

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 702/GT/2025

Coram:

**Shri Jishnu Barua, Chairperson
Shri Ramesh Babu V., Member
Shri Harish Dudani, Member
Shri Ravinder Singh Dhillon, Member**

Date of Order: 27th June, 2026

In the matter of:

Petition for determination of the tariff of Tanda Super Thermal Power Station Stage-I (440 MW) for the period 2024-29.

And

In the matter of:

NTPC Limited,
NTPC Bhawan, Core-7, Scope Complex,
7, Institutional Area, Lodhi Road, New Delhi-110 003

...Petitioner

Vs

Uttar Pradesh Power Corporation Limited,
Shakti Bhawan, 14 Ashok Marg, Lucknow- 226001

...Respondent

Parties Present:

Shri Ajitesh Garg, Advocate, NTPC
Shri Shiv Bhavan, NTPC
Shri Sameer Aggarwal, NTPC
Shri Divyanshu Bhatt, Advocate, UPPCL
Shri Shashwat Singh, Advocate, UPPCL
Shri Prakher Shukla, Advocate, UPPCL

ORDER

This Petition has been filed by the Petitioner, NTPC Limited, for approval of tariff of Tanda Thermal Power Station Stage-I (440 MW) (in short, 'the generating station') for the period 2024-29, in accordance with the provisions of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024 (in short, 'the 2024 Tariff Regulations'). The generating station, with a total capacity of 440 MW,



comprises four units of 110 MW each and the dates of commissioning of the units are as under:

Unit(s)	Actual COD
Unit-I	21.3.1988
Unit-II	11.3.1989
Unit- III	28.3.1990
Unit-IV/Generating Station	20.2.1998
Date of takeover by NTPC	14.1.2000

2. The Commission, vide its order dated 17.4.2024 in Petition No. 445/GT/2020, had determined the tariff of the generating station for the period 2019-24. Thereafter, in Petition No. 701/GT/2025 filed by the Petitioner, the Commission, vide its order dated 28.5.2026, trued-up the tariff of the generating station for the period 2019-24. Accordingly, the capital cost and the annual fixed charges allowed vide the said order are as under:

Capital Cost

	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Capital Cost	124680.51	124898.99	125042.42	125087.59	124875.44
Net additional capital expenditure allowed	218.48	143.43	45.17	-212.15	517.97
Closing Capital Cost	124898.99	125042.42	125087.59	124875.44	125393.41

(Rs. in lakh)

Annual Fixed Charges

	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	4089.23	4126.49	4161.63	4147.94	4544.53
Interest on loan	40.91	-	-	-	-
Return on Equity	7030.68	7037.96	7039.81	7028.54	7031.65
O&M Expenses	22440.88	21962.34	21473.82	21760.31	21937.00
Interest on Working Capital	3874.33	3961.64	3643.19	3670.89	5546.26
Total	37476.05	37088.43	36318.45	36607.67	39059.44

(Rs. in lakh)

Present Petition

3. The present Petition has been filed by the Petitioner vide affidavit dated 25.11.2024 for the determination of the tariff of the generating station for the period 2024-29, in accordance with the provisions of Regulation 9 of the 2024 Tariff Regulations and has claimed the annual fixed charges and capital cost as under:



Capital Cost

(a) Capital cost eligible for Return on Equity at normal rate:

(Rs. in lakh)

	2024-25	2025-26	2026-27	2027-28	2028-29
Opening Capital Cost	124453.01	125661.51	129472.51	132215.15	132345.15
Additional capital expenditure within the original scope	1208.50	3811.00	2742.64	130.00	-
Closing Capital Cost	125661.51	129472.51	132215.15	132345.15	132345.15

(b) Capital cost eligible for Return on Equity linked with SBI MCLR:

(Rs. in lakh)

	2024-25	2025-26	2026-27	2027-28	2028-29
Opening Capital Cost	300.82	300.82	550.82	550.82	550.82
Additional capital expenditure beyond the scope	-	250.00	-	-	-
Closing Capital Cost	300.82	550.82	550.82	550.82	550.82

Annual Fixed Charges

(Rs. in lakh)

	2024-25	2025-26	2026-27	2027-28	2028-29
Depreciation	4067.96	292.61	640.92	806.87	815.48
Interest on loan	-	100.36	255.93	278.12	216.08
Return on Equity	7059.76	7206.70	7396.85	7477.79	7481.45
Interest on Working Capital	5888.74	5845.97	5866.77	5880.57	5893.31
O&M Expenses	21896.99	22095.75	22308.83	22537.38	22782.67
Unrecovered Depreciation	16.27	0.00	0.00	0.00	0.00
Total	38929.73	35541.40	36469.31	36980.73	37188.98

4. Pursuant to the directions of the Commission vide ROP of the hearing dated 28.8.2025, the Petitioner, vide affidavit dated 29.9.2025, has submitted the following:

(a) The generating station was taken over from the erstwhile UPSEB on 14.1.2000 and accordingly, completed its useful life on 13.1.2025. The generating station underwent midlife R&M in phases, and major R&M was completed in 2013; therefore, it is not eligible for any Special allowance in terms of Regulation 28 of the 2024 Tariff Regulations. Considering the special status of the generating station, it requested the Respondent beneficiary to consider the extension of PPA along with consent for the proposed additional capitalisation required to meet the expenses for sustained operation of the generating station after the end of its useful life.

(b) However, the Respondent vide letter dated 10.1.2025 (copy enclosed therein), declined the request of the Petitioner for the extension of PPA. Owing to the non-extension of PPA and in the absence of any beneficiary for the generating station, the Board of Directors of the Petitioner company, at its 558th meeting held on



28.8.2025, approved the permanent stoppage of operations of the existing units and their subsequent decommissioning.

(c) In view of the resolution dated 28.8.2025 (copy enclosed), the operation of the generating station has been permanently discontinued (except Ash Dyke and Township) w.e.f. 1.9.2025. The intimation for decommissioning of the generating station was communicated to CEA vide letter dated 4.9.2025.

(d) The present Petition was filed for the determination of the tariff of the generating station for the period 2024-29, based on the capital cost arrived after actual additional capital expenditure up to 31.3.2024 and projected additional capital expenditure for the period 2024-29. However, following the non-extension of the PPA by its sole beneficiary, the tariff may be determined only up to 2024-25.

5. The Petitioner in the said affidavit has sought the liberty of the Commission to file detailed submissions with regard to the following:

- (i) Revised tariff forms based on the actual additional capital expenditure up to 2024-25;*
- (ii) Details of unrecovered depreciation;*
- (iii) Details of liabilities, including liabilities towards pension of erstwhile UPSEB employees;*
- (iv) Details of the capital spares lying at station;*
- (v) Details of capital works in progress which could not be put to use due to sudden closure of the station;*
- (vi) Any other detail which may deem fit in this regard.*
- (vii) To file detailed submissions incorporating information as detailed above (i) to (vi) above, at a later stage; and*
- (viii) To approach the Commission in future regarding decommissioning of the generating station as per the provisions of the 2024 Tariff Regulations.*

6. As stated above, the plant was taken over by the Petitioner on 14.1.2000 and the 'useful life' was completed on 13.1.2025 (i.e., during 2024-25). Though the Petitioner vide affidavit dated 25.11.2024 had claimed the annual fixed charges and capital cost for the period 2024-29 (as in para 3 above), it has, vide affidavit dated 29.9.2025, submitted that in the absence of any beneficiary after the expiry of the PPA, the tariff for the generating station may be determined up to 2024-25 only. Considering the fact that the PPA has expired in 2024-25 and that the same was not extended by the Respondent herein, we accept the prayer of the Petitioner and proceed to determine



the tariff of the generating station for the year 2024-25 (1.4.2024 till 13.1.2025), based on the admitted capital cost and other applicable provisions of the 2024 Tariff Regulations. The Petitioner is, however, granted liberty to file detailed submissions on the various issues/ items, as sought for by it in para 5 above, in future, and the same will be considered in accordance with law.

7. Reply to the petition has been filed by the Respondent vide affidavit dated 1.11.2025, and rejoinder to the same has been filed by the Petitioner vide affidavit dated 16.1.2026. The Petition was heard on 21.1.2026, and the Commission reserved its order thereon. Based on the submissions and the documents on record, we proceed to determine the tariff of the generating station for the period 2024-25 (i.e., till 13.1.2025), after a prudence check, as stated in the subsequent paragraphs.

Capital Cost

8. Regulation 19(1) of the 2024 Tariff Regulations provides that the capital cost as determined by the Commission after a prudence check, in accordance with this regulation, shall form the basis of the determination of tariff for existing and new projects. Clause 3 of Regulation 19 of the 2024 Tariff Regulations provides as under:

“(3) The Capital cost of an existing project shall include the following:

(a) Capital cost admitted by the Commission prior to 1.4.2024 duly trued up by excluding liability, if any, as on 1.4.2024;

(b) Additional capitalization and de-capitalization for the respective year of tariff as determined in accordance with these regulations;

(c) Capital expenditure on account of renovation and modernisation as admitted by this Commission in accordance with these regulations;

(d) Capital expenditure on account of ash disposal and utilization, including handling and transportation facility;

(e) Capital expenditure incurred towards railway infrastructure and its augmentation for transportation of coal up to the receiving end of generating station but does not include the transportation cost and any other appurtenant cost paid to the railway;

(f) Capital cost incurred or projected to be incurred by a thermal generating station, on account of implementation of the norms under the Perform, Achieve and Trade (PAT) scheme of the Government of India shall be considered by the Commission subject to sharing of benefits accrued under the PAT scheme with the beneficiaries;



- (g) Expenditure required to enable flexible operation of the generating station at lower loads;*
- (h) Capital expenditure on account of biomass handling equipment and facilities, for cofiring; and*
- (i) Expenditure on account of change in law and force majeure events;*
- (j) Expenditure incurred or projected to be incurred, on account of the integrated energy storage system.”*

9. The Commission, vide order dated 28.5.2026 in Petition No. 701/GT/2025, had allowed the closing capital cost of Rs. 125393.41 lakh, on a cash basis, as on 31.3.2024. Accordingly, in terms of Regulation 19 (3) of the 2024 Tariff Regulations, the closing capital cost of Rs. 125393.41, as on 31.3.2024, has been considered as the opening capital cost as on 1.4.2024, on a cash basis, for the determination of the tariff of the generating station for the period 1.4.2024 to 13.1.2025.

Additional Capital Expenditure

10. Regulations 25 and 26 of the 2024 Tariff Regulations, provide as under:

- “25. Additional Capitalisation within the original scope and upto the cut-off date***
- (1) The additional capital expenditure incurred or projected to be incurred in respect of an existing project or a new project including integrated energy storage system on the following counts within the original scope of work and after the cut-off date may be admitted by the Commission, subject to prudence check: Undischarged liabilities recognized to be payable at a future date;*
- (a) Payment made against award of arbitration or for compliance with the directions or order of any statutory authority, or order or decree of any court of law;*
 - (b) Change in law or compliance with any existing law which is not provided for in the original scope of work;***
 - (c) Deferred works relating to ash pond or ash handling system or raising of ash dyke in the original scope of work;*
 - (d) Payment made towards liability admitted for works within the original scope executed prior to the cut-off date;*
 - (e) Force Majeure events;*
 - (f) Works within original scope executed after the cut-off date and admitted by the Commission, to the extent of actual payments made; and*
- (2) In case of replacement of assets deployed under the original scope of the existing project after the cut-off date, the additional capitalization may be admitted by the Commission after making necessary adjustments in the gross fixed assets and the cumulative depreciation, subject to prudence check on the following grounds:*
- (a) Assets whose useful life is not commensurate with the useful life of the project and such assets have been fully depreciated in accordance with the provisions of these regulations;*
 - (b) The replacement of the asset or equipment is necessary on account of a change in law or Force Majeure conditions;*
 - (c) The replacement of such asset or equipment is necessary on account of obsolescence of technology; and***



(d) The replacement of such asset or equipment has otherwise been allowed by the Commission.

(e) The additional expenditure, excluding recurring expenses covered in O&M expenses, involved in relation to the renewal of lease of lease hold land on case to case basis.

Provided that any claim of additional capitalisation with respect to the replacement of assets under the original scope and on account of obsolescence of technology, less than Rs. 20 lakhs shall not be considered as part of Capital cost and shall be met through normative O&M expenses.

26. Additional Capitalisation beyond the original scope

(1) The capital expenditure, in respect of the existing generating station or the transmission system, including the communication system, the integrated energy storage system, incurred or projected to be incurred on the following counts beyond the original scope, may be admitted by the Commission, subject to prudence check:

(a) Payment made against award of arbitration or for compliance of order or directions of any statutory authority, or order or decree of any court of law;

(b) Change in law or compliance of any existing law;

(c) Force Majeure events;

(d) Need for higher security and safety of the plant as advised or directed by appropriate Indian Government Instrumentality or statutory authorities responsible for national or internal security;

(e) Deferred works relating to ash pond or ash handling system or raising of ash dyke in addition to the original scope of work, on case to case basis: Provided also that if any expenditure has been claimed under Renovation and Modernisation (R&M) or repairs and maintenance under O&M expenses, the same shall not be claimed under this Regulation;

(f) Usage of water from the sewage treatment plant in the thermal generating station.

(g) Works required towards biomass handling system to enable biomass co-firing and towards enabling flexible operation of the generating station as may be required.

(h) Works pertaining to Railway Infrastructure and its augmentation for transportation of coal up to the receiving end of the generating station (excluding any transportation cost and any other appurtenant cost paid to railways) that are not covered under Regulation 24, 25 and 27, but shall result in better fuel management and can lead to a reduction in operation costs, or shall have other tangible benefits:

Provided that the generating company shall have to mandatorily seek prior approval of the Commission before implementing such works based on a detailed cost-benefit analysis of such schemes;

(i) Any additional capital expenditure which has become necessary for efficient operation of generating station or transmission system as the case may be, including the works required towards projects acquired through NCLT process. The claim shall be substantiated with the technical justification and cost benefit analysis.

(2) Any claim of additional capitalisation less than Rs. 20 lakhs shall not be considered under Clause (1) of this regulation and shall be met through normative O&M expenses."

11. Pursuant to the decommissioning of the plant, the revised projected additional capital expenditure claimed by the Petitioner, vide affidavit 29.9.2025 for 2024-25, is as under:

(Rs. in lakh)		
Head / Equipment	Regulation	2024-25



Upgradation of HMI	25(2)(c) & 25(1)(b)	225.57
Upgradation of SG (Ovation) DCS controllers	25(2)(c) & 25(1)(b)	239.54
Geopolymer Concrete interlocking paver block	26(1)(b)	3.41
Total additional capital expenditure claimed		468.52

12. In justification of the expenditure claimed towards 'Upgradation of HMI system', the Petitioner has submitted that the existing HMI system is based on Windows XP, which has reached the end of life and is no longer supported by the OEM. It has also submitted that in terms of the CEA (Cyber Security in Power Sector) Guidelines, 2021 and the directions issued by CERT-In under the Information Technology Act 2000, the legacy systems are required to be phased out, appropriate cyber security measures are to be ensured, and system logs are to be maintained. With regard to the expenditure claimed for 'Upgradation of SG (Ovation) DCS controllers', the Petitioner has submitted that the said work is required in compliance with the statutory requirements as per the recommendation of the third-party security audit report, which suggested the upgradation of the DCS to mitigate cybersecurity threats. Accordingly, the Petitioner has sought the additional capitalisation of the expenditure of the said assets/items under Regulations 25(2)(c) and 25(1)(b) of the 2024 Tariff Regulations. As regards the expenditure claimed towards 'Geopolymer concrete interlocking paver blocks', the Petitioner has submitted that the same has been undertaken to promote the utilisation of fly ash in compliance with the MoEF & CC Notification dated 31.12.2021 mandating 100% ash utilisation, and hence claimed the same under Regulation 26(1)(b) of the 2024 Tariff Regulations.

13. We have considered the submissions. The additional capital expenditure claimed by the Petitioner as above, is for the replacement of the assets/items and also due to a change in law. As stated above, the PPA has not been extended by the parties after the useful life of the generating station (13.1.2025) and has been decommissioned



w.e.f. 1.9.2025. Against this backdrop, the proposed additional expenditures, being capital in nature, would have a very limited residual useful life and the benefits, if any, would not accrue commensurately to the beneficiaries. Though the Petitioner has submitted revised Form-9 claiming an amount of Rs. 12.53 lakh towards discharge of liabilities in 2024-25, it has not furnished Form-S (liability flow statement) on account of which the discharge of liabilities corresponding to the additional capital expenditure cannot be ascertained. The Petitioner has, however, sought liberty to file the revised tariff forms based on the actual additional capitalisation up to 2024-25 [refer para 5(1) above]. Under these circumstances, the claim of the Petitioner for additional capital expenditure, along with the discharge of liabilities, has not been considered. As stated in para 6 above, the Petitioner is granted liberty to approach the Commission at the time of truing up of tariff for 2024-25, with details of the actual additional capital expenditure incurred, duly certified by the auditor, along with the corresponding de-capitalization and discharge of liabilities, if any, and the same will be considered in accordance with the relevant provisions of the 2024 Tariff Regulations and the supporting documents furnished, including those relating to the decommissioning of the generating station.

Capital cost allowed for 2024-25

14. Accordingly, the capital cost approved for the generating station for 2024-25 is as under:

	(Rs. in lakh)
	2024-25
Opening Capital Cost	125393.41
Net Additional capital expenditure allowed	-
Closing Capital Cost	125393.41

Debt Equity Ratio

15. Regulation 18 of the 2024 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 the approval of the competent authority in other cases regarding the 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 the case of the generating station and the transmission system, including the communication system declared under commercial operation prior to 1.4.2024, the debt-equity ratio allowed by the Commission for the determination of tariff for the period ending 31.3.2024 shall be considered:

Provided that in the case of a generating station or a transmission system, including a communication system which has completed its useful life as on 1.4.2024 or is completing its useful life during the 2024-29 tariff period, if the equity actually deployed is more than 30% of the capital cost, equity in excess of 30% shall not be taken into account for tariff computation;

xxxx.

(4) In the case of the generating station and the transmission system, including communication system declared under commercial operation prior to 1.4.2024, but where debt: equity ratio has not been determined by the Commission for determination of tariff for the period ending 31.3.2024, 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 1.4.2024 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.

(6) Any expenditure incurred for the emission control system during the tariff period as may be admitted by the Commission as additional capital expenditure for determination of supplementary tariff, shall be serviced in the manner specified in clause (1) of this Regulation.

(7) Any expenditure incurred for the energy storage system during the tariff period, as may be admitted by the Commission as additional capital expenditure of the generating station or transmission system for the determination of supplementary tariff, shall be serviced in the manner specified in clause (1) of this Regulation.”



16. The gross loan and equity amounting to Rs. 87775.39 and Rs. 37618.02 lakh (Rs.37393.14 lakh eligible for ROE at base rate of 15.50% *plus* Rs.224.88 lakh eligible for ROE at base rate of MCLR + 350 bps respectively), as on 31.3.2024, as considered in the Commission's order dated 28.5.2026 in Petition No. 701/GT/2025 is considered as the opening gross normative loan and equity, as on 1.4.2024. Accordingly, the details of the debt-equity ratio for the generating station, as on 1.4.2024 and 31.3.2025, are as under:

(Rs. in lakh)						
	Capital cost as on 1.4.2024	(%)	Net-Additional capital expenditure	(%)	Total cost as on 31.3.2025	(%)
Debt	87775.39	70%	-	70%	87775.39	70%
Equity	37618.02	30%	-	30%	37618.02	30%
Total	125393.41	100%	-	100%	125393.41	100%

Return on Equity

17. Regulations 30 and 31 of the 2024 Tariff Regulations provide 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 for existing project shall be computed at the base rate of 15.50% for thermal generating station, transmission system including communication system and run-of-river hydro generating station and at the base rate of 16.50% for storage type hydro generating stations, pumped storage hydro generating stations and run-of-river generating station with pondage;

(3) Return on equity for new project achieving COD on or after 01.04.2024 shall be computed at the base rate of 15.00% for the transmission system, including the communication system, at the base rate of 15.50% for Thermal generating station and run-of-river hydro generating station and at the base rate of 17.00% for storage type hydro generating stations, pumped storage hydro generating stations and run-of-river generating station with pondage;

Provided that return on equity in respect of additional capitalization beyond the original scope, including additional capitalization on account of the emission control system, Change in Law, and Force Majeure shall be computed at the base rate of one-year marginal cost of lending rate (MCLR) of the State Bank of India plus 350 basis points as on 1st April of the year, subject to a ceiling of 14%;

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 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 an 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, the rate of return on equity shall be reduced by 1.00% for the period for which the deficiency continues;

(iii) in the case of a thermal generating station:

a) rate of return on equity shall be reduced by 0.25% in case of failure to achieve the ramp rate as specified under Regulation 45(9) of IEGC Regulations, 2023.

b) an additional rate of return on equity of 0.125% shall be allowed for every incremental ramp rate of 0.50% per minute achieved over and above the ramp rate specified by Central Electricity Authority, subject to the ceiling of additional rate of return on equity of 1.00%:

c) measurement of ramp rate, for the purpose of this Regulation, is to be decided by the National Load Dispatch Centre by issuing suitable guidelines, in consultation with the stakeholders, for measurement by considering the energy measurement at a suitable interval.

(4) Return on equity for an integrated energy storage system installed as additional capitalization with the existing generating station or the transmission system, as the case may be, shall be computed at the base rate of 14.00%.

31. Tax on Return on Equity:

(1) The 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. The effective tax rate shall be calculated at the beginning of every financial year based on the estimated profit and tax to be paid estimated in line with the provisions of the relevant Finance Act applicable for that financial year to the concerned generating company or the transmission licensee by excluding the income of non-generation or non-transmission business, as the case may be, and the corresponding tax thereon.

Provided that in case a generating company or transmission licensee is paying Minimum Alternate Tax (MAT) under Section 115JB of the Income Tax Act, 1961, the effective tax rate shall be the MAT rate, including surcharge and cess;

Provided further that in case a generating company or transmission licensee has opted for Section 115BAA, the effective tax rate shall be tax rate including surcharge and cess as specified under Section 115BAA of the Income Tax Act, 1961.

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

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

(3) The generating company or the transmission licensee, as the case may be, shall true up the effective tax rate for 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 2024-29 on actual gross income of any financial year. Further, any penalty arising on account of delay in deposit or short deposit of tax amount shall not be considered while computing the actual tax paid for the generating company or the transmission licensee, as the case may be.

xxxxx..."

18. The Petitioner has claimed Return on Equity (ROE) at the base rate of 15.50% by grossing up with the effective tax rate of 17.472%, corresponding to the applicable MAT rate (comprising 15% MAT, 12% Surcharge and 4% Health and Education Cess), in respect of its opening capital cost and additional capital expenditure claimed within

the original scope of work. In respect of the additional capital expenditure claimed beyond the original scope of work, the Petitioner has claimed ROE at the base rate of 1-year SBI MCLR + 350 bps, by grossing up with the aforesaid effective tax rate.

19. Accordingly, ROE, at the base rate of 15.50%, has been considered in respect of opening capital cost eligible for ROE at the base rate of 15.50% and for the balance opening capital cost allowed beyond the original scope of work, the ROE has been considered as 1-year MCLR rate as on 1.4.2024, i.e. 8.65% plus 350 basis points for 2024-25. Since MAT is applicable to the Petitioner's Company, the effective tax rate of 17.472% has been considered for the purpose of grossing up. Accordingly, the admissible ROE has been worked out and allowed for 2024-25 as under:

a) Return on Equity at base rate of 15.50%:

	(Rs. in lakh)
	2024-25
Notional Equity- Opening	37393.14
Add: Addition due to additional capital expenditure	-
Normative Equity - Closing	37393.14
Average Normative Equity	37393.14
Return on Equity (Base Rate)	15.500%
Effective Tax Rate for respective years	17.472%
Rate of Return on Equity (Pre-Tax)	18.782%
Return on Equity (Pre-Tax)- (annualized)	7023.18

(b) Return on Equity at base rate of 1-year SBI MCLR + 350 bps:

	(Rs. in lakh)
	2024-25
Notional Equity- Opening	224.88
Add: Addition due to additional capital expenditure	-
Normative Equity - Closing	224.88
Average Normative Equity	224.88
Return on Equity (Base Rate)	12.150%
Effective Tax Rate for respective years	17.472%
Rate of Return on Equity (Pre-Tax)	14.722%
Return on Equity (Pre-Tax)- (annualized)	33.11

20. Accordingly, the total ROE allowed for the year 2024-25 is as under:

	(Rs. in lakh)
	2024-25
ROE	



(a) At base rate of 15.50%	7023.18
(b) At 1-year SBI MCLR + 350 bps	33.11
Total Return on Equity	7056.29

Interest on loan

21. Regulation 32 of the 2024 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 gross normative loans for the calculation of interest on loans.

(2) The normative loan outstanding as on 1.4.2024 shall be worked out by deducting the cumulative repayment as admitted by the Commission up to 31.3.2024 from the gross normative loan.

(3) The repayment for each of the years of the tariff period 2024-29 shall be deemed to be equal to the depreciation allowed for the corresponding year or 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 of by the generating company or the transmission licensee, as the case may be, the repayment of the loan shall be considered from the first year of commercial operation of the project and shall be equal to the depreciation allowed for the year or part of the year.

(5) The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio or allocated loan portfolio;

xxxx

(6) The interest on the 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.”

22. The Petitioner has not claimed any interest on the loan in 2024-25. It is observed that gross normative loans have already been repaid during the period 2019-24. Since no additional capital expenditure has been allowed for the period 2024-25 in this order, the normative loan on account of the additional capital expenditure in 2024-25 has been considered as fully paid, as the admitted depreciation is more than the amount of the normative loan. As such, the interest on loan during 2024-25 is considered as ‘nil’.

Depreciation

23. Regulation 33 of the 2024 Tariff Regulations provides as under:

“33. Depreciation: *(1) Depreciation shall be computed from the date of commercial operation of a generating station or unit thereof or a transmission system or element thereof including communication system. In the case of the tariff of all the units of a*



generating station or all elements of a transmission system including the communication system for which a single tariff needs to be determined, the depreciation shall be computed from the effective date of commercial operation of the generating station or the transmission system taking into consideration the depreciation of individual units:

xxxx.

(2) The value base for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission. In case of multiple units of a generating station or multiple elements of a transmission system, the weighted average life for the generating station or the transmission system shall be applied. Depreciation shall be chargeable from the first year of commercial operation. In the case of commercial operation of the asset for a part of the year, depreciation shall be charged on a pro rata basis.

(3) The salvage value of the asset shall be considered as 10%, and depreciation shall be allowed up to the maximum of 90% of the capital cost of the asset:

Provided that the salvage value for IT equipment and software shall be considered as NIL and 100% value of the assets shall be considered depreciable;

xxxx.

(4) Land other than the land held under lease and the land for a reservoir in case of a hydro generating station shall not be a depreciable asset and its cost shall be excluded from the capital cost while computing the depreciable value of the asset.

(5) Depreciation for Existing Projects shall be calculated annually based on the Straight Line Method and at rates specified in Appendix-I to these regulations for the assets of the generating station and transmission system:

Provided that the remaining depreciable value as on 31st March of the year closing after a period of 12 years from the effective date of commercial operation of the generating station or transmission system, as the case may be, shall be spread over the balance useful life of the assets.

xxxx

(6) Depreciation for New Projects shall be calculated annually based on the Straight Line Method and at rates specified in Appendix-II to these regulations for the assets of the generating station and transmission system:

xxxx

(7) In the case of the existing projects, the balance depreciable value as on 1.4.2024 shall be worked out by deducting the cumulative depreciation as admitted to by the Commission up to 31.3.2024 from the gross depreciable value of the assets.

(8) The generating company or the transmission licensee, as the case may be, shall submit the details of capital expenditure proposed to be incurred during five years before the completion of useful life along with proper justification and proposed life extension. The Commission, based on prudence check of such submissions, shall approve the depreciation by equally spreading the depreciable value over the balance Operational Life of the generating station or unit thereof or fifteen years, whichever is lower, and in case of the transmission system shall equally spread the depreciable value over the balance useful life of the Asset or 10 years whichever is higher.

(9) In case of de-capitalization of assets in respect of generating station or unit thereof or transmission system or element thereof, the cumulative depreciation shall be adjusted by taking into account the depreciation recovered in tariff by the de-capitalised asset during its useful service.

(10) Where the emission control system is implemented within the original scope of the generating station and the date of commercial operation of the generating station or unit thereof and the date of operation of the emission control system are the same, depreciation of the generating station or unit thereof including the emission control system shall be computed in accordance with Clauses (1) to (9) of this Regulation.

(11) Depreciation of the emission control system of an existing generating station that is yet to complete its useful life or a new generating station or unit thereof where the

date of operation of the emission control system is subsequent to the date of commercial operation of the generating station or unit thereof, shall be computed annually from the date of operation of such emission control system based on the straight line method at rates specified in Appendix- I to these regulations;

xxxx.

(12) In case the date of operation of the emission control system is subsequent to the date of completion of the useful life of generating station commercial operation of the generating station or unit thereof, depreciation of ECS shall be computed annually from the date of operation of such emission control system based on the straight line method, with a salvage value of 10% and recovered over ten years or a period mutually agreed by the generating company and the beneficiaries, whichever is higher.

(13) xxxxx “

24. Cumulative depreciation amounting to Rs.107294.44 lakh and the value of freehold land for Rs. 1674.71 lakh (as on 31.3.2024), as considered as on 31.3.2019, vide the Commission's order dated 28.5.2026 in Petition No. 701/GT/2025, has been considered, as on 1.4.2024. Further, the cost of IT equipment and software, amounting to Rs. 167.15 lakh as on 1.4.2024, has been considered for 2024-25. Since the elapsed life of the generating station, as on 1.4.2024, is more than 12 years from the effective COD of 14.1.2000, depreciation has been calculated by spreading the remaining depreciable value over the remaining useful life. Accordingly, depreciation has been computed and allowed for 2024-25 as under:

(Rs. in lakh)	
	2024-25
Opening Capital Cost (A)	125393.41
Add: Net additional capital expenditure (B)	-
Closing Capital Cost (C) [C = (A+B)]	125393.41
Average Capital Cost (D) [D = (A+C)/2]	125393.41
Value of freehold land included above (E)	1674.71
Value of IT assets	167.15
Aggregated depreciable value @ 90% (F) [F = (D-E) x 90%]	111363.54
Remaining aggregated depreciable value at the beginning of the year (G) [G = F- Cumulative Depreciation (shown at N) at the end of the previous year]	107294.44
Balance useful life at the beginning of the year (I)	#0.79
Depreciation during the year (K)	4069.10
Cumulative depreciation at the end of the year (before adjustment for de-capitalization) (L) [L = K + Cumulative Depreciation (shown at N) at the end of the previous year]	111363.54
Less: Depreciation adjustment on account of de-capitalization (M)	-
Cumulative depreciation at the end of the year (N) [N = (K-M)]*	111363.54

life being less than one year has been considered as on one for the purpose of spreading over



Operation & Maintenance Expenses

25. Regulation 36(1)(2) of the 2024 Tariff Regulations provides for the following O&M expenses:

<i>(Rs. lakh/MW)</i>	
<i>Period</i>	<i>Tanda TPS (Unit 1)</i>
2024-25 to 2028-29	42.52

26. The normative O&M expenses claimed by the Petitioner are Rs 18708.80 lakh for 2024-25 and the same is in terms of Regulation 36(1)(2) of the 2024 Tariff Regulations. Hence, the same is allowed on an annualised basis.

Additional O&M Expenses

27. The additional O&M expenses claimed by the Petitioner for 2024-25 are as under:

<i>(Rs. in lakh)</i>	
	2024-25
Water Charges	89.85
Security Expenses	889.54
Ash Transportation Expenses	1109.53
Total additional O&M Expenses	2089.02

(a) *Water Charges*

28. The first proviso to Regulation 36(1)(6) of the 2024 Tariff Regulations provides for claims towards water charges, security expenses and capital spares as under:

“36(1)(6): The Water Charges, Security Expenses, Ash Transportation Expenses and Capital Spares for thermal generating stations shall be allowed separately after prudence check:

Provided that water charges shall be allowed to be recovered on monthly basis from the beneficiaries on submission of Auditor certificate based on water consumption depending upon type of plant and type of cooling water system or water agreement with state govt./utilities, and the norms specified by the Ministry of Environment, Forest and Climate Change subject to prudence check. The details regarding the same shall be furnished along with the petition;”

29. In terms of the above, water charges are to be allowed based on water consumption, depending upon the type of plant, type of cooling water system or water agreement with state govt./utilities, etc., subject to a prudence check. The Petitioner,



vide affidavit dated 29.9.2025, has submitted that water charges for the period 2024-29 were calculated based on the actual water charges incurred during 2023-24, the estimated plant generation for the period 2024-29 and water consumption thereof. However, since the Petitioner has requested a determination of tariff of the generating station only up to 2024-25, the actual water charges incurred during 2024-25 have been furnished in revised Form-3A vide affidavit dated 29.9.2025.

30. The Respondent has submitted that the Petitioner has not disclosed the basis of computation, actual water consumption, source of supply, or the relevant State Government notifications governing the applicable rate. It has also been submitted that the claim appears to be based on estimates rather than audited figures and, therefore, may not be accepted at face value. The Petitioner, in its rejoinder, has submitted that water charges are paid based on actual water consumption at the rate of Rs.12.48 per 1000 cubic feet, and royalty at Rs. 6 lakh per cusec per year, as per the State Government Notification dated 15.7.2011. It has been clarified that water charges claimed for the period 2024-29 are based on the actual expenditure incurred in 2023-24 and estimated generation for the relevant period, in accordance with the 2024 Tariff Regulations.

31. The matter has been examined. We note that the Petitioner, vide affidavit dated 29.9.2025, has claimed the actual water charges for the year 2024-25 and therefore, the same has been allowed on a prudence check, for the year 2024-25, However, the Petitioner, shall, at the time of truing -up furnish Form 19 containing details of the actual expenditure towards water charges, the quantity consumed till 13.1.2025, the contracted quantum, rate etc., in line with the Regulation 36(1)(6) of the 2024 Tariff



Regulations. Accordingly, the water charges for Rs 89.85 lakhs, as claimed by the Petitioner for 2024-25, on an annualised basis, are allowed.

(b) Security Expenses

32. The second proviso to Regulation 36(1)(6) of the 2024 Tariff Regulations provides as under:

“(6) The Water Charges, Security Expenses and Capital Spares for thermal generating stations shall be allowed separately after prudence check:

xxx

Provided further that the generating station shall be allowed to recover security expenses on monthly basis on submission of the Auditor certificate and shall submit the assessment of the security requirement and estimated expenses along with the petition seeking the determination of tariff;

33. The Petitioner, vide affidavit dated 29.9.2025, while seeking the determination of tariff of the generating station for 2024-25 only, has provided in Form-3A the actual security charges incurred for 2024-25. Hence, the same has been considered and allowed for the year 2024-25. The Petitioner shall, at the time of truing up, furnish the actual security expenses incurred up to 13.1.2025, along with proper justification and assessment in terms of Regulation 36(1)(6) of the 2024 Tariff Regulations. Accordingly, the security expenses claimed for Rs 889.54 lakhs for 2024-25 are allowed on an annualised basis.

(c) Capital Spares

34. The last proviso to Regulation 36(1)(6) of the 2024 Tariff Regulations provides as under:

“(6) The Water Charges, Security Expenses and Capital Spares for thermal generating stations shall be allowed separately after prudence check:

xxx

Provided also that the generating station shall submit the details of year-wise actual capital spares consumed individually costing above Rs. 10 lakh at the time of truing up with appropriate justification for incurring the same and substantiating that the same is not funded through compensatory allowance as per Regulation 17 of Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 or Special Allowance or claimed as a part of additional capitalisation or consumption of stores and spares and renovation and modernization.”



35. The Petitioner has submitted that capital spares shall be claimed at the time of truing up of tariff, in terms of the proviso to Regulation 36(1)(6) of the 2024 Tariff Regulations, based on actual consumption. Hence, the same has not been considered in this order. The claim of the Petitioner, if any, shall be considered on merits, after a prudence check, at the time of truing up the tariff.

(d) *Ash Transportation Expenses*

36. The Petitioner has claimed actual fly ash transportation charges vide affidavit dated 29.9.2025 for 2024-25. The Petitioner has submitted that the gross ash transportation charges have increased with regard to 2023-24, while the revenue earned from the sale of fly ash has decreased. Thus, the net ash transportation charges in 2024-25 have increased to Rs 9078.91 lakh as compared to Rs 5697.73 lakh in 2023-24. The Petitioner has also submitted that the increase in cost in 2024-25 as compared to the cost during 2019-22 is primarily on account of the fact that the quantum of ash transported to road projects in 2024-25 is significantly higher than the ash transportation to road projects during 2019-22. According to the Petitioner, the increase is primarily attributable to the expanded scope of ash utilisation under the revised regulatory framework. While the period 2019-22 saw utilisation under the limited avenues permitted by the Ministry of Environment, Forest and Climate Change, GOI Notification dated 25.1.2016, the MoEF&CC Notification dated 31.12.2021 considerably broadened the permissible uses of ash, thereby leading to a substantial increase in the quantum and cost of ash transportation. The Petitioner has added that the average transportation distance increased during 2024-25, primarily due to the expanded geographical spread of projects and the regulatory requirement imposed on the thermal power plants.



37. The Respondent has submitted that since the issue of ash-transportation charges is already under consideration in Petition No. 227/MP/2024, the prayer is premature and shall await the final adjudication in that petition. The Petitioner, in its rejoinder, has clarified that the prayer for monthly recovery of charges has been made solely to avoid such avoidable interest burden on beneficiaries and is expressly subject to truing-up at the end of the tariff period.

38. The matter has been considered. Considering the fact that Petition No. 227/ MP/ 2024 filed by the Petitioner seeking the recovery of fly ash transportation charges is pending consideration and final disposal by the Commission, the prayer of the Petitioner for fly ash transportation charges has not been considered in the present Petition.

39. Accordingly, the total O&M expenses allowed to the generating station on an annualised basis for the year 2024-25 are summarised below:

<i>(Rs. in lakh)</i>	
	2024-25
Normative O&M expenses	18708.80
Water Charges	89.85
Security Expenses	889.54
Ash Transportation charges	-
Capital Spares	-
Total O&M Expenses	19688.19

Operational Norms

40. The Petitioner has considered the following operational norms:

Normative Annual Plant Availability Factor (NAPAF) (%)	85%
Gross Station Heat Rate (kCal/kwh)	2750
Auxiliary Power Consumption (%)	12.00%
Specific Oil Consumption (ml/kwh)	0.50

(a) Normative Annual Plant Availability Factor (NAPAF)

41. Regulation 70(A) of the 2024 Tariff Regulations provides as under:

“(A) Normative Annual Plant Availability Factor (NAPAF)

(a) For all thermal generating stations, except those covered under clauses (b), (c), (d), & (e) - 85%”



42. The NAPAF of 85% claimed in 2024-25, in terms of the above regulation, is allowed.

(b) Gross Station Heat Rate

43. The Gross Station Heat Rate of 2750 kCal/kW claimed in terms of Regulation 70(C)(a)(ii) of the 2024 Tariff Regulations is allowed.

(c) Specific Oil Consumption

44. In terms of Regulation 70(D)(a) of the 2024 Tariff Regulations, the Petitioner has considered the Secondary fuel oil consumption of 0.50 ml/kWh in 2024-25, and hence the same is allowed.

(d) Auxiliary Power Consumption (APC)

45. Regulation 70(E)(b) of the 2024 Tariff Regulations provides as under:

“(b) For other Coal-based generating stations:

<i>(i)</i>	<i>Tanda Thermal Power Station</i>	<i>12.00%</i>
<i>(ii)</i>	<i>Chandrapur TPS (2x250 MW) (DVC)</i>	<i>9.50%</i>

46. The APC of 12.00% as applicable to the generating station in terms of the above regulation is allowed.

Interest on Working Capital

47. Regulation 34 of the 2024 Tariff Regulations provides as under:

“34. Interest on Working Capital: (1) The working capital shall cover:

(a) For Coal-based/lignite-fired thermal generating stations:

(i) Cost of coal or lignite, if applicable, for 10 days for pit-head generating stations and 20 days for non-pit-head generating stations for generation corresponding to the normative annual plant availability factor or the maximum coal/lignite stock storage capacity, whichever is lower;

(ii) Limestone towards stock for 15 days corresponding to the normative annual plant availability.

(iii) Advance payment for 30 days towards cost of coal or lignite and limestone for generation corresponding to the normative annual plant availability factor;

(iv) Cost of secondary fuel oil for two months for generation corresponding to the normative annual plant availability factor and in case of use of more than one secondary fuel oil cost of fuel oil stock for the main secondary fuel oil;

(v) Maintenance spares @ 20% of operation and maintenance expenses including water charges and security expenses;

(vi) Receivables equivalent to 45 days of capacity charge and energy charge for sale of electricity calculated on the normative annual plant availability factor; and

(vii) Operation and maintenance expenses including water charges and security expenses for one month.



(b) xxx

(2) The cost of fuel in cases covered under sub-clauses (a) and (c) of clause (1) of this Regulation shall be based on the landed fuel cost (taking into account normative transit and handling losses in terms of Regulation 59 of these regulations) by the generating station and gross calorific value of the fuel as per actual weighted average for the preceding financial year in case of each financial year for which tariff is to be determined:

xxxx.

(3) Rate of interest on working capital shall be on a normative basis and shall be considered at the Reference Rate of Interest as on 1.4.2024 or as on 1st April of the year during the tariff period 2024- 29 in which the generating station or a unit thereof or the transmission system including communication system or element thereof, as the case may be, is declared under commercial operation, whichever is later:

xxxx

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

xxx”

(a) Fuel Cost and Energy Charges

48. Regulation 34(2) of the 2024 Tariff Regulations provides that the computation of the cost of fuel as part of Interest on Working Capital (IWC) is to be based on the landed price and GCV of fuel as per actuals, as per the actual weighted average for the preceding financial year, in case of each financial year for which the tariff is to be determined. Regulation 64(3) of the 2024 Tariff Regulations provides as under:

“(3) Energy charge rate (ECR) and Supplementary Energy charge rate in Rupees per kWh on ex-power plant basis shall be determined to three decimal places in accordance with the following formulae:

(a) ECR for coal based and lignite fired stations:

$$ECR = \{(SHR - SFC \times CVSF) \times LPPF / CVPF + SFC \times LPSFi + LC \times LPL\} \times 100 / (100 - AUX)$$

xxxx Where,

AUX = Normative auxiliary energy consumption in percentage.

CVPF = (a) Weighted Average Gross calorific value of coal as received, in kCal per kg for coal based stations less 85 Kcal/Kg on account of variation during storage at generating station;

(b) Weighted Average Gross calorific value of primary fuel as received, in kCal per kg, per litre or per standard cubic meter, as applicable for lignite, gas and liquid fuel based stations;

(c) In case of blending of fuel from different sources, the weighted average Gross calorific value of primary fuel shall be arrived in proportion to blending ratio:

CVSF = Calorific value of secondary fuel, in kCal per ml;

ECR = Energy charge rate, in Rupees per kWh sent out;

SHR = Gross station heat rate, in kCal per kWh;

LC = Normative limestone consumption in kg per kWh;

LPL = Weighted average landed cost of limestone in Rupees per kg;

LPPF = Weighted average landed fuel cost of primary fuel, in Rupees per kg, per litre or per standard cubic metre, as applicable, during the month. (In case of blending of fuel from different sources, the weighted average landed fuel cost of primary fuel shall be arrived in proportion to blending ratio);

SFC= Normative specific fuel oil consumption, in ml per kWh;

LPSFi= Weighted Average Landed Fuel Cost of Secondary Fuel in Rs./ ml during the month:

Provided that energy charge rate for a gas or liquid fuel based station shall be adjusted for open cycle operation based on certification of Member Secretary of respective Regional Power Committee during the month.”

In case of part or full use of an alternative source of fuel supply by coal based thermal generating stations other than as agreed by the generating company and beneficiaries in their power purchase agreement for the supply of contracted power on account of a shortage of fuel or optimization of economical operation through blending, the use of an alternative source of fuel supply shall be permitted to generating station:

xxxx

xxxx.”

49. The Petitioner has claimed the GCV and price of the coal, based on the monthly data for 2023-24, for the purpose of calculating the ECR for 2024-25. Accordingly, the Petitioner has claimed ECR of Rs. 5.12 per kWh, and the fuel component claimed in working capital for the year 2024-25 is as under:

	<i>(Rs. in lakh)</i>
	2024-25
Cost for coal for 50 days	20047.52
Cost of secondary fuel oil for 2 months	226.04

50. The Petitioner has submitted Form-15 considering the actual transit and handling losses, and has also considered the opening value of stock and coal supplied for the months from April, 2023 to March, 2024. Also, for the computation of the weighted average GCV and landed fuel cost, the Petitioner has used the simple average formula to average the 12 months' data. The Respondent has submitted that Regulation 60(5) of the 2019 Tariff Regulations makes it mandatory for all generating companies to provide coal data as per Form-15 for the computation of fuel component of working capital, which is substantive in nature and is directly relevant for tariff determination. It has also submitted that the Petitioner, being a central generating company with extensive administrative and data infrastructure, cannot plead lack of preparedness or



inability to comply with the statutory obligations once the regulations are notified. The Petitioner, in its rejoinder, has clarified that the 2024 Tariff Regulations, notified on 15.3.2024, came into force from 1.4.2024, but the revised format of Form-15 was introduced subsequently in June 2024, i.e. after the close of the year 2023-24, and therefore, it was not reasonably possible for the Petitioner to maintain the data in the new format for the period prior thereto. It has, however, clarified that in the present petition, the coal data for the year 2023-24 has been furnished in terms of the 2019 tariff filing formats and has sought exemption for submitting the data in terms of the 2024 tariff filing formats.

51. The matter has been considered. It is observed that for the month of June 2023, the Petitioner has considered 57714 MT as the quantity of coal supplied with normative handling losses of 3208 MT. However, the Petitioner has considered 397849 MT as the net coal supplied, which appears inconsistent. At present, the format and the landed cost, as considered by the Petitioner, are being provisionally accepted. However, the same is subject to the condition that the Petitioner, at the time of truing up, shall provide a detailed rationale for the same, along with Excel-linked workings. The Petitioner is also directed to submit Form-15 and Form-15A as specified under the 2024 Tariff Regulations, at the time of the trueing of the tariff. Accordingly, the weighted average price and GCV of coal and oil claimed and allowed for the year 2024-25 are as under:

	<i>(Rs. in lakh)</i>	
	Claimed	Allowed
Weighted average price of coal (Rs. /MT)	6123.76	6132.47
Weighted average GCV of coal (kCal/kg)*	3848.58	3842.53
Weighted average price of oil (Rs. /KL)	82793.86	82793.86
Weighted average GCV of oil (kCal/Ltr.)	9380.00	9380.00

* Weighted Average Gross calorific value of coal as received, in kCal per kg for coal-based stations as shown above, has been further adjusted by 85 kcal/kg on account of variation during storage at the generating station, for the purpose of computation of ECR and interest on working capital.



52. Accordingly, the fuel component in working capital and ECR claimed and allowed for 2024-25 (up to 13.1.2025) is as under:

	(Rs. in lakh)	
	Claimed	Allowed
Cost of coal for 50 days corresponding to NAPAF	20047.52	20108.41
Cost of secondary fuel oil for 2 months corresponding to NAPAF	226.04	226.04
ECR (Rs. /kWh)	5.123	5.138

53. The difference in the ECR claimed by the Petitioner and allowed as above is due to the fact that while the Petitioner has computed GCV and cost of Coal by way of simple average of the GCV and price for the year 2023-24, we have considered the weighted average GCV as per regulation, and the price of fuel with the total coal during the month. The Petitioner shall, on a month-to-month basis, compute and claim the energy charges from the beneficiaries based on the formulae set out in Regulation 64(3) of the 2024 Tariff Regulations.

(b) Maintenance Spares

54. Regulation 34(1)(a)(v) of the 2024 Tariff Regulations provide for maintenance spares @ 20% of the O&M expenses (including water charges and security expenses). Accordingly, maintenance spares @ 20% of the O&M expenses (including water charges and security expenses) allowed for the year 2024-25 amount to Rs. 3937.64 lakh.

(c) Receivables

55. In terms of Regulation 34(1)(a)(vi) of the 2024 Tariff Regulations, the receivables equivalent to 45 days of the capacity charges and energy charges is worked out and allowed as under:

	(Rs. in lakh)				
	2024-25	2025-26	2026-27	2027-28	2028-29
Variable Charges - for 45 days	18263.00	-	-	-	-
Fixed Charges - for 45 days	4513.26	-	-	-	-
Total	22776.26	-	-	-	-



(d) **O&M Expenses (1month)**

56. Regulation 34(1)(a)(vii) of the 2024 Tariff Regulations provide for O&M expenses equivalent to 1 month of the O&M expenses (including water charges and security expenses). Accordingly, O&M expenses equivalent to 1 month of the O&M expenses (including water charges and security expenses) allowed for 2024-25 is Rs. 1640.68 lakh.

(e) **Rate of interest on working capital**

57. In terms of Regulation 34(3) of the 2024 Tariff Regulations, the rate of interest on working capital is to be considered as 1-year SBI MCLR as on 1.4.2024 plus 325, subject to truing up. As the tariff of the generating station is being determined only for the year 2024-25, the rate of interest on working capital is considered as 11.90% (i.e. one-year SBI MCLR of 8.65% as on 1.4.2024 plus 325 bps) for the year 2024-25. Accordingly, interest on working capital is allowed as under:

<i>(Rs. in lakh)</i>	
	2024-25
Working Capital for Cost of Coal towards Stock - (20 days of generation corresponding to NAPAF)	8043.36
Working Capital for Cost of Coal towards Generation – (30 days of generation corresponding to NAPAF)	12065.04
Working Capital for Cost of Secondary fuel oil - (2 months generation corresponding to NAPAF)	226.04
Working Capital for Maintenance Spares @ 20% of O&M expenses	3937.64
Working Capital for Receivables – (45 days of sale of electricity at NAPAF)	22776.26
Working Capital for O&M expenses - 1 month	1640.68
Total Working Capital	48689.03
Rate of Interest	11.90%
Interest on Working Capital	5793.99

Annual Fixed Charges approved for 2024-25

58. Accordingly, the annual fixed charges approved for the generating station for the period 2024-25 are summarised below:

<i>(Rs. in lakh)</i>	
	2024-25
Depreciation	4069.10
Interest on loan	-



Return on Equity	7056.29
O&M Expenses	19688.18
Interest on Working Capital	5793.99
Total annual fixed charges allowed (annualized)	36607.57

59. Considering the fact that the generating station completed its useful life on 13.1.2025, as stated earlier, the *pro-rata* annual fixed charges approved for the generating station for the period from 1.4.2024 to 13.1.2025 are as under:

	(Rs. in lakh)
	1.4.2024 to 13.1.2025
Depreciation	3210.69
Interest on loan	-
Return on Equity	5567.70
O&M Expenses	15534.79
Interest on Working Capital	4571.70
Total annual fixed charges allowed (<i>pro-rata</i>)	28884.88

60. The annual fixed charges approved as above are subject to truing up in terms of Regulation 13 of the 2024 Tariff Regulations.

Application Fee and Publication Expenses

61. The Petitioner has sought reimbursement of the fees paid by it for filing the tariff petition for the period 2024-29 and also towards the publication expenses. The Petitioner shall be entitled to reimbursement of the filing fees and publication expenses in connection with the present petition directly from the beneficiaries on a pro-rata basis in accordance with Regulation 94(2) of the 2024 Tariff Regulations. Similarly, the RLDC Fees & Charges paid by the Petitioner under the Central Electricity Regulatory Commission (Fees and Charges of Regional Load Dispatch Centre and other related matters) Regulations 2009 shall be recovered from the beneficiaries. In addition, the Petitioner is entitled to the recovery of statutory taxes, levied duties cess, etc., levied by the statutory authorities in accordance with the 2024 Tariff Regulations.



Summary

62. Accordingly, the annual fixed charges claimed and allowed (annualised and pro rata) for the year 2024-25 are summarised below:

<i>(Rs. in lakh)</i>	
	2024-25
Annual fixed charges claimed	38929.73
Annual Fixed Charges allowed (annualised)	36607.57
Annual Fixed Charges allowed (pro-rata)	28884.88

63. Petition No. 702/GT/2025 is disposed of in terms of the above.

Sd/-
(Ravinder Singh Dhillon)
Member

Sd/-
(Harish Dudani)
Member

Sd/-
(Ramesh Babu V.)
Member

Sd/-
(Jishnu Barua)
Chairperson

