Consumption:</td><td>Auxiliary Energy Consumption:</td><td></td><td></td></tr>
</table>

<table>
<tr><th>Clause and sub-clause</th><th>Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019</th><th>Draft Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024</th><th>Added / Modified / Deleted</th><th>MSPGCL's Comments</th></tr>
<tr><td></td><td>(a) For Coal-based generating stations except at (b) below:</td><td>(a) For Coal-based generating stations except at (b) below:</td><td>No Change</td><td></td></tr>
<tr><td></td><td><table>
<tr><th>S. No.</th><th>Generating Station</th><th>With Natural Draft cooling tower or without cooling tower</th></tr>
<tr><td>(i)</td><td>200 MW series</td><td>8.50%</td></tr>
<tr><td>(ii)</td><td>300 MW and above</td><td></td></tr>
<tr><td></td><td>Steam driven boiler feed pumps</td><td>5.75%</td></tr>
<tr><td></td><td>Electrically driven boiler feed pumps</td><td>8.00%</td></tr>
</table></td><td><table>
<tr><th>S. No.</th><th>Generating Station</th><th>With Natural Draft cooling tower or without cooling tower</th></tr>
<tr><td>(i)</td><td>200/210/250 MW series</td><td>8.50%</td></tr>
<tr><td>(ii)</td><td>300/ 330/ 350/ 500 MW and above</td><td></td></tr>
<tr><td></td><td>Steam driven boiler feed pumps</td><td>5.25%</td></tr>
<tr><td></td><td>Electrically driven boiler feed pumps</td><td>8.00%</td></tr>
<tr><td>(iii)</td><td>600 MW and above</td><td></td></tr>
<tr><td></td><td>Steam driven boiler feed pumps</td><td>5.25%</td></tr>
<tr><td></td><td>Electrically driven boiler feed pumps</td><td>8.00%</td></tr>
</table></td><td>Modified</td><td>MSPGCL understand that reduction in Auxiliary energy consumption for 300 MW and above for steam driven boiler feed pumps station from 5.75% to 5.25% proposed in line with the recommendation of CEA. However, MSPGCL respectfully submits that as detailed out in explanatory memorandum to these draft Regulations, last 5year average Auxiliary energy consumption of 200 MW series of NTPC generating station also 9.70%.

Hence, MSPGCL request the Hon'ble Commission to retain the rate of 5.75% of auxiliary energy consumption for 300 MW and above for steam driven boiler feed pumps station.</td></tr>
<tr><td>70</td><td>Norms of operation for thermal generating station</td><td>Norms of operation for thermal generating station</td><td></td><td></td></tr>
<tr><td></td><td>The norms of operation as given hereunder shall apply to thermal generating stations:</td><td>The norms of operation as given hereunder shall apply to thermal generating stations:</td><td></td><td></td></tr>
<tr><td>(A)</td><td>Normative Annual Plant Availability Factor (NAPAF)
……..</td><td>Normative Annual Plant Availability Factor (NAPAF)
……..</td><td></td><td></td></tr>
</table>

Clause and sub-clause	Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019	Draft Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024	Added / Modified / Deleted	MSPGCL's Comments
(a)	For all thermal generating stations, except those covered under clauses (b), (c), (d), & (e) - 85% ;	85% for all thermal generating stations, except those covered under clauses (c), (c), (d) & (d)	No Change	
(b)	For following Lignite-fired Thermal generating stations of NLC India Ltd : TPS-I : 72%	80% for coal and lignite based generating stations completing 30 years from COD as on 31.03.2024	Modified	Useful life of the old generation stations is considered 25 years for the recovery of tariff. Hence, MSPGCL suggest that norm of NAPAF may be made applicable on competition of 25 years instead of 30 years proposed in Draft Regulations.
80	**Late payment surcharge:**	**Late payment surcharge:**		
(1)	In case the payment of any bill for charges payable under these regulations is delayed by a beneficiary or long-term customers as the case may be, beyond a period of 45 days from the date of presentation of bills, a late payment surcharge at the rate of 1.50% per month shall be levied by the generating company or the transmission licensee, as the case may be.	In case the payment of any bill for charges payable under these regulations is delayed by a beneficiary or long-term customer as the case may be, beyond a period of 45 days from the date of presentation of bills, a late payment surcharge ***as specified in the Ministry of Power – Electricity (Late Payment Surcharge and Related Matters) Rules, 2022 as amended from time to time*** shall be levied by the generating company or the transmission licensee, as the case may be.	Modified	MSPGCL submits that as per LPS Rule 2022, due date of the invoice is defined as 45 days if not defined in the PPA or agreement. In view of this, it is submitted that in case due date mentioned in PPA is higher than the 45 days as provided in formula or calculation of Interest on working capital(IOWC), under IOWC formula receivable should be allowed for the days as mentioned in PPA.