Comments on Draft CERC Tariff Regulations 2024

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1	Ch-1; **Annual Target Quantity**	3 (4a) '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) as 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."	3 (5) '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;	Relaxation of 15% has been granted to all plants.	24*7 Power to the consumers is required as per universal supply obligations of the DISCOMs. 85% should be enhanced to 100%. Further, **the existing yearly norms should be converted to monthly norms**.
2	Ch-1; **Ancillary services**		3 (6) 'Ancillary Service' or 'AS' in relation to power system operation means the service necessary to support the grid operation in maintaining power quality, reliability and security of the grid and includes Primary Reserve Ancillary Service, Secondary Reserve Ancillary Service, Tertiary Reserve Ancillary Service, active power support for load following, reactive power support, black start and such other services as defined in the Grid Code;	The definition of ancillary services has been introduced for reference in the definitions of 'Scheduled Generation' or 'Scheduled injection' only	No comment
3	**Ch-1; Capital spares**		3 (12) **Capital Spares' means spares individually costing above Rs. 20 lakh**, which is maintained by the generating company or the transmission licensee **over and above the initial spares.**	The definition of capital spares has been added	No comment
4	**Ch-1; Cut-Off date**	3 (14) 'Cut-off Date' means **the last day of the calendar month after thirty six months** from the date of commercial operation of the project;	3 (14) 'Cut-off Date" shall be the **last day of the financial year closing after thirty six months** from the date of commercial operation of the project, except in case of integrated mine(s);	This would give an extra time (up to one year) for Assets depending upon their CoD in the FY to close contracts, discharge liabilities.	COD should be in line with the Generating units and incentives/ penalty should be linked accordingly. It is requested that the existing provision of CERC Regulations 2019 may prevail.
5	**Ch-1; Operation and**	3 (45) 'Operation and Maintenance Expenses' or 'O&M expenses' means the	3 (56) 'Operation and Maintenance Expenses' or 'O&M expenses' means the	CERC has defined the Capital Spares as spares individually costing above Rs.	No comment

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	Maintenance Expenses	expenditure incurred for operation and maintenance of the project, or part thereof, and includes the expenditure on manpower, maintenance, repairs and maintenance spares, consumables, insurance and overheads and fuel other than used for generation of electricity	expenditure incurred for operation and maintenance of the project, or part thereof, and includes the expenditure on manpower, maintenance, repairs and maintenance spares, **other spares of capital nature valuing less than Rs. 20 lakhs, additional capital expenditure of an individual asset costing up to Rs. 20 lakhs,** consumables, insurance and overheads and fuel other than used for generation of electricity: Provided that for integrated mine(s), the Operation & Maintenance Expenses shall not include the mining charge paid to the Mine Developer and Operator, if any, engaged by the generating company and the mine closure expenses	20 lakh which shall be allowed separately. Whereas, CERC has added the expenses incurred for other spares of capital nature valuing less than Rs. 20 lakhs and additional capital expenditure of an individual asset costing up to Rs. 20 lakhs in the definition of O&M expenses. CERC has not clarified **whether the spares of capital nature valuing less than 20 lakhs shall be allowed over and above the O&M norms defined by the Commission or have already been considered while determining the norms.**	
6	**Ch-1; Reference Rate of interest**		3 (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	Definition of Bank rate has been removed and reference rate of interest has been introduced. Rate of IoWC has been reduced by 25 basis points (earlier rate was SBI MCLR+350 bps)	Interest rate should be linked to Repo rate instead of MCLR.
7	**Useful life**	3 (73) '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: (f) Transmission line (including HVAC & HVDC) **35 years;** (g) Communication system **15 years**	3 (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: … (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; 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.**	For coal and thermal- The remaining depreciation after 12 years of COD shall be calculated for remaining operational life of 35 and 50 years respectively instead of useful life of 25 and 40 years.	It is observed that as more and more coal based thermal generating stations are operating efficiently even beyond 25 years, there may be a case to align the normative life of these stations, considering that with proper upkeep, these generating stations can operate even beyond 30 years. Similarly, in the case of transmission sub-stations it is observed that these assets can operate way beyond 25 years similar to transmission lines. It is, therefore, hereby

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					submitted that the useful life of coal based thermal generating stations and transmission sub-stations may be increased to 35 years from the current specified useful life of 25 years.
8	**Ch-2; Date of Commercial Operation**	5 (2) In case the transmission system or element thereof executed by a transmission licensee is ready for commercial operation but the interconnected generating station or the transmission system of other transmission licensee as per the agreed project implementation schedule is not ready for commercial operation, the transmission licensee may file petition before the Commission for approval of the date of commercial operation of such transmission system or element thereof:	This clause has been proposed to be deleted	No impact as this is already covered in Regulation 27 of the Indian Electricity Grid Code 2023 which forms the basis of determination of CoD.	COD of the Generating Plants as well as Transmission elements should only be considered from the date when it comes in use for transfer of scheduled power, so that DISCOMs and consumers are not penalized for no fault on its own part.
9	**Ch-3; Procedure of tariff Determination**	8 (1) (iii) 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 operation of such emission control system	8 (1) (iii) The generating company shall file an application for determination of supplementary tariff for the emission control system installed in a coal or lignite based thermal generating station in accordance with these regulations **not later than 90 days** from the date of operation of such emission control system.	Submission of supplementary tariff for ECS has been relaxed from 60 to 90 days from COD of such Emission Control System	The basic purpose of installation of emission control system is to reduce carbon emission thereby helping to protect environment. This is analogous to meeting demand through Renewable generation. As such the Generating stations should get Carbon Credits to sale thereby fetching additional revenue, therefore, the expenditure incurred on ECS are usually recovered through this additional revenue. Hence, no supplementary tariff should be determined for this ECS system

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					and should not be recovered from DISCOMs. If in any case, such supplementary tariff is allowed, it should be considered as Renewable Power purchase of the DISCOMs. Further, the process of approval of tariff for the emission control system should be optimized such that no carrying cost obligations is made on the DISCOMs.
10	**Ch-3; Procedure of tariff Determination**	9 (1) The generating company or the transmission licensee may make an application for determination of tariff for new generating station or unit thereof or transmission system or element thereof in accordance with the Procedure Regulations within **60 days** of 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 70% of the cost envisaged in the Investment Approval or Rs. 200 Crore, whichever is lower, as on the anticipated date of commercial operation:	9 (1) The generating company or the transmission licensee may make an application for determination of tariff for a new generating station or unit thereof or transmission system or element thereof in accordance with these Regulations within **90 days** from the actual date of commercial operation: 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, whichever is lower, as on the actual date of commercial operation**: **Provided further that transmission licensees shall combine all the elements of the transmission system in the Investment Approval, which are attaining commissioning during a particular month and declare a single COD for the combined Asset, which shall be the date of the COD of the last element commissioned in that month and such Asset shall be treated as single Asset for tariff**	The provision to file a petition for new generating stations two month before the anticipated COD has been removed. Now, the Petitioner has to file within 90 days of actual COD. For new transmission system or elements, petition can be filed when capex>100 Cr or 100% of IA (whichever is lower) is achieved. Earlier CERC used to determine the COD of Combined Asset based on the Capital cost of the assets as on 1.4.2019 and COD of each asset. This has now been changed to considering the COD of the last element commissioned in that month.	COD of the Generating Plants as well as Transmission elements should only be considered from the date when it comes in use for transfer of scheduled power, so that DISCOMs and consumers are not penalized for no fault on its own part. --

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			purposes.		
11	**Ch-3; Procedure of tariff Determination**		9 (4) Provided that a generating company with integrated mine(s) shall file a petition for determination of the input price of coal or lignite from the integrated mine(s) not later than 90 days from the date of actual commercial operation of the integrated mine(s) in accordance with these regulations. (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;** Provided that in case the generating company or the transmission licensee delays in filing of application as per the timeline specified in sub-clause (1) to (4) of this Regulation, carrying cost shall be allowed to the generating company or the transmission licensee from the date of filing of the application as per Regulation 10(7) and 10(8) of these regulations.	Introduction of provision of carrying cost would subsequently add burden on to the DISCOMs and therefore may not be included.	Allowing carrying cost without ensuring its end use would impact the financial position of DISCOMs and it would also be undue burden on consumers especially for states like Bihar where paying capacity of consumers is much limited.
12	**Ch-3; Procedure of tariff Determination**	10 (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.	10 (3) If the information furnished in the petition is in accordance with these regulations, 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; 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**	The 2024 regulation introduces a cap on interim tariffs at 90% of the claimed amount and mandates reimbursement with interest if the final tariff is significantly lower, thereby reducing financial risks for beneficiaries.	The interest rate should commensurate with the interest rate charged for applicable carrying cost. Both should be linked with Repo rate instead of MCLR. Further, either carrying cost should also be allowed on simple interest or when payable by the Gencos, it should also be on compounding basis.

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			financial year in which such excess recovery was made		
13	**Ch-4; Special Provisions for Tariff for Thermal Generating Station which have Completed 25 Years of Operation**	17 (2) The beneficiary shall have the first right of refusal and upon its refusal to enter into an arrangement as above, the generating company shall be free to sell the electricity generated from such station in a manner as it deems fit	Proposed to be deleted	As this clause was providing right to beneficiaries to exit from ongoing PPA and violating contract sanctity. The same has also been proposed to be deleted in 2019 Tariff Regulations, vide draft fourth amendment, pending notification.	The beneficiary who has paid for the capex portion should be given preference for availing power as it may be cheaper than considering plant has been fully depreciated through the payment by the existing beneficiary. It is requested that the arrangement which prevailed as per CERC 2019 Regulation may be continued.
14	Ch-6; Capital cost	-	19(2)(p)- Expenditure required to **enable flexible operation of the generating station at lower loads** 19(3)(g)- Expenditure required to **enable flexible operation of the generating station at lower loads**	Enabling clause to claim ACE to facilitate part load operations has been introduced for both new and existing projects	Such cost are passed to the DISCOMs. These flexible operations at lower loads for should only be applicable for Generating stations having solar capacity. Further, it should be ensured that if Capex is allowed for enabling flexible operations at Gencos at lower loads, the overall rate of the energy remains the same or lower considering both fixed and variable charges.
15	Ch-6; Capital cost	-	19(3)(h)- Capital expenditure on account of **biomass handling equipment and facilities, for co-firing**.	Enabling clause to claim ACE on account of Bio-mass cofiring as per biomass utilization policy mandated by MoP	No comment
	Ch-6; Capital cost	-	19(4)(c) -Expenditure incurred towards **developing local infrastructure not exceeding Rs. 10 lakh/MW** in the vicinity of the power plant **approved in original scheme if funding is not provided for under "Budgetary Support for Flood Moderation and for Budgetary support** for enabling	For existing or new hydro project- Enabling clause to claim ACE for developing local infra subject to the limit of Rs 10 lakh/MW subject to certain conditions to facilitate R&R at and around project location.	It is hereby submitted that on account of additional expenditure incurred by Gencos, DISCOMs should not be burdened in terms of any supplementary tariff.

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			infrastructure". Provided that such funds shall be allowed **only if the funds are spent through Indian Governmental Instrumentality**		
16	**Ch-6; Capital Cost- For Projects acquired through NCLT proceedings**	-	• For Projects acquired through NCLT proceedings, the following shall be considered while approving Capital Cost for determination of tariff: (a) For **projects already under operation**, historical GFA of the project acquired or the acquisition value paid by the 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; (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	• For already **operational projects** acquired through NCLT proceedings, capital cost to be considered shall be **lower of the - Historical cost or Acquisition cost.** • For acquisition of **under construction** projects, lower of the **acquisition value or actual audited cost** till acquisition date to be considered. Any further ACE shall be as per IA approved by the BoD, subject to prudence check.	Tariff under Section 62 needs to be determined on the cost-plus principle. But in the interest of DISCOMs and the consumer, it is imperative that the lower of Historical cost or acquisition value may be considered for determination of tariff.

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			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.		
17	**Ch-6; IDC**	21 (1) Interest during construction (IDC) shall be computed corresponding to the loan from the date of infusion of debt fund, and after taking into account the prudent phasing of funds **up to SCOD.**	21 (1) Interest during construction (IDC) shall be computed considering the **actual loan and normative loan** after taking into account the prudent ***phasing of funds up to actual COD:*** Provided that IDC on normative loan corresponding to excess equity over 30% of funds deployed shall be allowed only in case the actual infusion of equity on a quarterly basis is more than 30% of total funds deployed Provided further that in case **IDC on normative loan** is to be **allowed prior to infusion of actual loan**, rate of interest for computing such IDC shall be equal to **1-year SBI MCLR** as prevailing on 1st April of the respective year. Provided further that **IDC on normative loan, post infusion** of actual loan shall be computed based on **WAROI** for that respective quarter.	IDC shall also **include both actual loan and normative loan** and should be considered **upto actual COD** unlike SCOD in previous Regulations. Condition defined/clarified for consideration of IDC on normative loan. Rates defined for allowing IDC n normative loan prior and post infusion of actual loan	No comment
18	**Ch-6; IEDC**	21 (2) Incidental expenditure during construction (IEDC) shall be computed from the zero date, taking into account pre-operative expenses **upto SCOD**:	21 (2) Incidental expenditure during construction (IEDC) shall be computed from the zero date, taking into account pre-operative expenses up to **actual COD**		In the event of delay due to controllable factor resulting to actual COD beyond the SCOD, IEDC may not be allowed thereby DISCOMs should not be burdened additionally.
19	**Ch-6; Calculation of IDC and IEDC in case of delay**	21 (5) If the delay in achieving the COD is attributable either in entirety on in part to the generating company or the transmission licensee or its contractor or supplier or agency, in such cases, **IDC and IEDC beyond SCOD may be**	21 (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**	• Proportionate basis of delay not condoned vis-à-vis total implementation period has been introduced.	Delays on account factors such as forest clearance, NHAI clearance etc. can be considered for inclusion as

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		disallowed after prudence check either in entirety or on pro-rata basis corresponding to the period of delay not condoned 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, as the case 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. *[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.]* 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.	Maximum condonation shall be allowed up to 90% of the delay associated with obtaining approvals or clearances from given authorities. This will adversely affect the Generator as maximum 90% delay related to approvals from certain authorities can be allowed/condoned.	uncontrollable factor provided that such delays are not attributable to the generating company or the transmission license. In this regard, a robust mechanism /guideline may be set up to identify the reasons/causes of delay and mitigate the same to ensure that the impact of cost overrun due to inordinate delays does not fall upon the consumers.
20	**Ch-7; Additional Capitalisation within the original scope and after the cut-off date**	25(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: … **(g) Raising of ash dyke as a part of ash disposal system.**	**Clause (g) has been deleted**		No comment
21	**Ch-7; Additional Capitalisation within the original scope and after the**	25 (2) (d) The replacement of such asset or equipment has otherwise been allowed by the Commission.	25(2) (d) The replacement of such asset or equipment has otherwise been allowed by the Commission. Provided that **any claim of additional capitalisation with respect to the replacement of assets under the**	Clarification has been provided on the minimum ACE claim needed with respect to the replacement of assets under the original scope and on account of obsolescence of technology (Rs. 20 lakh)	Any capital cost which is not approved may be allowed to submit an application with all relevant information along with reasons

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	cut-off date		**original scope and on account of obsolescence of technology, less than Rs. 20 lakhs shall not be considered as part of Capital cost and shall be met by Generating company and Transmission licensee through normative O&M charges only.**		justifying emergency nature of the proposed work seeking for approval of the Commission.
22	**Ch-7; Additional Capitalisation beyond the original scope**	-	26 (1) (g) Works required **towards biomass handling system** to enable biomass co-firing and towards enabling flexible operation of the generating station as may be required.	• Additional clauses have been introduced to claim ACE beyond original scope	No comment.
23	**Ch-7; Additional Capitalisation beyond the original scope**	-	26 (1) (h) Works pertaining to **Railway Infrastructure and its augmentation for transportation of coal up to the receiving end of the generating station** (excluding any transportation cost and any other appurtenant cost paid to railways) that are not covered under Regulation 24, 25 and 27, but shall result in better fuel management and can lead to a reduction in operation costs, or shall have other tangible benefits:	• Additional clauses have been introduced to claim ACE beyond original scope	No comment
24	**Ch-7; Additional Capitalisation beyond the original scope**	-	26 (1) (i) Any additional capital expenditure which has become **necessary for efficient operation of generating station or transmission system** as the case may be, including the works required towards projects acquired through NCLT process. The claim shall be substantiated with **the technical justification and cost benefit analysis.**	• Additional clauses have been introduced to claim ACE beyond original scope	No comment
25	**Ch-7; Additional Capitalisation beyond the original scope**	-	26 (2) **Any claim of additional capitalisation less than Rs. 20 lakhs shall not be considered under Clause (1) of this regulation.**	Clarification has been provided on the limits for the ACE for efficient operation	No comment
26	**Ch-7; Additional Capitalisation beyond the original scope**	-	26 (3) Provided that in cases where an **asset forming part of a scheme is de-capitalised and wherein the historical value of such asset is not available**, the value of de-capitalisation shall be computed by **de-escalating the value of the new asset by 5% per year until the**	Provision has been added for computation of value of de-capitalisation for cases where the historical value of the asset is not available.	No comment

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			year of capitalisation of the old asset subject to a minimum of 10% of the replacement cost of the asset.		
27	**Ch-7; Additional Capitalisation on account of Renovation and Modernisation**	27 (2) Where the **generating company or the transmission licensee,** as the case may be, makes an application for approval of its proposal for renovation and modernisation (R&M), approval may be granted after due consideration of reasonableness of the proposed cost estimates, financing plan, schedule of completion, interest during construction, use of efficient technology, cost-benefit analysis, expected duration of life extension, **consent of the beneficiaries or long term customers, if obtained**, and such other factors as may be considered relevant by the Commission.	27 (2) Where the **generating company**, as the case may be, makes an application for approval of its proposal for renovation and modernisation (R&M), approval may be granted after due consideration of the reasonableness of the proposed cost estimates, financing plan, schedule of completion, interest during construction, use of efficient technology, cost-benefit analysis, expected duration of life extension, **the response of the beneficiaries or long term customers**, and such other factors as maybe considered relevant by the Commission.	• Removal of R&M for transmission licensee (needs clarification from CERC) The requirement of obtaining consent from beneficiaries for R&M has been removed	The energy requirement of the country is expected to rise rapidly. It is therefore necessary to improve the generation. By renovation and modernization of existing power stations extra power is generated through the existing power stations. It is, therefore, in the public interest that the schemes of R&M of existing power stations may be encouraged. Further, the scheme of R&M should be supported with reduction in fuel cost and extension in useful life of the plant. These aspects can be taken up while approving any proposal for R&M of old generating station. R&M activities should be considered after proper scrutiny of cost benefit analysis by taking into consideration the improvement in the operational parameters including the reduction in Gross Station Heat Rate of the plant and **with due consent of the beneficiary.**
28	**Ch-7; Special Allowance for**	28 (2) The Special Allowance admissible to a generating station shall be @ **Rs 9.5**	28 (2) The Special Allowance admissible to a generating station shall be @ **Rs**	The Special Allowance has been increased by ~13%	

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	Coal-based/ Lignite fired Thermal Generating station	**lakh per MW per year** for the tariff period 2019-24.	**10.75 lakh per MW per year** for the control period.		
29	**Ch-8; Return on Equity**	30 (2) 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 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%"	30 (3) Return on equity for new project achieving COD on or after 01.04.2024 shall be computed at the base rate of 15.00% for the transmission system, including the communication system**, at the base rate of 15.50% for Thermal** Generating Station and run-of-river hydro generating station and at the base rate of 17.00% for storage type hydro generating stations, pumped storage hydro generating stations and run-of-river generating station with pondage; 30 (3) Provided that return on equity in respect of additional capitalization beyond the original scope, **including additional capitalization on account of the emission control system**, **Change in Law, and Force Majeure shall be computed at the base rate of one-year marginal cost of lending rate (MCLR) of the State Bank of India plus 350 basis points as on 1st April of the year**, subject to a ceiling of 14%; 30(3) (iii) (b) an additional rate of return on equity of 0.25% shall be allowed for every incremental ramp rate of 1% per minute achieved over and above the ramp rate specified under Regulation 45(9) of IEGC Regulations, 2023, subject to the ceiling of additional rate of return on equity of 1.00%	The RoE in respect of additional capitalization beyond the original **scope shall now be computed at the base rate of one-year marginal cost of lending rate (MCLR) of the State Bank of India plus 350 basis points** as on 1st April of the year, subject to a ceiling of 14%, **inclusive of additional capitalization on account of the emission control system, Change in Law, and Force Majeure**	Interest rate should be linked to Repo rate instead of MCLR. Further, ROE for thermal power plant is at 15.5% but other industry like airport operates at rate around 15%. Therefore, it is suggested that ROE of 15% may be allowed instead of 15.5% for thermal power plant as well. This is in the larger interest of the consumers. Further, additional ROE for achieving ramp rate should not be imposed as it is decided during design and operational component.
30	**Ch-8; Tax on Return on Equity**	31 (1) The base rate of return on equity as allowed by the Commission under Regulation 30 of these regulations shall be grossed up with the effective tax rate of the respective financial year. For this purpose, the effective tax rate shall be considered on **the basis of actual tax paid** in respect of the financial year in line with the provisions of the relevant	31 (1) … The effective tax rate shall be calculated at the beginning of every financial year **based on the estimated profit and tax to be paid** estimated in line with the provisions of the relevant Finance Act applicable for that financial year to the concerned generating company or the transmission licensee by	• Basis of computation of effective tax rate has been changed from 'actual tax paid' to 'estimated profit and tax to be paid. • Deferred tax liability has not been excluded from	Interest rate should be linked to Repo rate instead of MCLR.

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		Finance Acts by the concerned generating company or the transmission licensee, as the case may be. The actual tax paid on income from other businesses including deferred tax liability (i.e. income from business other than business of generation or transmission, as the case may be) shall be excluded for the calculation of effective tax rate.	excluding the income of non-generation or non-transmission business, as the case may be, and the corresponding tax thereon. **Provided that in case a generating company or transmission licensee is paying Minimum Alternate Tax (MAT) under Section 115JB of the Income Tax Act, 1961, the effective tax rate shall be the MAT rate, including surcharge and cess;** **Provided further that in case a generating company or transmission licensee has opted for Section 115BAA, the effective tax rate shall be tax rate including surcharge and cess as specified under Section 115BAA of the Income Tax Act, 1961.**	computation of effective tax rate Two Provisos added to allow MAT and Section 115BAA Tax as the effective tax rate. The same has been added to be applicable during true-up as well.	
31	**Ch-8; Interest on loan capital**	31 (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; Provided that **if there is no actual loan for a particular year** but normative loan is still outstanding, the **last available weighted average rate of interest** shall be considered; Provided further that if the generating station or the transmission system, as the case may be, does not have actual loan, then the weighted average rate of interest of the generating company or the transmission licensee as a whole shall be considered. (5a) The rate of interest on loan for installation of emission control system shall be the weighted average rate of interest of actual loan portfolio of the emission control system or in the absence of actual loan portfolio, the weighted average rate of interest of the generating company as a whole shall be considered.	32 (6) In the case of New Project(s), the rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio of the generating company or the transmission licensee, as the case may be; 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; 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%.	Separate clauses have been introduced for Existing and New Projects. In case of Existing Projects – WAROI based on actual loan portfolio, without adjusting for interest capitalized, shall be considered. 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 new project In case of no actual loan, Rate of interest for new projects has been reduced to 1yr SBI MCLR instead of considering last available WAROI Ceiling of 14% introduced for ECS	Interest rate should be linked to Repo rate instead of MCLR.

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32	**Ch-8; Depreciation**	33 (5) Depreciation shall be calculated annually based on Straight Line Method and at rates specified in Appendix-I to these regulations for the assets of the generating station and transmission system: Provided that the remaining depreciable value as on 31st March of the year closing after a period of 12 years from the effective date of commercial operation of the station shall be spread over the balance useful life of the assets.	**33 (5) Depreciation for Existing Projects** shall be calculated annually based on the Straight Line Method and at rates specified in Appendix-I to these regulations for the assets of the generating station and transmission system; Provided that the remaining depreciable value as on 31st March of the year closing after a period of 12 years from the effective date of commercial operation of the station shall be spread over the balance useful life of the assets; Provided further that in the case of an existing hydro generating station, the generating company, with the consent of the beneficiaries, may charge depreciation at a rate lower than that specified in Appendix I and Appendix II to these Regulations to reduce front loading of tariff. **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; 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.	• Accelerated Depreciation for new projects is extended to 15 years instead of 12 years Flexibility for existing hydro generating stations to opt for Appendix I or Appendix II rates with consent of beneficiaries.	It is pertinent to mention that the proposed depreciation period of 15 years instead of 12 years may reduce the upfront cost so reduced tariff is expected.
33	**Ch-8; Depreciation:**	33 (7) 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.**	33 (8) The generating company or the transmission licensee, as the case may be, shall submit the details of capital expenditure proposed to be incurred during five years before the competition of useful life along with proper justification and proposed life extension. **The Commission, based on prudence check of such submissions, shall approve the depreciation 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**	The updated clause provides a clear framework for depreciation approval over the asset's remaining life or fifteen years, offering more predictability in financial planning for asset recovery.	No comment

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			shall equally spread the depreciable value over the balance useful life of the Asset.		
34	**Ch-8; Depreciation:**	33 (10) **Depreciation of the emission control system** of an existing or a new generating station or unit thereof where the date of operation of the emission control system is subsequent to the date of commercial operation of the generating station or unit thereof, shall be computed annually from the date of operation of such emission control system based on straight line method, **with salvage value of 10%,** over a period of ─ a) twenty five years, in case the generating station or unit thereof is in operation for fifteen years or less as on the date of operation of the emission control system; or b) balance useful life of the generating station or unit thereof plus fifteen years, in case the generating station or unit thereof is in operation for more than fifteen years as on the date of operation of the emission control system; or c) ten years or a period mutually agreed by the generating company and the beneficiaries, whichever is higher, in case the generating station or unit thereof has completed its useful life."	33 (11) Depreciation of the emission control system of an existing generating station that is yet to complete its useful life or a new generating station or unit thereof where the date of operation of the emission control system is subsequent to the date of commercial operation of the generating station or unit thereof, shall be computed annually from the date of operation of such emission control system based on the straight line method at **rates specified in Appendix-I to these regulations**; Provided that the remaining depreciable value as on 31st March of the year closing after a period of 12 years from the date of operation of such emission control system shall be spread over the balance period of thirteen years or balance operational life of generating station, whichever is lower.	• The phrase 'with salvage value of 10%' is removed, • Clauses of different depreciation rates based on different stages of life of the thermal generating station is removed. Faster recovery of cost of ECS (depreciation rate increased from 3.6% (i.e. 90/25) to 5.28%	Faster recovery of ECS cost tends to increase in tariff which is detrimental for the growth of the sector. Therefore, the existing provision may prevail.
35	**Ch-8; Operation and Maintenance Expenses for Thermal Generating Station**	-	33 (12) In case the date of operation of the emission control system is subsequent to the date of completion of the useful life of generating station commercial operation of the generating station or unit thereof, depreciation of ECS shall be computed annually from the date of operation of such emission control system based on the straight line method, with a salvage value of 10% and recovered over ten years or a period mutually agreed by the generating company and the beneficiaries, whichever is higher.	This regulation allows for a flexible and extended depreciation period for emission control systems, enhancing financial viability for post-useful life environmental upgrades.	It is pertinent to mention that the proposed depreciation period of 15 years instead of 12 years may reduce the upfront cost so reduced tariff is expected.
36	**Ch-8; Operation and Maintenance**	33 (1) (6) Provided further that the generating station shall submit the assessment of the security requirement	33 (1) (6) Provided further that the generating station shall submit the assessment of the security requirement	The updated rule enhances financial accountability by setting a Rs. 20 lakh reporting threshold for capital spares,	No comment

<table>
<tr><th>S. No.</th><th>Ref. No.</th><th>CERC Tariff Regulations 2019</th><th>Draft CERC Tariff Regulations 2024</th><th>Implication/ Impact of proposed Change</th><th>Comments</th></tr>
<tr><td></td><td>Expenses for Thermal Generating Station</td><td>and estimated expenses; Provided also that the generating station shall submit the details of year-wise actual capital spares consumed at the time of truing up with appropriate justification for incurring the same and substantiating that the same is not funded through compensatory allowance as per Regulation 17 of Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 or Special Allowance or claimed as a part of additional capitalisation or consumption of stores and spares and renovation and modernization.</td><td>and estimated expenses along with the petition seeking the determination of tariff; Provided also that the generating station shall submit the details of year-wise actual capital spares consumed individually costing above Rs. 20 Lakh at the time of truing up with appropriate justification for incurring the same and substantiating that the same is not funded through compensatory allowance as per Regulation 17 of Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 or Special Allowance or claimed as a part of additional capitalisation or consumption of stores and spares and renovation and modernization.</td><td>aiming to prevent unaccounted financial claims within tariff petitions.</td><td></td></tr>
<tr><td>37</td><td>Ch-8; Operation and Maintenance Expenses for Thermal Generating Station</td><td>35 (1) (i) 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>Clause has been proposed to be deleted</td><td>Beneficial for upcoming additional units beyond first four units.</td><td>No comment</td></tr>
<tr><td>38</td><td>Ch-8; Operation and Maintenance Expenses for Thermal Generating Station</td><td>35 (1) Normative Operation and Maintenance expenses
(in Rs Lakh/MW)<table><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></table></td><td>36 (1) Normative Operation and Maintenance expenses
(in Rs Lakh/MW)<table><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>31.20</td><td>28.08</td></tr></table></td><td>FY 24-25 escalation over FY 23-24 as follows:
a) 200 MW Series – 5.60%
b) 300 MW Series – 3.93%
c) 500 MW Series – 1.47%
d) 600 MW Series – 6.66%
e) 800 MW Series – 6.69%
• Grossly insufficient considering escalation rates and additional components of all Add-Cap items and Capital Spare items up to Rs. 20 Lakh being considered part of O&M Expenses only.
YoY Escalation rate in the Control Period is considered at 5.89% (approx.)</td><td>Escalation in Normative O&M expense is considered at higher rate which would subsequently result into tariff. Therefore, the proposed escalation in normative O&M expense is not rationale.</td></tr>
<tr><td>39</td><td>Ch-8; Operation and Maintenance</td><td>35 (1) (7) The additional operation and maintenance expenses on account of implementation of revised emission</td><td>36 (1) (7) Any additional O&M expenses incurred by the generating company or transmission licensee due to any change</td><td>• Additional O&M expenses allowed on account of change in law or force</td><td>Additional O&M expenses on account of whatsoever reasons</td></tr>
</table>

S. No.	Ref. No.	CERC Tariff Regulations 2019	Draft CERC Tariff Regulations 2024	Implication/ Impact of proposed Change	Comments
	Expenses for Thermal Generating Station	standards shall be notified separately: Provided that till the norms are notified, the Commission shall decide the additional O&M expenses on case to case basis.	in law or Force Majeure event shall be considered at the time of truing up of tariff; 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. (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, 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.	majeure event, subject to the condition that impact exceeds 5% of normative O&M expenses Wage / Pay Revision impact provided to Govt owned Generating Company only.	should be allowed only upon the prudence check by the Hon'ble Commission.
40	**Ch-8; Operation and Maintenance Expenses for Hydro Generating Station**	35 (2) (c) In case of hydro generating stations which have not completed a period of three years as on 1.4.2019, operation and maintenance expenses for 2019-20 shall be worked out by applying escalation rate of **4.77%** on the applicable operation and maintenance expenses as on 31.3.2019. The operation and maintenance expenses for subsequent years of the tariff period shall be worked out by applying escalation rate of **4.77**% per annum.	36 (2) (c) In the case of hydro generating stations which have not completed a period of three years as on 1.4.2024, operation and maintenance expenses for 2024-25 shall be worked out by applying an escalation rate of **5.86%** on the applicable operation and maintenance expenses as on 31.3.2024. The operation and maintenance expenses for subsequent years of the tariff period shall be worked out by applying an escalation rate of **5.86%** per annum.	The escalation rate for O&M expenses in hydro stations post-2024 has increased, indicating a greater acknowledgment of operational cost inflations over time.	No comment.
41	**Ch-9; Input Price of coal and lignite for energy charges**	36 (4) In case of excess or short recovery of input price under Clauses (2) or (3) of this Regulation, the generating company shall refund the excess amount or recover the shortfall amount, as the case may be, with **simple rate of interest, equal to the bank rate prevailing as on 1st April of the respective years** of the tariff period, in six equal monthly instalments	37 (4) In case of excess or short recovery of input price under Clauses (2) or (3) of this Regulation, the generating company shall refund the excess amount or recover the shortfall amount, as the case may be, with simple interest at the **rate equal to 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.	Change in rate of carrying/ holding cost form bank rate to SBI MCLR +100 bps	Interest rate should be linked to Repo rate instead of MCLR.

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			Provided that such interest 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. Provided that **in case there is a delay in filing** the Petition for determination of input price as per the timelines specified under Regulation 9 of these regulations, **no carrying cost shall be allowed** to the generating company or the mining company for such delay and in such cases the carrying cost at the simple interest rate of 1-year SBI MCLR plus 100 bps shall be allowed from the date of filing of the Petition.		
42	**Ch-9; Operation and Maintenance Expenses**	36 I (b) The Operation and Maintenance expenses for the tariff period ending on 31st March 2024 in respect of the integrated mine(s) of lignite commissioned on or before 31st March 2019, shall be worked out based on the Operation and Maintenance expenses as admitted by the Commission during 2018-19 and **escalated at the rate of 3.5% per annum**;	46 (1) (b) The Operation and Maintenance expenses for the tariff period ending on 31st March 2029 in respect of the integrated mine(s) of lignite commissioned on or before 31st March 2024 shall be worked out based on the Operation and Maintenance expenses as admitted by the Commission during 2023-24 and **escalated at the rate of 5.89 % per annum**.	Change in escalation rate of O&M expenses from 3.5% per annum to 5.89% per annum	Escalation in O&M rate is considered at higher rate which would subsequently result into tariff. Therefore, the proposed escalation in rate is not rationale.
43	**Ch-9; Adjustment on account of Non-tariff income (NTI Adjustment)**	**36P. (1) NTI Adjustment = (All Non-tariff income during the year)/(Actual quantity of coal or lignite extracted during the year)**	**53 (1) NTI Adjustment = (2/3) x (Total Non-tariff income during the year)/(Actual quantity of coal or lignite extracted during the year)**	Retaining 1/3rd of benefits from NTI with the Petitioner.	Retaining 1/3rd of benefits from NTI would results subsequently to increase in yearly tariff, hence is not appropriate for the consumers.
44	**Ch-10; Transit and Handling Losses**	Transit and Handling Losses for Non-Pit Head Thermal Generating Station is **0.8%**.	Transit and Handling Losses for: a) Non-Pit Head Thermal Generating Station **with Rail** is **0.8%**. b) Non-pit head **multi-modal transportation** (using two or more than two mode of transport involving multiple trans-shipments) is **1.00%** .	Introduction of additional transit and handling loss in case of multi-modal transportation	No comment
45	**Ch-10; GCV of Primary Fuel**	The gross calorific value for computation of energy charges as per Regulation 43 of these regulations shall be done in accordance with 'GCV as received'	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	A new requirement for doing a third party sample verification for GCV is introduced to check the difference of GCV between billing and receiving end	No comment

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		basis.	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. 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: i. Actual loss in calorific value of coal between as billed by the supplier and as received at the generating station, subject to **maximum loss in calorific value of 300 kCal/kg for Pit-head** based generating stations or generating **stations with Integrated mine** and **600 kCal/kg for Non-Pit Head based generating stations.** **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**.	and in absence of audit agency, there is a cap provided on the difference between GCV billed and GCV received.	
46	**Ch-11; Computation of Capacity Charges**	42 (2) The capacity charge shall be recovered under **two segments of the year, i.e. High Demand Season (period of three months) 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 Off- Peak Hours** of the month as follows:	62 (1) The capacity charge shall be recovered in **two parts**, viz., **Capacity Charge for Peak Hours** of the month and **Capacity Charge for Off- Peak Hours** of the month as follows	The concept of **different capacity charges for different months of the year has been removed**	Capacity charges based on daily peak and off-peak periods would make the accounting and monitoring process very cumbersome and therefore is not suggested.
47	**Ch-11; Computation of Capacity Charges**	-	62 (5) In addition to the AFC entitlement as computed above, the thermal generating station shall be allowed **an incentive of up to 1.00% of AFC approved for a given year**, which shall be **billed monthly** as per the following. **Incentive = (1.00% x ß x CCy)/12** Where, ß = Average Monthly Frequency Response Performance for that generating station, as certified by RPCs, which shall be computed by considering	**A new incentive has been added based on monthly frequency response to be certified by RPCs, which has a cap of 1% of AFC.**	Providing a new incentive to Gencos would ultimately result into increase in the yearly tariff, which is not conducive for the end consumers. Therefore, the proposed change is not appropriate.

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			primary response as per the methodology prescribed by the NLDC and shall range between 0 to 1.		
48	**Ch-11; Computation of Capacity Charges**	42 (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 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.	62 (6) In addition to the capacity charge, an **incentive** shall be payable to a generating station or unit thereof **@ 75 paise/ kWh for ex-bus scheduled energy during Peak Hours** and @ 50 paise/ kWh for ex-bus scheduled energy during Off-Peak Hours corresponding to scheduled generation in excess of ex-bus energy corresponding to Normative Annual Plant Load Factor (NAPLF) achieved on a cumulative basis, as specified in Clause (B) of Regulation 70 of these regulations.	The incentive for generation above NAPLF during peak hours has been increased by INR 0.10 per unit.	Capacity charges based on daily peak and off-peak periods would make the accounting and monitoring process very cumbersome and therefore is not suggested.
49	**Ch-11; Computation and Payment of Supplementary Capacity Charge for Coal or Lignite based Thermal Generating Stations**	42 A. (1) The **supplementary capacity charge** shall be recovered under **two segments of the year, i.e. High Demand Season (period of three months) and Low Demand Season (period of remaining nine months),** and within each season in two parts viz., supplementary capacity charge **for Peak Hours** of the month and supplementary capacity charge **for Off-Peak Hours** of the month as follows:	Clause has been deleted	The concept of **different capacity charges for different months of the year based n high and low demand season has been removed**	Capacity charges based on daily peak and off-peak periods would make the accounting and monitoring process very cumbersome and therefore is not suggested.
50	**Ch-11; Computation of Energy Charges**	43 (3) In case of part or full use of alternative source of fuel supply by coal based thermal generating stations other than as agreed by the generating company and beneficiaries in their power purchase agreement for supply of contracted power on account of shortage of fuel or optimization of economical operation through blending, the use of alternative source of fuel supply shall be permitted to generating station: … Provided further that the **weighted average price of alternative source of fuel shall not exceed 30% of base price of fuel** computed as per clause (5) of this Regulation	64 (4) In case of part or full use of an alternative source of fuel supply by coal based thermal generating stations other than as agreed by the generating company and beneficiaries in their power purchase agreement for the supply of contracted power on account of a shortage of fuel or optimization of economical operation through blending, **the use of an alternative source of fuel supply shall be permitted to generating station up to a maximum of 6% blending by weight.**	**The earlier requirement for blending based on increase in price of fuel has been replaced with the amount of blending in terms of weight**	It is pertinent to mention that Bihar DISCOMs has estimated the increase in power purchase cost by around 10% (1227 Cr) for FY 23-24 due to coal blending. Further, the variable cost of few thermal power plants increased up to as high as 50%. In view of the above, it is hereby suggested that the prior consent of beneficiaries with

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					the percentage blending of imported coal should be sought.
51	**Ch-11; For Hydro Generating Stations**	-	65 (4) In addition to the AFC entitlement as computed above, the hydro generating station shall be allowed an **incentive of up to 4% of the Capacity Charge** approved for a given year which shall be billed monthly as per the following. **Incentive = (4% x ß x CCy)/12** Where, ß = Average Monthly Frequency Response Performance for that generating station, as certified by RPCs, which shall be computed by considering primary response as per the methodology prescribed by the NLDC and shall range between 0 to 1. CCy= Capacity Charges for the Year.	**Incentive on recovery of capacity charges based on frequency response performance for the month introduced (higher incentive of 4% for hydro as compared to 1% for thermal)**	Providing a new incentive to Hydro Gencos would ultimately result into increase in the yearly tariff, which is not conducive for the end consumers. Therefore, the proposed change is not appropriate.
52	**Ch-11; For Hydro Generating Stations**	44 (6) In case the saleable scheduled energy (ex-bus) of a hydro generating station during a year is less than the saleable design energy (ex-bus) for reasons beyond the control of the generating station, the treatment shall be as per clause (7) of this Regulation, on an application filed by the generating company (7) **Shortfall in energy charges in comparison to fifty percent of the annual fixed cost** shall be allowed to be recovered in six equal monthly installments:	65 (7) In case the saleable scheduled energy (ex-bus) of a hydro generating station during a year is less than the saleable design energy (ex-bus) for reasons beyond the control of the generating station, the generating station may directly **recover the shortfall in energy charges in six equal interest-free monthly instalments after adjusting for DSM Energy in the immediately following year and shall be subject to truing up at the end of the tariff period**	**For uncontrollable shortfall in energy generation, the adjustment needs to be done after incorporating DSM energy and this is subject to truing up at the end of control period.**	No comment
53	**Ch-11; For Hydro Generating Stations**	-	65 (10) In addition to the above, **an incentive shall be payable to a ROR Hydro generating station @ 50 paise/ kWh** corresponding to the saleable scheduled energy during peak hours of the day in excess of average saleable scheduled energy during the day (24 hours).	**A new additional incentive @INR 0.50 per unit has been proposed for RoR hydro project for exceeding generation during peak hours in excess of average generation during day.**	No comment
54	**Ch-11; For Pumped Storage Hydro Generating Stations**	45 (1) The fixed cost of a pumped storage hydro generating station shall be computed on annual basis, based on norms specified under these regulations, and recovered on monthly basis as	66 (1) The fixed cost of a pumped storage hydro generating station shall be computed on an annual basis, based on norms specified under these regulations, and recovered on a monthly basis as a	**The provision with respect to free power for home state has been removed for pump hydro projects as 80% power generated would be offered to the Home State as per**	No comment

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		capacity charge. The capacity charge shall be payable by the beneficiaries in proportion to their respective allocation in the saleable capacity of the generating station, **i.e., the capacity excluding the free power to the home State**	capacity charge. The capacity charge shall be payable by the beneficiaries in proportion to their respective allocation in the saleable capacity of the generating station;	**MoP Guidelines**	
55	**Ch-12; Normative Plant Availability Factor**	• For all thermal generating stations – **85%, except** • Bokaro TPS **– 75%** • Chandrapura TPS **– 75%** Durgapur TPS **– 74%**	• For all thermal generating stations – **85%** • **Coal and lignite based generating stations completing 30 years from COD as on 31.03.2024 – 80%** • Bokaro TPS **– Deleted** • Chandrapura TPS **– Deleted** Durgapur TPS **– Deleted**	• Separate norms have been removed on account of decommissioning. • Norm for Chandrapura shall be 85% instead of 75% as per earlier regulations Relaxation in case of Old Thermal Generating Station	No comment
56	**Ch-12; Normative Plant Availability Factor**	• For lignite fired generating stations using circulatory fluidized bed combustion (CFBC) Technology and generating stations based on coal rejects • First three years from COD **– 75%** For next year after completion of three years from COD **– 80%**	• For lignite fired generating stations using circulatory fluidized bed combustion (CFBC) Technology and generating stations based on coal rejects • First three years from COD **– 68.50%** For next year after completion of three years from COD **– 75%**	Relaxed norms for Lignite fired generating stations	No comment
57	**Ch-12; NAPAF for Incentive**	• For all thermal generating stations – 85%, except • Bokaro TPS – 80% • Chandrapura TPS – 80% Durgapur TPS – 80%	• For all thermal generating stations – 85% • **Coal and lignite based generating stations completing 30 years from COD as on 31.03.2024 – 80%** • Bokaro TPS – **Deleted** • Chandrapura TPS – **Deleted** Durgapur TPS – **Deleted**	• Separate norms have been removed on account of decommissioning. Norm for Chandrapura shall be 85%	No comment
58	**Ch-12; Gross Station Heat**	• **For Existing Coal based Thermal**	• **For Existing Coal Based Thermal**	More stringent norms	No comment

S. No.	Ref. No.	CERC Tariff Regulations 2019	Draft CERC Tariff Regulations 2024	Implication/ Impact of proposed Change	Comments
	Rate	**generating Station (COD – before 01.04.2009)** • 200/ 210/ 250 MW – 2430 kCal/ kWh • 500 MW (Sub Critical) – 2390 kCal/ kWh **For DVC Plants** • Bokaro TPS **– 2700** kCal/ kWh • Chandrapura TPS **– 3000** kCal/ kWh Durgapur TPS **– 2750** kCal/ kWh	**generating Station (COD – before 01.04.2009)** • 200/ 210/ 250 MW – 2400 kCal/ kWh • 500 MW (Sub Critical) – 2375 kCal/ kWh **For DVC Plants** • Bokaro TPS **– Deleted** • Chandrapura TPS **– Deleted** Durgapur TPS **– Deleted**		
59	**Ch-12; Gross Station Heat Rate**	• For Coal based and Lignite Fired Thermal generating Station (COD – on or after 01.04.2009) For all unit sets - **1.05 X Design Heat Rate (kCal/ kWh)**	• For Coal based and Lignite Fired Thermal generating Station (COD – on or after 01.04.2009) • For 200/ 210/ 250 MW - **1.05 X Design Heat Rate (kCal/ kWh) (DVC Chandrapura TPS Unit 7 & 8 will fall under this category)** For 500 MW and above - **1.04 X Design Heat Rate (kCal/ kWh)**	More stringent norms for 500 MW units	No comment
60	**Ch-12; Secondary Fuel Oil Consumption**	• **For Coal Based Generating Station of DVC** • Bokaro TPS **– 1.5 ml/ kWh** • Chandrapura TPS **– 1.5 ml/ kWh** Durgapur TPS **– 2.4 ml/ kWh**	• **For Coal Based Generating Station of DVC** • Bokaro TPS **– Deleted** • Chandrapura TPS **– Deleted** • Durgapur TPS **– Deleted** • Mejia TPS (Unit 1 to 3) **– 1 ml/ kWh (Added)** Mejia TPS (Unit 1 to 3) – **1 ml/ kWh (Added)**		No comment
61	**Ch-12; Consumption of Reagent**	• **For Wet Limestone based Flue Gas De-sulphurisation (FGD)**	• **For Wet Limestone based Flue Gas De-sulphurisation (FGD)**	Formula has been amended	No comment

S. No.	Ref. No.	CERC Tariff Regulations 2019	Draft CERC Tariff Regulations 2024	Implication/ Impact of proposed Change	Comments
		system: [K X SHR X S/ CVPF]/ [85/ LP] 300/ 330/ 350/ 500 MW and above – **5.75% (Steam driven BFP)** and **8% (Electrically driven BFP)** • **For CFBC Technology (furnace injection) based generating station** [62.9 X S X SHR/ CVPF]/ [85/LP]	**system:** [K X Normative Heat Rate X Sulphur Content of Coal (%)/ GCV of Coal • **For CFBC Technology (furnace injection) based generating station** [62.9 X S X SHR/ CVPF]		
62	**Ch-13; Late Payment Surcharge**	59) 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. **Provided that in case a different LPS mechanism is provided in the PPA, the same shall be governed by the provisions of the PPA.**	Replacing 1.50% per month with rate as per MoP LPS Rules 2022. Further, Proviso inserted to give overriding effect to the PPA term over the Tariff Regulations.	It is requested that Late payment surcharge may be applicable if payment of bill is delayed beyond a period of **60 days** instead of 45 days.
63	**Ch-15; Award of Arbitration**		91. In cases where there is a liability with respect to capital works on account of award of arbitration having principal amount along with interest payment, the principal amount actually paid shall be capitalized. Provided that any interest amount associated with the arbitration award and actually paid shall be recovered in instalments along with carrying cost at the rate specified under Regulation 10(7) and 10(8) of these Regulations. Provided further that such number of instalments shall be decided by the Commission on a case-to-case basis depending upon the amount to be reimbursed.		No comment
64	**Ch-15; Approval Process of**		93 (1) Existing intra-state transmission lines other than Natural ISTS lines shall be considered as ISTS systems;	Enabling provisions w.r.t identification, approval and tariff determination for Non-ISTS lines carrying Inter-State	No comment

S. No.	Ref. No.	CERC Tariff Regulations 2019	Draft CERC Tariff Regulations 2024	Implication/ Impact of proposed Change	Comments
	Non-ISTS Lines carrying Inter-State Power		….. (6) Tariff of all such ISTS lines shall be approved based on provisions of these Regulations, and the fixed charges of such system shall be allowed based on the availability certified by respective RPCs and shall be allowed to be recovered as per the mechanism specified in CERC (Sharing of Inter-State Transmission Charges and Losses), 2020.	Power covering procedural aspects has been added	
65	**Ch-15; Special Provisions relating to Damodar Valley Corporation**		**96(2)(v) Expenses towards subsidiary activities as per Hon'ble Supreme Court Judgement in Civil Appeal No. 4289 of 2008.**	Expenses pertaining to Subsidiary Activities shall be recoverable under Tariff Regulations	No comment
66	**Ch-15; Public Procurement through Competitive Bidding**	-	100. The generating company for a specific generating station or for an integrated mine or a transmission licensee shall procure equipment, work and services through a transparent process of competitive bidding. Provided that under certain exceptional circumstances, equipment, works and services may be procured through other methods, as provided under general financial rules issued by the Government of India and applicable from time to time.	Competitive Bidding made mandatory for procurement of equipment, work and service, irrespective of the value of the equipment, work or service, with certain exceptions	No comment
67	**Ch-15; Issue of Suo-Moto orders and practice directions**		103 The Commission may, from time to time, issue orders and practice directions in regard to the effective implementation of these regulations and matters incidental or ancillary thereto as the Commission may consider appropriate.		No comment

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