



एन एच डी सी लिमिटेड

(एनएचपीसी लिमिटेड एवं मध्यप्रदेश शासन का संयुक्त उद्यम)

NHDC Limited

(A Joint Venture of NHPC Limited & Govt. of MP)

Ref. No.: NHDC/1/Comm./24/469

Date: 14-02-2024

To

Secretary,  
Central Electricity Regulatory Commission,  
3<sup>rd</sup> & 4<sup>th</sup> Floor, Chanderlok Building,  
36, Janpath, New Delhi- 110001.

Kind Attn.: Shri Harpreet Singh Pruthi

Sub: **Draft Central Electricity Regulatory Commission (Terms and Conditions of Tariff), Regulations, 2024 for tariff period from 01-04-2024 to 31-03-2029 – Comments thereof.**

Ref: (i) CERC Public Notice bearing File No. L-1/268/2022/CERC dated 04-01-2024.  
(ii) CERC Public Notice bearing File No. L-1/236/2022/CERC dated 30-01-2024.

Sir,

With reference to the above cited CERC Public Notices, comments/ suggestions on the 'Draft Central Electricity Regulatory Commission (Terms and Conditions of Tariff), Regulations, 2024 for tariff period from 01-04-2024 to 31-03-2029' have been invited by 20-02-2024. In this regard, please find enclosed herewith the NHDC's comments/ suggestions (in 3 hard copies) on said draft Tariff Regulations for kind consideration of Hon'ble CERC while finalising the tariff regulations applicable for next tariff period from 01-04-2024 to 31-03-2029.

Further, the soft copy of above said details is being forwarded through e-mail at [secy@cercind.gov.in](mailto:secy@cercind.gov.in) and [tariff-req@cercind.gov.in](mailto:tariff-req@cercind.gov.in).

Thanking you,

Yours faithfully,

(N.K. Chellani)

General Manager (Comm.)

Encl.: As above.



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सं. एनएचडीसी / 1 / वाणिज्यिक / 24 / 469

दिनांक: 14-02-2024

प्रति,

सचिव, केंद्रीय विद्युत विनियामक आयोग,  
चौथी मंजिल, चंद्रलोक बिल्डिंग,  
36, जनपथ, नई दिल्ली- 110001

ध्यानाकर्षण : श्री हरप्रीत सिंह प्रूथी

विषय:- दिनांक 01-04-2024 से 31-03-2029 तक की टैरिफ अवधि के लिए केंद्रीय विद्युत विनियामक आयोग (टैरिफ के नियम और शर्तें) विनियम, 2024 के मसौदे पर टिप्पणी/सुझाव बाबत।

- संदर्भ:- 1. पब्लिक नोटिस क्रमांक L-1/268/2022/CERC दिनांक 04.01.2024  
2. पब्लिक नोटिस क्रमांक L-1/236/2022/CERC दिनांक 30.01.2024

श्रीमान,

उपरोक्त विषयान्तर्गत संदर्भित पब्लिक नोटिस के तारतम्य में दिनांक 01-04-2024 से 31-03-2029 तक की टैरिफ अवधि के लिए केंद्रीय विद्युत विनियामक आयोग (टैरिफ के नियम और शर्तें) विनियम, 2024 के मसौदे पर दिनांक 20.02.2024 तक comments/suggestions आमंत्रित किए गए थे। उक्त के तारतम्य में एनएचडीसी के comments/suggestions (तीन प्रतियों में) सहपत्र-1 में संलग्न कर सादर प्रेषित हैं।

उक्त के अतिरिक्त उपरोक्त विवरण की सॉफ्ट कॉपी ई-मेल के माध्यम से secy@cercind.gov.in एवं tariff-reg@cercind.gov.in पर भेजी जा रही है।

धन्यवाद।

अनुलग्नक : उपरोक्तानुसार।

भवदीय  
14/2/24  
(एन.के. चेलानी)  
महाप्रबंधक (वाणिज्यिक)

पंजीकृत कार्यालय: एनएचडीसी परिसर, होटल एमपीटी लेकव्यू रेसिडेन्सी के पास, श्यामला हिल्स, भोपाल 462002 (म.प्र.)  
Regd. Office: NHDC Parisar, Near Hotel MPT Lake View, Residency Shyamla Hills, Bhopal-462002 (MP)

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Corporate Identity No (CIN) : U31200MP2000GOI014337





**NHDC's COMMENTS ON DRAFT REGULATIONS  
FOR TERMS & CONDITIONS OF TARIFF FOR TARIFF PERIOD 2024-29**

**A. Comments on Draft Regulations**

S. No.	Provisions of Draft Regulations	Comments of NHDC
1	<p><b>3. Definitions</b></p> <p>(32) 'Force Majeure' for the purpose of these regulations means the events or circumstances or combination of events or circumstances, including those stated below, which prevent the generating company or transmission licensee from completing or operating the project, and only if such events or circumstances are not within the control of the generating company or transmission licensee and could not have been avoided, had the generating company or transmission licensee taken reasonable care or complied with prudent utility practices:</p> <p>(a) Act of God including lightning, drought, fire and explosion, earthquake, volcanic eruption, landslide, flood, cyclone, typhoon, tornado, geological surprises, or exceptionally adverse weather conditions <u>which are in excess of the statistical measures for the last hundred years</u>; or</p> <p>(88) 'Useful Life' in relation to a unit .....</p> <p>Provided that in the case of coal/lignite based thermal generating stations and hydro generating stations, the <u>Operational Life</u> may be 35 years and 50 years, respectively.</p>	<ul style="list-style-type: none"><li>• In the instant Regulation, for consideration of Force Majeure under the 'Act of God', it has been mentioned that exceptionally adverse weather conditions which are in excess of the statistical measures for the <u>last hundred years</u> has mentioned. The statistical measures for a time period of 'last hundred years' may not be available. Accordingly, it is proposed to replace 'last hundred years' with 'maximum available period during the last hundred years'.</li></ul>
		<ul style="list-style-type: none"><li>• Operational Life has not been defined in draft Regulations. However, the term 'Operational Life' has been used in some Regulations such as Regulation No. 3 (31), 33 (8) &amp; (11). Accordingly, for better understanding, the term 'Operational Life' term may be defined and its impact on tariff may be deliberated/ elaborated.</li></ul>

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S. No.	Provisions of Draft Regulations	Comments of NHDC
2	<p><b>19. Capital Cost</b></p> <p>(5) For Projects acquired through NCLT proceedings, the following shall be considered while approving Capital Cost for determination of tariff:</p> <p>(a) For projects already under operation, historical GFA of the project acquired or the acquisition value paid by the generating company, whichever is lower;</p> <p>(6) The following shall be excluded from the capital cost of the existing and new projects:</p> <p>.....</p> <p>(e) Proportionate cost of land of the existing project which is being used for generating power from generating station based on renewable energy; and</p>	<ul style="list-style-type: none"> <li>In case of Projects Acquired post NCLT Proceedings, present Project Developer has to incur Acquisition Cost as well as other associated costs for successful completion of the Project. Accordingly, all such capital costs should be allowed after prudence check for determination of tariff, which is more realistic and justifiable and also to ensure the revival of such vital hydro-projects, which are languishing.</li> <li>To conserve conventional sources of energy, Govt. of India is promoting National Solar Mission. Accordingly, as a green energy initiative Solar Power Plants are being installed for captive use of Power Station. It is to mention that by installing such renewable energy plants, the energy procured from outside sources such as DISCOMs will be reduced, thereby reducing the Auxiliary Energy Consumption which in turn reduces the O&amp;M expenses of that particular Power Station.</li> </ul> <p>In view of above, it is proposed to exempt the captive renewable energy plants from the exclusion of proportional cost of land from the capital cost of existing and new projects.</p>
3	<p><b>9. Application for determination of tariff</b></p> <p>(2) In case of an existing generating station or unit thereof, or transmission system or element thereof, the application shall be made by the generating company or the transmission licensee, as the case may be, by <u>31.10.2024</u>, based on admitted capital cost including additional capital expenditure already admitted and incurred up to 31.3.2024</p>	<ul style="list-style-type: none"> <li>As provided in the instant Regulation, single application for tariff period 2024-29 along with the true up petition for the period 2019-24 is to be made before Hon'ble CERC for tariff fixation.</li> </ul>



S. No.	Provisions of Draft Regulations	Comments of NHDC
	<p>(either based on actual or projected additional capital expenditure) and estimated additional capital expenditure for the respective years of the tariff period 2024-29 along with the true up petition for the period 2019-24 in accordance with the CERC (Terms and Conditions of Tariff) Regulations, 2019.</p>	<p>Further, the Regulation 13 (2) of CERC (Terms and Conditions of Tariff) Regulations '2019 provides as below:</p> <p>"2) The generating company or the transmission licensee, as the case may be, shall make an application, as per Annexure-I to these regulations, for carrying out true up exercise in respect of the generating station or a unit thereof or the transmission system or an element thereof by 30.11.2024...."</p> <p>In view of above provisions as well as the voluminous exercise involved in preparation and finalization of said tariff petition for determination of tariff, Hon'ble Commission may allow due date of submission of true-up tariff petition for the tariff period 2019-24 along with tariff petition for the tariff period 2024-29 as 30-11-2024 as specified in Tariff Regulations '2019.</p>
4	<p><b>10. Determination of tariff</b></p> <p>(8) Where the capital cost approved by the Commission on the basis of projected additional capital expenditure exceeds the actual true up additional capital expenditure incurred on a year to year basis by more than 10%, .....</p>	<p>For better understanding, the Regulation may be modified as below:</p> <p>"(8) Where the capital cost approved by the Commission on the basis of projected additional capital expenditure exceeds <b>the capital cost considering</b> the actual true up additional capital expenditure incurred on a year to year basis by more than 10%, .....</p>
5	<p><b>19. Capital Cost:</b></p>	

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S. No.	Provisions of Draft Regulations	Comments of NHDC
	<p>(6) The following shall be <u>excluded</u> from the capital cost of the existing and new projects:</p> <p>(d) In the case of hydro generating stations, any expenditure incurred or committed to be incurred by a project developer for getting the project site allotted by the State Government by following a transparent process;</p>	<ul style="list-style-type: none"> <li>Expenditure incurred or committed to be incurred by a project developer for getting the project site allotted by the State Government by following a transparent process should also be allowed and included in the Capital cost of the project being a part of acquisition cost.</li> </ul>
6	<p><b>21. Interest During Construction (IDC) and Incidental Expenditure during Construction (IEDC)</b></p> <p>(5) If the delay in achieving the COD is attributable either in entirety or in part to the generating company or the transmission licensee or its contractor or supplier or agency, in such cases, IDC and IEDC due to such delay may be disallowed after prudence check either in entirety or on pro-rata basis corresponding to the period of delay not condoned vis-à-vis total implementation period and the liquidated damages, if any, recovered from the contractor or supplier or agency shall be retained by the generating company or the transmission licensee, in the same proportion of delay not condoned vis-à-vis total implementation period.</p>	<ul style="list-style-type: none"> <li>In case of delay in achieving the COD on account of forest clearance, NHAI Clearance, approval of Railways, and acquisition of government land, needs to be condoned and in such cases, IDC &amp; IEDC shall be allowed up to 100%, as the delay due to said activities are beyond the control of Generator/ developer.</li> </ul>
7	<p><b>22. Controllable and Uncontrollable factors:</b></p> <p>(2) The "uncontrollable factors" shall include but shall not be limited to the following:</p> <p>a. Force Majeure events;</p>	<ul style="list-style-type: none"> <li>Activities like obtaining Forest clearance, NHAI Clearance, approval of Railways, and acquisition of government land, where delay is not attributable Generator/ developer, but on account of delay in the processing of concerned authority for</li> </ul>

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S. No.	Provisions of Draft Regulations	Comments of NHDC
	<p>b. Change in Law; and</p> <p>c. Land acquisition except where the delay is attributable to the generating company or the transmission licensee.</p>	<p>approval, can also be added specifically in uncontrollable factors to safeguard interest of the Generator as the said activities are beyond the control of Generator/ developer.</p>
8	<p><b>25. Additional Capitalisation within the original scope and after the cut-off date:</b></p> <p>(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:</p> <p>....</p> <p>(d) Payment made towards liability admitted for works within the original scope executed prior to the cut-off date;</p> <p>(2) In case of replacement of assets deployed under the original scope of the existing project after the cut-off date, the additional capitalization may be admitted by the Commission after making necessary adjustments in the gross fixed assets and the cumulative depreciation,....</p>	<p>The draft Regulations do not provide for consideration of discharge of liabilities, which have arose for the already admitted works beyond the original scope executed after cut-off date. As the discharge of said liabilities are part of already admitted works the same needs to be considered under Additional Capital Expenditure.</p> <p>Accordingly, it is proposed to incorporate suitable provision for capitalizing the liabilities discharged for the already admitted works which are beyond original scope.</p> <p>a) In case of assets having useful life lesser than the project life, the assets are being replaced with new assets and the capitalization of the same is being claimed/ allowed under relevant Tariff Regulations. In this regard, it is to mention that Tariff Regulations provide for adjustment of cumulative depreciation of the said asset based on the ratio of Cumulative Deprecation Recovered to the Total Depreciable Value of the Power Station. Due to said procedure, some of the depreciation is left unrecovered from the tariff due to decapitalization of the said asset with its original cost.</p>

  
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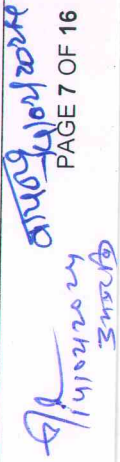


S. No.	Provisions of Draft Regulations	Comments of NHDC
		<p>In such cases, the reduction of cumulative depreciation shall be in commensurate with 'useful life' of the said asset instead of the overall ratio of Cumulative Depreciation Recovered to the Total Depreciable Value of the Power Station.</p> <p>b) Further, in case of items replaced due to up-gradation or due to obsolescence of technology before the completion of their useful life, some of the depreciation is left unrecovered from the tariff due to decapitalisation of the said asset with its original cost. Therefore, suitable provisions shall be incorporated to reimburse the Generator such unrecovered portion of depreciation.</p>
	<p>(2) In case of replacement of assets deployed under the original scope of the existing project after the cut-off date.....</p> <p>.....</p> <p>Provided that any claim of additional capitalisation with respect to the replacement of assets under the original scope and on account of obsolescence of technology, less than Rs. 20 lakhs shall not be considered as part of Capital cost and shall be met by Generating company and Transmission licensee through normative O&amp;M charges only.</p>	<ul style="list-style-type: none"> <li>As per Accounting Standards, the works/ items of capital nature have to be capitalized in the books of accounts under gross block of assets and the same can't be booked under any head of expenditure. Accordingly, if the said assets are not allowed to be capitalized for arriving Capital Cost for the purpose of Tariff and are allowed through O&amp;M Charges, a specific clause in the Regulation 36 – Operation and Maintenance Expenses shall be provided for considering the said expenditure in normative O&amp;M expenses.</li> <li>Notwithstanding to the above, the proposed Capping Amount of Rs. 20.0 lakhs for not allowing Capital Assets for capitalisation is high and it is submitted that Generator is deprived of legitimate RoE on this count. However, in view of the proposal of Commission, it is submitted that capping</li> </ul>

  
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S. No.	Provisions of Draft Regulations	Comments of NHDC
9	<p><b>26. Additional Capitalisation beyond the original scope</b></p> <p>(1) The capital expenditure, in respect of the existing generating station or the transmission system, .....</p> <p>(2) Any claim of additional capitalisation less than Rs. 20 lakhs shall not be considered under Clause (1) of this regulation.</p>	<p>amount of Rs. 5.0 Lakhs may be kept instead of Rs. 20.0 Lakhs for allowing the AddCap.</p> <ul style="list-style-type: none"> <li>The capital expenditure allowed under different categories such as (a) award of arbitration or for compliance of order or directions of any statutory authority, or order or decree of any court of law; (b) Change in law or compliance of any existing law; (c) Force Majeure events; (d) Need for higher security and safety of the plant etc. or not in the hands of generator and accordingly, putting the minimum threshold of Rs. 20.0 Lakhs on the said expenditure is not justifiable.</li> </ul> <p>Accordingly, the said capital expenditure on above counts may be allowed without putting any minimum cap of Rs. 20.0 Lakhs.</p> <p>Notwithstanding to the above, the proposed Capping Amount of Rs. 20.0 lakhs for not allowing Capital Assets for capitalisation is high and it is submitted that Generator is deprived of legitimate RoE on this count. However, in view of the proposal of Commission, it is submitted that capping amount of Rs. 5.0 Lakhs may be kept instead of Rs. 20.0 Lakhs for allowing the AddCap.</p> <ul style="list-style-type: none"> <li>Comments as mentioned at 8 (2) (a) may be considered</li> <li>In some of the cases such as the asset under consideration is part of a larger scheme, the individual value of the actual cost of the asset may not be available. While removing/replacing the said asset from service, a</li> </ul>
	<p>(3) In case of de-capitalisation of assets of a generating company or the transmission licensee, as the case may be, the <u>original cost</u> of such asset as on the date of de-capitalisation shall be deducted from the value of gross fixed asset and corresponding loan as well as equity shall be</p>	

  
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S. No.	Provisions of Draft Regulations	Comments of NHDC
10	<p>deducted from outstanding loan and the equity respectively in the year such de-capitalisation takes place with corresponding adjustments in cumulative depreciation and cumulative repayment of loan, duly taking into consideration the year in which it was capitalised.</p> <p>Provided that in cases where an asset forming part of a scheme is de-capitalised and wherein the historical value of such asset is not available, the value of de-capitalisation shall be computed by de-escalating the value of the new asset by 5% per year until the year of capitalisation of the old asset subject to a minimum of 10% of the replacement cost of the asset.</p> <p><b>30. Return on Equity:</b></p> <p>(3) Return on equity for new project achieving COD on or after 01.04.2024 shall be computed at the base rate of 15.00% for the transmission system, including the communication system, at the base rate of 15.50% for Thermal Generating Station and run-of-river hydro generating station and at the base rate of 17.00% for storage type hydro generating stations, pumped storage hydro generating stations and run-of-river generating station with pondage;</p> <p>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</p>	<p>corresponding amount towards de-capitalisation of the asset is to be arrived and reference cost is needed to be deleted.</p> <p>In such cases, it is proposed that amount towards de-capitalisation of the old asset may be derived by de-escalating the gross value of the new asset with applicable Cost Inflation Index, which will provide more appropriate and realistic value of old asset being de-capitalised by factoring the impact of inflation over the period.</p>
		<ul style="list-style-type: none"> <li>The provision under Regulation 30 (3) appears to be applicable in case of new projects only. Accordingly, the applicability of provisions under Regulation 30 (3) for existing projects may please be clarified by the Commission to avoid ambiguity at a later date.</li> <li>Further, in case of Add-Cap beyond Original Scope, the capital assets upto Rs. 20.0 Lakhs are not being included in Capital Cost for fixation of RoE. Accordingly, the generator is already deprived of RoE on this count. Hence, it is proposed that Add-Cap beyond Original Scope for expenditure above Rs. 20.0 Lakhs of individual assets shall be treated at par with Original Project Cost and accordingly, a single rate of RoE (i.e. @ 16.50% &amp; 17.00% in case of existing &amp; new Hydro</li> </ul>

  
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S. No.	Provisions of Draft Regulations	Comments of NHDC
11	<p>(MCLR) of the State Bank of India plus 350 basis points as on 1st April of the year, subject to a ceiling of 14%;</p> <p><b>33. Depreciation:</b></p> <p>(8) The generating company or the transmission licensee, as the case may be, shall submit the details of capital expenditure proposed to be incurred during five years before the <u>competition</u> of useful life along with proper justification.</p>	<p>Power Stations, respectively) shall be allowed for all Capital Costs including Add-Cap beyond original scope to allow justified returns to generator and it also enables to have simplified tariff structure.</p>
12	<p><b>36. Operation and Maintenance Expenses:</b></p> <p><b>(2) Hydro Generating Station:</b></p> <p>(d) The Security Expenses and Capital Spares for hydro generating stations shall be allowed separately after prudence check:</p> <p>.....</p> <p>Provided further that the value of capital spares exceeding Rs. 20.00 lakh shall only be considered for reimbursement at the time of truing up with appropriate justification.</p>	<ul style="list-style-type: none"> <li>The word 'competition' may be replaced with 'completion'.</li> </ul>
		<ul style="list-style-type: none"> <li>In the current draft regulations, the definition for O&amp;M Expenses (Regulation 3 (56)), provides for inclusion of other Spares of Capital nature valuing less than Rs. 20.0 Lakhs and Additional Capital Expenditure of an individual asset costing upto Rs. 20.0 Lakhs.</li> <li>Further, the Regulation 25 (2) provides that in case of Add-Cap on account of obsolescence of technology valuing less than Rs. 20.0 Lakhs shall not be considered as part of Capital cost and shall be met through normative O&amp;M Charges only.</li> <li>Also, the Regulation 26 (2) provides that any claim of Add-Cap less than Rs. 20.0 Lakhs shall not be considered for capitalisation.</li> </ul>

  
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S. No.	Provisions of Draft Regulations	Comments of NHDC
		<p>It is proposed that capping amount of Rs. 5.0 Lakhs may be kept instead of Rs. 20.0 Lakhs for allowing the reimbursement of Capital Spares.</p> <p>Notwithstanding to the above, it is to mention that, as per Accounting Standards, the works/ items of capital nature have to be capitalized in the books of accounts under gross block of assets and the same can't be booked under any head of expenditure.</p> <p>Accordingly, clarity is required for the compensation of the capital assets, either of Add-Cap or of Spares nature, which have not been considered in capitalisation for the purpose of tariff.</p> <p>In view of the above, it is proposed that suitable specific provisions may be incorporated in Regulation 36. Operation and Maintenance Expenses.</p>
	<p>e) Any additional O&amp;M expenses incurred by the generating company due to any change in law or Force Majeure event shall be considered at the time of truing up of tariff.</p> <p>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&amp;M expenses for the year.</p>	<ul style="list-style-type: none"> <li>The events such as any change in law or Force Majeure are not in the hands of generator. As such, in case of any event of change in law occurs, the impact in O&amp;M expenses due to such change in law shall be considered for reimbursement without capping minimum threshold of 5% of normative O&amp;M expenses, which is justifiable and reasonable. Accordingly, it is proposed that the provision under the instant Regulation 36 (2) (e) may be removed.</li> </ul>
13	65. Computation and Payment of Capacity Charge and Energy Charge for Hydro Generating Stations:	

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S. No.	Provisions of Draft Regulations	Comments of NHDC
	<p>(4) In addition to the AFC entitlement as computed above, the hydro generating station shall be allowed an incentive of up to 4% of the Capacity Charge approved for a given year which shall be billed monthly as per the following.</p> <p><b>Incentive = <math>(4\% \times \beta \times CCy) / 12</math></b></p> <p>Where,</p> <p><math>\beta</math> = Average Monthly Frequency Response Performance for that generating station, as certified by <u>RPCs</u>, which shall be computed by considering primary response as per the methodology prescribed by the NLDC and shall range between 0 to 1.</p> <p>CCy= Capacity Charges for the Year.</p>	<p>Regulation 65 (2) provides for the Capacity Charges payable to a generating company for a calendar month as per formula given thereunder by considering NDM (number of days in a month) and NDY (number of days in a year), which is a correct approach considering the actual days in various months of the year. Accordingly, it is proposed that the formula for incentive due to <math>\beta</math> (Average Monthly Frequency Response) may be modified as below:</p> <p><b>Incentive = <math>(4\% \times \beta \times CCy) \times NDM / NDY</math></b></p> <p>In case of NHDC's generating stations, the sole beneficiary is MPPMCL. Therefore, scheduling and other energy accounting are being carried by MPSLDC. Accordingly, the certifying agency for <math>\beta</math> (i.e. Average Monthly Frequency Response Performance) may also include concerned LDCs for smooth implementation of the Regulation.</p>
	<p>(9) In case the energy charge rate (ECR) for a hydro generating station, computed as per <u>clause (5)</u> of this Regulation exceeds one hundred and twenty paise per kWh, .....</p>	<p>The computation of ECR has been provided in the Regulation 65 (6). Accordingly, 'clause (5)' may be replaced with 'clause (6)'.</p>
14	<p><b>66. Computation and Payment of Capacity Charge and Energy Charge for Pumped Storage Hydro Generating Stations:</b></p> <p>2) The capacity charge payable to a pumped storage hydro generating station for a calendar month shall be:</p> <p>(AFC x NDM / NDY) (In Rupees), if actual Generation during the month is <math>\geq 75\%</math> of the Pumping Energy consumed by the station during the month and <math>\{(AFC \times NDM / NDY) \times</math></p>	<p>If actual Generation during month is <math>&lt; 75\%</math> of pumping energy, Generator can't recover the AFC. Also, there is no incentive provided in r/o Capacity Charges, if actual Generation during month is <math>&gt; 75\%</math> of pumping energy. Accordingly, to safeguard the interest of Generator, the same</p>



S. No.	Provisions of Draft Regulations	Comments of NHDC
	<p>(Actual Generation during the month during peak hours/ 75% of the Pumping Energy consumed by the station during the month) (in Rupees)}, if actual Generation during the month is &lt; 75 % of the Pumping Energy consumed by the station during the month.</p> <p>(3) The energy charge shall be payable by every beneficiary for the total energy scheduled to be supplied to the beneficiary in excess of the design energy plus 75% of the energy utilized in pumping the water from the lower elevation reservoir to the higher elevation reservoir, at a flat rate equal to the average energy charge rate of 20 paise per kWh, if any, during the calendar month, on ex power plant basis.</p>	<p>may be reviewed and incentive may be provided in case of actual Generation during month is &gt;75% of pumping energy.</p> <ul style="list-style-type: none"> <li>As per Regulations, ECR of 20 paise per kWh has been provided for the energy in excess of the design energy plus 75% of the energy utilized in pumping the water. Practically, the occurrence of generation of excess energy (i.e. energy more than design energy plus 75% of the energy utilized in pumping) is very remote or practically impossible.</li> <li>It is understood that the above provision is to compensate/incentivize the efforts of generator in maximizing the generation with available resources (i.e. achieving the cycle efficiency more than prescribed 75%) and it is to note that no other incentive in Capacity Charges has been provided. Accordingly, in line with the ECR for over &amp; above saleable design energy of hydrogenerating stations as provided at Regulation 65 (9), it is proposed that ECR of 120 paise per kWh may also be allowed in case of pumped storage hydro generating stations.</li> <li>As such, the provision may be changed as below: <ul style="list-style-type: none"> <li>"In case of scheduled energy is more than the Design Energy, the energy charge shall be payable by every beneficiary for the total energy scheduled to be supplied to the beneficiary in excess of 75% of the energy utilized in pumping the water from the lower elevation reservoir to the higher elevation reservoir, at a flat rate equal to the average energy charge rate of 120 paise per kWh, if any, during the calendar month, on ex power plant basis.</li> </ul> </li> </ul>



S. No.	Provisions of Draft Regulations	Comments of NHDC
	<p>(4) Energy charge payable to the generating company for a month shall be:</p> $= 0.20 \times \{ \text{Scheduled energy (ex-bus) for the month in kWh} - (\text{Design Energy for the month (DEm)} + 75\% \text{ of the energy utilized in pumping the water from the lower elevation reservoir to the higher elevation reservoir of the month}) \} \times (100 - \text{FEHS}) / 100.$ <p>Where,</p> <p>DEm = Design energy for the month specified for the hydro generating station, in MWh</p> <p>FEHS = Free energy for home State, in per cent, as mentioned in EXPLANATION-III under Regulation 76 of these regulations, if any.</p>	<ul style="list-style-type: none"> <li>Subsequently, the formula along with the provision provided for Energy Charges vide Regulation 66 (4) may also be modified appropriately.</li> <li>In the formula provided for Energy Charge, the unit of Scheduled energy has been specified as 'KWh' whereas, the unit of Design Energy is provided as 'MWh'. Both the parameters are need to be in KWh. Accordingly, the formula needs to be reviewed and corrected.</li> </ul>
15	<p><b>71. Norms of Operation for Hydro Generating Stations: The norms of operation as given hereunder shall apply to hydro generating stations:</b></p> <p>(A) Normative Annual Plant Availability Factor (NAPAF): (1) The following normative annual plant availability factor (NAPAF) shall apply to hydro generating station:</p> <p>(a) Storage and Pondage type plants with head variation between Full Reservoir Level (FRL) and Minimum Draw Down Level (MDDL) of up to 8%, and where plant availability is not affected by silt: 90%;</p>	<ul style="list-style-type: none"> <li>Considering the given norms in draft Regulations 2024, which are in line with the norms in Tariff Regulations '2019, and also considering the past performance of the hydropower stations, NAPAF for ensuing Tariff Period 2024-29, Hon'ble Commission has notified NAPAF for different Hydro Power Stations.</li> </ul>

14/10/2024  
14/10/2024  
3452/16



S. No.	Provisions of Draft Regulations	Comments of NHDC
16	<p>(b) In the case of storage and pondage type plants with head variation between full reservoir level and minimum draw down level is more than 8% and when plant availability is not affected by silt, the month-wise peaking capability as provided by the project authorities in the DPR (approved by CEA or the State Government) shall form the basis of fixation of NAPAF;</p> <p>.....</p> <p><b>77. Recovery of Statutory Charges:</b></p> <p>The generating company shall recover the statutory charges imposed by the State and Central Government, such as electricity duty and water cess, by considering normative parameters specified in these regulations. In case the electricity duty is applied to the auxiliary energy consumption, such amount of electricity duty shall apply to the normative auxiliary energy consumption of the generating station (excluding colony consumption) and apportioned to each of the beneficiaries in proportion to their scheduled dispatch during the month.</p>	<p>In this context, it is to submit that restrictions have been imposed by Hon'ble Commission vide IEGC Regulations '2023 from claiming DC (Declared Capacity) over and above Installed Capacity (i.e. 10% over and above Installed Capacity in case of Hydro Power Stations), which was allowed earlier. Accordingly, the actual PAF is set to come down as compared to earlier years. Therefore, it is submitted that the same may please be considered while fixing NAPAF of Hydro Power Stations.</p>
17	<p><b>81. Sharing of gains due to variation in norms:</b></p> <p>(2) The financial gains by the generating company or the transmission licensee, as the case may be, on account of controllable parameters ....</p> <p>.....</p> <p>(ii) When saleable scheduled generation is more than saleable design energy on the basis of actual auxiliary energy consumption:</p>	<ul style="list-style-type: none"> <li>Electricity Duty shall be on actual auxiliary energy consumption basis, which may be limited to normative auxiliary energy consumption. As such, generator only recovers the actual amount of Electricity Duty paid by him in case the Actual Auxiliary Energy Consumption is less than the Normative Auxiliary Energy Consumption.</li> </ul>
		<ul style="list-style-type: none"> <li>Minus sign is missing in the term '100 actual AEC in %', which needs to be corrected as '100 - actual AEC in %'. Accordingly, the same may be reviewed and corrected.</li> </ul>

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14/02/2024  
3/5/24/2024  
14/02/2024



S. No.	Provisions of Draft Regulations	Comments of NHDC
	<p>Net gain (Million Rupees) = {Saleable Scheduled generation in MUs- [(Saleable Scheduled Generation in MUs x (100 - normative AEC in %)/(100 actual AEC in %)]}x [1.20 or ECR, whichever is lower]</p>	
18	<p><b>80. Late payment surcharge:</b></p> <p>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.</p> <p><u>Provided that in case a different LPS mechanism is provided in the PPA, the same shall be governed by the provisions of the PPA.</u></p>	<ul style="list-style-type: none"> <li>Under rule No. 3 (2) of the Ministry of Power – Electricity (Late Payment Surcharge and Related Matters) Rules, 2022, a provision has been made as below:  <i>“Provided that the rate, at which Late Payment Surcharge shall be payable, shall not be higher than the rate of Late Payment Surcharge specified in the agreement, if any.”</i></li> </ul> <p><i>In view of above, as well as some of the PPAs may have Clauses referring CERC Tariff Regulations and/ or directives of Govt. of India, as such, to avoid any confusion/ mis-interpretation like cyclical reference of concerned Clauses, it is proposed that the provision as reproduced below may be removed:</i></p> <p><i>“Provided that in case a different LPS mechanism is provided in the PPA, the same shall be governed by the provisions of the PPA.”</i></p>
19	<p><b>94. Application fee and publication expenses:</b></p> <p>(2) The following fees and charges shall be reimbursed directly by the beneficiaries in proportion to their allocation in the generating stations or by the long term customers in</p>	<ul style="list-style-type: none"> <li>In the instant Regulation 94 (2), the text ‘following’ has been mentioned, but, no such details have been mentioned below</li> </ul>

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14/04/2024  
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14/04/2024



S. No.	Provisions of Draft Regulations	Comments of NHDC
	<p>proportion to their share in the inter-State transmission systems determined in accordance with the Central Electricity Regulatory Commission (Sharing of inter-State Transmission Charges and Losses) Regulations, 2020, as amended from time to time.</p>	<p>it. However, fees and charges under few heads have been mentioned at Regulation 94 (3), (4) and (5). In view of above, the Regulation may be reviewed for correction, if any, for better understanding.</p>
20	<p><b>Others</b></p> <p>Billing, payment, applicability of rebate, late payment surcharge on bills preferred by Generator towards Recovery of Statutory Charges as well as supplementary bills for recovery of arrears such as based on trued-up orders, recovery of shortfall energy charges etc.</p>	<ul style="list-style-type: none"> <li>• To avoid confusion/ mis-interpretation of concerned Regulations/ Guidelines, the following clarifications may be issued by Hon'ble Commission: <ul style="list-style-type: none"> <li>○ Statutory Charges are the charges to be reimbursed by beneficiary to the generator on actual basis, as such no rebate shall be allowed on these bills. However, in case of delay in payments by the beneficiary, LPSC shall be allowed to be chargeable on the beneficiary as per extant Regulations of LPSC.</li> <li>○ In case of supplementary bills for recovery of arrears, the Commission is allowing to be recovered in few (say 6 or 10) installments and in case of delay in payments by the beneficiary, applicability of Rebate as well as LPSC may please be clarified.</li> </ul> </li> </ul>

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14/04/2024  
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