

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 21/MP/2023**

**Coram:**

**Shri Jishnu Barua, Chairperson  
Shri Arun Goyal, Member  
Shri Pravas Kumar Singh, Member**

**Date of Order: 18<sup>th</sup> March, 2024**

**In the matter of**

Petition seeking approval for determination of Lignite Input Price for the period 2019-24, in respect of Barsingsar Mines, as per Central Electricity Regulatory Commission (Terms and conditions of Tariff) Second Amendment Regulations, 2021.

**And**

**In the matter of**

NLC India Limited,  
First Floor, No.8, Mayor Sathyamurthy Road,  
FSD, Egmore Complex of Food Corporation of India,  
Chetpet, Chennai-600031

**.....Petitioner**

**Vs**

1. Jodhpur Vidyut Vitaran Nigam Limited  
New Power House, Heavy Industrial Area,  
Jodhpur, Rajasthan-342003
2. Jaipur Vidyut Vitaran Nigam Limited,  
Vidyut Bhavan, 1<sup>st</sup> Floor, Janpath,  
Jaipur, Rajasthan-302005
3. Ajmer Vidyut Vitaran Nigam Limited,  
Old Power House Hathi Bhata,  
Jaipur Road, Ajmer, Rajasthan-305001
4. Rajasthan Urja Vikas Nigam Limited  
Shed No. 5/5, Vidyut Bhawan,  
Janpath, Jaipur- 302005

**.....Respondents**

**Parties Present:**

Shri Rakesh Pandey, Advocate, NLCIL  
Shri A. Srinivasan, NLCIL



Shri Vinay Sobti, NLCIL  
Ms. Akansha Wadhwa, NLCIL  
Ms. Swapna Seshadri, Advocate, Rajasthan Discoms  
Ms. Aishwarya Subramani, Rajasthan Discoms

## **ORDER**

The Petitioner, NLC India Limited, has filed the present petition seeking a determination of the Lignite Input Price of Barsingsar mines for the period 2019-24, in respect of the Barsingsar Thermal Power Plant (250 MW) (in short, “the generating station”) as per Regulation 2.1 (a) read with Regulation 36 (A) to (S) of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) (Second Amendment) Regulations, 2021 (in short “the 2021 Second Amendment Regulations”).

### **Background**

2. The Petitioner has set up the generating station, with an installed capacity of 250 MW, which comprises two units of 125 MW each, with Circulating Fluidized Bed Combustion (CBFC) Lignite fired boilers feeding to the Turbines. The allocation of power to the Respondents is based on the Energy Department, Govt. of Rajasthan letter dated 29.9.2011. The tariff for the sale of electricity generated at the generating station is regulated by the Commission in terms of Section 79(1)(a) of the Electricity Act, 2003 (the Act). The lignite extracted from the mines, maintained and operated by the Petitioner, is used for the generation of electricity for supply to the Respondents.

3. Till the period 2014-19, the lignite transfer price of the Petitioner’s mines was based on the guidelines issued by the Ministry of Coal (MOC), GOI. Subsequently, for the period 2019-24, the Commission has notified the 2019 Tariff Regulations, which came into force from 1.4.2019. Further, on 13.9.2021, the Commission notified the 2021 Second



Amendment Regulations, which stipulated the terms and conditions for the determination of the input price of coal supplied from integrated Mines to the linked generating stations.

4. Accordingly, the Run of the Mine (ROM) cost worked out and claimed by the Petitioner for the period 2019-24, in the case of the generating station, is as under:

	(Rs/Tonne)
	ROM cost
2019-20	842
2020-21	931
2021-22	806
2022-23	812
2023-24	829

#### **Submissions of the Petitioner**

5. In the above background, the Petitioner has submitted the following:

(a) The capacity of the Petitioner's power station and mine, as on 1.4.2019, is as under:

Unit	Capacity (MW)	Lignite Mines	Capacity (Lakh Tonne)
Barsingsar TPS	250	Barsingsar Mines	21

(b) The 2021 Second Amendment Regulations have provided the methodology and components for the input price of coal and lignite for energy charges by way of Regulation 36 (A) to 36 (S). In terms of Regulation 1 (2) and (3) of the 2021 Second Amendment Regulations, it has been stated that the said Regulations shall be applicable for the entire five-year period, i.e. 1.4.2019 to 31.3.2024, except Regulation (6), dealing with mismatch in date of Commercial Operation (COD) and Regulation 59 dealing with the payment priority adjustment, as applicable only from the date of the notification of the 2021 Second Amendment Regulations, in the official Gazette.

(c) In view of the above background, the Petitioner has submitted that the present Petition for determination of lignite Input Price, which supplies lignite to the linked thermal power generating station, has been filed as per Regulation 2.1 (a) read with Regulation 36(A) to 36(S) of the 2021 Second Amendment Regulations. All the



applicable tariff filing forms, as provided in Part IV- Annexure-I, have been duly filled and furnished by the Petitioner along with the present petition.

(d) The Commission notified the 2021 Second Amendment Regulations on 13.9.2021, according to which the input price has to be determined based on Annual Target Quantity (ATQ) of the integrated mines.

(e) Prior to the issue of the input price Regulations, the Lignite Transfer Price of its integrated mines was based on the MOC guidelines, which stipulate a 78% Capacity Utilisation Factor (CUF) for the determination of the lignite transfer price for Barsingsar Mines.

(f) With regard to the Barsingsar Mines, the production for the period during the years 2019-20 and 2020-21 was based on the CUF of 78%, as envisaged in the earlier control period. As the Regulations came at a later stage, the Petitioner has proposed the retrospective revision of its mining plan, keeping in view the actual requirement of Lignite, for its linked thermal power stations, with effect from 1.4.2019.

(g) MOC had approved the revised mine plan prospectively, with effect from 2022-23 onwards only. Therefore, the Petitioner had approached the Coal Controller for approval of deviation in the production schedule for the period from 2019-20 to 2021-22 as per Regulation 36(B) (4) of the Second amendment to 2019 Tariff Regulations.

(h) For the years 2019-20, 2020-21 and 2021-22, the actual production was lesser than the target quantity mentioned in the Mine plan on account of the lower requirement of the thermal station. The Petitioner, vide letter dated 5.10.2022, had approached the Coal Controller Organization (CCO), for the approval of deviation in the production schedule as per the approved Mine plan for the years 2019-20, 2020-21 and 2021-22, as per Regulation 36(B)(4) of the 2021 Second Amendment Regulations.

(i) CCO vide letter No. MPMCO1(108)/1/2023-MPMC dated 24.2.2023 has approved the deviation of the production schedule. Further, the Petitioner has also claimed relaxation in the ATQ as per Regulation 4(a) of the 2021 Second Amendment



Regulations. Accordingly, the Petitioner has requested to consider the ATQ with a relaxation of 15% in the present petition, under Regulation 76 (Power to Relax) and Regulation 77 (Power to remove difficulties) of the 2019 Tariff Regulations.

### **Hearing dated 29.5.2023**

6. The Petition was 'admitted' on 29.5.2023, and the notices were issued to the Respondents. The Respondents No. 4 Rajasthan Urja Vikas Nigam Limited (RUVNL), on behalf of the Respondents 1 to 3 (Rajasthan Discoms), has filed its reply vide affidavit dated 10.8.2023 and the Petitioner, vide affidavit dated 16.8.2023, has filed its rejoinder to the said reply.

### **Reply of the Respondent RUVNL**

7. The Respondent RUVNL, in its reply dated 10.8.2023, has mainly submitted as under:
- (a) In terms of the 2021 Second Amendment Regulations, the Petitioner is to strictly adhere to the Mining Plan for extraction of lignite. For the years 2019 to 2022, the actual production was lesser than the target quantity, as mentioned in the Mine Plan. As per the Petitioner, the reduction in the actual production is on account of less requirement of its generating station.
  - (b) The additional capitalization claims made by the Petitioner ought to be rejected, since the same are not aligned to the applicable regulations.
  - (c) Other parameters such as Return on Equity, Interest on Loan, Depreciation, O&M expenses, Interest on Working Capital, Mine Closure, Statutory Charges, Non-Tariff Income, ought to be considered strictly in terms of the applicable regulations and after subjecting the same to a prudence check.

### **Rejoinder to the Reply filed by the Respondents**

8. The Petitioner, in its rejoinder dated 16.8.2023, has mainly submitted as under:
- (a) The additional information with regard to ATQ has been submitted, consequent to the approval received from the competent authority on 15.5.2023.
  - (b) As regards the contention of the Respondent that the Petitioner has yet to get the approval of Mine plan from the CCO for deviation in the production schedule



and revised Mine Plan from MOC, it is clarified that the Petitioner has approached the CCO for approval of the deviation in the production schedule, for the period 2019-2022 as per Regulation 36(B) (4) of the 2021 Second Amendment Regulations.

- (c) CCO, vide letter dated 24.2.2023, has approved the deviation of the production schedule based on the relaxation given by the nominated authority MOC, to the captive mines. MOC has approved the revised mine plan prospectively, with effect from 2022-23 and 2023-24.
- (d) The Petitioner has claimed the additional capitalization along with the detailed justification in Form-9, with year-wise and asset-wise classification.

It is prayed for consideration of a 15% relaxation in ATQ from the approved mine capacity, in addition to the deviation approved by the CCO for the years 2019-20, 2020-21 and 2021-22, for recovery of the fixed charges of Mines while determining the input price of lignite, in terms of Regulation 76 (Power to Relax) and Regulation 77 (Power to remove difficulties) of the 2019 Tariff regulations.

### **Hearing dated 18.8.2023**

9. During the hearing on 18.8.2023, the learned counsel for the Petitioner made detailed oral submissions in the matter. The learned counsel for the Respondents submitted that though the majority of the additional capitalisation claims have been made in terms of Regulation 36E(2)(a) and (b) of the 2021 Second Amendment Regulations, the same are not aligned with the specific applicable Regulations. The Commission reserved its order in the Petition after directing the Petitioner to file its written submissions on the specific provisions of the 2021 Amendment Regulations, in respect of the additional capital expenditure claimed in the petition. In compliance with the said direction, the Petitioner, vide affidavit dated 21.8.2023, has filed the additional submissions after serving a copy to the Respondents. Since the order in the Petition could not be issued prior to one Member of this Commission demitting office, the petition was re-listed and heard on 6.2.2024. During the hearing, the learned counsels for the parties submitted that since the pleadings and



arguments by the parties have been completed, the Commission may reserve its order in the Petition. Accordingly, based on the parties' consent, the Commission reserved its orders in the petition.

10. Before proceeding to examine the claims of the Petitioner, we notice that the Petitioner has prayed for condonation of delay of 139 days in filing the present Petition. The Petitioner has submitted that the Commission vide its common order dated 13.11.2021 in Petition Nos. 452/MP/2019 & 173/MP/2020, had permitted the Petitioner to file the petition for determination of the input price of lignite in respect of Neyveli Mines and Barsingsar Mines for the period 2019-24, within a period of two months from the date of final disposal of the said Petitions. Accordingly, it has been submitted that since Petition No.173/MP/2020 was disposed of on 10.6.2022, the Petitioner was required to file the petition for determination of the lignite input price for the period 2019-24 on or before 9.8.2022. However, the Petitioner has submitted that the present Petition could not be filed within the stipulated date due to the submission of deviation in the production schedule to the Coal Controller Organisation and revision of the Mine plan with the Ministry of Coal, GOI. The Petitioner has therefore prayed that the delay of 139 days in filing the present Petition may be condoned. The Respondents have not raised any objections, with regard to this prayer of the Petitioner.

11. We have considered the matter. Proviso to clause (4) of Regulation 9, as inserted vide Central Electricity Regulatory Commission (Terms and Conditions of Tariff) (Second Amendment) Regulations, 2021 (in short, the 'Second Amendment Regulations') is as under:

*"Provided that a generating company with integrated mine(s) shall file a petition for determination of input price of coal or lignite from the integrated mine(s) not later than 60 days from the date of commercial operation of the integrated mine(s) or from the date of*



*notification of these regulations, whichever is later and may also seek determination or revision of tariff of the concerned generating station(s) in accordance with these regulations”.*

12. In terms of the above proviso, a generating company with integrated mines is required to file a petition for determination of input price of coal or lignite from integrated mines within 60 days from the COD of the integrated mines or from the date of notification of the said regulations, whichever is later. The Second Amendment Regulations were notified in the official gazette on 13.9.2021. As per the Second Amendment Regulations, notified on 13.9.2021, the Petitioner is required to file the petition for the determination of the input price of lignite from integrated mines for the period 2019-24 by 12.11.2021. However, the Commission, in consideration of the submissions of the Petitioner (in Petition No.452/MP/2019 & 173/MP/2020), by order dated 13.11.2021, permitted the Petitioner to file the petition for determination of lignite input price of these projects, within two months from the date of disposal of the respective petitions, as under:

*5.....in consideration of the submissions of NLCIL, we, in exercise of the power under Regulation 76 of the 2019 tariff Regulations, relax the proviso to Regulation 9(4) of the 2019 Tariff Regulations, as amended on 13.9.2021, and permit NLCIL to file the petition for determination of input price of lignite in respect of Neyveli Mines and Barsingsar Mines, for the period 2019-24, within a period of two months from the date of final disposal of the respective petitions viz., Petition No.452/MP/2019 and Petition No. 173/MP/2020.”*

13. It is observed that Petition No.173/MP/2020 was disposed of by the Petitioner on 10.6.2022, and therefore, the Petitioner was required to file the present Petitioner by 9.8.2022. However, the Petitioner has filed the present Petition on 26.12.2022. it was submitted that the Petitioner had filed a review petition (30/RP/2022) against the order dated 10.6.2022, which was admitted on one issue on 8.12.2022. It is only after this that the Petitioner has filed the present Petition. It is pointed out that by virtue of the Limitation Act, such a period is to be excluded. In the above background, and keeping in view the submissions of the Petitioner, we condone the delay in filing the present Petition.





14. Accordingly, based on the submissions and documents available on record and on a prudence check, we proceed to determine the lignite transfer price of Barsingsar mines for the period 2019-24, as stated in the subsequent paragraphs.

### **Additional submissions of the Petitioner**

15. The Petitioner, in its additional submissions, vide affidavit dated 21.8.2023, has mainly submitted as under:

- (a) Prior to the issue of the 2021 Second Amendment Regulations, the Lignite Transfer price of its integrated mines was based on the MOC guidelines, which stipulate 78% CUF for the determination of Lignite Transfer Price, though the actual average CUF of Barsingsar Mines for the past 10 years, was 65.60%.
- (b) In the thermal station, the boiler was established with environment-friendly CFBC technology, which is witnessing teething problems, such as the failure of boiler tubes, damage in the refractory, etc., and the technology is yet to be stabilized. Due to the above issues, the thermal plant was not able to achieve full capacity. Being captive mines linked to the thermal station, the production of lignite was also planned according to the requirement of the linked thermal power plant, as the Rajasthan Government did not permit the sale of the excess lignite in the market.
- (c) Against the MOC stipulation of 78% of 2.1 MTPA, i.e. 1.638 MTPA, the linked mine could produce only 1.3775 MTPA on average, based on the requirement of a linked thermal power station.
- (d) For the years 2019-20, 2020-21 and 2021-22, the actual production was less than the target quantity mentioned in the original mine plan, on account of less requirement of the thermal station.
- (e) The Petitioner has approached the CCO for deviation in the production schedule as per the approved Mine plan for 2019-20, 2020-21 and 2021-22 as per Regulation 36(B)(4) of the 2021 Second Amendment Regulations. CCO on 24.2.2023, has approved the deviation of the production schedule, based on the relaxation given by the nominated authority MOC, to the captive mines.
- (f) Further, the Petitioner has prayed to consider a 15% relaxation in the ATQ from the approved mine capacity, in addition to the deviation approved by the CCO



for the years 2019-20, 2020-21 and 2021-22 for recovery of the fixed charges of Mines.

16. Based on the submissions and documents available on record and in consideration of the 2021 Second Amendment Regulations, we now proceed to determine the Lignite Transfer Price of the Petitioner's Barsingsar Mines for the period 2019-24.

### **Analysis and Decision**

17. As stated, the Petitioner has filed the present petition for the determination of the lignite input price of Barsingsar mines for the period 2019-24. Accordingly, the lignite mined from the said Mine is utilized for the generation of power from the Barsingsar generating station of the Petitioner. The State of Rajasthan is the only beneficiary of the power generated from the generating station. The capacity of the Petitioner's generating station and mine, as on 1.4.2019, is as under:

<b>Thermal Unit</b>	<b>Capacity (MW)</b>	<b>Lignite Mines</b>	<b>Capacity (lakh Tonne)</b>
NLCIL - BTPS	250	Barsingsar Mines	21

18. Till the period 2014-19, the lignite transfer price of the Petitioner's mines was based on the guidelines issued by MOC, GOI. Subsequently, the Commission has notified the 2019 Regulations, applicable for the period 2019-24, which came into force from 1.4.2019. Thereafter, the Commission on 13.9.2021, notified the 2021 Second Amendment Regulations, which stipulates the terms and conditions for the determination of the input price of coal/lignite supplied from the integrated mines to the linked generating stations.

19. It is observed that the Commission vide its order dated 10.6.2022 in Petition No.173/MP/2020 had approved the Lignite Transfer Price of Barsingsar mine for the period 2014-



19 after truing up. Accordingly, the Base Lignite Transfer Price (excluding Royalties, Cess, Taxes and Duties) approved vide order dated 10.6.2022 is as under:

*(Rs. Per ton)*

	<b>Base Lignite Transfer Base Price (Exclusive of Royalty &amp; other duties)</b>	
	<b>Claimed</b>	<b>Approved by Commission</b>
2014-15	746	740.25
2015-16	581	579.49
2016-17	667	667.39
2017-18	723	720.17
2018-19	704	703.27

20. Aggrieved by the said order, the Petitioner had filed Review Petition No. 30/RP/2022 on various issues viz., (a) Disallowance of additional capitalization in respect of 'New Assets' of Construction of Utility buildings and boundary walls etc., (b) Disallowance of DRE in computation of Interest on working capital and (c) Disallowance of Stores for the purpose of interest on working capital instead of allowing Stores & Spares, including the methodology adopted for arriving the Mines portion of spares. The Commission, vide its order dated 28.9.2023, while rejecting the grounds (a) and (b) above, had allowed the review on the ground (c) above and had accordingly revised the lignite transfer price in respect of the Barsingsar mines of the Petitioner for the period 2014-19 as under:

<b>Barsingsar Mines</b>							
	UoM	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	
100% Capacity	LTs	21.00	21.00	21.00	21.00	21.00	
78% Capacity	LTs	16.38	16.38	16.38	16.38	16.38	
O&M Cost	Rs. in lakh	6939.99	5963.77	7466.05	8118.44	7859.23	
Deferred Revenue Expenditure		1554.68	-	-	-	-	
Interest on loan		1083.82	1010.18	886.03	775.75	738.58	
Interest on Working Capital		162.77	144.22	167.50	186.15	183.18	
Depreciation & Amortisation		671.01	629.90	653.21	936.60	932.20	
Mine Closure Expenses		176.90	185.74	195.02	204.78	215.01	
ROE		1537.87	1560.42	1564.43	1575.84	1593.27	
Total (before Royalty)		12127.05	9494.23	10932.23	11797.55	11521.46	
<b>Base Lignite Transfer Price allowed</b>		Rs./ Tonne	<b>740.36</b>	<b>579.62</b>	<b>667.41</b>	<b>720.24</b>	<b>703.39</b>



21. The Petitioner has submitted that it has worked out and claimed the input price of lignite for the period 2019-24 based on the actual figures for the years 2019-20, 2020-21, 2021-22, and projected figures for the years 2022-23 and 2023-24 as under:

**Run of Mine (ROM) cost**

		<i>(Rs in lakh)</i>				
Sl. No.		2019-20	2020-21	2021-22	2022-23	2023-24
1.1	Depreciation	952	913	1099	1101	1103
1.2	Interest on Loan	609	534	451	358	268
1.3	Return on Equity	1138	1148	1144	1145	1147
1.4	Interest on Working Capital	304	293	283	304	314
1.5	O&M expenses excluding mining charge	8134	8419	8714	9019	9334
1.6	Mine closure expenses (If and as applicable)	226	237	241	253	266
1.0	<b>Total Annual Extraction cost (Sum of above 1.1 to 1.6)</b>	<b>11362</b>	<b>11545</b>	<b>11932</b>	<b>12180</b>	<b>12432</b>
2.0	Annual Target Quantity (ATQ) in MT	1.35	1.24	1.48	1.5	1.5
3.0	Annual Extraction cost per tonne (1.0 in Rs/2.0) in Rs/Tonne	842	931	806	812	829
4.0	Mining charge <sup>4</sup> (If and as applicable) in Rs/Tonne	-	-	-	-	-
5.0	Fixed Reserve Price <sup>5</sup> (If and as applicable) in Rs/Tonne	-	-	-	-	-
6.0	<b>ROM cost (3.0+4.0+5.0) in Rs/Tonne</b>	<b>842</b>	<b>931</b>	<b>806</b>	<b>812</b>	<b>829</b>

22. Accordingly, in line with Regulation 36 (A) to (S) of the 2021 Second Amendment Regulations, we proceed to determine the Lignite Transfer Price of the Barsingsar Mines of the Petitioner for the period 2019-24. Regulation 36 of the 2019 Tariff Regulations provides that where the generating company has the arrangement for the supply of coal or lignite from the integrated mine(s) allocated to it for use in one or more of its generating stations as end-use, the energy charge component of the tariff of the generating station shall be determined based on the input price of coal or lignite. Regulation 36 (A) and Regulation 36 (B) (3) of the 2021 Second Amendment Regulations provide as under:



*“36A. Input Price of coal or Lignite: (1) Input price of coal or lignite from integrated mine shall be computed based on the following components:*

- (I) Run of Mine (ROM) Cost; and*
- (II) Additional charges:*

*xxxxxx”*

*“36B (3) The Run of Mine Cost of lignite in case of integrated mines for lignite shall be worked out as under:*

*ROM Cost = [(Annual Extraction Cost / ATQ) + (Mining Charge)]*

*Where,*

- (i) Annual Extraction Cost is the cost of extraction of lignite as computed in accordance with Regulation (36F) of these regulations; and*
- (ii) Mining charge is the charge per tonne of lignite paid by the generating company to the Mine Developer and Operator engaged by the generating company for mining, wherever applicable.*

*xxxxxx”*

### **Capital Cost**

23. Regulation 36(D) of the 2021 Second Amendment Regulations provides for the capital cost as under:

*“36D. Capital Cost: (1) The expenditure incurred, including IDC and IEDC, duly certified by the Auditor, for development of the integrated mine up to the Date of Commercial Operation, shall be considered for arriving at the capital cost.*

*Xxxxx*

*(5) In case of integrated mine(s) which have declared the date of commercial operation prior to 1.4.2019, the capital expenditure allowed by the Commission for the period ending 31.3.2019 shall form the basis for computation of input price.”*

24. The Petitioner has considered the lignite input price for the period 2019-24, based on the closing capital cost as on 31.3.2019, as allowed vide order dated 10.6.2022 in Petition No. 173/MP/2020. The Barsingsar mine, being an integrated mine, is linked to the Barsingsar generating station, whose COD is 20.1.2012. Accordingly, the capital cost of Rs. 22294.78 lakh as on 31.3.2019, as allowed vide order dated 10.6.2022 in Petition No.173/MP/2020, has been considered as the opening capital cost as on 1.4.2019.

### **Additional Capital Expenditure**



25. Clauses 2 and 3 of Regulation 36(E) of the 2021 Second Amendment Regulations provide as under:

“(1) xxx

(2) The expenditure, in respect of the integrated mine(s), incurred or projected to be incurred after the date of achieving the Peak Rated Capacity may be admitted by the Commission subject to prudence check, and shall be capitalized as additional capital expenditure, corresponding to the Annual Target Quantity of the respective years as specified in the Mining Plan, on following counts:

- (a) expenditure incurred on activities, if any, as per Mining Plan;
- (b) expenditure for works required to be carried out for complying with directions or order of any statutory authority;
- (c) liabilities arising out of compliance of order or decree of any court of law or award of arbitration;
- (d) expenditure for procurement and development of land as per the Mining Plan; and
- (e) liabilities due to Change in Law or Force Majeure events;

Provided that in case of replacement of any assets, the additional capitalization shall be worked out after adjusting the gross fixed assets, cumulative depreciation and cumulative repayment of loan of the assets replaced on account of de-capitalization.

3. The expenditure on following counts shall not be considered as additional capital expenditure for the purpose of these regulations:

- a) expenditure incurred but not capitalized as the assets have not been put in service (capital work in progress);
- b) mine closure expenses;
- c) expenditure on works not covered under Mining Plan, unless covered under sub-clause (g) of Clause (1) or sub-clause (e) of Clause (2) of this Regulation;
- d) expenditure on replacement due to obsolescence of assets on account of completion of the useful life or due to obsolescence of technology, if the original cost of such assets have not been de-capitalized from the gross fixed assets.”

26. The total additional capital expenditure of Rs. 117.64 lakh, as claimed by the Petitioner for 2019-20, is summarized and examined below:

### **2019-20**

Sl. No.	Head of Work / Equipment	(in Rs)	
		2019-20	Regulation
1	Construction of Store room inside mines near LHP	191691	36E(2)(a)
2	A-63/19-20/construction of rest shelter at LHP	145386	36E(2)(a)
3	Supply & fixing of Bio Toilet in Mines Barsingsar	216648	36E(2)(b)
4	A-51/19-20/Providing street light poles in mines	1817323	36E(2)(a)
5	Apron feeder drive gear box	1848591.90	36E(2)(a)
6	Gear Box for Apron Scraper drive unit	596534.61	36E(2)(a)
7	Programmable logic control system siemens S7-400 CPU	530854.85	36E(2)(a)



8	Fire alarm system	845345	36E(2)(b)
9	MacBook Air MQD32HNA i5 SSD 4 no.s	240000	36E(2)(a)
10	DELL VOSTRO 3490 3590 i5SSDSATA 15 nos.	900000	36E(2)(a)
11	HP 348 G5 i5 SSD 6 no. & Dell Latitude 3390 2in1 i5 SSD 6 No.	789840	36E(2)(a)
12	Digital Hot Air Oven - Inner chamber size: 45 cm X	118944	36E(2)(a)
13	Single Pan digital analytical balance	73160	36E(2)(a)
14	Providing chain link fencing for school & Occupational health center	676793	36E(2)(a)
15	Providing shed for kitchen near community hall	857470	36E(2)(a)
16	Construction of overhead tank of capacity 10000	222247	36E(2)(a)
17	Submersible (sewage) pump for Sewage Treatment Plant	137648	36E(2)(a)
18	Installation of PA cum audio video system in TA	539188	36E(2)(a)
19	1 No. of 7.5 HP heavy duty submersible sewage pump	65520.04	36E(2)(a)
20	1 No. of 10 hp Submersible Sewage pump, Power	89712	36E(2)(a)
21	1 No. Hedge Cutter Electrically operated in LSN	17500	36E(2)(a)
22	One Dosa Tawa for LSN canteen	11000	36E(2)(b)
23	Occupational Health and Fitness Center and equipment's for NLCIL employees	330387	36E(2)(a)
24	5 Nos. Purchase of door frame metal detector in CISF	392350	36E(2)(a)
25	A-49/2018-19 Construction of CISF barracks	109470	36E(2)(b)

### **Construction of Storeroom inside mines near LHP**

27. The Petitioner has claimed an additional capital expenditure of Rs 1.92 lakh for the Construction of a Storeroom inside the mines near the Lignite Handling Plant (LHP) under Regulation 36E(2)(a) of the 2021 Second Amendment Regulations. In justification for the same, the Petitioner has submitted that as under:

*“as per norms, the weigh bridge inside mine must be calibrated every month, for which 491 nos. of 20 kg weight and other spare parts are there. For safety and avoiding misplacing or theft of all these elements required for weigh bridge calibration along with other essential tools, it was proposed to construct a storeroom and the room is constructed and utilized for the said purpose.”*

28. The Respondent RUVNL has submitted that the said claim of the Petitioner ought to be rejected since the requirement for calibration of the weigh bridge has been there every month, and it is not understood why the need for a store room so late.

29. The matter has been considered. It is noticed that Regulation 36E(2)(a) of the 2021 Second Amendment Regulations provides for capitalization of the additional expenditure



incurred on activities, if any, as per the Mining plan. Accordingly, the additional capital expenditure of Rs 1.92 lakh claimed under this head is allowed.

**Construction of Rest shelter at LHP**

30. The Petitioner has claimed an additional capital expenditure of Rs 1.45 lakh towards the Construction of rest shelter at LHP under Regulation 36E(2)(a) of the 2021 Second Amendment Regulations. In justification of the said claim, the Petitioner has submitted the following:

*“for crushing the Lignite, LHP is there at pit head of mine. At the time of operation & maintenance, workers are engaged near bottom of LHP. During sudden storms, there was no place for hiding/take shelter at LHP bottom and it used to take much time for the workers to reach at nearby shelter at surface level. So, it was proposed to construct a rest shelter near LHP bottom for the convenience & safety of the workers, so that they do not need to run at the time of storms and may take shelter immediately. Accordingly, the room is constructed and is utilized for the said purpose.”*

31. The Respondent, RUVNL, has submitted that the requirement of a rest shelter, at such a belated stage, is an afterthought and ought to be rejected.

32. The matter has been considered. It is noticed that due to the exigency of work and for the convenience and safety of the workers, the additional capital expenditure has been claimed by the Petitioner. In view of this, the Petitioner's claim is allowed.

**Supply & fixing of Bio Toilet in Mines Barsingsar**

33. The Petitioner has claimed an additional capital expenditure of Rs 2.17 lakh, towards the Supply & Fixing of two nos. of Bio-Toilet, under Regulation 36E(2)(b) of the 2021 Second Amendment Regulations. The Respondent, RUVNL, has submitted that it is not clear as to whether the expenses are being incurred based on any direction or order of any statutory authority and in the absence of the same, the claim of the Petitioner ought to be rejected.





34. The matter has been considered. Considering the fact that there was a requirement to provide toilets at Barsingsar Mines, Petitioner fixed portable and eco-friendly bio-toilets, that can be easily shifted from one location to the other based on requirements. In view of this, the claim of the Petitioner on this count is allowed. Petitioner is directed to submit the direction of the statutory authority at the time of truing-up the tariff.

**Providing Street light poles in Mines**

35. The Petitioner has claimed an additional capital expenditure of Rs 18.17 lakh for providing Street light poles in Mines, under Regulation 36E(2)(a) of the 2021 Second Amendment Regulations. In justification for the same, the Petitioner has submitted under

*“due to advancement of mines, new peripheral road was made from New Viewpoint. Total length of the road is around 2 Km, out of which 1 km road is permanent road. Since, illumination was required to ensure proper surveillance, inspection of mines and safety during night shift operation inside mines premises”*

36. In view of the above submissions of the Petitioner, the claim of the Petitioner is allowed.

**Apron feeder drive Gearbox, Gearbox for Apron scraper drive unit**

37. The Petitioner has claimed an additional capital expenditure of Rs. 18.49 lakh and Rs. 5.97 lakh towards Gearbox for the Apron feeder and Apron scraper drive unit under Regulation 36E(2)(a) of the 2021 Second Amendment Regulations. In justification for the same the Petitioner has submitted that no spare gear box was available for maintenance of apron feeders and apron scraper drive unit. The Respondent RUVNL has submitted that no details have been furnished for such a belated requirement of the equipment, and therefore, the same ought to be rejected as it is also in the nature of O&M expenses.

38. The matter has been considered. It is noticed that the Petitioner has claimed the said expenditure under Regulation 36E(2)(a) of the 2021 Second Amendment Regulations,



which provides for expenditure incurred on activities, if any, as per the Mining Plan. However, Regulation 36(E)(3)(a) of the 2021 Second Amendment Regulations provides that the expenditure incurred, but not capitalized, as the assets have not been put in service, shall not be considered for additional capitalization. Since the Petitioner has claimed the said expenditure as spares, the same is not allowed. However, the Petitioner is at liberty to approach the Commission at the time of truing up of tariff with details and justification, and it shall be considered in accordance with the regulations.

### **Programmable Logic Control System (PLC)**

39. The Petitioner has claimed an additional capital expenditure of Rs 5.31 lakh for the PLC system under Regulation 36E(2)(a) of the 2021 Second Amendment Regulations. In justification for the same, the Petitioner has submitted as follows:

*“the Mines LHP is being controlled through programmable logic control system. PLC system is having siemens S7-400 CPU as a main controller. A spare CPU has been bought in case of any failure of the existing CPU to avoid any loss in production.”*

40. The matter has been considered. It is noticed that Regulation 36 of the 2019 Tariff Regulations, does not provide for additional capitalization of any spares. Further, Regulation 36(E)(3)(a) of the 2021 Second Amendment Regulations provides that the expenditure incurred, but not capitalized, as the assets have not been put to service, shall not be considered for additional capitalization. Since the Petitioner has claimed the said expenditure as spares, the same is not allowed. However, the Petitioner is at liberty to claim the same, as and when put to use, along with details indicating the de-capitalization amount, at the time of truing up of tariff, and it shall be considered in accordance with the regulations.

### **Fire Alarm system**



41. The Petitioner has claimed an additional capital expenditure of Rs 8.45 lakh for the Fire Alarm System, under Regulation 36E(2)(b) of the 2021 Second Amendment Regulations. In justification for the same, the Petitioner has submitted as under:

*“effective functionality of Fire Alarm System (FAS) is Statutory requirement as per Regulation 27 of CEA (MRS & ES), Regulations 2010 in the interest of safety. Also, during DDMS (Mech.) visit of Barsingsar Mines on 14.12.2017 violation was given regarding defunct FAS along the conveyor as per Regulation 139 of Coal Mines Regulation 2017.”*

42. The Respondent RUVNL has submitted that the justification furnished by the Petitioner does not mention the reason as to why the cost for the fire alarm system has been incurred at such a belated stage. Accordingly, the Petitioner has prayed that the claim may be rejected.

43. The matter has been considered. It is noticed that Regulation 27 of the Central Electricity Authority (Measures relating to Safety and Electric Supply) Regulations, 2010 contains provisions applicable to protective equipment. Clause (1) of this regulation provides for fire buckets filled with clean, dry sand and ready for immediate use for extinguishing fires in addition to the fire extinguishers suitable for dealing with fires, shall be conspicuously marked and kept in all generating stations, enclosed substations and switching-stations in convenient location. Clause (2) provides that such extinguishers shall be tested for satisfactory operation, as per relevant Indian Standards, at least once a year, and a record of such tests shall be maintained. In view of this, the claim of the Petitioner is allowed. However, it is observed that Regulation 27 of CEA Regulation 2010 is applicable to generating stations and substations. Further, from the submission of the Petitioner, it could be inferred that the said expenditure has been claimed to comply with the violation observed by DDMS (Mech) during his visit to Barsingsar Mines on 14.12.2017, regarding the defunct fire alarm system, as per Regulation 139 of the Coal Mines Regulations, 2017. The Petitioner



shall, at the time of truing up of tariff, furnish the justification and the decapitalization amount of the existing fire alarm system.

**MacBook Air 4 no's, Dell Vostro 15 no's, HP i5 6 no's & Dell Latitude 6 no's**

44. The Petitioner has claimed an additional capital expenditure of Rs 2.40 lakh for the Purchase of Mac book Air (4 Nos), Rs 9.00 lakh for Dell Vostro (15 Nos) and Rs 7.90 lakh for pf HP i5 (6 Nos) and Dell latitude (6 Nos) under Regulation 36E(2)(a) of the 2021 Second Amendment Regulations. In justification for the same, the Petitioner has submitted that *“it has purchased and given Laptop to employees as per policy for carrying out for monitoring of day to day operations”*. Since the expenditures incurred under this head are covered under the normative O&M expenses, the claim of the Petitioner is not allowed.

**Digital Hot air oven**

45. The Petitioner has claimed an additional capital expenditure of Rs.1.19 lakh towards a Digital hot air oven with an inner chamber size of 45 cm, under Regulation 36E(2)(a) of the 2021 Second Amendment Regulations. In justification for the same, the Petitioner has submitted that *“the equipment was procured during 2010 and had already served more than the shelf-life. Due to ageing, the new procurement was done.”*

46. The matter has been considered. Regulation 36E(3)(d) of the 2021 Second Amendment Regulations provides for capitalisation of the expenditure pertaining to replacement due to obsolescence of assets, on account of completion of useful life or due to obsolescence of technology, if the original cost of such assets has not been decapitalized from the gross fixed asset. In view of this, the additional capital expenditure claimed by the Petitioner under Regulation 36E (2)(a) is not allowed. However, the Petitioner is granted



liberty to claim the same at the time of truing up of tariff, along with the decapitalization value of the said asset.

**Single pan digital analytical balance**

47. The Petitioner has claimed an additional capital expenditure of Rs 0.73 lakh towards Single pan digital analytical balance under Regulation 36E(2)(a) of the 2021 Second Amendment Regulations. The Petitioner has submitted that *“the equipment was procured during 2010 and had already served more than self-life. Due to ageing, the new procurement was done.”*

48. The matter has been considered. It is noticed that Regulation 36E(3)(d) of the 2021 Second Amendment Regulations provides that the expenditure pertaining to replacement due to obsolescence of assets on account of completion of useful life if the original cost of such assets has not been decapitalized from the gross fixed asset. In view of this, the additional capital expenditure claimed by the Petitioner under Regulation 36E (2)(a) is not allowed. However, the Petitioner is granted liberty to claim the same at the time of truing up of tariff, along with the decapitalization value of the said asset

**Providing chain link fencing for school & Occupational Health Center, Providing shed for kitchen near the community hall**

49. The Petitioner has claimed an additional capital expenditure of Rs 6.77 lakh for providing chain link fencing for the School & Occupational health centre (OHC) and Rs 8.57 lakh for providing a shed for a kitchen near the community hall under Regulation 36E(2)(a) of the 2021 Second Amendment Regulations. In justification for the same, the Petitioner has submitted that the expenditure towards chain link fencing for the school and OHC is for the development work in school and OHC, as per the letter received from Management and



providing a shed for a kitchen near the community hall, is the welfare facility provided for the residents of LSN Township.

50. The matter has been considered. In our view, the expenditure proposed by the Petitioner is in the nature of Corporate Social Responsibility (CSR), which cannot be permitted to be capitalised. Moreover, the said expenditure cannot form part of the specified Mine plan. Accordingly, this claim of the Petitioner is not allowed. However, liberty is granted to the Petitioner to provide proper justification as to how the said expenditure is covered under the Mine plan at the time of truing-up of tariff, and it shall be considered in accordance with the regulations.

**Construction of overhead tank of capacity 10000**

51. The Petitioner has claimed an additional capital expenditure of Rs 2.22 lakh for the Construction of an overhead tank under Regulation 36E(2)(a) of the 2021 Second Amendment Regulations and has submitted that the same is incurred to provide sufficient water supply in the Guest house.

52. The matter has been considered. We note that the Petitioner is being allowed O&M expenses for the period 2019-24, as admitted by the Commission in 2018-19, which has been escalated at the rate of 3.5% per annum. Hence, the additional capital expenditure claimed by the Petitioner is not allowed. However, the Petitioner is granted liberty to claim the same, with supporting documents, at the time of truing up of tariff and it shall be considered in accordance with the regulations.

**Submersible (sewage) pump for Sewage Treatment Plant**



53. The Petitioner has claimed an additional capital expenditure of Rs 1.37 lakh towards the Submersible pump for the Sewage Treatment Plant under Regulation 36E(2)(a) of the 2021 Second Amendment Regulations. In justification for the same, the Petitioner has submitted that the claim has been incurred for treatment of waste water in the Sewerage Treatment Plant. Since the claim of the Petitioner pertains to a waste water treatment plant, the additional capital expenditure claimed is allowed.

**Installation of PA cum Audio-Video system**

54. The Petitioner has claimed additional capital expenditure of Rs 5.39 lakh towards the Installation of PA cum Audio Video system under Regulation 36E(2)(a) of the 2021 Second Amendment Regulations. In justification for the same, the Petitioner has submitted that *“the same is required for the welfare facility provided for residents of Lignite Shakti Nagar (LSN) in order to maintain work life balance of employees and stay healthy.”*

55. The matter has been considered. We note that the Petitioner is being allowed O&M expenses for the period 2019-24, as admitted by the Commission in 2018-19, which has been escalated at the rate of 3.5% per annum. Hence, the additional capital expenditure claimed by the Petitioner is not allowed. However, the Petitioner is granted liberty to claim the same, with supporting documents, at the time of truing up of tariff if it is related to mine operation and it shall be considered in accordance with the regulations.

**7.5 hp heavy duty submersible sewage pump (1 no) and 10 hp Submersible Sewage pump (1 no)**

56. The Petitioner has claimed an additional capital expenditure of Rs 0.66 lakh towards 1(one) heavy duty Submersible sewage pump and Rs 0.90 lakh towards 10 hp submersible sewage pump under Regulation 36E(2)(a) of the 2021 Second Amendment Regulations.



Since the Petitioner has submitted that the installation of both the submersible sewage pumps is required for the treatment of waste water in the treatment plant, the additional capital expenditure claimed by the Petitioner is allowed.

**Hedge Cutter Electrically operated in LSN (1 no)**

57. The Petitioner has claimed an additional capital expenditure of Rs 0.18 lakh towards hedge cutter electrically operated machine under Regulation 36E(2)(a) of the 2021 Second Amendment Regulations. In justification for the same, the Petitioner has submitted that the same is required for hedger cutting in LSN township. Since the proposed expenditure is in the nature of O&M expenses and the same does not form part of the mine plan, the claim of the Petitioner is not allowed.

**Dosa tawa for LSN canteen (1 no)**

58. The Petitioner has claimed additional capital expenditure of Rs 0.11 lakh towards One dosa tawa for the LSN canteen under Regulation 36E(2)(b) of the 2021 Second Amendment Regulations to maintain the canteen facility. Since the proposed expenditure is in the nature of O&M expenses and the same does not form part of the mine plan, the claim of the Petitioner is not allowed.

**Occupational Health and Fitness Center and Equipments for Employees**

59. The Petitioner has claimed an additional capital expenditure of Rs 3.30 lakh towards Occupational health and fitness centre & equipments under Regulation 36E(2)(a) of the 2021 Second Amendment Regulations. In justification for the same, the Petitioner has submitted that the same is required for Occupational Health and Fitness Centre provided for residents of LSN in order to maintain work life balance of employees and stay healthy.





60. The Respondent RUVNL has submitted that the Petitioner has sought the additional capital expenditure under Regulation 36E(2)(a) & (b) of the 2021 Second Amendment Regulations and this claim does not survive under either of these regulations.

61. The matter has been considered. We note that the Petitioner is being allowed O&M expenses for the period 2019-24, as admitted by the Commission in 2018-19, which has been escalated at the rate of 3.5% per annum. Hence, the additional capital expenditure claimed by the Petitioner is not allowed. However, the Petitioner is granted liberty to claim the same, with supporting documents, at the time of truing up of tariff with proper justification and it shall be considered in accordance with the regulations.

**Purchase of door frame metal detector (5 Nos) for CISF**

62. The Petitioner has claimed an additional capital expenditure of Rs 3.92 lakh towards the purchase of a door frame metal detector for CISF under Regulation 36E(2)(a) of the 2021 Second Amendment Regulations. In justification for the same, the Petitioner has submitted the following:

*“being an important Mines cum Power Plant project located near Indo-Pak, the installation could be fixed as target for sabotage, hence security gadget like DFMD is necessary fitted at all the Gates of NLCIL, Barsingsar Project to detect metal (Arms, Knife etc.) that may be hidden on the body of a person passing through the doors of Project.”*

63. Considering the fact that expenditure is for the security of the mines and its employees, the additional capital expenditure claimed is allowed.

**Construction of CISF barracks**

64. The Petitioner has claimed an additional capital expenditure of Rs 1.09 lakh towards the Construction of CISF barracks under Regulation 36E(2)(b) of the 2021 Second Amendment Regulations. In justification for the same, the Petitioner has submitted that the



existing CISF Barracks were constructed with minimum facilities, at low cost, to curtail the expenditure in the Project during 2009. It has also stated that at present, the CISF Barracks are badly damaged due to the extreme weather conditions. The Petitioner has further submitted that the CISF DIG, during his inspection of the unit on 16.11.2017, had remarked that the accommodation/barracks provided for the SOs and ORs, are very old and the facilities were not up to the mark. Accordingly, the Unit Commander was directed to take up the matter with the management officials for the Construction of new barracks for SOs and ORs as per norms with sufficient place, infrastructure and amenities on a priority basis and to report compliance. In view of this, the Petitioner has stated that the CISF Barrack was constructed considering the safety of the Jawans.

65. The Respondent RUVNL, has submitted that the need for recurring of the cost arises out of remarks by DIG, CISF, which cannot be termed as directions of a statutory authority. The Respondent has further stated that the said claim is also belated since the inspection was carried out 6 years ago, and therefore, this claim ought to be rejected.

66. The matter has been considered. It is noticed that the existing barracks were constructed in 2009, which is very old, and the new barracks have been constructed now, in place of the old barracks, considering the safety of Jawans. Regulation 36(E)(3)(d) of the 2021 Second Amendment Regulations provides that the expenditure on replacement or obsolescence of asset on account of completion of useful life has not been allowed, if the original cost of such assets has not been decapitalized from the gross fixed asset. Further, the Petitioner has not furnished the decapitalization value. However, considering the fact that the expenditure pertains to the accommodation of the CISF personnel linked and associated with the Mines of the Petitioner, the claim of the Petitioner is allowed. However,



the Petitioner is directed to furnish the decapitalization value of already constructed barracks, at the time of truing up of tariff.

## **2020-21**

67. The Petitioner's claim for a total additional capital expenditure of Rs 45.17 lakh in 2020-21 is summarized and examined below:

<i>(in Rs)</i>			
<b>Sl. No.</b>	<b>Head of Work / Equipment</b>	<b>2020-21</b>	<b>Regulation</b>
1	Intel 8 GB RAM DDR, 80010 / Dell Vostro 3490   3590 i5/ SSD+SATA, 100016 / HP Pro Book 440   450 G6 i5 / SSD-Touch and Dell Latitude 3410 i7 / SSD + SATA + 2GB G 10 number	619990	36E(2)(a)
2	Construction of Shuttle Badminton court in LSN	2198444	36E(2)(a)
3	Construction of water fall in LSN township park	327966	36E(2)(a)
4	1 No. of 20HP capacity of submersible Pump set motor	58538	36E(2)(b)
5	150 No. of Plastic chairs with cushion for Auditorium	435000	36E(2)(a)
6	Furniture for admin office and GH	112150	36E(2)(a)
7	Occupational Health and Fitness Center and Equipments for NLCIL employees	372787	36E(2)(b)
8	5 No. Door Frame Metal Detector (DFMD), Multi zone	392350	36E(2)(a)

## **Intel 8 GB RAM DDR, Dell Vostro 3490 / HP ProBook SSD- Touch and Dell Latitude 10 Nos**

68. The Petitioner has claimed an additional capital expenditure of Rs 6.20 lakh towards 10 laptops under Regulation 36E(2)(a) of the 2021 Second Amendment Regulations. In justification for the same, the Petitioner has submitted that it has purchased and given Laptops to employees, as per the policy for monitoring the day to day operations. Since the claim of the Petitioner is covered under the normative O&M expenses, the same is not allowed.

## **Construction of Shuttle badminton court in LSN and Construction of water fall in LSN township park**



69. The Petitioner has claimed an additional capital expenditure of Rs 21.98 lakh towards the construction of a badminton court and Rs 3.28 lakh for the Construction of a waterfall in LSN township park, under Regulation 36E(2)(a) of the 2021 Second Amendment Regulations. We note that the Petitioner is being allowed O&M expenses for the period 2019-24, as admitted by the Commission in 2018-19, which has been escalated at the rate of 3.5% per annum. Hence, the additional capital expenditure claimed by the Petitioner is not allowed.

**20 HP capacity of Submersible Pump set motor (1 no)**

70. The Petitioner has claimed additional capital expenditure of Rs 0.59 lakh, towards 20 HP capacity of submersible pump set motor, under Regulation 36E(2)(b) of the 2021 Second Amendment Regulations. Since the Petitioner has submitted that the installation of the submersible sewage pump is required for the treatment of waste water in the Sewage Treatment Plant, the additional capital expenditure claimed by the Petitioner is allowed. However, the Petitioner at the time of truing up of tariff, shall furnish the directions of the statutory authority, if any, for the said claim.

**150 No. of Plastic chairs with cushions for auditorium**

71. The Petitioner has claimed an additional capital expenditure of Rs. 4.35 lakh for purchasing 150 plastic chairs under Regulation 36E(2)(a) of the 2021 Second Amendment Regulations. Considering the fact that the expenditure claimed is in the nature of O&M expenses, the claim of the Petitioner is not allowed.

**Furniture for Admin Office and Guest House**

72. The Petitioner has claimed an additional capital expenditure of Rs 1.12 lakh, for Furniture under Regulation 36E(2)(a) of the 2021 Second Amendment Regulations. In



justification for the same the Petitioner has submitted that the “old sofa in administrative office and guest house was surveyed off by HR division.” We note that the Petitioner is being allowed O&M expenses for the period 2019-24, as admitted by the Commission in 2018-19, which has been escalated at the rate of 3.5% per annum. Hence, the additional capital expenditure claimed by the Petitioner is not allowed.

**Occupational Health and Fitness Center and Equipments for employees**

73. The Petitioner has claimed an additional capital expenditure of Rs 3.73 lakh towards Occupational health and fitness centre and equipments under Regulation 36E(2)(b) of the 2021 Second Amendment Regulations. In justification for the same, the Petitioner has submitted that the same is required for Occupational Health and Fitness Centre provided for residents of LSN, in order to maintain work life balance of employees and stay healthy.

74. The Respondent RUVNL has submitted that the Petitioner has sought the expenditure under Regulation 36E(2)(a) and (b) of the 2021 Second Amendment Regulations. and the claim does not survive under either of these regulations and, therefore ought to be rejected.

75. The matter has been considered. We note that the Petitioner is being allowed O&M expenses for the period 2019-24, as admitted by the Commission in 2018-19, which has been escalated at the rate of 3.5% per annum. Hence, the additional capital expenditure claimed by the Petitioner is not allowed. However, the Petitioner is granted liberty to claim the same, with supporting documents, at the time of truing up of tariff along with proper justification and it shall be considered in accordance with the regulations.

**Door Frame Metal Detector (DFMD), Multi zone (5 nos.)**



76. The Petitioner has claimed an additional capital expenditure of Rs 3.92 lakh towards Door Frame metal detector under Regulation 36E(2)(a) of the 2021 Second Amendment Regulations. In justification for the same, the Petitioner has submitted that being an important Mines-cum-Power Project located near Indo-Pak, the installation could be fixed as a target for sabotage and therefore, the security gadget like DFMD is necessary to be fitted in all the gates of the Project in order to detect metals (arms, knife etc.,) that may be hidden on the body of a person, passing through the doors of the Project. In view of the submissions and considering that the expenditure is related to the safety of the Mines, the additional capital expenditure claimed by the Petitioner is allowed.

**2021-22**

77. The Petitioner’s claim for a total additional capital expenditure of Rs 23.56 lakh in 2021-22 is summarized and examined below:

Sl. No.	Head of Work / Equipment	<i>(in Rs)</i>	
		2020-21	Regulation
1	Chain link fencing at around Reservoir area	153800	36E(2)(b)
2	20 Nos Fire extinguishers in Mines	869900	36E(2)(b)
3	Portable Single-Phase welding machine	12499	36E(2)(a)
4	Cameras at weighbridge near material gate	13000	36E(2)(a)
5	4 CCTV cameras at Mines Eastern Gate Diesel Bunk	79146	36E(2)(a)
6	HP - HP 348 G7 i5 / SSD	60000	36E(2)(a)
7	30 Hp Monoblock Pump motor set	83187	36E(2)(a)
8	22 Nos Fire extinguishers in Admin Block and Guest House	956890	36E(2)(b)
9	5 Nos of Khaitan Desert Air Cooler	49750	36E(2)(a)
10	1 No. Electrical DRIL M/C	7020	36E(2)(a)
11	1 No. of Chipping hammer	52800	36E(2)(a)
12	Police Patrolling Van Light Barricade	18000	36E(2)(b)

**Chain link fencing around the Reservoir area**

78. The Petitioner has claimed an additional capital expenditure of Rs 1.54 lakh for providing Chain link fencing around the reservoir area, under Regulation 36E(2)(b) of the



2021 Second Amendment Regulations. In justification for the same, the Petitioner has submitted that there is one reservoir area inside the mines near the LHP bottom, for which desilting work has been carried out recently to increase its storage capacity, then after the depth of the sump has increased to 7 meters. Considering the fact that fencing is required to prevent unauthorized entry of any person or stray animals and from the safety point of view, the claim of the Petitioner is allowed. However, the Petitioner at the time of truing up of tariff, shall furnish the requisite documents, in terms of the regulations, under which the said expenditure has been claimed.

### **20 Nos Fire extinguishers in Mines**

79. The Petitioner has claimed an additional capital expenditure of Rs 8.70 lakh towards 20 numbers of fire extinguishers in mines under Regulation 36E(2)(b) of the 2021 Second Amendment Regulations. Since the claim of the Petitioner for a fire extinguisher is required for ensuring fire protection at the diesel bunk area and LHP mine area of the Project and is based on statutory compliance, the additional capital expenditure claimed by the Petitioner is allowed.

### **Portable single-phase welding machine**

80. The Petitioner has claimed an additional capital expenditure of Rs 0.12 lakh for a Portable welding machine under Regulation 36E(2)(a) of the 2021 Second Amendment Regulations. Since the expenditure claimed is for the welding work of the departmental equipment at the site and is a necessity, the additional capital expenditure claimed by the Petitioner is allowed.



**Cameras at weighbridge near material gate AND 4 CCTV Cameras at Mines Eastern Gate Diesel Bunk**

81. The Petitioner has claimed an additional capital expenditure of Rs 0.13 lakh for Cameras at the weighbridge near the material gate and Rs 0.79 lakh for CCTV cameras at mines under Regulation 36E(2)(a) of the 2021 Second Amendment Regulations. Since the requirement of security cameras is for the surveillance and safety of the respective sites, the additional capital expenditure claimed by the Petitioner is allowed.

**HP - HP 348 G7 i5 / SSD**

82. The Petitioner has claimed an additional capital expenditure of Rs 0.60 lakh for the Purchase of a laptop, under Regulation 36E(2)(a) of the 2021 Second Amendment Regulations. In justification for the same, the Petitioner has submitted that it has purchased and given Laptops to employees, as per policy, for carrying out monitoring of the day to day operations. Since the expenditure is covered under the normative O&M expenses, the additional capital expenditure claimed by the Petitioner is not allowed.

**30 Hp Monoblock pump motor set**

83. The Petitioner has claimed an additional capital expenditure of Rs 0.83 lakh for a 30 HP mono block pump motor set under Regulation 36E(2)(a) of the 2021 Second Amendment Regulations. Since the asset was purchased for pumping of water from the thermal reservoir to township administration, for a continuous supply of water required for horticulture works, the additional capital expenditure claimed by the Petitioner is allowed. However, the Petitioner is directed to submit supporting documents at the time of truing up of tariff.

**Fire extinguishers in Admin Block and Guest House (GH)-22 Nos**

84. The Petitioner has claimed additional capital expenditure of Rs 9.57 lakh for 22 numbers of Fire extinguishers in administrative buildings and Guest houses under





Regulation 36E(2)(b) of the 2021 Second Amendment Regulations. In justification for the same, the Petitioner has submitted that

*“as per IS 2190, fire extinguishers is mandatorily to be installed at all critical locations to quench the fire in the incipient stage of fire breakout. The normal life of Fire Extinguishers is 10 years for Dry Chemical Powder type Fire Extinguisher as per IS:2190/2010, Cause 12.2.1. Old fire extinguisher has already served the life for more than 10 years. Therefore, as a replacement of old fire extinguisher, 22 numbers of Fire Extinguishers are replaced and installed at Township Administration office and Administrative Building office.”*

85. The matter has been considered. Regulation 36(E)(3)(d) of the 2021 Second Amendment Regulations provides that the expenditure on replacement or obsolescence of asset on account of completion of useful life is not allowed if the original cost of such assets has not been decapitalized from the gross fixed asset. Since the Petitioner has not furnished the decapitalization value of the old fire extinguishers, the additional capital expenditure claimed by the Petitioner is not allowed. However, the Petitioner is granted liberty to claim the same at the time of truing up of tariff, along with the decapitalization value of the said asset and it shall be considered in accordance with the regulations.

**Khaitan desert air cooler (5 nos), Electrical drilling m/c (1 no) and Chipping Hammer (1 no)**

86. The Petitioner has claimed additional capital expenditure of Rs 0.50 lakh for 5 desert air coolers, Rs .07 lakh for an electrical drilling machine and Rs 0.53 lakh for chipping hammer under Regulation 36E(2)(a) of the 2021 Second Amendment Regulations. In justification for the same, the Petitioner has submitted that these asserts/items are required to maintain the Guest house and township. Since, the asset/items purchased are required for maintenance purposes, the same may be booked under the normative O&M expenses allowed to the Mines. Accordingly, the additional capital expenditure claimed is not allowed.



**Police patrolling Van light barricade**

87. The Petitioner has claimed an additional capital expenditure of Rs 0.18 lakh for Police Patrolling Van light barricade under Regulation 36E(2)(b) of the 2021 Second Amendment Regulations. Since the expenditure has been incurred and installed in the vehicle of CISF for patrolling to maintain the security of the Mines/Project, the claim is allowed.

**2022-23**

**Construction of Water storage sump**

88. The Petitioner has claimed a total additional capital expenditure of Rs 20.00 lakh towards the Construction of a Water storage sump (2 lakh litres capacity) for horticulture purposes, with water pipeline arrangements, under Regulation 36E(2)(a) and (b) of the 2021 Amendment Regulations. In justification for the same, the Petitioner has submitted the following:

*“Mine closure plan is also an integral part of Mining Plan. As per the Environment norms, around 33% of the Total Mine area is to be covered with Green Belt. To comply with the norms every year plantation target is being decided as per the area (in Ha.), reclaimed on internal dump in previous year. As of now by timely achieving plantation targets more than 20000 nos. plants planted at internal dump area in three phases. Watering in the above plants is carried out by water tankers. As the cumulative area of plantation on internal dump is increasing each year, more and more nos. of trips required for water tanker to water all the plants but available source of water to fill the tankers is significantly far from dump yard area. Hence to make it economical in terms of fuel consumption and maintenance of water tankers, one no. of water storage sump (2 lakh litres capacity) with required pipelines and pump rooms will be constructed at feasible location on internal dump plantation area during 2022-23.”*

89. The matter has been considered. It is noticed that the expenditure claimed towards the construction of a Water storage sump has been carried out considering the plan for mine closure. The steps have been taken by the Petitioner to make the process more economical and for the ease of maintenance of the plantation area. In view of this, the additional capital expenditure claimed is allowed.



## **2023-24**

90. The Petitioner's claim for a total additional capital expenditure of Rs 78.00 lakh in 2023-24 is summarized and examined below:

<i>(Rs. in lakh)</i>			
Sl. No.	Head of Work / Equipment	2023-24	Regulation
1	Construction of water storage sump (2 lakh litres capacity) for horticulture purpose with water pipeline arrangements.	20.00	36E(2)(a) 36 E (2)(b)
2	Lump Breaker in LHS	58.00	

### **Construction of Water storage sump**

91. The Petitioner has claimed additional capital expenditure of Rs 20.00 lakh towards the Construction of a Water storage sump (2 lakh litres capacity) for horticulture purposes with water pipeline arrangements under Regulation 36E(2)(a) & (b) of the 2021 Second Amendment Regulations. It is noticed that the claim of the Petitioner for this asset/item in 2022-23 has been allowed above, considering the justification furnished for the same. However, the Petitioner did not furnish any reason for the requirement of another Water storage sump in 2023-24. It is noticed that the Petitioner in respect of the claim in 2023-24, has mentioned that one water storage sump (2 lakh litres capacity) with required pipelines and pump rooms will be constructed at a feasible location on the internal dump plantation area, during 2022-23. In view of this, the additional capital expenditure claimed by the Petitioner is not allowed. However, the Petitioner is granted liberty to claim the same at the time of truing up of tariff, with proper justification indicating that the same is covered under the mine plan. The Petitioner shall also clarify whether the said expenditure is in addition to the already claimed asset in 2022-23 and the need for an additional sump.



### **Lump Breaker in Lignite Handling System**

92. The Petitioner has claimed an additional expenditure of Rs 58.00 lakh towards Lump breaker in the Lignite Handling System (LHS). In justification for the same, the Petitioner has submitted the following:

*“the Lignite Handling Plant of Barsingsar Mines was erected and commissioned by M/s Energo Engineering Projects Ltd, and the plant is under operation since 23/11/2009. There are 2 Nos. of Lump Breakers equipment’s available in Lignite Handling Plant (1 no. for each stream) for breaking Lignite Lumps of more than 700 mm size at dump Hoppers. The available Lump Breakers have become old, more than 10 years have been completed after erection and commissioning. The functioning of Lump Breakers has become slow and, there is problem of developing cracks in the main booms frequently during their operations, which are to be repaired then and there, resulting in slow feeding and more stoppages in the system. Due to frequent cracking of the main boom safety of the persons working the area is also endangered. As the Lump breakers play very vital role in feeding of lignite in proper size to Thermal power Station, therefore it is proposed to procure one number of new Lump Breaker for the Lignite Handling Plant of Mines through PTE.”*

93. The matter has been considered. From the submissions of the Petitioner, it is evident that a new lump breaker is being procured. However, it is not clear whether the Petitioner is replacing the lump breaker or is planning to procure the lump breaker as a spare. Regulation 36(E)(3)(a) of the 2021 Second Amendment Regulations provides that the expenditure incurred, but not capitalized, as the asset has not been put in service, shall not be considered as additional capital expenditure. Further, Regulation 36(E)(3)(d) of the 2021 Second Amendment Regulations provides that the expenditure on replacement or obsolescence of asset on account of completion of useful life is not allowed if the original cost of such assets has not been decapitalized from the gross fixed asset. The Petitioner has also not furnished the decapitalization value of the old lump breaker. In view of the above, the additional capital expenditure claimed by the Petitioner is not allowed. However, the Petitioner is granted liberty to claim the same at the time of truing up of tariff by furnishing the decapitalization



value of the said asset along with other details, if any, and the same shall be considered in accordance with the regulations.

94. Based on the above discussions, the total additional capital expenditure allowed in respect of Barsingsar Mine for the purpose of inclusion in the calculation of the input price of lignite for the period 2019-24 period is as under:

*(Rs. in lakh)*

Year	Barsingsar Mine
2019-20	40.11
2020-21	4.51
2021-22	12.30
2022-23	20.00
2023-24	0.00
<b>Total</b>	<b>76.92</b>

95. Accordingly, the capital cost allowed for Barsingsar Mines is as under:

*(Rs. in lakh)*

	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Capital Cost	22294.78	22334.89	22339.40	22351.69	22371.69
Admitted Additional Capital Expenditure	40.11	4.51	12.30	20.00	0.00
<b>Closing Capital Cost</b>	<b>22334.89</b>	<b>22339.40</b>	<b>22351.69</b>	<b>22371.69</b>	<b>22371.69</b>

### **Debt Equity Ratio**

96. Regulation 18 of the 2019 Tariff Regulations provides as under:

*“18. Debt-Equity Ratio: (1) For new projects, the debt-equity ratio of 70:30 as on date of commercial operation shall be considered. If the equity actually deployed is more than 30% of the capital cost, equity in excess of 30% shall be treated as normative loan:*

*Provided that:*

- i. where equity actually deployed is less than 30% of the capital cost, actual equity shall be considered for determination of tariff:*
- ii. the equity invested in foreign currency shall be designated in Indian rupees on the date of each investment:*
- iii. any grant obtained for the execution of the project shall not be considered as a part of capital structure for the purpose of debt: equity ratio.*

**Explanation-***The premium, if any, raised by the generating company or the transmission licensee, as the case may be, while issuing share capital and investment of internal resources created out of its free reserve, for the funding of the project, shall be reckoned as paid up capital for the purpose of computing return on equity, only if such premium*



*amount and internal resources are actually utilised for meeting the capital expenditure of the generating station or the transmission system.*

*(2) The generating company or the transmission licensee, as the case may be, shall submit the resolution of the Board of the company or approval of the competent authority in other cases regarding infusion of funds from internal resources in support of the utilization made or proposed to be made to meet the capital expenditure of the generating station or the transmission system including communication system, as the case may be.*

*(3) In case of the generating station and the transmission system including communication system declared under commercial operation prior to 1.4.2019, debt: equity ratio allowed by the Commission for determination of tariff for the period ending 31.3.2019 shall be considered:*

*Provided that in case of a generating station or a transmission system including communication, system which has completed its useful life as on or after 1.4.2019, if the equity actually deployed as on 1.4.2019 is more than 30% of the capital cost, equity in excess of 30% shall not be taken into account for tariff computation;*

*Provided further that in case of projects owned by Damodar Valley Corporation, the debt: equity ratio shall be governed as per sub-clause (ii) of clause (2) of Regulation 72 of these regulations.*

*(4) In case of the generating station and the transmission system including communication system declared under commercial operation prior to 1.4.2019, but where debt: equity ratio has not been determined by the Commission for determination of tariff for the period ending 31.3.2019, the Commission shall approve the debt: equity ratio in accordance with clause (1) of this Regulation.*

*(5) Any expenditure incurred or projected to be incurred on or after 1.4.2019 as may be admitted by the Commission as additional capital expenditure for determination of tariff, and renovation and modernisation expenditure for life extension shall be serviced in the manner specified in clause (1) of this Regulation.”*

97. Regulation 36G (1) of 2021 Second Amendment Regulations, provides as under:

*“(1) For integrated mine(s), debt-equity ratio as on the date of commercial operation and as on the date of achieving Peak Rated Capacity shall be considered in the manner as specified under Clause (1) of Regulation 18 of these regulations:*

*Provided that for integrated mine(s) in respect of lignite with the date of commercial operation prior to 1.4.2019, debt-equity ratio allowed by the Commission for the period ending 31.3.2019 shall form the basis for computation of input price.”*

98. In terms of Regulation 18 of the 2019 Tariff Regulations, the debt-equity ratio of 70:30 has been applied to the year-wise admitted additional capital expenditure for arriving at the additions to loan and equity during each year of the period 2019-24. Accordingly, the details of the debt and equity in respect of the generating station are as under:



(Rs. in lakh)

	Capital Cost as on 1.4.2019	%	Net additional capital expenditure for the period 2019-24	%	Capital Cost as on 31.3.2024	%
Debt	15606.34	70%	53.84	70%	15660.19	70%
Equity	6688.43	30%	23.07	30%	6711.51	30%
<b>Total</b>	<b>22294.78</b>	<b>100%</b>	<b>76.91</b>	<b>100%</b>	<b>22371.69</b>	<b>100%</b>

### Return on Equity

99. Regulation 30 of the 2019 Tariff Regulations provides as under:

*“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 these regulations.*

*(2) Return on equity 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 the storage type hydro generating stations including pumped storage hydro generating stations and run-of-river generating station with pondage:*

*Provided that return on equity in respect of additional capitalization after cut-off date beyond the original scope shall be computed at the weighted average rate of interest on actual loan portfolio of the generating station or the transmission system*

*Provided further that:*

*i. In case of a new project, the rate of return on equity shall be reduced by 1.00% for such period as may be decided by the Commission, if the generating station or transmission system is found to be declared under commercial operation without commissioning of any of the Restricted Governor Mode Operation (RGMO) or Free Governor Mode Operation (FGMO), data telemetry, communication system up to load dispatch centre or protection system based on the report submitted by the respective RLDC;*

*ii. In case of existing generating station, as and when any of the requirements under (i) above of this Regulation are found lacking based on the report submitted by the concerned RLDC, rate of return on equity shall be reduced by 1.00% for the period for which the deficiency continues;*

*iii. In case of a thermal generating station, with effect from 1.4.2020:*

*a) rate of return on equity shall be reduced by 0.25% in case of failure to achieve the ramp rate of 1% per minute;*

*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 of 1% per minute, subject to ceiling of additional rate of return on equity of 1.00%:*

*Provided that the detailed guidelines in this regard shall be issued by National Load Dispatch Centre by 30.6.2019.”*

100. Regulation 31 of the 2019 Tariff Regulations provide as under:

*“31. Tax on Return on Equity. (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 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.

(2) Rate of return on equity shall be rounded off to three decimal places and shall be computed as per the formula given below:

$$\text{Rate of pre-tax return on equity} = \text{Base rate} / (1-t)$$

Where “t” is the effective tax rate in accordance with clause (1) of this Regulation and 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 company on pro-rata basis by excluding the income of non-generation or non-transmission business, as the case may be, and the corresponding tax thereon. In case of generating company or transmission licensee paying Minimum Alternate Tax (MAT), “t” shall be considered as MAT rate including surcharge and cess.

**Illustration-**

(i) In case of a generating company or a transmission licensee paying Minimum Alternate Tax (MAT) @ 21.55% including surcharge and cess:

$$\text{Rate of return on equity} = 15.50 / (1-0.2155) = 19.758\%$$

(ii) In case of a generating company or a transmission licensee paying normal corporate tax including surcharge and cess:

(a) Estimated Gross Income from generation or transmission business for FY 2019-20 is Rs 1,000 crore;

(b) Estimated Advance Tax for the year on above is Rs 240 crore;

(c) Effective Tax Rate for the year 2019-20 = Rs 240 Crore/Rs 1000 Crore = 24%;

(d) Rate of return on equity =  $15.50 / (1-0.24) = 20.395\%$ .

(3) The generating company or the transmission licensee, as the case may be, shall true up the grossed-up rate of return on equity at the end of every financial year based on actual tax paid together with any additional tax demand including interest thereon, duly adjusted for any refund of tax including interest received from the income tax authorities pertaining to the tariff period 2019-24 on actual gross income of any financial year. However, penalty, if any, arising on account of delay in deposit or short deposit of tax amount shall not be claimed by the generating company or the transmission licensee, as the case may be. Any under-recovery or over-recovery of grossed up rate on return on equity after trueing up, shall be recovered or refunded to beneficiaries or the long-term customers, as the case may be, on year to year basis.”

101. Regulation 36G of the 2021 Second Amendment Regulations, provides as under:

“(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%.

(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.”





102. The Petitioner has submitted that the MAT rate applies to it. Accordingly, the MAT rate applicable in 2019-20 has been considered for the purpose of Return on Equity (ROE), which shall be trued up with the actual tax rate in accordance with Regulation 31(3) of the 2019 Tariff Regulations. Accordingly, ROE is worked out and allowed as under:

		<i>(Rs. in lakh)</i>				
		2019-20	2020-21	2021-22	2022-23	2023-24
A	Opening Equity	6688.43	6700.47	6701.82	6705.51	6711.51
B	Additions	12.03	1.35	3.69	6.00	0.00
C	Closing Equity (A+B)	6700.47	6701.82	6705.51	6711.51	6711.51
D	Average Equity (A+C)/2	6694.45	6701.14	6703.66	6708.51	6711.51
E	Return on Equity (Base Rate) (%)	14.000	14.000	14.000	14.000	14.000
F	MAT Rate for respective year (%)	17.472	17.472	17.472	17.472	17.472
G	Rate of Return on Equity (%)	16.964	16.964	16.964	16.964	16.964
H	Return on Equity (D*G)	<b>1135.65</b>	<b>1136.78</b>	<b>1137.21</b>	<b>1138.03</b>	<b>1138.54</b>

### **Interest on Loan**

103. Regulation 32 of the 2019 Tariff Regulations provides as under:

*“32. Interest on loan capital: (1) The loans arrived at in the manner indicated in Regulation 18 of these regulations shall be considered as gross normative loan for calculation of interest on loan.*

*(2) The normative loan outstanding as on 1.4.2019 shall be worked out by deducting the cumulative repayment as admitted by the Commission up to 31.3.2019 from the gross normative loan.*

*(3) The repayment for each of the year of the tariff period 2019-24 shall be deemed to be equal to the depreciation allowed for the corresponding year/period. In case of de-capitalization of assets, the repayment shall be adjusted by taking into account cumulative repayment on a pro rata basis and the adjustment should not exceed cumulative depreciation recovered up to the date of de-capitalisation of such asset.*

*(4) Notwithstanding any moratorium period availed by the generating company or the transmission licensee, as the case may be, the repayment of loan shall be considered from the first year of commercial operation of the project and shall be equal to the depreciation allowed for the year or part of the year.*

*(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.

(6) The interest on loan shall be calculated on the normative average loan of the year by applying the weighted average rate of interest.

(7) The changes to the terms and conditions of the loans shall be reflected from the date of such re-financing.”

104. Regulation 36G of 2021 Second Amendment Regulations provides as under:

“(5) Interest on loan, including normative loan, if any, determined under Clause (1) of this Regulation, shall be arrived at by considering the weighted average rate of interest calculated on the basis of actual loan portfolio, in accordance with Clauses (2) to (7) of Regulation 32 of these regulations.”

105. The interest rate on the loan claimed by the Petitioner is 8.50%, but the details/ documentary evidence supporting the same has not been provided. However, the said rate is considered in this order, subject to the Petitioner submitting documentary evidence supporting the said claim at the time of truing up of tariff. Accordingly, Interest on the loan has been worked out and allowed as under:

	<i>(Rs. in lakh)</i>				
	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
Gross opening loan	15606.34	15634.42	15637.58	15646.19	15660.19
Cumulative repayment of loan up to previous year	8012.39	8962.49	9871.53	10964.91	12059.78
Net Loan Opening	7593.96	6671.93	5766.05	4681.27	3600.40
Addition due to additional capital expenditure	28.08	3.16	8.61	14.00	0.00
Repayment of loan during the year	950.10	909.04	1093.39	1094.87	1095.19
Net Loan Closing	6671.93	5766.05	4681.27	3600.40	2505.21
Average Loan	7132.94	6218.99	5223.66	4140.84	3052.81
Weighted Average Rate of Interest of loan	8.50%	8.50%	8.50%	8.50%	8.50%
<b>Interest on Loan</b>	<b>606.30</b>	<b>528.61</b>	<b>444.01</b>	<b>351.97</b>	<b>259.49</b>

### **Depreciation**

106. Regulation 36H of the 2021 Second Amendment Regulations provides as under:

“36H. Depreciation: (1) Depreciation in respect of integrated mine(s) shall be computed from the date of commercial operation by applying Straight Line Method: Provided that depreciation methodology allowed in respect of integrated mine(s) of lignite which have been declared under commercial operation on or before 31.3.2019, shall continue to apply for determination of input price of lignite.”



107. The rate of depreciation as submitted by the Petitioner, has been considered for the purpose of calculation of depreciation. However, the Petitioner is directed to furnish the item-wise details of the depreciation at the time of truing up of tariff. Accordingly, depreciation has been allowed as under:

	(Rs. in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Capital Cost	22294.78	22334.89	22339.40	22351.69	22371.69
Additional Capitalisation	40.11	4.51	12.30	20.00	0.00
Closing Capital Cost	22334.89	22339.40	22351.69	22371.69	22371.69
Average Capital Cost	22314.83	22337.14	22345.55	22361.69	22371.69
Rate of Depreciation	4.26%	4.07%	4.89%	4.90%	4.90%
Depreciable Value	21199.09	21220.29	21228.27	21243.61	21253.11
Cumulative depreciation at beginning of the year	6879.92	7830.02	8739.06	9832.44	10927.31
Remaining Depreciable Value	15434.91	14507.12	13606.49	12529.25	11444.38
Depreciation (Annualized)	<b>950.10</b>	<b>909.04</b>	<b>1093.39</b>	<b>1094.87</b>	<b>1095.19</b>
Cumulative Depreciation at the end of the period	7830.02	8739.06	9832.44	10927.31	12022.50

### **O&M expenses**

108. As regards O&M expenses, Regulation 36l(1)(b) of the 2021 Second Amendment Regulations provides as under:

*“1(b) The Operation and Maintenance expenses for the tariff period ending on 31<sup>st</sup> March 2024 in respect of the integrated mine(s) of lignite commissioned on or before 31<sup>st</sup> 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;*

*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 31<sup>st</sup> March 2024.*

*(2) Where the development and operation of the integrated mine(s) is undertaken by the generating company by engaging Mine Developer and Operator, the mining charge of such Mine Developer and Operator shall not be included in Operation and Maintenance Expenses under clause (1) of this Regulation;*

*(3) Where an agency other than Mine Developer and Operator is engaged by the generating company, through a transparent competitive bidding process, for crushing or transportation or handling or washing or any combination thereof, the annual charges of such agency shall be considered as part of Operation and Maintenance Expenses, under clause (1) of this Regulation subject to prudence check by the Commission.”*



109. In terms of the above regulation, the normative O&M expenses for the period 2019-24, claimed by the Petitioner, are as under:

	<i>(Rs. in lakh)</i>				
	2019-20	2020-21	2021-22	2022-23	2023-24
Normative O&M expenses (including OB removal expenses)	8134	8419	8714	9019	9334

110. Regulation 36I of the 2021 Second Amendment Regulations provides that the O&M expenses for the period 2019-24 shall be worked out based on the O&M expenses as admitted by the Commission in 2018-19 and escalated at the rate of 3.5% per annum. The Petitioner has considered the normative O&M expenses of Rs. 7859.23 lakh for the year 2018-19 as allowed by order dated 10.6.2022 in Petition No. 173/MP/2020 and subsequently vide order dated 28.9.2023 in Review Petition No. 30/RP/2022, after truing up of tariff for the period 2014-19 and had escalated the same @3.5% for the period 2019-24. Accordingly, we allow the O&M expenses claimed by the Petitioner for determination of the input price for lignite from Barsingsar mines for the period 2019-24. However, the O&M expenses allowed as above are subject to truing up, based on the actual expenses for the period 2019-24. The Petitioner, at the time of truing up of tariff, shall furnish all the details corresponding to the O&M expenses and ensure that the mining charge of such Mine Developer and Operator are not included in the O&M expenses if the development and operation of the integrated mine(s) are undertaken by the Generating company by engaging Mine Developer and Operator.

**Interest on working capital (Lignite Mines)**

111. Clause (3) and (4) of Regulation 34 of the 2019 Tariff Regulations provides as under:



*“(3) Rate of interest on working capital shall be on normative basis and shall be considered as the bank rate as on 1.4.2019 or as on 1st April of the year during the tariff period 2019-24 in which the generating station or a unit thereof or the transmission system including communication system or element thereof, as the case may be, is declared under commercial operation, whichever is later:*

*Provided that in case of truing-up, the rate of interest on working capital shall be considered at bank rate as on 1st April of each of the financial year during the tariff period 2019-24.*

*(4) Interest on working capital shall be payable on normative basis notwithstanding that the generating company or the transmission licensee has not taken loan for working capital from any outside agency.”*

112. Clauses (2) and (3) of Regulation 36J of the 2021 Second Amendment Regulations, provides for the interest on working capital as under:

*(2) The working capital of the integrated mine(s) of lignite shall cover: -*

*(i) Input cost of lignite stock for 7 days of production corresponding to the Annual Target Quantity for the year;*

*(ii) Consumption of stores and spare including explosives, lubricants and fuel @ 20% of Operation and Maintenance expenses, excluding Mining Charge of Mine Developer and Operator and annual charges of the agency other than Mine Developer or Operator, engaged by the generating company; and*

*(iii) Operation and Maintenance expenses for one month, excluding Mining Charge of Mine Developer and Operator and annual charges of the agency other than Mine Developer and Operator, engaged by the generating company.*

*(3) The rate and payment of interest on working capital shall be determined in accordance with Clauses (3) and (4) of Regulation 34 of these regulations.*

113. The Rate of Interest (ROI) for 2019-20 has been considered as 12.05% (SBI 1-year MCLR applicable as on 1.4.2020 of 8.55% plus 350 basis points), ROI for 2020-21 has been considered as 11.25% (SBI 1-year MCLR applicable as on 1.4.2020 of 7.75% plus 350 basis points) whereas the ROI for 2021-22 and 2022-23 has been considered as 10.50% (SBI 1-year MCLR applicable as on 1.4.2021 of 7.00% plus 350 basis points), ROI for 2023-24 has been considered as 12.00% (SBI 1-year MCLR applicable as on 1.4.2023 of 8.50% plus 350 basis points). Accordingly, the components of the working capital and interest thereon allowed are as follows:



(Rs. in lakh)

	2019-20	2020-21	2021-22	2022-23	2023-24
Input Cost of Coal/Lignite Stock for 7 days of Production corresponding to ATQ for the relevant year	215.47	222.67	228.46	233.58	237.78
Consumption of stores and spare including explosives, lubricants and fuels (@ 20%) of O&M expenses, excluding mining charge of MDO or annual charge of any agency other than MDO	1626.85	1683.79	1742.73	1803.72	1866.85
One Month O & M Expenses excluding mining charge of MDO or annual charge of any agency other than MDO	677.86	701.58	726.14	751.55	777.86
<b>Total Working Capital</b>	<b>2520.18</b>	<b>2608.05</b>	<b>2697.33</b>	<b>2788.85</b>	<b>2882.49</b>
Rate of Interest on Working Capital (%)	12.05	11.25	10.50	10.50	12.00
<b>Interest on Working Capital</b>	<b>303.68</b>	<b>293.41</b>	<b>283.82</b>	<b>292.83</b>	<b>345.90</b>

### **Mine Closure expenses**

114. As per Regulation 36K of the 2021 Second Amendment Regulations, Mine Closure expenses are provided as under:

*“36K. Mine Closure Expenses: (1) Where the mine closure is undertaken by the generating company, the amount deposited in the Escrow account as per the Mining Plan, after adjusting interest earned, if any, on the said deposits shall be admitted as Mine Closure Expenses: Provided that,*

*a) the amount deposited in the Escrow account as per the Mining Plan prior to the Date of Commercial Operation of the integrated mine(s) shall be indicated separately and shall be recovered over the useful life of the integrated mine(s) in the form of annuity linked to the borrowing rate;*

*b) the amount deposited in the Escrow account as per the Mining Plan or any expenditure incurred towards mine closure shall be excluded from the capital cost for computing input price;*

*c) where the expenditure incurred towards mine closure falls short of or is in excess of the reimbursement received from the Escrow account during the tariff period 2019-24, the shortfall or excess shall be carried forward to the subsequent years for adjustments.*

*(2) The amount towards mine closure shall be deposited in the Escrow account as per the Mining Plan and shall be recovered as part of input price irrespective of the expenditure incurred towards mine closure during any of the years of the tariff period.*

*(3) Where mine closure is within the scope of Mine Developer and Operator engaged by the generating company and mine closure expenses are part of the Mining Charge of Mine Developer and Operator, the mine closure expenses shall be met out of the Mining Charge and no mine closure expenses shall be admissible to the generating company separately: Provided that,*

*a) the amount deposited in the Escrow account by the Mine Developer and Operator or by the generating company and any amount received from the Escrow Account against*



expenditure incurred towards mine closure shall not be considered for computing input price; and

b) the difference between the borrowing cost, arrived at by considering the weighted average rate of interest calculated on the basis of actual loan portfolio in accordance with the methodology specified in Regulation 32 of these regulations, and the amount deposited in Escrow account and the interest received from Escrow account in a year shall be adjusted in the input price of coal or lignite of the respective year, as part of mine closure expenses, on case to case basis;

(4) Where the mine closure is within the scope of Mine Developer and Operator engaged by the generating company only for a part of useful life of the integrated mine(s) and the generating company undertakes the mine closure for the balance useful life, the treatment of mine closure during the period undertaken by the generating company shall be in accordance with Clause(1) of this Regulation and mine closure during the period undertaken by the Mine Developer and Operator shall be in accordance with Clause (3) of this Regulation: Provided that the treatment of mine closure at the end of useful life of the integrated mine(s) shall be decided by the Commission on case to case basis.

(5) The mine closure expenses worked out in accordance with this Regulation shall not be applicable in case of the integrated mine(s) allocated through auction route under Coal Mines (Special Provisions) Act, 2015.”

115. The Petitioner has furnished details pertaining to the Amount of Deposit in the Escrow account and the corresponding Interest Earned/Accrued for the fiscal years 2019-20, 2020-21 and 2021-22. Additionally, the Petitioner has calculated Mine Closure expenses, incorporating an escalation rate of 5% during the years 2022-23 and 2023-24. Notably, no documentary evidence supporting the deposit in the escrow account has been submitted by the Petitioner. In light of this, the provisional approval for the mine closure expenses is granted, subject to the deduction of the interest earned/accrued. The petitioner is hereby directed to furnish the requisite documentary evidence at the time of truing-up.

*(Rs. in lakh)*

Year	Amount of Deposit in Escrow account	Interest Earned/Accrued in Escrow account	Admissible Mine closure expenses
2019-20	207.96	71.93	136.03
2020-21	401.72	77.69	324.03
2021-22	247.44	6.09	241.35
2022-23			253.42
2023-24			266.09



### **Annual Extraction Cost allowed for the period 2019-24**

116. Based on the above discussion, the annual extraction cost allowed for the coal mine is summarized as under:

	(Rs. in lakh)				
	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
Return on Equity	1135.65	1136.78	1137.21	1138.03	1138.54
Interest on Loan	606.30	528.61	444.01	351.97	259.49
Depreciation	950.10	909.04	1093.39	1094.87	1095.19
Interest on Working Capital	303.68	293.41	283.22	292.83	345.90
O&M Expenses	8134.27	8418.97	8713.64	9018.61	9334.26
Mine Closure expenses	136.03	324.03	241.35	253.42	266.09
<b>Total</b>	<b>11266.03</b>	<b>11610.84</b>	<b>11912.81</b>	<b>12149.73</b>	<b>12439.47</b>

### **Annual Target Quantity**

117. In terms of the 2021 Second Amendment Regulations, the input price of lignite is to be determined based on the Annual Target Quantity (ATQ) of integrated mines, where ATQ, as per Regulation 3 (4)(a) of the 2021 Second Amendment Regulations has been defined under:

*'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"*

118. As regards the Barsingsar Mines, the Petitioner has submitted that the production of lignite during the years 2019-20 and 2020-21 was based on the CUF of 78%, as envisaged in the earlier tariff control period. It has also submitted that since the Amendment Regulations were notified at a later stage, the Petitioner has proposed revision of its mining plan, keeping in view the actual requirement of lignite for its linked generating station, retrospectively, with effect from 1.4.2019. Accordingly, the Petitioner has prayed for





consideration of a 15% relaxation in the ATQ from the approved mine capacity, in addition to the deviation approved by the CCO, for the years 2019-20, 2020-21 and 2021-22 for recovery of fixed charges of Mines, while determining the input price of lignite, in terms of Regulation 76 (Power to Relax) and Regulation 77 (Power to remove difficulties) of the 2019 Tariff Regulations.

119. The matter has been considered. As stated, the MOC, GOI had approved the revised mine plan prospectively, with effect from 2022-23 onwards only, as tabulated below:

<b>Mine</b>		<b>2022-23</b>	<b>2023-24</b>
Barsingsar Mine (LTPA)	Original Mine Plan	21	21
	Revised Mine Plan	15	15

120. It is evident from the submissions of the Petitioner that for the years 2019-20, 2020-21 and 2021-22, the actual production of lignite was less than the Target Quantity mentioned in the Mine plan on account of the lower requirement of the thermal station. The Petitioner, vide its letter dated 6.10.2022, had approached the CCO for approval of the deviation in the production schedule, as per the approved Mine plan for the years 2019-20, 2020-21 and 2021-22 in terms of Regulation 36(B)(4) of the 2021 Second Amendment Regulations, which provides as under:

*“The generating company shall adhere to the mining plan for extraction of coal or lignite on annual basis and shall submit a certificate to that effect from the coal controller or the competent authority.”*

121. The summary of the deviation in the production of lignite with respect to the Mine plan of Barsingsar Mines of the Petitioner, submitted to the CCO, is as under:

		(in Lac Tons)		
		<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>
Barsingsar Mines	ATQ in LT	21	21	21
	Actual Production in LT	13.5	12.4	14.8
	<b>Shortfall in LT</b>	7.5	8.6	6.2



122. It is observed that the CCO, vide its letter dated 24.2.2023, had approved the deviation of the production of lignite based on the relaxation granted by the nominated authority, MOC, GOI to the captive mines. The CCO has accordingly extended the relaxation in the production schedule of lignite, considering the Covid-19 outbreak as three (3) months each for the years 2020-21 and 2021-22. Based on this, the deviation of production of lignite approved by the CCO with respect to the mine plan is as under:

		<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>
Barsingsar Mine	ATQ in LT	21	21	21
	Total deviation recommended in LT	0	5.25	5.25
	Total ATQ in LT	21	15.75	15.75

123. Hence, the ATQ for the period 2019-24, as approved by the competent authority, is as under:

	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
Barsingsar Mine (Qty in lakh tonne)	21	15.75	15.75	15	15
	<b>As per CCO approval</b>			<b>As per the revised Mine Plan</b>	

124. As stated, the Petitioner has prayed for a relaxation of 15% in ATQ from the approved mine capacity, in addition to the deviation approved by the CCO, for the three years, i.e. 2019-20 to 2021-22. It is pertinent to mention that the Circulating Fluidised Bed Combustion (CFBC) boilers are different from the conventional pulverized fuel boiler, which are used in other power plants, and 125 MW CFBC boilers are the first of their kind. It is noticed that the Petitioner, during the commissioning of these boilers, had faced problems like the failure of fluidised bed heat exchanger tubes and differential temperature problems in turbine top and bottom casings. The Petitioner has submitted that the production of lignite from the mines was affected due to issues, which were beyond the control of the generating station on account of the fact that CFBC Boiler Technology adopted in the generating station had



teething problems. Moreover, the Petitioner was not allowed to sell the lignite excavated from the captive mines in the open market by the State Government till 2021-22.

125. Regulation 36(3) of 2019 Tariff Regulations provides as under:

*“Till the regulations for computation of input price of lignite is notified, the input price of lignite shall continue to be determined as per the guidelines specified by Ministry of Coal, Government of India.”*

126. The aforesaid regulation permits the input price of lignite to be determined, as per the guidelines specified by the MOC, till notification of the regulations governing the determination of input price of coal/lignite, by the Commission. Prior to the issuance of 2021 Second Amendment Regulations, the transfer price of lignite, was based on the guidelines specified by the MOC GOI, which had stipulated the CUF of 78%. Accordingly, the Petitioner proceeded with its approved production plan, which was linked to 78% of mine capacity. Though the 2021 Second Amendment Regulations, with regard to the input price of lignite were notified on 13.9.2021. the same was made applicable with effect from 1.4.2019. The capacity of Barsingsar mines, as per the original mine plan, is 21 LTPA. To look into the matter from a holistic perspective, the details of the actual CUF of the Barsingsar mines for the past 10 years is as under:

Year	Production (MT)	Percentage (%)
2021-22	14.77	70.33%
2020-21	12.37	58.90%
2019-20	13.48	64.19%
2018-19	12.08	57.52%
2017-18	15.84	75.43%
2016-17	14.13	67.29%
2015-16	12.24	58.29%
2014-15	13.52	64.38%
2013-14	15.53	73.95%
2012-13	13.79	65.67%
<b>Average %</b>		<b>65.60%</b>



127. The Barsingsar mines are linked to the generating station comprising of 250 MW capacity. The generating station is still witnessing teething problems, such as the failure of boiler tubes, damage in the refractory, etc., and the technology is yet to be stabilized. Due to the above issues, the thermal Project is not able to achieve full capacity. Being a captive Mine linked to the thermal Project, the production of lignite was also planned according to the requirements of the linked thermal Project. Further, the Petitioner was also not allowed to sell the lignite excavated from captive Mines in the open market by the State Government of Rajasthan. Based on the notification dated 4.10.2021 by the MOC GOI, the State Government, on 1.12.2021, had permitted the Petitioner to sell lignite in the open market.

128. From the details of the year-wise generation of thermal stations vis-a-vis the production of Mines, as submitted by the Petitioner, it is noticed that against the MOC guideline of 78% of 2.1 MTPA, i.e. 1.638 MTPA, the linked mines could produce only 1.3775 MTPA, on an average, based on the requirement of the linked thermal power plant, which is approximately 65.60% of the mine capacity.

129. Proviso to Regulation 3(4)(a) of the 2021 Second Amendment Regulations (as *quoted above*) provides that in case the integrated mine(s) of coal or lignite is ready for supply of coal or lignite as per the Mine 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. Regulation 76 of the 2019 Tariff Regulations provides as under:

*“76. The Commission, for reasons to be recorded in writing, may relax any of the provisions of these regulations on its own motion or on an application made before it by an interested person”*



130. It is an established principle of law that the power to relax has to be strictly construed and is to be exercised judiciously and with caution. In the present case, the 2021 Second Amendment through notified on 13.9.2021, which provides for ATQ at peak rated capacity, has been made effective from 1.4.2019, i.e. with retrospective effect. Thus, till the notification of the Second Amendment, the Petitioner had planned the power generation and linked the mine production, based on the requirement of lignite for the generating station, considering the MOC specified guideline of 78% of the mine capacity. Though the Petitioner has approached the MOC for the revision in the Mine plan, based on the requirement of the linked mines, instead of the peak rated capacity, the MOC has approved the revised mine plan prospectively, i.e. from 2022-23 onwards. Also, the option of selling lignite in open market was not available to the Petitioner prior to December 2021. In consideration of the issues/ problems faced by the Petitioner as narrated above, we are of the view that it is a fit case for relaxation of ATQ by invoking the powers vested under Regulation 76 (Power to Relax) of the 2019 Tariff Regulations. Accordingly, the Commission, in exercise of its powers under Regulation 76 of the 2019 Tariff Regulations, allow the relaxation of ATQ by 15%, in addition to the relaxation provided by the CCO, for the years 2019-20, 2020-21 and 2021-22, subject to the ceiling of the actual production during the years, whichever is higher. The CCO has not relaxed ATQ for the year 2019-20, but has relaxed the 5.25 LTPA for the years 2020-21 and 2021-22. Accordingly, considering further relaxation of 15%, the ATQ of the Barsingsar Mines for the years 2019-20, 2020-21 and 2021-22, limited to the actual production, whichever is higher, is revised as under:

Year/ATQ	<i>(Lakh tons)</i>		
	2019-20	2020-21	2021-22
Original Mine Plan-ATQ (A)	21	21	21
Revised Production after CCO approval (B)	21	15.75	15.75



Relaxation under power to relax (85%) (1-0.85) * B= (C)	3.15	2.36	2.36
ATQ to be considered (B-C) =D	17.85	13.39	13.39
Actual Production (E)	13.5	12.4	14.8
Allowed ATQ under Power to Relax (D) or (E) whichever is higher	17.85	13.39	14.8

131. The Petitioner has not submitted any adjustment, on account of the shortfall of 'Overburden Removal' and on the adjustment of non-tariff income. However, the Petitioner has submitted that the information/details, on this count, will be submitted at the time of truing up of tariff.

### **Run of Mine (ROM) Cost**

132. Regulation 36B of 2021 Second Amendment Regulations provides as under:

**“36B. Run of Mine (ROM) Cost:** (1) Run of Mine Cost of coal in case of integrated mine(s) allocated through auction route under Coal Mines (Special Provisions) Act, 2015 shall be worked out as under:

ROM Cost = (Quoted Price of coal) + (Fixed Reserve Price)

Where,

(i) Quoted Price of coal is the Final Price Offer of coal in respect of the concerned coal block or mine, along with subsequent escalation, if any, as provided in the Coal Mine Development and

Production Agreement:

Provided that additional premium, if any, quoted by the generating company during auction, shall not be considered in the Run of Mine Cost;

(ii) Fixed Reserve Price is the fixed reserve price per tonne along with subsequent escalation, if any, as provided in the Coal Mine Development and Production Agreement: and

(iii) Capital cost under Regulation 36D and additional capital expenditure under Regulation 36E shall not be admissible for the purpose of ROM cost in respect of integrated mine(s) allocated through auction route.”

(2) Run of Mine Cost of coal in case of integrated mine allocated through allotment route under Coal Mines (Special Provisions) Act, 2015 shall be worked out as under:

ROM Cost = [(Annual Extraction Cost / ATQ) + Mining Charge] + (Fixed Reserve Price).

Where,

(i) Annual Extraction Cost is the cost of extraction of coal as computed in accordance with Regulation 36F of these regulations;

(ii) Mining Charge is the charge per tonne of coal paid by the generating company to the Mine Developer and Operator engaged by the generating company for mining, wherever applicable; and



(iii) Fixed Reserve Price is the fixed reserve price per tonne along with subsequent escalation, if any, as provided in the Coal Mine Development and Production Agreement.

(3) Run of Mine Cost of lignite in case of integrated mine(s) for lignite shall be worked out as under:

$$\text{ROM Cost} = [(\text{Annual Extraction Cost} / \text{ATQ}) + (\text{Mining Charge})]$$

Where,

(i) Annual Extraction Cost is the cost of extraction of lignite as computed in accordance with Regulation 36F of these regulations; and

(ii) Mining Charge is the charge per tonne of lignite paid by the generating company to the Mine Developer and Operator engaged by the generating company for mining, wherever applicable.

(4) The generating company shall adhere to the Mining Plan for extraction of coal or lignite on annual basis and shall submit a certificate to that effect from the Coal Controller or the competent authority: Provided that deviations from the Mining Plan shall be considered only if such deviations have been approved by the Coal Controller or the revised Mining Plan has been approved by the competent authority. ;

(5) Run of Mine Cost of coal and lignite shall be worked out in terms of Rupees per tonne.

	2019-20	2020-21	2021-22	2022-23	2023-24
Annual Extraction cost (Rs. in lakh)	11266.03	11610.84	11912.81	12149.73	12439.47
Annual Target Quantity (ATQ) as approved (Tonne)	1785000	1339000	1480000	1500000	1500000
<b>Run of Mine Cost (Rs./Tonne)</b>	<b>631.15</b>	<b>867.13</b>	<b>804.92</b>	<b>809.98</b>	<b>829.30</b>

### **Statutory Charges**

133. The Petitioner vide affidavit dated 15.5.2023, has claimed the following statutory charges:

2019-20	2020-21	2021-22	2022-23	2023-24
59	86	89	76	77

134. Regulation 36(A) of the 2021 Amendment Regulations provides as under:

“36A. Input Price of coal or Lignite: (1) Input price of coal or lignite from the integrated mine(s) shall be determined based on the following components:

I) Run of Mine (ROM) cost; and

II) Additional charges:

a. crushing charges;

b. transportation charge within the mine up to the washery end or coal handling plant associated with the integrated mine, as the case may be;

c. handling charges at mine end;



d. washing charges; and

e. transportation charges beyond the washery end or coal handling plant, as the case may be, and up to the loading point:

Provided that one or more components of additional charges may be applicable in case of the integrated mine(s), based on the scope and nature of the mining activities;

Provided further that the input price of lignite shall be computed based on Run of Mine (ROM) based on the technology such as bucket excavator-conveyor or belt-spreader or its combination and handling charges, if any.

(2) Statutory Charges, as applicable, shall be allowed

135. In accordance with Regulation 36A(2) & 36(M) of the 2021 Second Amendment Regulations, Statutory charges shall be a component of the input price/charges of lignite. In view of the above, statutory charges are allowed provisionally based on the Annual Extraction Cost (AEC) & Annual Target Quantity (ATQ) determined above by the commission, which is as under: -

<i>(Rs.in lakh)</i>						
<b>Statutory Charges</b>		<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
Royalty (A)	6%	38	52	48	49	50
District Mineral Foundation (B)	30%	11	16	14	15	15
National Mineral Exploration Trust (NMET) (C)	2%	1	1	1	1	1
<b>Total</b>		<b>50</b>	<b>69</b>	<b>64</b>	<b>64</b>	<b>66</b>
GST on (A+B+C)	18%	9	12	11	12	12
<b>Total</b>		<b>59</b>	<b>81</b>	<b>75</b>	<b>76</b>	<b>78</b>

136. The Petitioner shall at the time of truing-up of tariff, submit the auditor certificate for the rates and payment to respective authorities, validating the statutory charges incurred.

### **Additional Charges**

137. Regulation 36(C) of the 2021 Second Amendment Regulations provides as under:

**“36C. Additional Charges:** (1) Where crushing or transportation or handling or washing are undertaken by the generating company without engaging Mine Developer and Operator or an agency other than Mine Developer and Operator, additional charges shall be worked out as under:

(i) *Crushing Charges = Annual Crushing Cost/Quantity;*

(ii) *Transportation Charges= Annual Transportation Cost/Quantity;*





*Provided that separate transportation charges, as applicable, shall be considered from mine up to washery end or coal handling plant associated with the integrated mine(s) and beyond washery end*

*or coal handling plant associated with the integrated mine(s) and up to the loading point, as the case may be;*

*(iii) Handling charges = Annual Handling Cost/Quantity; and*

*(iv) Washing Charges = Annual Washing Cost/Quantity.*

*Where,*

*(a) Annual Crushing Cost, Annual Transportation Cost, Annual Handling Cost and Annual Washing Cost shall be worked out on the basis of following components, for which the generating company shall submit the capital cost separately:*

*(i) Depreciation;*

*(ii) Interest on Working Capital;*

*(iii) Interest on Loan;*

*(iv) Return on Equity;*

*(v) Operation and Maintenance Expenses, excluding mining charge;*

*(vi) Statutory charges, if applicable.*

*(b) Quantity shall be the quantity of coal or lignite in tonne crushed or transported or handled or washed, as the case may be, during the year duly certified by the Auditor.*

*(2) Where crushing, transportation, handling or washing are within the scope of the Mine Developer and Operator engaged by the generating company, no additional charges shall be admitted, as the same shall be recovered through Mining Charge of the Mine Developer and Operator.*

*(3) Where crushing, transportation, handling or washing are undertaken by the generating company by engaging an agency other than Mine Developer and Operator, the annual charges of such agencies shall be considered as part of the Operation and Maintenance Expenses, provided that the charges have been discovered through a transparent competitive bidding process.*

*(4) The crushing charges, transportation charges, handling charges, and washing charges shall be admitted by the Commission after prudence check, considering charges of Coal India Limited or similarly placed coal mines or any other reference charges.*

*(5) The crushing charges, transportation charges, handling charges, and washing charges shall be worked out in terms of Rupees per tonne.”*

138. Regulation 36(C)(3) of the 2021 Second Amendment Regulations provides that where crushing, transportation, handling or washing are undertaken by the generating company by engaging an agency other than Mine developer and Operator, the annual charge of such agencies shall be considered as part of the Operation and Maintenance expenses, provided that the charges have been discovered through a transparent competitive bidding. Accordingly, the Petitioner, shall, at the time of truing up of tariff, certify that the charges have been discovered through a transparent competitive bidding.



139. Based on the above deliberations, the Run of Mine Cost in respect of Barsingsar Mines, as claimed and allowed for the period 2019-24 is as under:

	<i>(Rs /tonne)</i>				
	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
ROM cost claimed	842.00	931.00	806.00	812.00	829.00
<b>Run of Mine Cost allowed</b>	<b>631.15</b>	<b>867.13</b>	<b>804.92</b>	<b>809.98</b>	<b>829.30</b>

140. The statutory charges are allowed separately apart from the Run of Mine (ROM) cost allowed as above.

141. The input price of lignite approved as above, is subject to truing up, in terms of Regulation 13 of the 2019 Tariff Regulations.

142. Petition No. 21/MP/2023 is disposed of in terms of the above.

Sd/-  
**(Pravas Kumar Singh)**  
Member

Sd/-  
**(Arun Goyal)**  
Member

Sd/-  
**(Jishnu Barua)**  
Chairperson

