

TAMILNADU GENERATION AND DISTRIBUTION CORPORATION LIMITED

From

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To

The Secretary,
Central Electricity Regulatory Commission,
4th Floor, Chanderlok Building,
36, Janpath, New Delhi- 110001.

Lr. No. CE/RC /SE /CERC /EE2 /AEE/ F. TR 2024-29/D.14/24, dt: 20.02.2024.

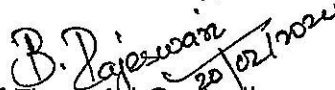
Sir,

Sub: CERC- Central Electricity Regulatory Commission
(Terms and Conditions of Tariff) Regulations, 2024 -
Draft Notification published by CERC – Comments
and observations of TANGEDCO – Submitted – Reg.
Ref: No. L-1/236/2022/CERC Date: 30th January 2024

In the Public Notice issued by Hon'ble CERC dated 04.01.2024, comments/suggestions on "Draft Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024 for the tariff period from 01.04.2024 to 31.03.2029" was invited from the stakeholders and extended till 20.02.2024 in the notification cited above.

In this regard, TANGEDCO's observations are enclosed as Annexures I and II. It is requested that the comments / views may be considered for sustenance of discoms please.

Yours faithfully,


Chief Financial Controller,
Regulatory Cell/TANGEDCO

Encl: Annexure I and II.

Copy to Member Secretary, SRPC, Bengaluru

ANNEXURE I

I. Observations of TANGEDCO on major deviations in the draft Tariff Regulations 2024 :

a) Relaxation of operational norms:

The first and foremost observation is regarding the relaxation of operational norms of NLCIL stations. As per the past performance of the Stations, the CEA has recommended the norms for operation of the thermal and other stations. In this regard, NLC TPS II Expansion in Neyveli complex has been commissioned only during 2015. It is seen that the NAPAF has been reduced from 80% in the TR 2019-24 to 50% during the tariff period 2024-29.

This scaling down of the norms of operation by about 30% to suit the past performance of the Station will be a very detrimental step taken, as the beneficiaries and end users will be subjected to a huge tariff shock for no fault on their part. Approximate tariff hike for TANGEDCO alone in respect of NLC TPS II expansion will be Rs. 175 crores per annum.

The norms stipulated in Regulations shall be such that the generators / transmission licensees strive to improve the performance instead of making them complacent as any under performance will be legalized by means of Regulations.

The main objective of Electricity Act 2003 is rationalization of tariff and protection of consumer interest. This move to reduce the operating norms validating the underperformance of the generator will result in irrevocable damage to the system, besides emboldening the generators to get away with inefficiency.

Further, the NAPAF of all the remaining stations at Neyveli complex including the newly commissioned NNTPS has been reduced to 80% from the present value of 85%.

Moreover, the Auxiliary power consumption (APC) of NLC TPS II Expansion has also been relaxed to 12.5% from the present value of 10%, which will again impact the beneficiaries to a large extent.

All these relaxations shall have to be deleted and the performance shall be on par with the standards as per TR 2019. As the APC of quarters and colonies of generating stations are not to be included in the APC of the plant, a separate proviso shall be given that all power supply to quarters shall be metered and billed to the concerned generators through REA by the RPCs.

b) Utilisation of Special Allowance and a mechanism to do prudence check

The special allowance for thermal plants which was Rs. 9.5 lakh per MW per year for the period 2019-24 has now been increased to Rs. 10.75 lakh per MW per year. For a 2000 MW Talcher II plant, this will entail NTPC to get Rs. 215 Cr per year (Rs. 1075 Cr for the five year period), in addition to O&M expenses and additional capital expenses. However, there is no regulation mandating the generator to submit all details on how the Special allowance was utilized by them. Any balance allowance available during a tariff period shall be adjusted towards the Special allowance applicable for the next tariff. In this regard, Hon'ble APTEL has observed the following in respect of the special allowance allotted to the thermal generators:

Judgment in A 304 of 2016 and batch cases dt: 28.08.23/ Para IX

*"Regulation 14(3) of the 2014 Regulations stipulates that the additional capital expenditure, which an existing generating station is permitted to incur, is subject to prudence check by the CERC. Likewise under Regulation 15(2), any claim for renovation and modernisation expenditure is required to be approved by the CERC only after due consideration of the reasonableness of the cost estimates etc. Even details of the capital expenditure, incurred from the Special Allowance under Regulation 16(1), is, in terms of Regulation 16(3), required to be maintained separately by the generating station, and furnished to the CERC as and when it is directed to do so. The 2014 Tariff Regulations are statutory in character, and have the force of law. **The CERC is, therefore, legally obligated to carry out***

prudence check/verification of claims for capital expenditure/R&M expenditure/expenditure incurred from the Special Allowance. Failure, if any, by the CERC to discharge these statutory obligations, does not mean that a generating station should be denied its entitlement for additional capitalisation under Regulation 14(3) of the 2014 Tariff Regulations. Suffice it to direct that the CERC shall henceforth, regularly, verify whether the capital expenditure claimed under Regulations 14(3), 15 or 16 have, in fact, been incurred for the purposes for which they are permitted under the 2014 Tariff Regulations”.

It is therefore essential to check the actual expenditure met out of Special allowance for which details are to be furnished by the generators along with the truing up petitions, so that the beneficiaries can also check the details and a proviso to this effect may be given.

c) Special provisions for tariff for thermal generating station that has completed 25 years of operation:

Regulation No 17 of the Tariff Regulations 2019 stipulated that in respect of a thermal generating station that has completed 25 years of operation from the date of commercial operation, the generating company and the beneficiary may agree on an arrangement, including provisions for target availability and incentive, where, in addition to the energy charge, capacity charges determined under these regulations shall also be recovered based on scheduled generation.

Further 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. This proviso entrusting first right to the beneficiaries has been deleted in the draft Regulation 2024. In this regard, TANGEDCO submits that since the entire cost of the station has been serviced by the existing beneficiaries, the first right of refusal shall be retained. TANGEDCO has also filed a writ petition no: 21963 on the notification of pooling of tariff by MoP before Hon'ble Madras High Court. In the writ petition, this regulation has also been cited which enables the discoms to continue/exit with the PPA of the stations that has completed 25 years of service and PPA has expired. The Petition is

pending for disposal. Hence the existing para 17(2) of Tariff Regulations 2019-24 may be retained.

d) Renovation and Modernisation of thermal power plants:

Upto the previous Tariff regulation 2019-24, the consent of beneficiaries is a must before going in for Renovation and Modernisation of thermal plants and the **consent** has to be submitted by the generating company while filing tariff petition. In the draft Regulation this has been diluted and only '**response**' of the beneficiaries are to be filed. This will do away with the approval of beneficiaries, if the generators propose Renovation works at a huge cost, even at the fag end or after the useful life of the plant. Ramagundam I & II Units have served 40 years and other Units follow suit. Proposed expenditure for FGD 1254.65 Crores. To avoid huge avoidable wastage of public funds, the generators may be insisted to furnish RLA studies ensuring the availability of the Units for a period of 10 years.

e) Installation of Emission control systems:

Provision has been made for admitting Additional Capital Expenses for installation of FGD and other Emission Control system equipments. In this regard, the Regulation states that after completion of the implementation of revised emission standards, the generating company shall file a petition for determination of tariff. Any expenditure incurred or projected to be incurred and admitted by the Commission after prudence check and impact on operational parameters shall form the basis of the determination of tariff. Since the proposed expenditure is huge (varies between Rs. 60 lakhs to Rs. 90 lakhs per MW), TANGEDCO submits that the expenditure will be allowed only on production of certificate issued by concerned Pollution control Board that Station has met the Standards of MOEFCC. The certificate may also be furnished periodically, ie, once in three months to ensure that the ECS is continuing to serve the intended purpose.

f) Carrying cost from DOCO/ date of filing petition.

The Regulations for the first time provides for a carrying cost to the generating company or the transmission licensee from the date of filing of Petition. This is against the erstwhile Regulations that allowed interest only from the date of Order of CERC. After filing Petitions, many orders are passed with considerable delay. In case of 685/TT/2020 filed by PGCIL on 29.08.2020 for Raigarh-Pugalur HVDC Transmission system, the Order was issued on 29.09.2022, which will enable an interest for a period of 2 years. Hence TANGEDCO submits that this provision shall be dropped, as any delay in passing the order will result in interest for the beneficiaries, for no fault of them.

g) Removal of high demand/ low demand seasons in calculation of Capacity charges:

The Annual Fixed charges (serviced through monthly capacity charges) of generating stations were recovered in two segments so far (High demand segment comprising of three months a year and low demand segment comprising of 9 months), which ensured that the generators made their machines available during high demand months. If the machine is not available during high demand month, then the generator can offset the shortfall in availability only with the higher availability if any, of the remaining two months. The justification for going in for recovery of fixed charges in two segments, vis., high demand and low demand has been explained in the Statement of Reasons for Tariff Regulations 2019, as extracted below:

*"13.1.3. It has been submitted by some distribution licensees that the current framework of recovery of fixed cost based target availability achieved on an annual basis does not necessarily guarantee availability of generating stations during hours and months of their needs and that the regulations should ensure such availability through appropriate mechanism. To address the concern and also to introduce **value of electricity**, the draft Regulations proposed recovery of fixed cost at differential rates...."*

Thus the Hon'ble Commission took an informed decision to introduce value for electricity. This methodology has been removed now and there is no high demand/ low demand segregation. This is a matter of real concern and TANGEDCO humbly submits that the provision may be reinstated, as the generators may get full annual fixed charges by higher availability during low demand seasons.

h) Blending of coal:

The draft Regulations stipulate that in case of part or full use of an alternative source of fuel supply other than as agreed by the generating company and beneficiaries in their power purchase agreement the use of an alternative source of fuel supply shall be permitted to generating station up to a maximum of **6% blending by weight**.

Previously, the blending of coal was restricted based on the difference in ECR between the previous month of blending with the ECR of the blending month and if the difference is **more than 20%**, **consent** of beneficiaries shall have to be obtained. In this regard, as per MoP circular dt: 25.10.2023, blending @ 6% is allowed only upto March 2024. Blending @ 6% allowed for entire tariff period will impose a huge financial burden on end users. Further, upper limit of increase in ECR in case of blending may also be specified.

i) Other suggestions : TANGEDCO submits that necessary Regulations/ sub- regulations shall be included on the following aspects:

- Definition of 'exclusions in Capital cost' and methodology of dealing with it shall be included.
- Filing charges – Cost towards filing charges for tariff petitions may be shared between generators/transmission licensees and beneficiaries @ 50:50
- Fees for review petitions filed against Order of Honble CERC may be borne by generators/transmission licensees.

- NTPC carries out revision of invoices many times
 - (i) Provisional tariff (ii) final tariff (iii) truing up (iv) carry over of truing up of previous year on provisional tariff (v) revision of CVPF, LPPF, CVSF and LPSF - Reference P.No: 111/MP/2021 – at least (iv) above can be avoided and a regulation may be stipulated for this.
- Arrears bills and regular bills are to be claimed separately by generators.

Apart from the above issues, TANGEDCO's observations on every Regulation is tabulated and enclosed as **Annexure II**. It is suggested that the comments and suggestions of TANGEDCO may be taken into consideration for the benefit of sustenance of discoms, as discoms are bound to face huge hike in power tariff during the tariff period 2024-29 due to overall escalation of cost as well as in particular, due to exorbitant increase in Capital cost due to installation of Emission control equipments in all thermal stations.

B. D. Rajeswari
20/02/2024
Chief Finance Controller
Regulatory Cell

ANNEXURE II

Regulation no.	Draft Regulation	As per TR 2019-24	TANGEDCO COMMENTS
Reg (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;	<p>'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:</p> <p>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</p>	<p>ATQ is the critical criteria for calculation of ROM cost. ATQ for mines are approved by the Coal controller and hence relaxation from the mining plan can be considered only by the competent authority (Coal controller) as per Reg 39(4) and fixing 85% of ATQ is not admissible under the Regulation.</p> <p>In P.No: 60/MP/2022, due to revision of ATQ from 10 MT to 8.86 MTPA, increase in cost is upto 34% ie., from Rs. 1404/- to 1891/- per tonne has been claimed by the Petitioner.</p> <p>Hence this has to be retained as per the existing Regulations. Further, any deviation from the mining plan in respect of ATQ may be certified by the competent authority and can be considered on case to case basis by the Hon'ble CERC, as per the existing Regulation.</p>
	(7) 'Auxiliary Energy Consumption' or 'AUX' in relation to a period in case of a generating station means the quantum of energy consumed by auxiliary equipment of the generating station, such as the equipment being used for the purpose of operating plant and machinery including switchyard of the generating station and the transformer	No change	<p>Proviso to be included:</p> <p>Provided that the consumption for quarters and other uses as above shall be metered separately and billed to the generating companies and shall be included in the REA</p>

	<p>losses within the generating station, expressed as a percentage of the sum of gross energy generated at the generator terminals of all the units of the generating station;</p> <p>Provided that auxiliary energy consumption shall not include energy consumed for the supply of power to the housing colony and other facilities at the generating station and the power consumed for construction works at the generating station and integrated mine(s);</p> <p>Provided that the consumption for quarters and other uses as above shall be metered separately and billed to the generating companies and shall be included in the REA issued by the RPCs.</p>		<p>issued by the RPCs.</p>
	<p>(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.</p>	<p>New Regulation -</p>	<p>The value for claim of Capital spares may be fixed as Rs. 1 Cr , since Capital spares have to be in service for the operational life period of the thermal plant and only such high value spares are eligible for admission</p>
	<p>(19) 'Date of Operation' or 'ODe' in respect of an emission control system means the date of putting the emission control system into use after meeting all applicable technical and environmental standards, certified through the Management Certificate duly signed by an authorised person, not below the level of Director of the generating company;</p> <p>Proviso to be added: Such claim of declaration of the Date of Operation may be supported and certified by the concerned Pollution</p>	<p>No change as per amendment I</p>	<p>Proviso to be added: Such claim of declaration of the Date of Operation may be supported and certified by the concerned Pollution Control Board during filing petition for compliance to MOEFCC standards ; Also periodically to be enclosed with the bills once in three months, ie, every quarter</p>

	Control Board during filing petition for compliance to MOEFCC standards ; Also periodically to be enclosed with the bills once in three months		
	(25) 'Element' means an asset which has been distinctively defined under the scope of the transmission project in the Investment Approval, such as transmission lines, including line bays and line reactors, substations, bays, compensation devices, Interconnecting Transformers which can be put to use. Correction : intended beneficial use	'which can be put to use.' - Included now	Correction : intended beneficial use
	(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:	New addition: operating the project	To be retained as per the previous Regulations.
	(56) 'Operation and Maintenance Expenses' or 'O&M expenses' means the 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,	New addition "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	As per above, cost may be increased to Rs. 1 crore, as per 3(12) ABOVE.

	<p>consumables, insurance and overheads and fuel other than used for generation of electricity:</p> <p>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.</p>	<p>generation of electricity: "</p> <p>No change as per amendment II</p>	
	<p>(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;</p>	<p>New addition – substitute for Bank rate</p>	<p>Interest is in declining trend hence 250 basis points may be considered.</p>
	<p>(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:</p> <p>(a) Coal/Lignite based thermal generating station - 25 years</p> <p>(b) Gas/Liquid fuel based thermal generating station -25 years</p> <p>(c) AC and DC sub-station -25 years</p> <p>(d) Gas Insulated Substation (GIS) - 25 years</p> <p>(e) Hydro generating station including pumped storage hydro generating stations -40 years</p> <p>Transmission line (including HVAC & HVDC) &</p> <p>(f) Transmission line (including HVAC & HVDC) & OPGW - 35 years</p> <p>(g) Communication system excluding OPGW, IT and SCADA- 7 years</p> <p>(h) Integrated mine(s) - As per</p>	<p>New addition</p> <p>Communication system excluding OPGW, IT and SCADA- 7 years</p>	<p>Life of the communication system shall be 15 years as per the existing Regulation . Further reduction in life of equipments will lead to accelerated depreciation and upfront loading of tariff.</p>

	<p>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.</p>		
CHAPTER-3 PROCEDURE FOR TARIFF DETERMINATION			
8	Tariff determination		
	<p>(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.</p>	New Regulation	<p>Subject to disposal of Petitions within reasonable time, which may be specified.</p> <p>685/TT/2021 – Date of filing the petition : 29.08.2020 Date of order : 29.09.2022</p> <p>This interest will be loaded to the beneficiaries.</p>
10	<p>(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</p>	<p>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.</p> <p>New Regulation</p>	<p>The deviation may be reduced to 5% for the benefit of the end consumers.</p>

	<p>customers, as the case may be with simple interest at 1.20 times of the rate worked out on the basis of 1 year SBI MCLR plus 100 basis points prevailing as on 1st April of the financial year in which such excess recovery was made.</p> <p>The deviation may be reduced to 5% for the benefit of the end consumers.</p>		
17	Special Provisions for Tariff for Thermal Generating Station which have Completed 25 Years of Operation from Date of Commercial Operation:		
	<p>In respect of a thermal generating station that has completed 25 years of operation from the date of commercial operation, the generating company and the beneficiary may agree on an arrangement, including provisions for target availability and incentive, where in addition to the energy charge, capacity charges determined under these regulations shall also be recovered based on scheduled generation.</p>	<p>Changed from existing :</p> <p>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.</p>	<p>Since the entire cost of the station has been serviced by the existing beneficiaries, the first right of refusal shall be retained.</p> <p>TANGEDCO has filed writ petition no: 21963 before Hon'ble Madras High Court and the same is yet to be disposed.</p>

	CHAPTER – 6 COMPUTATION OF CAPITAL COST		
19	Capital cost:		
	<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>b) For considering the historical GFA for the purpose of Sub-Clause (a) above, the same shall be the capital cost approved by the appropriate commission till the date of acquisition;</p>	New Regulation	<p>Open ended;</p> <p>Proviso to be added:</p> <p>Provided that details of the NCLT project shall be shared along with the petition.</p>

	<p>Provided that in the absence of any prior approved cost of an Appropriate Commission, the Commission shall consider the same on the basis of audited accounts subject to prudence check; Provided further, that in case additional capital expenditure is required post acquisition of an already operational project, the same shall be considered under the provisions of Chapter 7 of these Regulations;</p>		
<p>21.</p>	<p>Interest During Construction (IDC) and Incidental Expenditure during Construction (IEDC):</p> <p>(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 on a pari-passu basis. xxx</p> <p>(2) Incidental expenditure during construction (IEDC) shall be computed from the zero date, taking into account pre-operative expenses up to actual COD: Provided that any revenue earned during the construction period up to actual COD on account of interest on deposits or advances or any other receipts shall be taken into account for reduction in incidental expenditure during construction. xxxx 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</p>	<p>TR 2019: Interest during construction 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 upto SCOD.</p>	<p>Date of infusion and upto SCOD to be insisted</p> <p>90% of delay condonation will lead to double jeopardy for beneficiaries – project not commissioned on time and cost hike due to delay in completion of the project. The same shall be on case to case basis.</p>

	to 90% of the delay associated with obtaining such approvals or clearances.		
23.	<p>Initial Spares: Initial spares shall be capitalised as a percentage of the Plant and Machinery cost, subject to the following ceiling norms:</p> <p>(a) Coal-based/lignite-fired thermal generating stations - 4.0%</p> <p>(b) Gas Turbine/ Combined Cycle thermal generating- 4.0% Stations</p> <p>(c) Hydro generating stations including pumped storage - 4.0% hydro generating station</p> <p>(d) Transmission system</p> <p>(i) Transmission line including UG Cable - 1.00%</p> <p>(ii) Transmission Sub-station -Green Field - 4.00% -Brown Field - 6.00%</p> <p>(iii) Series Compensation devices and HVDC Station - 4.00%</p> <p>(iv) Gas Insulated Sub-station (GIS) - 6.00% -Green Field - 5.00% -Brown Field - 7.00%</p> <p>(v) Communication system - 3.50%</p> <p>(vi) Static Synchronous Compensator - 6.00%</p> <p>Include : Bays separately @ 1%</p>	<p>Proviso new addition: where the emission control system is installed, the norms of initial spares specified in this Regulation for coal or lignite based thermal generating stations, as the case may be, shall apply.</p>	<p>Include : Bays separately @ 1% as the claims now are made @4% applicable for entire transmission sub station.</p>
CHAPTER – 7 COMPUTATION OF ADDITIONAL CAPITAL EXPENDITURE			
27.	Additional Capitalisation on account of Renovation and Modernisation		
	<p>(1) The generating company intending to undertake renovation and modernization (R&M) of the generating station or unit thereof for the purpose of extension of life beyond the originally recognised useful life for the purpose of tariff, shall file a petition before the Commission for approval of the proposal with a Detailed Project Report giving complete scope, justification, cost-benefit analysis, estimated life extension from a reference date, financial package, phasing of expenditure, schedule of completion, reference price level, estimated completion cost including foreign exchange component, if any, and any other</p>	<p>As per TR 19: Provided further that the generating company intending to undertake renovation and modernization (R&M) shall seek the 'consent' of the beneficiaries or the long term customers, as the case may be, for such renovation and modernization (R&M) and submit the same</p>	<p>Consent of beneficiaries must be insisted</p>

	<p>information considered to be relevant by the generating company or the transmission licensee:</p> <p>Provided that the generating company making the applications for renovation and modernization (R&M) shall not be eligible for Special Allowance under Regulation 28 of these regulations; Provided further that the generating company intending to undertake renovation and modernization (R&M) shall seek the consent of the beneficiaries or the long term customers, as the case may be, for such renovation and modernization (R&M) and submit the 'response' of the beneficiaries along with the application.</p>	along with the application.	
	<p>(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 may be considered relevant by the Commission.</p>	'Consent' changed as 'response'	Consent to be insisted
28.	Special Allowance for Coal-based/Lignite fired Thermal Generating station		
	<p>(2) The Special Allowance admissible to a generating station shall be @ Rs 10.75 lakh per MW per year for the control period</p>	As per Tr 2019: Rs. 9.5 lakh/MW	<p>Details of special allowance must be furnished along with true up petition –</p> <p>Judgment in A 304 of 2016 and batch cases dt: 28.08.23 Para IX Even details of the capital expenditure, incurred from the Special Allowance under Regulation 16(1), is, in terms of Regulation 16(3), required to be maintained separately by the generating station, and furnished to the</p>

			CERC as and when it is directed to do so. The 2014 Tariff Regulations are statutory in character, and have the force of law. The CERC is, therefore, legally obligated to carry out prudence check/verification of claims for capital expenditure/R&M expenditure/ expenditure incurred from the Special Allowance. xxx
	. (3) In the event of a generating station availing of Special Allowance, the expenditure incurred upon or utilized from Special Allowance shall be maintained separately by the generating station, and details of the same shall be made available to the Commission as and when directed. Provided all the details may be submitted by the generator along with the true-up petition	Provided all the details may be submitted by the generator along with the true-up petition
29.	Additional Capitalization on account of Revised Emission Standards:		
	(1) After completion of the implementation of revised emission standards, the generating company shall file a petition for determination of tariff. Any expenditure incurred or projected to be incurred and admitted by the Commission after prudence check based on the reasonableness of the cost and impact on operational parameters shall form the basis of the determination of tariff. Proviso to be added: The application shall be accompanied by a certificate issued by the concerned PCB in compliance of the MOEFCC standards	No change	Proviso to be added: The application shall be accompanied by a certificate issued by the concerned PCB in compliance of the MOEFCC standards
	CHAPTER-8 COMPUTATION OF ANNUAL FIXED COST		
30.	Return on Equity:		
	(1) Return on equity shall be computed in rupee terms, on the equity base determined in accordance with Regulation 18 of	No change	

	these regulations.		
	(2) Return on equity for existing project shall be computed at the base rate of 15.50% for thermal generating station, transmission system including communication system and run-of river hydro generating station and at the base rate of 16.50% for storage type hydro generating stations, pumped storage hydro generating stations and run-of- river generating station with pondage;	No change	The RoE for stations/ transmission system that have served life time shall be marginally reduced
	(3)Return on equity for new project achieving COD on or after 01.04.2024 shall be computed at the base rate of 15.00% for the transmission system, including the communication system, at the base rate of 15.50% for Thermal Generating Station and run-of-river hydro generating station and at the base rate of 17.00% for storage type hydro generating stations, pumped storage hydro generating stations and run-of-river generating station with pondage; Provided that return on equity in respect of additional capitalization beyond the original 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%;	Weighted average rate of interest on actual loan portfolio or of that of the company subject to ceiling of 14%	Since transmission system has assured tariff return, this shall be reduced to 11% SBI plus 200 basis points or weighted average rate of interest of actual loan whichever is less, subject to a ceiling of 14%
32.	Interest on loan capital:		
	(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	New Regulation Provided further that if the generating station or the transmission system, as the case may be, does not have any actual loan, then the weighted average rate of	Subject to a maximum of SBI lending rate for the particular year.

	<p>MCLR of the State Bank of India as applicable as on April 01, of the relevant financial year.</p> <p>Provided that the rate of interest on the loan for installation of the emission control system shall be the weighted average rate of interest of the actual loan portfolio of the emission control system, and in the absence of the actual loan portfolio, the weighted average rate of interest of the generating company as a whole shall be considered subject to a ceiling of 14%.</p>	<p>interest of the generating company of transmission licensee shall be considered.</p> <p>New addition: "subject to a ceiling of 14%".</p>	<p>14% is on the higher side. The same may be reduced, as the risk on FGD installation is not high and returns are assured.</p>
33.	Depreciation		
	<p>Emission control system: (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.</p> <p>New proviso for plants completing 40 years of service: Provided that the generator shall furnish the details of RLA studies supporting further life period of the Station - Unitwise</p>	<p>(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— xxxx 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."</p>	<p>Ramagundam I & II</p> <p>I and II Units served 40 years and other units follow suit</p> <p>Proposed expenditure for FGD 1254.65 CR</p> <p>To avoid wastage of huge investment, it shall be ensured that that the new proviso shall be included:</p> <p>Provided that the Generator shall furnish the details of RLA studies supporting further life period of the Station - Unitwise</p>

34	<p>Interest on Working Capital: (1) The working capital shall cover: (a) For Coal-based/lignite-fired thermal generating stations: (i) Cost of coal or lignite, if applicable, for 10 days for pit-head generating stations and 20 days for non-pit-head generating stations for generation corresponding to the normative annual plant availability factor or the maximum coal/lignite stock storage capacity, whichever is lower;</p>	No change	Coal stock/ lignite stock to be reduced to 15 days for non pit head stations
35.	<p>De-Commissioning (1) In case a generating station or unit thereof, or a transmission system including communication systems or element thereof after it is certified by CEA or CTU or any other statutory authority, that any asset cannot be operated or needs to be replaced on account of environmental concerns or safety issues or system upgradation or a combination of these factors not attributable to generating company or a transmission licensee, the unrecovered depreciable value may be allowed to be recovered on a case-to-case basis after duly adjusting the actual salvage value post disposal of such project.</p>	New Regulation	This is not acceptable because generalized decommissioning clause will burden the beneficiaries and can be decided on case to case basis by applying a petition.
36.	Operation and Maintenance Expenses:		
	<p>(1) Thermal Generating Station: Normative Operation and Maintenance expenses of thermal generating stations shall be as follows: (1) Coal based and lignite fired (including those based on Circulating Fluidised Bed Combustion (CFBC) technology) generating stations, other than the generating stations or units referred to in clauses (2), (4) and (5) of this Regulation:</p>	Deleted from TR 2019: 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;	The escalation rate as per TR 2019 is 3.5% This has now 5.9 % been increased to , which is very high and keeps varying. This may be restricted to 3.5% as per the existing norms. This Proviso shall be reinstated, as the common facilities such as CHP, AHP, Ash dyke etc., will be shared between the Units.
	(6) The Water Charges, Security Expenses and Capital Spares for thermal generating stations shall be allowed separately after prudence check:	New Addition: 1. Water agreement with state authorities	New proviso to be included. Provided that as per circular No. No. 09/01/2023-RCM issued by MoP dt:

	<p>Provided that water charges shall be allowed based on water consumption depending upon type of plant and type of cooling water system or water agreement with state govt./utilities, and the norms specified by the Ministry of Environment, Forest and Climate Change subject to prudence check. The details regarding the same shall be furnished along with the petition;</p> <p>Provided further that the generating station shall submit the assessment of the security requirement and estimated expenses along with the petition seeking the determination of tariff;</p> <p>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</p> <p>New Proviso suggested : Provided that as per circular No. No. 09/01/2023-RCM issued by MoP dt: 25.10.2023, no taxes/ duties can be levied by any State on generation or inter-State supply of electricity under the guise of additional charges/ fee on generation of electricity from any source - Thermal/ Hydro/ Renewables etc.</p>	<p>2. Capital spares more than Rs. 20 lakhs</p>	<p>25.10.2023, no taxes/ duties can be levied by any State on generation or inter-State supply of electricity under the guise of additional charges/ fee on generation of electricity from any source - Thermal/ Hydro/ Renewables etc.</p> <p>Copy enclosed as Annexure I</p>
	<p>Provided further that the value of capital spares exceeding Rs. 1 crore shall only be considered for reimbursement at the time of truing up with appropriate justification for incurring the same and substantiating that the same is not claimed as a part of additional capitalisation or consumption of stores and spares and renovation and modernization.</p>	<p>New addition: Provided further that the value of capital spares exceeding Rs. 1 crore shall only be considered for</p>	

		reimbursement at the time of truing up with appropriate justification for incurring the same and substantiating that the same is not claimed as a part of additional capitalisation or consumption of stores and spares and renovation and modernization	
	e) Any additional O&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. 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 for the year	New Regulation	Not to be allowed if the additional impact is accommodated within the normative O&M expenses
	(f) In case of a transmission licensee 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. New proviso to be added: Provided the expenses cannot be accommodated in the normative O&M expenses allowed collectively for the entire tariff period for the Station.	New Regulation	Not to be allowed if the same can be accommodated within the allowed O&M expenses. In case of 364/MP/2019 filed by a generator, for 2014-19 Tariff period, Normative O&M expenses allowed : Rs. 69441.80 lakhs Actual O&M expenses for period : Rs. 68951.17 lakhs (Including wage revision expenses of Rs. 3387 lakhs) A new proviso has to be given: Provided the expenses cannot be accommodated in the normative O&M expenses allowed collectively for the entire tariff period for the Station.

Reg.No.	Draft Regulation	As per TR 2019-24	
	CHAPTER –9- COMPUTATION OF INPUT PRICE OF COAL AND LIGNITE FROM INTEGRATED MINE		
44	Capital Structure, Return on Equity and Interest on Loan:		
	(3) Return on equity shall be computed in rupee terms on the equity base arrived under Clause (1) of this Regulation at the base rate of 14% .	No change as per Amendment II	RoE shall be reduced to 10%, as there is no risk for integrated mines
	(4) The base rate of return on equity as per Clause (3) of this Regulation shall be grossed up with the effective tax rate computed in the manner specified under Regulation 31 of these regulations	No change as per Amendment II	Grossing up of tax should not be allowed for mines, as mining business is without any risks
45	Depreciation		
46	Operation and Maintenance Expenses:		
	(1) The Operation and Maintenance Expenses in respect of integrated mine(s) shall be allowed as under: (a) The Operation and Maintenance expenses in respect of integrated mine(s) of coal, for the tariff period ending on 31st March 2029 shall be allowed based on the projected Operation and Maintenance Expenses for each year of the tariff period subject to prudence check by the Commission; Provided that the Operation and Maintenance expenses allowed under this clause shall be trued up based on actual expenses for the tariff period ending on 31st March 2029. (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; (c) The Operation and Maintenance expenses for the tariff period ending on 31st March 2029 in respect of the integrated mine(s) of lignite commissioned after 31st March 2024 shall be allowed based on the projected Operation and Maintenance Expenses for each year of the tariff period, subject to prudence check by the Commission;	as per Amendment II 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	The rate of escalation shall be retained as 3.5% per annum. As the Hon'ble CERC in EM has observed that there is not much actual data available for review the current operational norms, the norms of integrated mines shall be retained as per the existing norms.

<p>59</p>	<p>Transit and Handling Losses:</p> <p>For coal and lignite, the transit and handling losses shall be as per the following norms:</p> <table border="1" data-bbox="412 236 1245 545"> <thead> <tr> <th data-bbox="412 236 958 341">Thermal Generating Station</th> <th data-bbox="958 236 1245 341">Transit and Handling Loss (%)</th> </tr> </thead> <tbody> <tr> <td data-bbox="412 341 958 376">Pit head</td> <td data-bbox="958 341 1245 376">0.20%</td> </tr> <tr> <td data-bbox="412 376 958 411">Non-pithead- Rail</td> <td data-bbox="958 376 1245 411">0.80%</td> </tr> <tr> <td data-bbox="412 411 958 545">Non-pith multi- mode transportation (using two or more than two mode of transport involving multiple trans-shipments)</td> <td data-bbox="958 411 1245 545">1.00%</td> </tr> </tbody> </table> <p>Provided that in the case of pit-head stations, if coal or lignite is procured from sources other than the pit-head mines which is transported to the station through rail, transit and handling losses applicable for non-pit head stations shall apply;</p> <p>Provided further that in case of imported coal, the transit and handling losses applicable for pit-head station shall apply.</p>	Thermal Generating Station	Transit and Handling Loss (%)	Pit head	0.20%	Non-pithead- Rail	0.80%	Non-pith multi- mode transportation (using two or more than two mode of transport involving multiple trans-shipments)	1.00%	<p>New : Multi mode transportation</p>	<p>Since the losses for Non pit head stations already available (0.8%) is based on the losses for multi mode transportation only, new provision for multi modal transportation shall not be allowed.</p> <p>Pithead : 0.2%</p> <p>Non pithead – rail : 0.5%</p> <p>Non pithead multimode : 0.8%</p>
Thermal Generating Station	Transit and Handling Loss (%)										
Pit head	0.20%										
Non-pithead- Rail	0.80%										
Non-pith multi- mode transportation (using two or more than two mode of transport involving multiple trans-shipments)	1.00%										
<p>60</p>	<p>Gross Calorific Value of Primary Fuel:</p> <p>(1) The gross calorific value for computation of energy charges as per Regulation 64 of these regulations shall be done in accordance with 'GCV as Received';</p> <p>Provided that the generating station shall have third party sampling done at the billing end and the receiving end through an agency certified by the Ministry of Coal and ensure recovery of compensation as per Fuel Supply Agreement(s) and pass on the benefits of the same to the beneficiaries of the generating station;</p> <p>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:</p> <p>Actual loss in calorific value of coal between as billed by the supplier and as received at the generating station, subject to maximum loss in calorific value of 300 kCal/kg for Pit-head based generating stations or generating stations with Integrated mine and 600 kCal/kg for Non-Pit Head based generating stations.</p>	<p>New proviso</p> <p>As per existing Regulation, 85 kcal/ Kg loss is admitted for loss of GCV during storage .</p>	<p>There is a contradiction between 60(1)(i) and the para following the regulation regarding the cost of calorific value between as billed and as received.</p> <p>No loss in GCV to be allowed for integrated mines, as the generators are responsible for transit of coal/ lignite.</p>								

	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	Contradiction	
61	Landed Cost of Reagent:		
	CHAPTER – 11 COMPUTATION OF CAPACITY CHARGES AND ENERGY CHARGES		
62.	Computation and Payment of Capacity Charge for Thermal Generating Stations:		
	(1) The fixed cost of a thermal generating station shall be computed on annual basis based on the norms specified under these regulations and recovered on a monthly basis under capacity charge. The total capacity charge payable for a generating station shall be shared by its beneficiaries as per their respective percentage share or allocation in the capacity of the generating station. The capacity charge shall be recovered in two parts, viz., Capacity Charge for Peak Hours of the month and Capacity Charge for Off- Peak Hours of the month as follows:	High demand and low demand season removed: 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 in two parts	High demand and low demand seasons shall be retained as generators tend to make the machines available more than 100% during low demand season and offset the shortfall, if any during high demand season by availability during low demand season
	(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. $\text{Incentive} = (1.00\% \times \beta \times \text{CCy})/12$ Where, β = 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.	New Regulation	This regulation shall be deleted. It's the duty of the generator to comply with the maintenance of the grid and respond to variations in frequency; On the other hand, generators not responding to the change shall be penalized.

	<p>(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.</p>	<p>an incentive shall be payable to a generating station or unit there of @ 65 paise/ kWh for ex-bus scheduled energy during Peak Hours and @ 50 paise/ kWh</p>	<p>Existing norms may be retained Further, a penalty of Rs. 0.50/kWhr may be stipulated for non availability of Units during peak and non peak hours.</p>
64	<p>(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.</p> <p>Provided that in such case, prior permission from beneficiaries shall not be a precondition, unless otherwise agreed specifically in the power purchase agreement: Provided also that where a higher blending ratio than that specified under sub-clause (4) above of this Regulation is required, prior consultation with the beneficiary shall be made at least three days in advance.</p>	<p>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: Provisos also modified.</p>	<ul style="list-style-type: none"> • As per MoP circular dt: 25.10.2023, blending @ 6% is allowed only upto March 2024. • Blending for entire tariff period will impose a huge financial burden on end users. • Upper limit of increase in ECR in case of blending may also be specified.
	<p>(1) 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 = $(4\% \times \beta \times CCy)/12$ Where, β = Average Monthly Frequency Response Performance for that generating station, as certified by RPCs, which shall be computed by considering primary response as per the methodology prescribed by the NLDC and shall range between 0 to 1. CCy= Capacity Charges for the Year.</p>	<p>New Regulation</p>	<p>Similar to Thermal stations, no incentive for frequency response</p>
	<p>(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</p>	<p>In case the saleable scheduled energy (ex-bus) of a hydro generating station</p>	<p>The generator may furnish a certificate from concerned authorities in support</p>

	Energy in the immediately following year and shall be subject to truing up at the end of the tariff period. Provided that in case actual generation from a hydro generating station is less than the design energy for a continuous period of four years on account of hydrology factor, the generating station shall approach the Central Electricity Authority with relevant hydrology data for revision of design energy of the 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:	of their claim for shortfall not under their control.
	(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).	New Regulation	This may be deleted as per the existing Regulations
	CHAPTER – 12 NORMS OF OPERATION		
70	Norms of operation for thermal generating station		
	(A) Normative Annual Plant Availability Factor (NAPAF) (a) 85% for all thermal generating stations, except those covered under clauses (c), (c), (d) & (d) (b) 80% for coal and lignite based generating stations completing 30 years from COD as on 31.03.2024 (c) For the following Gas based Thermal Generating Stations of NEEPCO:		NLC TPS II expansion's reduced from 80% to 50% as per last five year performance as per CEA report. The station has been commissioned

CHAPTER – 14 SHARING OF BENEFITS		
81.	Sharing of gains due to variation in norms:	
	<p>Sharing of gains due to variation in norms: (1) The generating company or the transmission licensee shall work out gains based on the actual performance of applicable Controllable parameters as under:</p> <p>i) Station Heat Rate; ii) Secondary Fuel Oil Consumption; and iii) Auxiliary Energy Consumption.</p> <p>(2) The financial gains by the generating company or the transmission licensee, as the case may be, on account of controllable parameters shall be shared between the generating company or transmission licensee and the beneficiaries or long term customers, as the case may be on an annual basis.</p> <p>Net Gain = (ECRN– ECRA) x Scheduled Generation Where, ECRN = Normative Energy Charge Rate computed on the basis of norms specified for Station Heat Rate, Auxiliary Energy Consumption and Secondary Fuel Oil consumption. ECRA = Actual Energy Charge Rate computed on the basis of actual Station Heat Rate, Auxiliary Energy Consumption and Secondary Fuel Oil consumption</p> <p>Proviso to be included: Provided the losses if any during any month shall not be included in arriving at the annual sharing of gains</p>	<p>Net Gain = (ECRN– ECRA) x Scheduled Generation Where, ECRN = Normative Energy Charge Rate computed on the basis of norms specified for Station Heat Rate, Auxiliary Energy Consumption and Secondary Fuel Oil consumption. ECRA = Actual Energy Charge Rate computed on the basis of actual Station Heat Rate, Auxiliary Energy Consumption and Secondary Fuel Oil Consumption for the month.</p>
		<p>The Hon'ble Commission in the Statement of Reasons to Tariff Regulations 2014-19 has observed as below: "10.12 The provisions of the Regulations allow the generating companies operating at the normative performance parameters to pass through all the prudent costs incurred by them. Further, the Commission has specified uniform normative performance parameters throughout the Tariff Period and has not specified any trajectory for performance improvement. It is expected that the generating companies would endeavor to improve their performance during the Tariff Period, which would result in significant cost saving, which should be shared with the beneficiaries. On the other hand, losses would imply that the generating companies have not put in adequate efforts to sustain even at the normative performance parameters specified by the Commission contrary to the expected improvement. Passing on such losses on account of the lapse of the generating companies would not be appropriate and would discourage improvement in efficiency by the generating companies. Hence, no sharing of losses is being considered for the generating companies. " In P.No 284/RC/2019, Honble CERC observed "14. <i>The method of averaging as adopted by NTPC is not in line with SOR and Regulation 8(6) of 2014 Tariff Regulations as averaging takes into account the gains as well as losses which are not shared.</i> Proviso to be included: Provided the losses if any during any month shall not be included in arriving at the annual sharing of gains</p>

93.	Approval Process of Non-ISTS Lines carrying Inter-State Power:		
	<p>(1) Existing intra-state transmission lines other than Natural ISTS lines shall be considered as ISTS systems; Provided that these transmission lines are being used for evacuation and transfer of interstate power on a regular basis as identified by CTU in consultation with the concerned RPC and RLDC and the STUs; Provided further that such transmission system is under operation and appropriate metering system is in place to record flow of power; Provided further that a proper mechanism is in place for the maintenance of such a transmission system.</p>	New Regulation	State Transmission utilities to be included.
	<p>(2) Existing Intra State lines which were planned as ISTS System shall also be considered as ISTS lines; Provided that such lines have not been developed for the sole purpose of the beneficiary(ies) of a single State; Provided further that such transmission system is under operation and appropriate metering system is in place to record flow of power; Provided further that a proper mechanism is in place for the maintenance of such a transmission system</p>	New Regulation	
	<p>(3) CTU, in consultation with RLDC and STUs shall identify all such natural ISTS lines and non-ISTS lines which are utilized for ISTS power transfer after ascertaining that such nature of flow of power has become permanent.</p>	New Regulation	'And STUs' shall be included
	<p>(4) No New ISTS lines shall henceforth be planned and developed by State Transmission Utility unless agreed by CTU in consultation with RPC and approved by the Ministry of Power. Provided that in case if development of ISTS by STU is the only economically prudent option, the same may be taken by STU in consultation with RPC and CTU with the approval of NCT based on optimum transmission planning.</p>	New Regulation	New proviso to be added

B. D. Rajeswarar
 20/02/2024
 CFC/ Regulatory Cell