MADHYA PRADESH ELECTRICITY REGULATORY COMMISSION

No. _____. **Dated _____.**

(DRAFT REGULATION)

In exercise of powers conferred by section 181(2)(zd) read with section 61 of the Electricity Act, 2003 (36 of 2003) and all other powers enabling it in this behalf, the Madhya Pradesh Electricity Regulatory Commission, hereby, makes the following Regulations, namely:

MADHYA PRADESH ELECTRICITY REGULATORY COMMISSION (TERMS AND CONDITIONS FOR DETERMINATION OF GENERATION TARIFF) REGULATIONS, 2024 {RG-26 (V) OF 2024}

PREAMBLE

The Commission notified revision {RG-26(IV) of 2020} of these Regulations for Control Period from FY 2019-20 to FY 2023-24. Now the Commission decides to specify the principles and methodologies for a control period of five years in line with the control period notified by the Central Electricity Regulatory Commission. Therefore, in order to specify the terms and conditions for determination of Generation tariff for the next control period of five years from FY 2024-25 to FY 2028-29, it is necessary to make these Regulations.

CHAPTER-1

PRELIMINARY

1. Short title, extent and commencement:

1.1 These Regulations may be called the **"Madhya Pradesh Electricity Regulatory Commission (Terms and Conditions for determination of Generation Tariff) Regulations, 2024 {RG-26 (V) of 2024}".**

1.2 These Regulations shall extend to the whole of the State of Madhya Pradesh.

1.3 These Regulations shall come into force with effect from 01.04.2024, and unless reviewed earlier or extended by the Commission, shall remain in force for a period of five years i.e., up to 31.03.2029:

Provided that where a generating station or unit thereof, has been declared under commercial operation before the date of commencement of these Regulations and whose tariff has not been finally determined by the Commission till that date, tariff in respect of such generating station or unit thereof up to the period ending 31.3.2024 shall be determined in accordance with the Madhya Pradesh Electricity Regulatory Commission (Terms and Conditions for determination of Generation Tariff) Regulations, 2020 as amended from time to time.

2. Scope and extent of application:

2.1 These Regulations shall apply in all cases of determination of tariff for a generating station or a unit thereof (other than generating stations based on renewable sources of energy) under Section 62 read with Section 86 of the Electricity Act, 2003 for supply of electricity to a Distribution Licensee, but shall not apply to generating stations whose tariff has been discovered through tariff based competitive bidding in accordance with the guidelines issued by the Central Government and adopted by the Commission under Section 63 of the Electricity Act, 2003.

2.2 Tariff for the following cases shall be determined under Section 62 of the Electricity Act, 2003 under these Regulations: -

I. Where the generating station is developed by a company owned or controlled by the State Government as an identified developer.

II. In case of expansion of existing generating station, if tied up fully or partially for supplying power to the beneficiaries through a long term power purchase agreement:

Provided that for private developers, expansion would be restricted to one-time addition of not more than 100% of the existing capacity:

Provided further that the common infrastructure of existing generating station, shall be utilized for the expanded capacity and the benefit of new technology in the expanded capacity shall be extended to the existing capacity.

III. For a maximum of 35% installed capacity of Projects developed under the policy notified by the State Government, if any, and tied up with the Distribution Licensee of the State.

IV. The developer of a hydroelectric project, including Pumped Storage Plant (PSP), would

have the option of getting the tariff determined by the Commission under Section 62 of the Electricity Act' 2003 for the power to be sold through long term Power Purchase Agreements (PPAs) subject to conditions specified under para 5.5 of the Tariff Policy, 2016.

V. The developers of hydro power projects of more than 100 MW design capacity for which sites have been awarded prior to the notification of Tariff Policy, 2016 i.e. 28.01.2016 by following a transparent process and on the basis of pre-determined set of criteria would also have the option of getting the tariff determined by the Commission for the power to be sold through long term PPA under Section 62 of the Electricity Act, 2003.

VI. Tariff of generating station using coal washery rejects and developed by State PSUs or Joint Venture between a Government Company and Company other than the Government Company shall be determined in accordance with these Regulations:

Provided that in case of Joint Venture between a Government Company and a Company other than Government Company, the shareholding of the company other than Government Company either directly or through any of its subsidiary company or associate company shall not exceed 26% of the paid up share capital:

Provided further that the energy charge component of the tariff of such generating station or unit thereof shall be determined based on the fixed cost and the variable cost of the coal washery project:

Provided also that the Gross Calorific Value of coal rejects shall be as measured jointly by the generating company and the beneficiaries.

2.3 Tariff of all new generating stations [except those covered under Regulation 2.2 (I)] for which power purchase agreements have been executed for supply of electricity to the beneficiary after 05.01.2011, shall be discovered through transparent bidding process and tariff discovered in such manner shall be adopted by the Commission under Section 63 of the Electricity Act 2003;

Provided that the tariff of generating station(s) for which agreement(s) have been executed for supply of electricity to the beneficiaries on or before 05.01.2011 and the financial closure for the said generating station(s) has not been achieved by 31.03.2024 shall also be discovered through transparent bidding process and tariff shall be adopted by the Commission under Section 63 of the Electricity Act, 2003.

3. Definitions:

3.1 In these Regulations, unless the context otherwise requires-

(1) **'Act'** means the Electricity Act, 2003 (36 of 2003);

(2) **'Additional Capital expenditure'** means the capital expenditure incurred, or projected to be incurred after the date of commercial operation of the project by the generating company in accordance with the provisions of these Regulations;

(3) **'Additional Capitalisation'** means the additional capital expenditure admitted by the Commission after prudent check, in accordance with these Regulations;

(4) **'Admitted Capital cost'** means the capital cost which has been allowed by the Commission for servicing through tariff after due prudence check in accordance with the relevant tariff Regulations;

(5) **'Ancillary Service'** shall have the same meaning as defined in M. P. Electricity Grid Code, 2024 and amendments thereof;

(6) **'Auxiliary Energy Consumption'** or **'AUX'** in relation to a period in case of a generating station means the quantum of energy consumed by auxiliary equipment of the generating station, such as the equipment being used for the purpose of operating plant and machinery including switchyard of the generating station and the transformer losses within the generating station, expressed as a percentage of the sum of gross energy generated at the generator terminals of all the units of the generating station:

Provided that auxiliary energy consumption shall not include energy consumed for supply of power to housing colony and other facilities at the generating station and the power consumed for construction works at the generating station;

Provided further that auxiliary energy consumption for compliance of revised emission standards, sewage treatment plant and external coal handling plant (jetty and associated infrastructure) shall be considered separately;

(7) **'Auxiliary energy consumption for emission control system' or 'AUXe'** in relation to a period in case of coal based thermal generating station means the quantum of energy consumed by auxiliary equipment of the emission control system of the coal based thermal generating station in addition to the auxiliary energy consumption under Regulation 3.1.(6) of these Regulations**;**

(8) **'Auditor'** means an auditor appointed by a generating company in accordance with the provisions of Sections 224, 233B and 619 of the Companies Act, 1956 (1 of 1956), as amended from time to time or Chapter X of the Companies Act, 2013 (18 of 2013) or any other law for the time being in force;

(9) **'Beneficiary'** in relation to a generating station covered under clauses (a) or (b) of sub-section (1) of Section 86 of the Electricity Act, means a distribution licensee who is purchasing electricity generated at such generating station by entering into a Power Purchase Agreement either directly or through a trading licensee on payment of capacity charges and energy charges:

Provided that where the distribution licensee is procuring power through a trading licensee, the arrangement shall be secured by the trading licensee through back to back power purchase agreement and power sale agreement;

Provided further that beneficiary shall also include any person who has been allocated capacity in any intra-State generating station by the Government of Madhya Pradesh;

(10) **'Blending'** means combination of domestic coal with imported coal or e-auction coal;

(11) **'Capital Cost'** means the capital cost as determined in accordance with Regulation 18 of these Regulations;

(12) **'Change in Law'** means occurrence of any of the following events:

(i) enactment, bringing into effect or promulgation of any new Indian law, or

(ii) adoption, amendment, modification, repeal or re-enactment of any existing Indian law, or

(iii) change in interpretation or application of any Indian law by a competent court, Tribunal or Indian Governmental Instrumentally which is the final authority under law for such interpretation or application, or

(iv) change by any competent statutory authority in any condition or covenant of any consent or clearances or approval or license available or obtained for the project, or

(v) coming into force or change in any bilateral or multilateral agreement/treaty between the Government of India and any other Sovereign Government having implication for

the generating station regulated under these Regulations;

(13) **'Commission'** means the Madhya Pradesh Electricity Regulatory Commission referred to in sub-section (1) of Section 82 of the Act;

(14) **'Competitive Bidding'** means a transparent process for procurement of equipment, services and works in which bids are invited by the project developer by open advertisement covering the scope and specifications of the equipment, services and works required for the project, and the terms and conditions of the proposed contract as well as the criteria by which bids shall be evaluated, and shall include domestic competitive bidding and international competitive bidding;

(15) **'Cut-off Date'** means the last date of the calendar month after thirty-six months from the date of commercial operation of the project;

(16) **'Day'** means a calendar day consisting of 24 hours period starting at 0000 hours;

(17) **'Date of Commercial Operation'** or **'COD'** in respect of a thermal generating station or hydro generating station shall have the same meaning as defined in the M.P. Electricity Grid Code, as amended from time to time;

(18) **'Date of Operation'** or **'Ode'** in respect of an emission control system means the date of putting the emission control system into use after meeting all applicable technical and environmental standards, certified through the Management Certificate duly signed by an authorised person, not below the level of Director of the generating company;

(19) **'Declared Capacity' or 'DC'** in relation to a generating station means, the capability to deliver ex-bus electricity in MW declared by such generating station in relation to any time-block of the day as defined in M.P. Electricity Grid Code or whole of the day, duly taking into account the availability of fuel or water, and subject to further qualification in these Regulation;

(20) **'De-capitalisation'** for the purpose of the tariff under these Regulations, means a reduction in Gross Fixed Assets of the project as admitted by the Commission corresponding to inter-unit transfer of assets or the assets taken out from service;

(21) **'De-Commissioning'** means removal from service of a generating station or a unit thereof, after it is certified by the Central Electricity Authority or any other authorized agency, either on its own or on an application made by the project developer or the beneficiaries or both, that

the project cannot be operated due to non-performance of the assets on account of technological obsolescence or uneconomic operation or due to environmental concerns or safety issues or a combination of these factors;

(22) **'Design Energy'** means the quantum of energy which can be generated in a 90% dependable year with 95% installed capacity of the hydro generating station;

(23) **'Emission Control System'** means a set of equipment or devices required to be installed in a coal based thermal generating station or unit thereof to meet the revised emission standards;

(24) **'Existing Project'** means a generating station which has been declared under commercial operation on a date prior to 1.4.2024;

(25) **'Expansion project'** shall include any addition of new capacity to the existing generating station;

(26) **'Expenditure Incurred'** means the fund, whether the equity or debt or both, actually deployed and paid in cash or cash equivalent, for creation or acquisition of a useful asset and does not include commitments or liabilities for which no payment has been released;

(27) **'Extended Life'** means the life of a generating station or unit thereof beyond the period of useful life, as may be determined by the Commission on case to case basis;

(28) **'Force Majeure'** for the purpose of these Regulations means the event or circumstance or combination of events or circumstances including those stated below which partly or fully prevents the generating company from completing or operating the project, and only if such events or circumstances are not within the control of the generating company and could not have been avoided, had the generating company taken reasonable care or complied with prudent utility practices:

(a) Act of God including lightning, drought, fire and explosion, earthquake, volcanic eruption, landslide, flood, cyclone, typhoon, tornado, geological surprises, or exceptionally adverse weather conditions which are in excess of the statistical measures for the last hundred years, or

(b) Any act of war, invasion, armed conflict or act of foreign enemy, blockade, embargo, revolution, riot, insurrection, terrorist or military action, or

(c) Industry wide strikes and labour disturbances having a nationwide impact in India, or

(d) Delay in obtaining statutory approval for the project except where the delay is attributable to project developer;

(29) **'Fuel Supply Agreement'** means a long-term agreement executed between the generating company and the fuel supplier for the fuel specified under long term PPA for generation and supply of electricity to the beneficiaries;

(30) **'Generating Station'** shall have the same meaning as defined under sub-section 30 of Section 2 of the Electricity Act and for the purpose of these Regulations, shall also include stages or blocks or units of a generating station;

(31) **'Generating Unit'** or **'Unit'** in relation to a thermal generating station (other than combined cycle thermal generating station) means steam generator, turbine-generator and auxiliaries, or in relation to a combined cycle thermal generating station, means turbine-generator and auxiliaries or combustion turbine-generator, associated waste heat recovery boiler, connected steam turbine-generator and auxiliaries, and in relation to a hydro generating station means turbine- generator and its auxiliaries;

(32) **'Grid Code'** or **'State Grid Code'** or **'M. P. Electricity Grid Code'** means the Madhya Pradesh Electricity Grid, 2024 as amended from time to time;

(33) **'Gross Calorific Value'** or **'GCV'** in relation to a thermal generating station means the heat produced in kCal by complete combustion of one kilogram of coal or one litre of liquid fuel or one standard cubic meter of gaseous fuel, as the case may be;

(34) **'GCV as received'** means the GCV of coal as measured at the unloading point of the thermal generating station through collection, preparation and testing of samples from the loaded wagons, trucks, ropeways, Merry-Go-Round (MGR), belt conveyors and ships in accordance with the IS 436 (Part-1/ Section 1)-1964:

Provided that the measurement of coal shall be carried out through sampling by third party agency to be appointed by the generating companies in accordance with the guidelines, if any, issued by Central Government;

Provided further that samples of coal shall be collected either manually or through hydraulic augur or through any other method considered suitable keeping in view the safety of personnel and equipment;

Provided also that the generating companies may adopt any advance technology for collection, preparation and testing of samples for measurement of GCV in a fair and transparent manner;

(35) **'Gross Station Heat Rate' or 'SHR'** means the heat energy input in kCal required to generate one kWh of electrical energy at generator terminals of a thermal generating station;

(36) **'Indian Governmental Instrumentality'** means the Government of India, State Government (where the project is located) and any ministry or department or board or agency controlled by Government of India or State Government where the project is located, or quasi-judicial authority constituted under the relevant statutes in India;

(37) **'Infirm Power'** means electricity injected into the grid prior to the date of commercial operation of a unit of the generating station in accordance with M.P. Electricity Grid Code, 2024 as amended from time to time:

(38) **'Installed Capacity' or 'IC'** means the summation of the name plate capacities of all the units of the generating station or the capacity of the generating station reckoned at the generator terminals, as may be approved by the Commission from time to time;

(39) **'Investment Approval'** means approval by the Board of the generating company or GoMP or any other competent authority conveying administrative sanction for the project, including funding of the project and the timeline for the implementation of the project:

Provided that the date of Investment Approval shall reckon from the date of the resolution of the Board of the generating company where the Board is competent to accord such approval and from the date of sanction letter of competent authority in other cases;

(40) **'Landed Fuel Cost'** means the total cost of coal (including biomass in case of co-firing) delivered at the unloading point of the generating station and shall include the base price, washery charges wherever applicable, transportation cost (overseas or inland or both) and handling cost, charges for third party sampling and applicable statutory charges;

(41) **'Maximum Continuous Rating' or 'MCR'** in relation to a generating unit of the thermal generating station means the maximum continuous output at the generator terminals, guaranteed by the manufacturer at rated parameters, and in relation to a block of a combined cycle thermal generating station means the maximum continuous output at the generator terminals, guaranteed by the manufacturer with water or steam injection (if applicable) and

corrected to 50 Hz grid frequency and specified site conditions;

(42) **'New Project'** means the generating station or unit thereof achieving its commercial operation on or after 1.4.2024;

(43) **'Non-Pit Head Generating Station'** or **'Non-Pit Head Power Plant'** means coal based generating stations other than Pit Head Generating Stations;

(44) **'Operation and Maintenance Expenses' or 'O&M expenses'** means the expenditure incurred for operation and maintenance of the project including dedicated transmission line, or part thereof, and includes the expenditure on manpower, repairs and maintenance, maintenance spares, other spares of capital nature valuing up to Rs. 10 lakhs, additional capital expenditure of an individual assets costing less than Rs. 20 lakhs, consumables, insurance and overheads and fuel other than used for generation of electricity;

(45) **'Original Project Cost'** means the capital expenditure incurred by the generating company within the original scope of the project up to the cut-off date and as admitted by the Commission;

(46) **'Pit Head Generating Station'** or **'Pit Head Power Plant'** means as defined under The Environment (Protection) Rules, 1986;

(47) **'Plant Availability Factor' or 'PAF'** in relation to a generating station for any period means the average of the daily declared capacities (DCs) for all the days during the period expressed as a percentage of the installed capacity in MW less the normative auxiliary energy consumption and normative auxiliary energy consumption for emission control system as per these regulations;

(48) **'Plant Load Factor' or 'PLF'** in relation to a thermal generating station or unit thereof for a given period means the total sent out energy corresponding to scheduled generation during the period, expressed as a percentage of sent out energy corresponding to installed capacity in that period and shall be computed in accordance with the following formula:

$$\mathbf{PLF = 10000 \times \sum_{i=1}^{N} SGi / \{N \times IC \times (100\text{-}AUXn\text{-}AUXen)\} \%}$$

Where,

IC = Installed Capacity of the generating station or unit in MW.

SGi = Scheduled Generation in MW for the i^{th} time block of the period.

N = Number of time blocks during the period.

AUXn = Normative Auxiliary Energy Consumption as a percentage of gross energy generation, and

AUXen = Normative Auxiliary Energy Consumption for emission control system as a percentage of gross energy generation, wherever applicable.

(49) **'Project'** means:

(i) In case of thermal generating station, all components of the thermal generating station and includes biomass pellet handling system, pollution control system, effluent treatment plant, dedicated transmission line/system, as may be required, and

(ii) In case of a hydro generating station, all components of hydro generating station and includes dam, intake water conductor system, power generating station and generating units of the scheme, as apportioned to power generation;

(50) **'Prudence Check'** means scrutiny of reasonableness of capital expenditure incurred or proposed to be incurred, financing plan, use of efficient technology cost and time over run and such other factors as may be considered appropriate by the Commission for determination of tariff. While carrying out the Prudence Check, the Commission shall look into whether the generating company has been careful in its judgments and decisions for executing the project and has been careful and vigilant in executing the project;

(51) **'Pumped storage hydro generating station'** means a hydro station which generates power through energy stored in the form of water energy, pumped from a lower elevation reservoir to a higher elevation reservoir;

(52) **'Rated Voltage'** means as specified in M.P. Electricity Grid Code, 2024**;**

(53) **'Reference Rate of Interest'** means the one-year marginal cost of funds based lending rate (MCLR) of the State Bank of India (SBI) issued from time to time plus 325 basis points;

(54) **'Revised Emission Standards'** in respect of the thermal generating station means the revised norms notified as per Environment (Protection) Amendment Rules, 2015 or any other rules as may be notified from time to time;

(55) **'Run-of-River generating station'** means a hydro generating station which does not have upstream pondage;

(56) **'Run-of-River generating station with pondage'** means a hydro generating station with sufficient pondage for meeting the diurnal variation of power demand;

(57) **'Scheduled Commercial Operation Date' or 'SCOD'** shall mean the date(s) of commercial operation of a generating station or generating unit thereof as indicated in the Investment Approval or as agreed in power purchase agreement, whichever is earlier;

(58) **'Scheduled Energy'** means the quantum of energy scheduled by the concerned Load Despatch Centre to be injected into the grid by a generating station for a given time period;

(59) **'Scheduled Generation' or 'Scheduled Injection'** for a time block or any period means the schedule of ex-bus generation or injection in MW or MWh (including the schedule for Ancillary Services, if any) given by the concerned Load Despatch Centre in accordance with M.P. Electricity Grid Code;

(60) **'Start Date'** or **'Zero Date'** means the date indicated in the Investment Approval for commencement of implementation of the project, and where no such date has been indicated, the date of investment approval shall be deemed to be Start Date or Zero Date;

(61) **'Statutory Charges'** means and includes taxes, cess, duties, royalties and other charges levied through Acts of the Parliament or State Legislatures or by Indian Government Instrumentality under relevant statutes;

(62) **'Storage type generating station'** means a hydro generating station associated with storage capacity to enable variation of generation of electricity according to demand;

(63) **'Thermal Generating Station'** means a generating station or a unit thereof that generates electricity using fuels such as coal, gas, liquid fuel or combination of these as its primary source of energy or co-firing of biomass with coal;

(64) **'Trial Run'** or **'Trial Operation'** in relation to a thermal Generating Station or a unit shall have the same meaning as specified in M. P. Electricity Grid Code, 2024;

(65) **'Unloading point'** means the point within the premises of the coal based thermal generating station where the coal is unloaded from the rake or truck or any other mode of transport;

(66) **'Useful life'** in relation to a unit of a generating station from the date of commercial operation shall mean the following, namely:

1. Coal based thermal generating station: 25 Years; and
2. Hydro generating station including pumped Storage hydro generating stations: 40 Years:

Provided that in the case of coal based thermal generating stations and hydro generating stations, the Operational Life may be 35 years and 50 years respectively.

3.2 The words and expressions used in these Regulations and not defined herein but defined in the Act or any other Regulations of the Commission shall have the meaning assigned to them under the Act or any other Regulations of the Commission.

4. Interpretations: - In these regulations, unless the context otherwise requires:

(1) **'Day'** means a calendar day consisting of 24 hours period starting at 0000 hours;

(2) **'Kilo-Calorie'** or **'kCal'** means a unit of heat energy contents in mineral, measured in one kilo calories or one thousand calories of heat produced at any instantaneous period;

(3) **'Kilowatt-Hour'** or **'kWh'** means a unit of electrical energy, measured in one kilowatt or one thousand watts of power produced or consumed over a period of one hour;

(4) **'Quarter'** means the period of three months commencing on the first day of April, July, October and January of each financial year in case of an existing project, and in case of a new project, in respect of the first quarter, from the date of commercial operation to the last day of June, September, December or March, as the case may be;

(5) **'Year'** means a financial year beginning on 1st April and ending on 31st March:

Provided that the first year in case of a new project shall commence from the date of commercial operation and end on the immediately following 31st March.

(6) Reference to any Act, Rules, and Regulations shall include amendment or consolidation or re-enactment thereof.

CHAPTER-2

PROCEDURE FOR TARIFF DETERMINATION

5. Tariff Determination:

5.1 Tariff in respect of a generating station including emission control system, wherever applicable**,** may be determined for the whole of the generating station or unit thereof:

Provided that:

(i) In case of commercial operation of all the Units of a generating station prior to 1.4.2024, the generating company shall file consolidated Multi Year Tariff petition in respect of the entire generating station for the purpose of determination of tariff for the period 01.04.2024 to 31.03.2029; and

(ii) The generating company shall file an application for determination of supplementary tariff for the emission control system installed in a coal based thermal generating station in accordance with these regulations.

5.2 For the purpose of determination of tariff, the capital cost of a project may be broken up into stages, units, if required:

Provided that where break-up of the capital cost of the project for different stages or units is not available and in case of on-going projects, the common facilities shall be apportioned on the basis of the installed capacity of the unit.

5.3 Where only a part of the generation capacity of a generating station is tied up for supplying power to the beneficiaries through long term power purchase agreement, the units for such part capacity shall be clearly identified and, in such cases, the tariff shall be determined for such identified capacity. Where the unit(s) corresponding to such part capacity cannot be identified, the tariff of the generating station may be determined with reference to the capital cost of the entire project, but the tariff so determined shall be applicable corresponding to the part capacity contracted for supply to the beneficiaries.

5.4 Assets installed for implementation of the revised emission standards shall form part of the existing generation project and tariff thereof shall be determined separately in accordance with the application filed under 2nd proviso to Regulation 6.2 of these Regulations.

5.5 In case of multi-purpose hydro generation scheme with irrigation, flood control and power components, the capital cost chargeable to the power component of the scheme only shall be considered for determination of tariff.

6. Application for determination of Tariff:

6.1 The generating company shall make an application in accordance with these Regulations for determination of provisional tariff for new generating station or unit thereof along with all relevant documents and details, 60 days prior to the anticipated date of commercial operation:

Provided that the generating company shall submit certificate of the auditor indicating the capital cost incurred till date and shall submit details of the projected additional capital expenditure till COD and for respective years of the tariff period 2024-29.

The Commission may consider granting provisional tariff from the date of commercial operation upon scrutiny of the application filed based on the certificate of the auditor.

6.2 The generating company shall make an application in accordance with these Regulations for determination of final tariff for new generating station or unit(s) thereof along with all relevant documents and details within 90 days from the actual date of commercial operation;

Provided that the generating company shall submit certificate of the auditor indicating the capital cost incurred as on the date of commercial operation along with details of the projected additional capital expenditure for respective years of the tariff period 2024-29;

Provided further that the generating company shall file an application for determination of supplementary tariff for the emission control system installed in the coal based thermal generating station in accordance with these regulations not later than 90 days from the date of start of operation of such emission control system.

6.3 In case of an existing generating station or unit thereof, the application for determination of Multi-year Tariff shall be made by the generating company within a period of 60 days from the date of notification of these Regulations or as directed by the Commission whichever is earlier, based on admitted capital cost including additional capital expenditure already admitted in last true-up order of the Commission and estimated additional capital expenditure for the respective years of the tariff period 2024-29 in accordance with these Regulations:

Provided that the application shall contain details of underlying assumptions for projected capital cost and additional capital expenditure, where applicable.

6.4 In case of emission control system is required to be installed in existing generating station or unit thereof to meet the revised emission standards, an application/ petition shall be filed for determination of supplementary tariff (capacity charges or energy charge or both) within 90 days after installation of such system based on the actual capital expenditure incurred duly certified by the Auditor along with all necessary details and documents:

Provided that if the emission control system is commissioned prior to the notification of these Regulations, the application for determination of supplementary tariff shall be filed along with the Tariff Petition.

6.5 In case the generating company files the application as per the timeline specified in Regulation 6.2 of these Regulations, carrying cost shall be allowed from the date of commercial operation of the project:

Provided that in case the generating company delays in filing of application as per the timeline specified in Regulation 6.2 of this Regulation, carrying cost shall be allowed from the date of filing of the application.

6.6 In case the generating company files the application as per the timeline specified in Regulation 6.3 of these Regulations, carrying cost shall be allowed from 1.4.2024:

Provided that in case the generating company delays in filing of application as per the timeline specified in Regulation 6.3 of this Regulation, carrying cost shall be allowed from the date of filing of the application.

6.7 In case the generating company files the application as per the timeline specified in Regulation 6.4 of these Regulations, carrying cost shall be allowed from the date of installation of emission control system:

Provided that in case the generating company delays in filing of application as per the timeline specified in Regulation 6.4 of this Regulation, carrying shall be allowed from the date of filing of the application.

7. Determination of Tariff:

7.1 The generating company shall file petition before the Commission as per formats enclosed with these Regulations containing the details of underlying assumptions for the capital expenditure and additional capital expenditure incurred and projected to be incurred, wherever applicable.

7.2 The Commission shall, at all times, have the authority, either suo-motu or on a petition filed by any interested or affected party, to determine the Tariff, including terms and conditions thereof, of generating company and shall initiate the process of such determination in accordance with the procedure as may be specified:

Provided that the proceedings for such determination of tariff, including terms and conditions thereof, shall be in the same manner as set out in the MPERC (Conduct of Business) Regulations, 2016 as amended from time to time.

7.3 The generating company shall provide details, as part of the application to the Commission, in such formats, in hard and soft copy, as may be required by the Commission. The generating company shall necessarily provide details Unit-wise and Station-wise as envisaged in the formats to enable the Commission to determine the Tariff, as required.

7.4 The generating company is required to furnish all such additional information or particulars or documents as may be considered necessary for the purpose of processing the application:

Provided that in case of an existing project, the application shall be based on admitted capital cost including any additional capitalization already admitted in last true-up order and estimated additional capital expenditure for the respective years of the tariff period FY 2024-25 to FY 2028-29:

Provided further that the application shall contain details of underlying assumptions for projected capital cost and additional capital expenditure, where applicable.

7.5 Upon receipt of the complete application accompanied by all requisite information, particulars and documents in compliance with all the requirements, the application shall be deemed to have been received and the Commission or the Secretary or the Officer designated for the purpose by the Commission shall intimate to the generating company that the application is ready for publication, in such abridged form and manner, as may be specified [Refer MPERC (Details to be furnished and fees payable by Licensee or generating company for determination of Tariff

and manner of making an application) Regulation, as amended from time to time].

7.6 The generating company shall put all the details of the petition filed before the Commission on its website not later than fifteen working days of its acceptance by the Commission.

7.7 The generating company shall furnish to the Commission all such books and records (or certified true copies thereof), including the Accounting Statements, operational and cost data, as may be required by the Commission for determination of Tariff.

7.8 The Commission may, if deemed necessary, make available to any person, at any time, such information as has been provided by the generating company to the Commission including abstracts of such books and records (or certified true copies thereof):

Provided that the Commission may, by order, direct that any information, documents and papers/materials maintained by the Commission, shall be confidential or privileged and shall not be available for inspection or supply of certified copies, and the Commission may also direct that such document, papers or materials shall not be used in any manner except as specifically authorised by the Commission.

7.9 If the petition is inadequate in any respect as required under these Regulations, the petition shall be returned to the generating company for resubmission of the same within one month after rectifying the deficiencies as may be pointed out by the staff of the Commission.

7.10 If the information furnished in the petition is in accordance with the Regulations and is adequate for carrying out prudence check of the claims made, the Commission shall consider the suggestions and objections, if any, received from the respondents within one month from the date of filling of the petition (or any time period specified by the Commission) and any other person including the consumers or consumer associations. The Commission shall issue the tariff order after hearing the petitioner, the respondents and any stakeholder specifically permitted by the Commission.

7.11 In case of the new projects, if the information furnished in the petition is in accordance with these Regulations and is adequate for carrying out prudence check of the claims made, the Commission may consider granting an interim tariff /or provisional tariff up to 90% of the annual fixed cost determined by the Commission based on the projected capital expenditure from the scheduled COD after prudence check in accordance with the provisions under these Regulations for billing purposes till the final tariff is determined by the Commission:

Provided that the difference between the provisional/interim tariff and final tariff determined by the Commission in accordance with these Regulations, shall be recovered or refunded to, at the rate worked out on the basis of 1 year SBI MCLR plus 100 basis points prevailing as on 1st April of the respective year;

Provided further that in case the final tariff determined by the Commission is lower than the provisional/interim tariff by more than 10%, the generating company shall return the excess amount recovered from the beneficiaries with simple interest at 1.20 times of the rate worked out on the basis of 1 year SBI MCLR plus 100 basis points prevailing as on 1st April of the financial year in which such excess recovery was made.

7.12 In case of the existing projects, the generating company shall continue to bill provisionally the beneficiaries for capacity charges and energy charge as approved by the Commission vide Suo Moto Order dated 05.03.2024, till the issuance of MYT Order of the respective generating stations in accordance with these Regulations:

Provided that the difference between the tariff mentioned above and the tariff determined by the Commission in accordance with these Regulations, shall be recovered or refunded to, at the rate, as specified by the Commission.

7.13 The difference between the final tariff determined in accordance with these Regulations shall be recovered from or refunded to, the beneficiaries as per Regulations 7.11 and 7.12 for new projects and existing projects respectively, in a maximum of six equal monthly installments from the date of the tariff order issued by the Commission:

Provided that the bills to recover or refund shall be raised by the generating company within 45 days from the issuance of the tariff order by the Commission;

Provided further that such interest shall be payable till the date of issuance of the Order and no interest shall be allowed or levied during the period of six-monthly instalments;

Provided also that in case where money is to be refunded and there is a delay in raising of bills by generating company beyond 45 days from the issuance of the Order, it shall attract a late payment surcharge as applicable in accordance with these regulations.

8. In-Principle Approval in Specific circumstances:

The generating company for a specific generating station undertaking any additional capitalization on account of change in law events or force majeure conditions may file petition for in-principle approval for incurring such expenditure after prior notice to the beneficiaries along with underlying assumptions, estimates and justification for such expenditure if the estimated expenditure exceeds 10% of the admitted capital cost of the project or Rs.100 Crore, whichever is lower.

9. Methodology for Determination of Tariff and Truing up:

9.1 The Commission shall define Tariff period for the generating company from time to time. The principles for Tariff determination shall be applicable for the duration of the Tariff period. The principles that guide Tariff determination for the next Tariff period shall be valid for a period from 1st April, 2024 up to 31st March, 2029.

9.2 Tariff in respect of a generating company under these Regulations shall be determined Unit-wise or for a group of Units. However, when a new generating Unit is added on or after 1.4.2024, the Commission shall determine separate Tariff for such new Unit(s). The generating company shall submit separate calculations in respect of each generating station giving break-up for Units prior to 1.4.2024 and Units added thereafter.

9.3 For the purpose of Tariff, the capital cost of the Project shall be segregated into stages and by distinct Units forming part of the Project. Where the Stage-wise, Unit wise break-up of the capital cost of the Project is not available and in case of on-going Projects, the common facilities shall be apportioned on the basis of the capacity of the Units. In relation to multi-purpose Hydroelectric Projects with irrigation, flood control and power components, the capital cost chargeable to power component of the Project only shall be considered for determination of Tariff.

Explanation: "Project" includes a generation station.

9.4 The Commission shall carry out the truing up exercise for the FY 2024-29 on an annual basis, on the following account:

(i) the capital expenditure, including additional capital expenditure incurred in each financial year up to 31.03.2029 as admitted by the Commission after prudence check at the time of truing up;

(ii) the capital expenditure, including additional capital expenditure incurred during each year up to 31.03.2029 on account of Force Majeure and Change in Law as admitted by the Commission;

(iii) the additional capital expenditure incurred during each year up to 31.03.2029 on account of Emission Control System as admitted by the Commission.

The generating company shall submit for the purpose of truing up, details of capital expenditure and additional capital expenditure incurred for each year of the period from 1.4.2024 to 31.3.2029, duly audited and certified by the auditors.

9.5 A Distribution Licensee owning and operating a generating station shall maintain and submit separate accounts of its generation business, licensed business, and other business.

9.6 The generating company shall make an application, in hard and soft copy in the same formats specified under these Regulations for carrying out truing up exercise for each year in respect of the generating station or a unit or block thereof by 15th November each year.

9.7 The generating company shall submit for the purpose of truing up, details of actual capital expenditure and additional capital expenditure incurred for the period from 1.4.2024 to 31.3.2029, duly audited and certified by the auditor on year to year basis.

9.8 After truing up, if the tariff already recovered exceeds or falls short of the tariff approved by the Commission under these Regulations, the generating company shall refund to or recover from the beneficiaries, the excess or shortfall amount in accordance to Regulation 9.9 of these Regulations.

9.9 The difference between the tariff after true up determined in accordance with these Regulations shall be recovered from or refunded to, the beneficiaries with simple interest at the rate equal to 1 year SBI MCLR plus 100 basis points prevailing as on 1st April of the respective year of the tariff period, in a maximum of six equal monthly installments from the date of the tariff order issued by the Commission:

Provided that the bills to recover or refund shall be raised by the generating company within 45 days from the issuance of the tariff order by the Commission;

Provided further that such interest shall be payable till the date of issuance of the Order and no interest shall be allowed or levied during the period of six-monthly instalments;

Provided also that in case where money is to be refunded and there is a delay in raising of bills by generating company beyond 45 days from the issuance of the Order, it shall attract a late payment surcharge as applicable in accordance with these regulations.

10. Submission of Annual Accounts, Reports etc.

10.1 The generating company shall submit Annual Audited Accounts and such other information in a form as may be specified by the Commission. In addition, the generating company shall be required to comply with the information requirements of various Regulations and Codes notified by the Commission from time to time.

10.2 In the absence of submission of the required information by the generating company, the Commission may initiate Suo-motu proceedings.

11. Periodicity of Tariff determination:

11.1 No Tariff or part of any Tariff may ordinarily be amended, more frequently than once in any financial Year, except in respect of any changes expressly permitted under the terms of these Regulations. The Commission may, after satisfying itself for reasons to be recorded in writing, allow for other revision of Tariff.

11.2 Subject to the other provisions of these Regulations, the expenses allowed to be recovered for any year, shall be subject to adjustments in any tariff to be determined for the subsequent period if the Commission is satisfied that such adjustment for the excess amount or shortfall in the amount actually realized or expenses incurred is necessary and the same is not on account of any reason attributable and within the control of the generating company.

12. Charging of Tariff other than approved:

Any generating company found to be charging a Tariff different from the one approved by the Commission from the Beneficiaries shall be deemed to have not complied with the directions of the Commission and shall be liable to be proceeded against under Section 142 of the Act without prejudice to any other liability incurred by the generating company under any other provisions of the Act. In case the amount recovered exceeds the amount allowed by the Commission, the excess amount so recovered shall be refunded to the Beneficiaries who have paid such excess charges, along with simple interest at the rate equal to the Reference Rate of Interest as on 1st April of the respective year, besides any other penalty that may be imposed by the Commission.

13. Annual review of the Generating Company:

13.1 The generating company shall submit periodic returns as may be specified, containing operational and cost data to enable the Commission to monitor the implementation of its order.

13.2 The generating company shall submit to the Commission annual statements of its performance and accounts including latest report of audited accounts.

CHAPTER-3

TARIFF STRUCTURE

14. Components of Tariff:

14.1 The tariff for supply of electricity from a thermal generating station shall comprise two parts, namely, capacity charge (for recovery of annual fixed cost consisting of the components as specified in Regulation 15 of these Regulations) and energy charge (for recovery of primary and secondary fuel cost and cost of limestone and any other reagent, where applicable as specified in Regulation 16 of these Regulations).

14.2 The Supplementary tariff consisting of supplementary capacity charges and energy charges, on account of implementation of revised emission standards in existing generating station or new generating station, as the case may be, shall be determined by the Commission separately.

14.3 The tariff for supply of electricity from a hydro generating station shall comprise capacity charge and energy charge to be derived in the manner specified in Regulation 48 of these Regulations, for recovery of annual fixed cost consisting of the components referred to in Regulation 15 of these Regulations.

15. Capacity Charges:

15.1 The Capacity charges shall be derived on the basis of annual fixed cost. The annual fixed cost (AFC) of a generating station shall consist of the following components:

(a) Return on equity;

(b) Depreciation;

(c) Interest on loan capital;

(d) Operation and maintenance expenses; and

(e) Interest on working capital:

Provided that special allowance in lieu of R&M, where opted in accordance with Regulation 28 of these Regulations shall be recovered separately and shall not be considered for computation of working capital.

15.2 **Supplementary Capacity Charges:** Supplementary capacity charges shall be derived on the basis of the Annual Fixed Cost for emission control system (AFCe). The Annual Fixed Cost for the emission control system shall consist of the components as listed at (a) to (e) above of Regulation 15.1 of these Regulations.

16. Energy Charges:

Energy charges shall be derived on the basis of the Landed Fuel Cost (LFC) of a generating station (excluding hydro) and shall consist of the following cost:

(a) Landed Fuel Cost of primary fuel;

(b) Cost of secondary fuel oil consumption, and

(c) Cost of Lime-stone or any other regent as applicable:

Provided that any refund of taxes and duties along with any amount received on account of penalties from fuel supplier shall be adjusted in fuel cost:

Provided further that the supplementary energy charges, if any, on account of meeting the revised emission standards in case of a thermal generating station shall be determined separately by the Commission as per Regulation 47 of these regulations.

17. Special Provisions for Tariff for Thermal Generating Stations after completion of Useful Life:

In respect of a thermal generating station that has completed 25 years of operation from the date of commercial operation and the power purchase agreement for supply of electricity to beneficiaries from such generating station is not extended, the generating company and the beneficiary may agree on an arrangement, including provisions for target availability and incentive, where in addition to the energy charge, capacity charges determined under these regulations shall also be recovered based on scheduled generation.

Provided that such arrangement between the Beneficiary and Generating Station shall be subject to prior approval of the Commission under Section 86.1(b) of the Electricity Act, 2003.

CHAPTER-4

COMPUTATION OF CAPITAL COST AND CAPITAL STRUCUTRE

18. Capital Cost:

18.1 The Capital cost of the generating station as determined by the Commission after prudence check in accordance with these Regulations shall form the basis of determination of tariff for existing and new projects.

18.2 The Capital Cost of a new project shall include the following:

(i) The expenditure incurred up to the date of commercial operation of the project;

(ii) Interest during construction and financing charges, on the loans (a) being equal to 70% of the funds deployed and, in the event of the actual equity is in excess of 30% of the funds deployed on pari-passu basis, by treating the excess equity over and above 30% of the funds deployed as a normative loan, or (b) being equal to the actual amount of the loan in the event of the actual equity being less than 30% of the funds deployed;

(iii) Any gain or loss on account of foreign exchange risk variation pertaining to the loan amount availed during the construction period.

(iv) Interest during construction and incidental expenditure during construction as computed in accordance with Regulation 20 of these Regulations;

(v) Capitalised initial spares subject to the ceiling rates in accordance with these Regulations;

(vi) Expenditure on account of additional capitalization and de-capitalisation determined in accordance with these Regulations;

(vii) Adjustment of revenue due to sale of infirm power in excess of fuel cost prior to the date of commercial operation as specified in these Regulations;

(viii) Capital expenditure incurred on the ash disposal and utilization, including handling and transportation facility;

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

(x) Capital expenditure on account of biomass handling equipment and facilities, for co-firing;

(xi) Capital expenditure on account of emission control system necessary to meet the revised emission standards and sewage treatment plant;

(xii) Expenditure on account of fulfilment of any conditions for obtaining environment clearance for the project;

(xiii) Expenditure on account of change in law and force majeure events; and

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

(xv) Capital Expenditure required to enable flexible operation of the generating station at lower loads.

18.3 The Capital cost of an existing project shall include the following:

(i) The capital cost admitted by the Commission prior to 1.4.2024 duly trued up by excluding liability, if any;

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

(iii) Capital expenditure on account of renovation and modernization as admitted by the Commission in accordance with these Regulations;

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

(v) 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 cost paid to the railway;

(vi) Capital expenditure on account of biomass handling equipment and facilities, for co-firing;

(vii) Capital cost incurred by a thermal generating station, on account of implementation of

the norms under Perform, Achieve and Trade (PAT) scheme of Government of India shall be considered by the Commission subject to sharing of benefits accrued under the PAT scheme with the beneficiaries;

(viii) Expenditure required to enable flexible operation of the generating station at lower loads; and

(ix) Expenditure on account of Change in Law and Force Majeure events.

18.4 The capital cost in case of existing or new hydro generating station shall also include:

(i) Cost of approved rehabilitation and resettlement (R&R) plan of the project in conformity with National R&R Policy and R&R package as approved; and

(ii) Cost of the developer's 10% contribution towards Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) and Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY) project in the affected area.

(iii) For uninterrupted and timely development of Hydro Projects, expenditure incurred towards developing local infrastructure in the vicinity of the power plant not exceeding Rs. 10 lakh/MW shall be considered as part of the Capital cost, and in case the same work is covered under budgetary support provided by the Government of India, the funding of such works shall be adjusted on receipt of such funds.

Provided that such funds shall be allowed only if the funds are spent through Indian Governmental Instrumentality;

18.5 For Projects acquired through NCLT proceedings under the Insolvency and Bankruptcy Code, 2016, the following shall be considered while approving Capital Cost for determination of tariff:

(a) For projects already under operation, historical GFA of the project acquired or the acquisition cost paid by the generating company, whichever is lower;

(b) For considering the historical GFA for the purpose of Regulation (a) above, the same shall be the capital cost approved by the appropriate commission till the date of acquisition;

Provided that in the absence of any prior approved capital cost of an Appropriate Commission, the Commission shall consider the same on the basis of audited accounts subject to prudence check;

Provided further that in case additional capital expenditure is required post acquisition of an already operational project, the same shall be considered under the provisions of these Regulations;

(c) In case any under construction project is acquired that has yet to achieve commercial operation, the acquisition cost or the actual audited cost incurred till the date of acquisition, whichever is lower, shall be considered. and;

(d) Any additional capital expenditure incurred post acquisition of such project up to the date of commercial operation of the project in line with the investment approval of the Board of Directors of the generating company shall also be considered on a case to case basis subject to prudence check.

Provided that post commercial operation, additional capital expenditure shall be allowed under the provisions of these Regulations.

18.6 The following shall be excluded from the capital cost of the existing and new projects:

(a) The assets forming part of the project, but not in use, as declared in the tariff petition;

(b) De-capitalised asset after the date of commercial operation on account of obsolescence;

(c) De-capitalised assets on account of upgradation or shifting from one project to another project:

Provided that unless shifting of an asset from one project to another is of permanent nature, there shall be no de-capitalization of the concerned assets;

(d) In case of hydro generating stations, any expenditure incurred or committed to be incurred by a project developer for getting the project site allotted by the State Government by following a transparent process;

(e) Proportionate cost of land of the existing project which is being used for generating power from generating station based on renewable energy as may be permitted by the Commission; and

(f) Any grant received from the Central or State Government or any statutory body or authority for the execution of the project that does not carry any liability of repayment.

19. Prudence Check of Capital Cost:

19.1 The following principles shall be adopted for prudence check of capital cost of the existing or new projects:

(i) In case of the thermal generating station, prudence check of capital cost shall include scrutiny of the capital expenditure, in the light of capital cost of similar projects based on past historical data, wherever available, reasonableness of financing plan, interest during construction, incidental expenditure during construction, use of efficient technology, cost over-run and time over-run, procurement of equipment and materials through competitive bidding and such other matters as may be considered appropriate by the Commission for determination of tariff:

Provided that, while carrying out the prudence check, the Commission shall also examine whether the generating company has been prudent in its judgments and decisions in execution of the project.

Provided further that where the power purchase agreement entered into between the generating company and the beneficiaries provides for ceiling of actual capital expenditure, the Commission shall take into consideration such ceiling for prudence check.

(ii) The Commission may, for the purpose of vetting of capital cost of hydro generating stations, appoint an independent agency or an expert body:

Provided that the Designated Independent Agency already appointed under the guidelines for vetting of capital cost of hydro generating stations issued by the Commission, shall continue till completion of the assigned project.

19.2 The generating company shall furnish the package-wise capital cost for execution of the existing and new projects as per formats enclosed with these Regulations, along with tariff petition for the purpose of creating a database of benchmark capital cost of various components.

20. Interest during construction (IDC) and Incidental Expenditure during Construction (IEDC):

20.1 Interest during construction (IDC) shall be computed considering the actual loan and normative loan after taking into account the prudent phasing of funds up to actual COD:

Provided that IDC on normative loan corresponding to excess equity over 30% of funds deployed shall be allowed only in cases where the actual infusion of equity on a pari-passu basis is more than 30% of total funds deployed and shall be computed on a quarterly basis.

Provided further that in case IDC on normative loan is to be allowed prior to infusion of actual loan, rate of interest for computing such IDC shall be equal to 1-year SBI MCLR as prevailing on 1st April of the respective year.

Provided also that IDC on normative loan, post infusion of actual loan shall be computed based on weighted average rate of interest (WAROI) for that respective quarter, subject to ceiling of Reference Rate of Interest or 14%, whichever is lower.

Provided also that IDC on actual loan shall be computed based on weighted average rate of interest (WAROI) for that respective quarter, subject to ceiling of Reference Rate of Interest or 14%, whichever is lower.

20.2 Incidental expenditure during construction (IEDC) shall be computed from the zero date, taking into account pre-operative expenses up to COD:

Provided that any revenue earned during construction period up to actual COD on account of interest on deposits or advances, or any other receipts shall be taken into account for reduction in incidental expenditure during construction.

20.3 In case of additional costs on account of IDC and IEDC due to delay in achieving the COD, the generating company shall be required to furnish detailed justifications with supporting documents for such delay including prudent phasing of funds in case of IDC and details of incidental expenditure (IEDC) during the period of delay and liquidated damages recovered or recoverable corresponding to the delay.

20.4 If the delay in achieving COD is not found attributable to the generating company, such additional IDC and IEDC may be allowed after due prudence check and the liquidated damages, if any, recovered from the contractor or supplier or agency shall be adjusted in the capital cost of the generating station.

20.5 If the delay in achieving COD is found attributable either in entirety or in part to the generating company or its contractor or supplier or agency, in such cases, IDC and IEDC due to such delay may be disallowed after due prudence check, either in entirety or on pro-rata basis corresponding to the period of delay not condoned vis-à-vis total implementation period and

the liquidated damages, if any, recovered from the contractor or supplier or agency shall be retained by the generating company in the same proportion of delay not condoned vis-à-vis total implementation period.

[Example: - In case a project was scheduled to be completed in 48 months and is actually completed in 60 months. Out of 12 months of time overrun, if only 6 months of time overrun is condoned, the allowable IDC and IEDC shall be computed by considering the total IDC and IEDC incurred for 60 months and allowed in the proportion of 54 months over 60 months period.]

Provided that in case where delay in achieving COD is beyond six months from SCOD on account of delay in obtaining approval of any of the following activities namely, (i) forest clearance, (ii) NHAI Clearance, or (iii) Railways permission, a time overrun maximum up to 95% shall be allowed after prudence check.

20.6 For the purpose of Regulation 20.4 and 20.5 above of this Regulation, IDC on actual loan and normative loan shall be considered in accordance with the normative debt-equity ratio as specified in these Regulations.

21. Controllable and Uncontrollable factors:

21.1 The following shall be considered as controllable and uncontrollable factors for deciding time over-run, cost escalation, IDC and IEDC of the new Project:

21.2 The 'controllable factors' shall include but shall not be limited to the following:

(a) Efficiency in the implementation of the project not involving an approved change in scope of such new project or change in statutory levies or change in law or force majeure events; and

(b) Delay in execution of the new project on account of contractor, supplier or agency of the generating company.

21.3 The 'uncontrollable factors' shall include but shall not be limited to the following:

(i) Force Majeure events;

(ii) Change in law; and

(iii) Time and cost over-runs on account of land acquisition except where the delay is attributable to the generating company.

22. Initial Spares:

Initial spares shall be capitalised as a percentage of the Plant and Machinery cost, subject to following ceiling norms:

(a) Coal-based thermal generating stations - 4.0%

(b) Hydro generating stations including pumped storage hydro generating station – 4.0%

Provided that:

i. the Plant and Machinery cost shall be considered as the original project cost excluding IDC, IEDC, Land Cost and Civil Works. The generating company for the purpose of estimating Plant and Machinery Cost, shall submit the break-up of head-wise IDC and IEDC in its tariff application.

ii. where the emission control system is installed, the norms of initial spares specified in these Regulations for coal based thermal generating station shall apply.

CHAPTER-5

COMPUTATION OF ADDITIONAL CAPITAL EXPENDITURE

23. Additional Capitalisation within the original scope and up to cut-off date:

23.1 The additional capital expenditure in respect of the new project or an existing project incurred on the following counts within the original scope of work, after the date of commercial operation and up to the cut-off date may be admitted by the Commission, subject to prudence check:

(i) Payment made towards admitted liabilities for works executed up to the cut-off date;

(ii) Works deferred for execution;

(iii) Procurement of initial capital spares within the original scope of work, in accordance with the provisions of Regulation 22 of these Regulations;

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

(v) Change in law or compliance of any existing law which is not provided for in the original scope of work;

(vi) For uninterrupted and timely development of Hydro projects, expenditure incurred towards developing local infrastructure in the vicinity of the power plant not exceeding Rs. 10 lakh/MW shall be considered as part of capital cost and in case the same work is covered under budgetary support provided by Government of India, the funding of such works shall be adjusted on receipt of such funds;

Provided that such expenditure shall be allowed only if the expenditure is incurred through Indian Governmental Instrumentality; and

(vii) Force Majeure events:

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

23.2 The generating company shall submit the details of works asset wise/work wise included in the

original scope of work along with estimates of expenditure, liabilities recognized to be payable at a future date and the works deferred for execution along with the application for determination of tariff.

24. Additional Capitalization within the original scope and after the cut-off date:

24.1 The additional capital expenditure incurred in respect of an existing project or a new project on the following counts within the original scope of work and after the cut-off date may be admitted by the Commission, subject to prudence check:

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

(ii) Change in law or compliance with any existing law which is not provided for in the original scope of work;

(iii) Deferred works relating to ash pond or ash handling system or raising of ash dyke in the original scope of work;

(iv) Payment made towards liability admitted for works within the original scope executed prior to the cut-off date;

(v) Force majeure events;

(vi) Works within original scope executed after the cut-off date and admitted by the Commission, to the extent of discharge of actual payment made; and

24.2 In case of replacement of assets deployed under the original scope of the existing project after 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 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 renewal of lease of lease 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 by Generating company through normative O&M charges expenses.

25. Additional Capitalization beyond the original scope:

25.1 The capital expenditure, in respect of existing generating station incurred on the following counts beyond the original scope, may be admitted by the Commission, subject to prudence check:

(a) Payment against award of arbitration or for compliance of the order or directions of the 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) Any capital expenditure to be incurred on account of need for higher security and safety of the plant as advised or directed by appropriate Government Instrumentality or statutory authorities responsible for national security/ 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 that if any expenditure has been claimed under Renovation and Modernisation (R&M) or repairs and maintenance under O&M expenses, the same expenditure cannot be claimed under this Regulation; and

(f) Usage of water from sewage treatment plant in 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 Regulations 23, 24 and 26, 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 including the works required towards projects acquired through NCLT process. The claim shall be substantiated with the technical justification and cost benefit analysis; and

(j) Any claim of additional capitalisation less than Rs. 20 lakhs shall not be considered under Regulation 25.1 of this regulation and shall be met through normative O&M expenses.

25.2 In case of de-capitalisation of assets of a generating company, the original cost of such asset as on the date of de-capitalisation shall be deducted from the value of gross fixed asset and corresponding loan as well as equity shall be deducted from outstanding loan and the equity respectively in the year such de-capitalisation takes place with corresponding adjustments in cumulative depreciation and cumulative repayment of loan, duly taking into consideration the year in which it was capitalised.

Provided that in cases where an asset forming part of a scheme is de-capitalised and wherein the historical value of such asset is not available, the value of de-capitalisation shall be computed by de-escalating the value of the new asset by 5% per year until the year of capitalisation of the old asset subject to a minimum of 10% of the replacement cost of the asset.

26. De-Commissioning

In case a generating station or unit thereof after it is certified by CEA or any other statutory authority, that any asset cannot be operated or needs to be replaced on account of environmental concerns or safety issues or system upgradation or a combination of these factors not attributable to generating company, the unrecovered depreciable value may be allowed to be recovered on a case-to-case basis after duly adjusting the actual salvage value or realization value, whichever is higher, post disposal of such project.

Provided that the manner of recovery, including a number of instalments in which such unrecovered depreciation will be allowed, shall be specified by the Commission on a case-to-case basis.

Provided further that no carrying cost shall be allowed on any delay associated with such recovery.

27. Additional Capitalization on account of Renovation and Modernisation:

27.1 The generating company, intending to undertake renovation and modernization (R&M) of the generating station or unit thereof for the purpose of extension of life beyond the originally recognised useful life for the purpose of tariff, shall file a petition before the Commission for approval of the proposal with a Detailed Project Report giving complete scope, justification, cost-benefit analysis, estimated life extension from a reference date, financial package, phasing of expenditure, schedule of completion, reference price level, estimated completion cost including foreign exchange component, if any, and any other information considered to be relevant by the generating company:

Provided that the generating company making the applications for R&M shall not be eligible for Special allowance under Regulation 28 of these Regulations:

Provided further that, the generating company intending to undertake R&M shall be required to obtain the consent of the beneficiaries for such R&M and submit the response of beneficiaries along with petition.

27.2 Where the generating company makes an application for approval of its proposal for renovation and modernization (R&M), the approval may be granted after due consideration of reasonableness of the proposed cost estimates, financing plan, schedule of completion, interest during construction, use of efficient technology, cost-benefit analysis, expected duration of life extension, the response of the beneficiaries and such other factors as may be considered relevant by the Commission.

27.3 After completion of R&M, the generating company shall file a petition for determination of tariff. Expenditure incurred or projected to be incurred and admitted by the Commission after prudence check, and after deducting the accumulated depreciation already recovered from the admitted project cost, shall form the basis for determination of tariff.

28. Special allowance for Coal-based Thermal Generating station:

28.1 In case of coal-based thermal generating station, the generating company, instead of availing R&M may opt to avail a 'special allowance' in accordance with the norms specified in this Regulation, as compensation for meeting the requirement of expenses towards any additional capital expenditure covered in Regulations 23, 24, 25 and 26**,** except for capital expenditure arising out of change in law, award of arbitration or for compliance of the directions or order of any statutory authority, or order or decree of any court of law, and force majeure after completion of 25 years from the date of Commercial operation of the generating station or a unit thereof, and in such an event, upward revision of the capital cost shall not be allowed and the applicable operational norms shall not be relaxed but the special allowance shall be included in the annual fixed cost:

Provided that such option shall not be available for a generating station or unit thereof for which renovation and modernization has been undertaken and the expenditure has been admitted by the Commission before commencement of these Regulations, or for a generating station or unit which is in a depleted condition or operating under relaxed operational and performance norms:

Provided further that special allowance shall also be available for a generating station which has availed the special allowance during the tariff period 2013-14 to 2015-16 or 2016-17 to 2018-19 or 2019-20 to 2023-24 as applicable from the date of completion of the useful life.

28.2 The special allowance admissible to the generating station shall be @ Rs. 10.75 lakh/MW/year for the tariff period 2024-29.

28.3 In the event of granting special allowance by the Commission, the expenditure incurred or utilized from special allowance shall be maintained separately by the generating station and details of such expenditure shall be made available to the Commission as and when directed.

28.4 The special allowance allowed under this Regulation shall be transferred to a separate fund for utilization towards Renovation & Maintenance activities and additional capitalisation as per Regulation 28.1 of these Regulations and the expenditure incurred or utilized form the special allowance shall be made available to the Commission as and when directed.

29. Additional Capitalization on account of Revised Emission Standards:

29.1 A generating company requiring to incur additional capital expenditure in the existing generating station for compliance of the revised emission standards shall share its proposal with the beneficiaries and file a petition before Commission for undertaking such additional capitalization.

29.2 The proposal under clause above shall contain details of proposed technology as specified by the Central Electricity Authority, scope of the work, phasing of expenditure, schedule of completion, estimated completion cost including foreign exchange component, if any, detailed computation of indicative impact on tariff to the beneficiaries, and any other information considered to be relevant by the generating company.

29.3 Where the generating company makes an application for approval of additional capital expenditure on account of implementation of revised emission standards, the Commission may grant approval after due consideration of the reasonableness of the cost estimates, financing plan, schedule of completion, interest during construction, use of efficient technology, cost-benefit analysis and such other factors as may be considered relevant by the Commission.

29.4 After completion of the implementation of revised emission standards, the generating company shall file a petition for determination of tariff. Any expenditure incurred or projected to be incurred and admitted by the Commission after prudence check based on reasonableness of the cost and impact on operational parameters shall form the basis of determination of tariff.

29.5 Un-discharged liability, if any, on account of emission control system shall be allowed as additional capitalization during the year it is discharged, subject to prudence check.

30. Sale of Infirm Power:

Supply of infirm power shall be accounted as deviation and shall be paid for from the regional/ state deviation settlement fund accounts in accordance with the Central Electricity Regulatory Commission (Deviation Settlement Mechanism and Related matters) Regulations, 2022, as amended from time to time or any subsequent re-enactment thereof:

Provided that any revenue earned by the generating company from supply of infirm power after accounting for the fuel expenses shall be applied in adjusting the capital cost accordingly.

31. Debt-Equity Ratio:

31.1 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:

(a) where equity actually deployed is less than 30% of the capital cost, actual equity shall be considered for determination of tariff;

(b) the equity invested in foreign currency shall be designated in Indian rupees on the date of each investment; and

(c) 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 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.

31.2 The generating company shall submit the resolution of the Board of the company or the approval of the competent authority in other cases regarding the infusion of fund from internal resources in support of the utilization made or proposed to be made to meet the capital expenditure of the generating station.

31.3 In case of the generating station declared under commercial operation prior to 1.4.2024, debt-equity ratio allowed by the Commission for determination of tariff for the period ending 31.3.2024 shall be considered:

Provided that in case of a generating station which has completed its useful life as on or after 01.04.2024 or is completing its useful life during the tariff period 2024-29, if the equity actually deployed as on 01.04.2024 is more than 30% of the capital cost, equity in excess of 30% shall not be taken into account for tariff determination.

31.4 In case of the generating station 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 in accordance with Regulation 31.1 of these Regulations.

31.5 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 Regulation 31.1 of these Regulations.

31.6 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 Regulation 31.1 of this Regulation.

CHAPTER-6

COMPONENTS OF ANNUAL FIXED COST

32. Return on Equity:

32.1 Return on equity shall be computed in rupee terms on the equity base determined in accordance with Regulation 31 of these Regulations.

32.2 Return on equity shall be computed at the base rate of 15.50% for thermal generating stations and run-of-river hydro generating stations and at the base rate of 16.50% for storage type hydro generating stations, pumped storage hydro generating stations and run-of river generating stations 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 shall be reduced by 1.00% for such period as may be decided by the Commission, if the generating station is found to be declared under commercial operation without commissioning of any of the two modes, namely Restricted Governor Mode Operation (RGMO) or Free Governor Mode Operation (FGMO);

(ii) In case of existing generating station, if any of the requirements mention in Regulation (i) above are found lacking based on the report submitted by the respective RLDC/SLDC, the 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:

(a) rate of return on equity shall be reduced by 0.25% in case of failure to achieve the ramp rate as specified in M.P. Electricity Grid Code, 2024 as amended from time to time.

(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 ceiling of additional rate of return on equity of 1.00%.

33. Tax on Return on Equity:

33.1 The base rate of return on equity as allowed by the Commission under Regulation 32 of these Regulations shall be grossed up with the effective tax rate of the respective financial year. For this purpose, at the time of determination of tariff for future years, the effective tax rate shall be considered based on actual tax paid as per latest Annual Audited accounts, subject to prudence check by the Commission.

Provided that in case a generating company 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 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.

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

Rate of pre-tax return on equity = Base rate / (1-t)

Where 't' is the effective tax rate in accordance with Regulation 33.1 of these Regulations.

33.3 The true up of the effective tax rate for every financial year shall be 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:

Provided that tax on Income actually paid shall be limited to Tax on Return on the Equity component;

Provided further that no Tax shall be considered on the amount of efficiency gains and

incentive approved by the Commission;

Provided also that in case a generating company is paying Minimum Alternate Tax (MAT) under Section 115JB, the tax rate shall be trued up by grossing rate of return on equity at the end of every financial year with the applicable MAT rate including surcharge and cess;

Provided also that in case a generating company is paying tax under Section 115BAA, the generating company shall true up the grossed up rate of return on equity at the end of every financial year with the tax rate including surcharge and cess as specified under Section 115BAA;

Provided also that any under-recovery or over recovery of grossed up rate on return on equity after truing up, shall be recovered or refunded to beneficiaries on a year to year basis;

Provided also that in case of the Generating Company has engaged in any other regulated or unregulated Business or Other Business, the actual tax paid on income from any other regulated or unregulated Business or Other Business shall be excluded for the calculation of effective tax rate;

Provided also that if no Income Tax has been paid by the generating Company as a whole, then the effective Income Tax rate shall be considered as "Nil".

34. Depreciation:

34.1 Depreciation shall be computed from the date of commercial operation of a generating station or unit thereof. In case of the tariff of all the units of a generating station 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 taking into consideration the depreciation of individual units:

Provided that effective date of commercial operation shall be worked out by considering the actual date of commercial operation and installed capacity of all the units of the generating station for which single tariff needs to be determined.

34.2 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, weighted average life for the generating station shall be applied. Depreciation shall be chargeable from the first Year of commercial operation. In case of commercial operation of the asset for part of the Year,

depreciation shall be charged on pro rata basis.

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

Provided that in case of hydro generating station, the salvage value shall be as provided in the agreement, if any, signed by the developers with the State Government for development of the generating station:

Provided further that the capital cost of the assets of the hydro generating station for the purpose of computation of depreciated value shall correspond to the percentage of sale of electricity under long-term power purchase agreement at regulated tariff:

Provided also that any depreciation disallowed on account of lower availability of the generating station or unit shall not be allowed to be recovered at a later stage during the useful life or the extended life:

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

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

34.5 Depreciation for existing projects shall be calculated annually based on 'Straight Line Method' and at rates specified in Appendix-I to these Regulations for the assets of the generating station:

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 shall be spread over the balance useful life of the assets.

Provided further that in the case of an existing hydro generating station, the generating company, with the consent of the beneficiaries, may charge depreciation at a rate lower than that specified in Appendix I and Appendix II to these Regulations to reduce front loading of tariff.

34.6 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:

Provided that the remaining depreciable value as on 31st March of the year closing after a period of 15 years from the effective date of commercial operation of the generating station shall be spread over the balance useful life of the assets.

Provided further that in the case of a new hydro generating stations, the generating company, with the consent of the beneficiaries, may charge depreciation at a rate lower than that specified in Appendix II to these Regulations to reduce front loading of tariff.

34.7 In 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 by the Commission up to 31.3.2024 from the gross depreciable value of the assets.

34.8 The generating company shall submit the details of capital expenditure proposed to be incurred during five years before the completion of useful life of the project along with justification and proposed life extension. The Commission based on prudence check of such submissions, shall approve the depreciation by equally spreading the depreciable value over the balance Operational Life of the generating station or unit thereof or fifteen years, whichever is lower.

34.9 In case of de-capitalization of assets in respect of generating station or unit thereof, the cumulative depreciation shall be adjusted by taking into account the depreciation recovered in tariff by the de-capitalized asset during its useful service.

34.10 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 Regulations 34.1 to 34.9 of this Regulation.

34.11 Depreciation of the emission control system of an existing or a new generating station or unit thereof where the date of operation of the emission control system is subsequent to the date of commercial operation of the generating station or unit thereof, shall be computed annually from the date of operation of such emission control system based on straight line method at rates specified in Appendix-I to these Regulations:

Provided that the remaining depreciable value as on 31st March of the year closing after a period of 12 years from the date of operation of such emission control system shall be spread over the balance period of 13 years or balance operational life of generating station, whichever is lower;

Provided further that in case the date of operation of the emission control system is after 20th year of commercial operation of the generating station or unit thereof, but before the completion of the useful life of the generating station, the depreciation on emission control system (ECS) shall be computed annually from the date of operation of such ECS based on the straight line method, with a salvage value of 10% and the depreciable value shall be recovered till the operational life of the generating station.

34.12 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.

35. Interest on Loan Capital:

35.1 The loans arrived at in the manner indicated in Regulation 31 of these Regulations shall be considered as gross normative loan for calculation of interest on loan.

35.2 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.

35.3 The repayment for each of the year 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.

35.4 Notwithstanding any moratorium period availed by the generating company, 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.

35.5 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 after providing appropriate accounting adjustment for interest capitalized, subject to ceiling of Reference Rate of Interest or 14%, whichever is lower:

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 of the loan portfolio shall be considered;

Provided further that if the generating station does not have actual loan, then the weighted average rate of interest of the loan portfolio of the generating company as a whole shall be considered;

Provided also that if the generating company does not have any actual loan, then the rate of interest for a loan shall be considered as 1-year MCLR of the State Bank of India as applicable as on April 01, of the relevant financial year.

35.6 The rate of interest on loan for installation of emission control system commissioned subsequent to date of commercial operation of the generating station or unit thereof, shall be the weighted average rate of interest of actual loan portfolio of the emission control system and in the absence of actual loan portfolio, the weighted average rate of interest of the generating company as a whole shall be considered, subject to ceiling of Reference Rate of Interest or 14%, whichever is lower.

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

35.8 The changes to the terms and conditions of the loans shall be reflected from the date of such re-financing.

36. Operation and Maintenance Expenses:

36.1 Operation and Maintenance Expenses for thermal and hydro power stations for the Tariff period shall be determined based on normative O&M expenses specified by the Commission in these Regulations. The normative operation and maintenance expenses for thermal generating stations are specified separately for the thermal power stations declared under commercial operation on or before 31.03.2012 and the power stations declared under commercial operation on or after 01.04.2012.

36.2 The cost components for employee expenses, repair & maintenance expenses and administrative & general expenses are considered as per Regulations 37.1 and 37.2 of these Regulations. The figures of Operation and Maintenance expenses including employee expenses,

repair & maintenance expenses, and administrative & general expenses in FY 2023-24 provided in MPERC (Terms and Conditions for determination of Generation Tariff) Regulations, 2020 for the power stations declared under commercial operation prior to 01.04.2012 shall be escalated at the escalation rate of 5.25% to arrive at the figures for FY 2024-25:

Provided that the O&M Expenses of 500 MW Series thermal power plant is limited to O&M Expenses of 500 Series thermal power plant having COD on or after 01.04.2012.

36.3 Thereafter, the O&M expenses for the subsequent years of control period shall be determined by escalating the aforesaid O&M norms of FY 2024-25 with the escalation factor @ 5.25% as considered by the Central Commission in its tariff Regulations, 2024 for the respective financial years to arrive at permissible O&M expenses for each year of the control period.

Provided that in case the generating stations which have been declared under commercial operation on or after 01.04.2012, the O&M expenses shall be as specified in Regulation 37.2 of these Regulations.

36.4 In respect of M. P. Power Generating Company Ltd., the employee expenses considered in the above Operation and Maintenance expenses are excluding the pension and other terminal benefits. The funding of pension and other terminal benefit in respect of personnel including existing pensioners of the Board and Pensioner's of M.P. Power Generating Company Ltd. shall be allowed in accordance with MPERC (Terms and Conditions for allowing pension and terminal benefits liabilities of personnel of the board and successor entities) Regulations and its amendment, if any.

36.5 The increase in O&M charges on account of war, insurgency or change in law, or like eventualities where the Commission is of the opinion that an increase in O&M charges is justified, may be considered by the Commission for a specified period.

36.6 Any saving achieved by a generating company in any Year shall be allowed to be retained by it. The generating company shall bear the loss if it exceeds the normative O&M expenses for that Year.

37. Normative Operation and Maintenance expenses of thermal generating stations shall be as follows:

37.1 **Operation and Maintenance Expenses of Thermal Power Stations achieved COD prior to 01.04.2012:**

The Operation and Maintenance expenses admissible to the thermal power stations declared under commercial operation prior to 01.04.2012 comprise of employee cost, Repair & Maintenance (R&M) cost and Administrative and General (A&G) cost. These norms for O&M exclude Pension and Terminal Benefits, EL encashment, and arrears to be paid to employees towards pay revision, taxes payable to the Government, and fees payable to MPERC. The generating company shall claim the rate, rent & taxes payable to the Government, fees to be paid to MPERC, EL encashment and any arrears paid to employees separately as actual. If the O&M expenses as per norms provided in these Regulations are more than the actual total O&M expenses including arrears if any towards pay revision, as per audited accounts of generating company, the O&M expenses to the extent of normative O&M expenses shall be allowed. The claim of pension and other Terminal Benefits shall be dealt as per Regulation 36.4 of these Regulations.

O&M Norms for Thermal Generating Units achieved COD prior to 01.04.2012:

Rs. In Lakh/ MW

Units (MW)	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
200/210/250 MW Series	34.20	35.99	37.88	39.87	41.96
500 MW Series	27.17	28.60	30.10	31.68	33.34

37.2 **O&M Norms for the Thermal Generating Units achieved COD on or after 01.04.2012:**

(Rs. in Lakhs/ MW)

Units (MW)	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
45 MW Series	45.32	47.70	50.20	52.84	55.61
200/210/250 MW Series	40.92	43.07	45.33	47.71	50.21
300/330/350 MW Series	34.04	35.83	37.71	39.69	41.78
500 MW Series	27.17	28.60	30.10	31.68	33.34
600/660 MW Series	25.78	27.13	28.56	30.06	31.64
800 MW & above Series	23.20	24.42	25.70	27.05	28.47

O&M Norms for Generating Stations based coal rejects:

(Rs. in Lakhs/ MW)

Year	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
O&M Expenses	38.81	40.85	42.99	45.25	47.62

Provided that the Water Charges, Security Expenses, Ash Transportation Expenses and Capital Spares for thermal generating stations shall be allowed separately after prudence check:

Provided further that water charges shall be allowed based on water consumption depending upon type of plant, type of cooling water system or water agreement with State govt. and considering the norms of specific water consumption notified 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:

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 special allowance or claimed as a part of a capitalization or consumption of stores and spares and renovation & modernization.

37.3 Any additional O&M expenses incurred by the generating company due to any change in law or Force Majeure event shall be considered at the time of truing up of tariff.

Provided that such impact shall be allowed only in case the overall impact of such change in law event in a year is more than 5% of normative O&M expenses of the project allowed for the year.

37.4 In the case of a generating company owned by the State Government, the impact on account of implementation of wage or pay revision shall be allowed at the time of truing up of tariff.

37.5 The operation and maintenance expenses on account of emission control system in coal based thermal generating station shall be 2% of the admitted capital expenditure (excluding IDC and IEDC) as on its date of operation, which shall be escalated annually @ 5.25% during the tariff period ending on 31st March 2029:

Provided that income generated from sale of gypsum or other by-products shall be reduced from the operation and maintenance expenses**.**

38. Normative Operation and Maintenance expenses of hydel generating stations shall be as follows:

38.1 The Operation and Maintenance expenses admissible to existing hydro power stations comprise of employee cost, Repair & Maintenance (R&M) cost and Administrative and General (A&G) cost. These norms for O&M exclude Pension and Terminal Benefits, EL encashment, and arrears to be paid to employees, taxes payable to the government, and fees payable to MPERC. The generating company shall claim the rate, rent & taxes payable to the Government, fees to be paid to MPERC, EL encashment and any arrears paid to employees separately as actual. If the O&M expenses as per norms provided in these regulations are more than the actual total O&M expenses including arrears, if any towards pay revision, as per audited accounts of generating company, the O&M expenses to the extent of normative. O&M expenses shall be allowed. The claim of pension and Terminal benefits shall be dealt as per the Regulation 36.4 of these Regulations.

38.2 The following operations and maintenance expenses norms shall be applicable for the existing hydro generating stations which have achieved COD prior to 01.04.2024:

O&M Norms for Hydel Power Stations

Year	O&M Expenses in Rs. in lakh/MW
FY 2024-25	13.70
FY 2025-26	14.42
FY 2026-27	15.18
FY 2027-28	15.98
FY 2028-29	16.82

38.3 In case of the new hydro generating stations declared under commercial operation on or after 1.4.2024, operation and maintenance expenses shall be fixed at 3.50% and 5.00% of the original project cost (excluding cost of rehabilitation & resettlement works, IDC and IEDC) for first year of commercial operation for stations with installed capacity exceeding 200 MW and for stations with installed capacity less than or equal to 200 MW, respectively and shall be subject to annual escalation of 5.47% per annum for the subsequent years:

Provided that in case of pumped storage hydro power station, the Commission shall dealt the O&M Expenses on case to case basis.

38.4 In the case of hydro generating stations which have not completed a period of three years of operation from COD as on 1.4.2024, Operation and Maintenance Expenses for 2024-25 shall be worked out by applying an escalation rate of 5.47% on the applicable operation and maintenance expenses as on 31.3.2024. The operation and maintenance expenses for subsequent years of the tariff period shall be worked out by applying an escalation rate of 5.47% per annum.

38.5 The Security Expenses, Capital Spares and Insurance expenses arrived through competitive bidding for hydro generating stations shall be allowed separately after prudence check:

Provided that the generating station shall submit the assessment of the security requirement, capital spares and Insurance expenses along with its estimated expenses, which shall be trued up based on the details of year-wise actual capital spares consumed, actual insurance and security expenses incurred with appropriate justification.

Provided further that the value of capital spares exceeding Rs. 10 lakhs shall only be considered for reimbursement at the time of truing up with appropriate justification for incurring the same and substantiating that the same is not claimed as a part of additional capitalisation or consumption of stores and spares and renovation and modernization.

38.6 Any additional O&M expenses incurred by the generating company due to any change in law event, shall be considered at the time of truing up of tariff:

Provided that such impact shall be allowed only in case the overall impact of such change in law event in a year is more than 5% of normative O&M expenses of the project for the year.

38.7 In the case of a generating company owned by State Government, the impact on account of implementation of wage or pay revision shall be allowed at the time of truing up of tariff, subject to prudence check.

39. Interest on Working Capital:

39.1 The working capital shall cover:

A. Coal-based thermal generating stations

(i) Cost of coal towards stock 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 stock storage capacity whichever is lower;

(ii) Advance payment for 30 days towards cost of coal for generation corresponding to the normative annual plant availability factor;

(iii) 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;

(iv) Operation and maintenance expenses, including water charges and security expenses for one month;

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

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

B. For emission control system of coal based thermal generating stations:

(i) Cost of limestone or reagent towards stock for 20 days corresponding to the normative annual plant availability factor;

(ii) Advance payment for 30 days towards cost of reagent for generation corresponding to the normative annual plant availability factor;

(iii) Operation and maintenance expenses in respect of emission control system for one month;

(iv) Maintenance spares @ 20% of operation and maintenance expenses in respect of emission control system; and

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

C. Hydro generating station (including pumped storage hydro generating station), the working capital shall include:

(i) Operation and maintenance expenses, including security expenses for one month;

(ii) Maintenance spares @ 15% of operation and maintenance expenses including security expenses; and

(iii) Receivables equivalent to 45 days of Annual fixed cost.

39.2 The cost of fuel in cases covered under Regulations 39.1(A) and 39.1(B) of this Regulation shall be based on the landed fuel cost incurred (taking into account normative transit and handling losses) by the generating station and gross calorific value of the fuel as per actual weightage average for the preceding financial year and no fuel price escalation shall be provided during the tariff period:

Provided that in case of new generating station, the cost of fuel for the first financial year shall be considered based on landed fuel cost (taking into account normative transit and handing losses) and gross calorific value of the fuel as per actual weighted average for three months, as used for infirm power, preceding date of commercial operation for which tariff is to be determined.

39.3 Rate of interest on working capital shall be on 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 2024-25 to 2028-29 in which the generating station or a unit thereof, 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 Reference Rate of Interest as on 1st April of each of the financial year during the tariff period 2024-29.

39.4 Interest on working capital shall be payable on normative basis notwithstanding that the generating company has not taken loan for working capital from any outside agency.

CHAPTER-7

COMPONENTS OF ENERGY CHARGE

40. Energy Charges and Supplementary Energy Charges:

The energy charges and Supplementary Energy Charges in respect of the thermal generating Stations shall comprise of landed cost of coal (primary fuel), cost of secondary fuel oil consumption and landed cost of reagents on account of implementation of the revised emission standards.

41. Landed cost of Coal (Primary Fuel):

41.1 The landed cost of coal for any month shall consist of base price of coal corresponding to the grade and quality of coal inclusive of statutory charges as applicable/allowed by the Commission, washery charges, if any, transportation cost by rail/ road or any other means, and loading, unloading and handling charges:

Provided that procurement of coal at a price other than Government notified prices may be considered, if it is based on competitive bidding through transparent process;

Provided further that landed cost of coal shall be worked out based on the actual bill paid by the generating company including any adjustment on account of quantity and quality;

Provided also that the Gross Calorific Value of coal shall be measured by third party sampling and the expenses towards the third-party sampling facility shall be reimbursed by the beneficiaries.

42. Transit and Handling Losses:

42.1 For coal, the transit and handling losses shall be as per the following norms: -

Thermal Generating Station	Transit and Handling Loss (%)
Pit head	0.20%
Non-pit head –All Rail route	0.80%
Non-pit head multimodal transportation (using two or more than two mode of transport involving multiple trans-shipments)	1.00%

Provided that in case of pit-head stations, if coal is procured from sources other than the pit-head mines which is transported to the station through rail, transit and handling losses

applicable for non-pit head station shall apply.

Provided further that in case of imported coal, the transit and handling losses applicable for pit-head station shall apply.

43. Gross Calorific Value of Primary Fuel:

43.1 The gross calorific value for computation of energy charges as per Regulation 47 of these Regulations shall be done in accordance with 'GCV as Received';

43.2 The measurement of GCV of domestic coal shall be done based on third party sampling through an agency to be appointed by the generating company in accordance with the guidelines, if any, issued by the Central Government and the generating company shall ensure recovery of compensation as per Fuel Supply Agreement(s) and pass on the benefits of the same to the beneficiaries of the generating station:

Provided that in the absence of any third party sampling, computation of the energy charges shall be done in accordance with 'GCV as Billed'.

43.3 No loss in calorific value between 'GCV as billed' and 'GCV as received' shall be admissible for generating stations procuring coal through import of coal.

43.4 The generating company shall provide to the beneficiaries of the generating station the details of parameters of GCV and price of coal i.e. domestic coal, imported coal, e-auction coal, etc., as per the forms prescribed to these Regulations:

Provided that the details of weighted average GCV of primary fuel on a received basis used for generation during the period, the blending ratio of the imported coal with domestic coal, proportion of e-auction coal shall also be provided separately, along with the bills of the respective month;

Provided further that copies of the bills and details of parameters of GCV and price of coal i.e. domestic coal, imported coal, e-auction coal, etc., details of blending ratio of the imported coal with domestic coal, proportion of e-auction coal shall also be displayed on the website of the generating company.

44. Landed Cost of Reagent:

44.1 Where specific reagents such as Limestone, Sodium Bi-Carbonate, Urea or Anhydrous Ammonia are used during operation of emission control system for meeting revised emission standards, the landed cost of such reagents shall be determined based on normative consumption and purchase price of the reagent through competitive bidding, applicable statutory charges and transportation cost.

44.2 The normative consumption of specific reagent for the various technologies installed for meeting revised emission standards shall be considered as specified in Regulation 51.4(G) of these Regulations.

CHAPTER-8

COMPUTATION OF CAPACITY CHARGES AND ENERGY CHARGES

45. Computation of Capacity Charges, Supplementary Capacity Charges, Energy Charges and Supplementary Energy Charges:

45.1 The fixed cost of a thermal generating station shall be computed on annual basis, based on norms specified under these Regulations, and recovered on monthly basis under capacity charge. The total capacity charge payable for a generating station shall be shared by its beneficiaries as per their respective percentage share/ allocation in the capacity of the generating station. The capacity charge shall be recovered in two parts viz, Capacity Charge for Peak Hours of the month and Capacity Charge for Off-Peak Hours of the month as follows:

45.2 The Capacity Charge payable to a thermal generating station for a calendar month shall be calculated in accordance with the following formulae:

Capacity Charge for the Month (CCn) = Capacity Charge for Peak Hours of the Month (CCpn) + Capacity Charge for Off-Peak Hours of the Month (CCopn)

Where,

CC_{p1}= [(0.20 *x* AFC) *x (1/12) x (PAFM$_{p1}$/NAPAF)* subject to ceiling of {(0.20 *x* AFC) *x (1/12)}*]

CC_{p2}= [(0.20 *x* AFC) *x* (1/6) *x* (*PAFM*$_{p2}$/NAPAF) subject to ceiling of {(0.20 *x* AFC) *x* (1/6)}] – CC_{p1}

CC_{p3}= [(0.20 *x* AFC) *x* (1/4) *x* (*PAFM*$_{p3}$/NAPAF) subject to ceiling of {(0.20 *x* AFC) *x* (1/4)}] - $(CC_{p1} + CC_{p2})$

CC_{p4}= [(0.20 *x* AFC) *x* (1/3) *x* (*PAFM*$_{p4}$/NAPAF) subject to ceiling of {(0.20 *x* AFC) *x* (1/3)}] - $(CC_{p1} + CC_{p2+}CC_{p3})$

CC_{p5}= [(0.20 *x* AFC) *x* (5/12) *x* (*PAFM*$_{p5}$/NAPAF) subject to ceiling of {(0.20 *x* AFC) *x* (5/12)}] - $(CC_{p1} + CC_{p2+}CC_{p3}+CC_{p4})$

CC_{p6}= [(0.20 *x* AFC) *x* (1/2) *x* (*PAFM*$_{p6}$/NAPAF) subject to ceiling of {(0.20 *x* AFC) *x* (1/2)}] - $(CC_{p1} + CC_{p2+}CC_{p3}+CC_{p4}+CC_{p5})$

CC_{p7}= [(0.20 *x* AFC) *x (7/12) x* (*PAFM*$_{p7}$/NAPAF) subject to ceiling of {(0.20 *x* AFC) *x* (7/12)}] - $(CC_{p1} + CC_{p2} + CC_{p3}+CC_{p4}+CC_{p5}+CC_{p6})$

CC_{p8}= [(0.20 *x* AFC) *x* (2/3) *x* (*PAFM*$_{p8}$/NAPAF) subject to ceiling of {(0.20 *x* AFC) *x (2/3)}*] - *(CC_{p1}+ CC_{p2}+ CC_{p3}+CC_{p4}+CC_{p5}+CC_{p6} +CC_{p7})*

CC_{p9}= [(0.20 *x* AFC) *x (3/4) x* (*PAFM*$_{p9}$/NAPAF) subject to ceiling of {(0.20 *x* AFC) *x (3/4)}*] - *(CC_{p1}+ CC_{p2}+ CC_{p3}+CC_{p4}+CC_{p5}+CC_{p6}+CC_{p7}+CC_{p8})*

CC_{p10}= [(0.20 *x* AFC) *x (5/6) x* (*PAFM*$_{p10}$/NAPAF) subject to ceiling of {(0.20 *x* AFC) *x (5/6)}*] - *(CC_{p1}+ CC_{p2}+ CC_{p3}+CC_{p4}+CC_{p5}+CC_{p6} +CC_{p7} +CC_{p8} +CC_{p9})*

CC_{p11}= [(0.20 *x* AFC) *x (11/12) x* (*PAFM*$_{p12}$/NAPAF) subject to ceiling of {(0.20 *x* AFC) *x (11/12)}*] - *(CC_{p1}+ CC_{p2}+ CC_{p3}+CC_{p4}+CC_{p5}+CC_{p6} +CC_{p7}+CC_{p8}+CC_{p9}+CC_{p10})*

CC_{p12}= [(0.20 *x* AFC) *x* (*PAFM*$_{p12}$/NAPAF) subject to ceiling of (0.20 *x* AFC)] - *(CC_{p1}+ CC_{p2}+ CC_{p3}+CC_{p4}+CC_{p5}+CC_{p6} +CC_{p7}+CC_{p8}+CC_{p9}+CC_{p10}+CC_{p11})*

CC_{op1}= (0.80 *x* AFC) *x (1/12) x (*$PAFM_{op1}$*/NAPAF)* subject to ceiling of {(0.80 *x* AFC) *x (1/12)}*

CC_{op2}= [(0.80 *x* AFC) *x* (1/6) *x* (*PAFM*$_{op2}$/NAPAF) subject to ceiling of {(0.80 *x* AFC) *x* (1/6)}] – *CC_{op1}*

CC_{op3}= [(0.80 *x* AFC) *x* (1/4) *x* (*PAFM*$_{op3}$/NAPAF) subject to ceiling of {(0.80 *x* AFC) *x* (1/4)}] - *(CC_{op1}+ CC_{op2})*

CC_{op4}= [(0.80 *x* AFC) *x* (1/3) *x* (*PAFM*$_{op4}$/NAPAF) subject to ceiling of {(0.80 *x* AFC) *x* (1/3)}] - *(CC_{op1}+ $CC_{op2+}$$CC_{op3}$)*

CC_{op5}= [(0.80 *x* AFC) *x* (5/12) *x* (*PAFM*$_{op5}$/NAPAF) subject to ceiling of {(0.80 *x* AFC) *x* (5/12)}] – *(CC_{op1}+ $CC_{op2+}$$CC_{op3}$+$CC_{op4}$)*

CC_{op6}= [(0.80 *x* AFC) *x* (1/2) *x* (*PAFM*$_{op6}$/NAPAF) subject to ceiling of {(0.80 *x* AFC) *x* (1/2)}] – *(CC_{op1}+ $CC_{op2+}$$CC_{op3}$+$CC_{op4}$+$CC_{op5}$)*

CC_{op7}= [(0.80 *x* AFC) *x (7/12) x* (*PAFM*$_{op7}$/NAPAF) subject to ceiling of {(0.80 *x* AFC) *x* (7/12)}] - *((CC_{op1}+ $CC_{op2+}$$CC_{op3}$+$CC_{op4}$+$CC_{op5}$+$CC_{op6}$)*

CC_{op8}= [(0.80 *x* AFC) *x* (2/3) *x* (*PAFM*$_{op8}$/NAPAF) subject to ceiling of {(0.80 *x* AFC) *x (2/3)}*] - *(CC_{op1}+ $CC_{op2+}$$CC_{op3}$+$CC_{op4}$+$CC_{op5}$+$CC_{op6}$+$CC_{op7}$)*

CC_{op9}= [(0.80 *x* AFC) *x (3/4) x* (*PAFM*$_{op9}$/NAPAF) subject to ceiling of {(0.80 *x* AFC) *x (3/4)}*] - *(CC_{op1}+ $CC_{op2+}$$CC_{op3}$+$CC_{op4}$+$CC_{op5}$+$CC_{op6}$+$CC_{op7}$+$CC_{op8}$)*

CC_{op10}= [(0.80 *x* AFC) *x (5/6) x* (*PAFM*$_{op10}$/NAPAF) subject to ceiling of {(0.80 *x* AFC) *x (5/6)}*]

$- (CC_{op1} + CC_{op2+}CC_{op3}+CC_{op4}+CC_{op5}+CC_{op6}+CC_{op7}+CC_{op8} +CC_{op9})$

CC_{op11}= [(0.80 *x* AFC) *x (11/12) x* (*PAFM*$_{op12}$/NAPAF) subject to ceiling of {(0.80 *x* AFC) *x (11/12)}*] - $(CC_{op1} + CC_{op2+}CC_{op3}+CC_{op4}+CC_{op5}+CC_{op6} +CC_{op7}+CC_{op8}+CC_{op9}+CC_{op10})$

CC_{op12}= [(0.80 *x* AFC) *x* (*PAFM*$_{op12}$/NAPAF) subject to ceiling of (0.80 *x* AFC)] - $(CC_{op1} + CC_{op2+}CC_{op3}+CC_{op4}+CC_{op5}+CC_{op6}+CC_{op7}+CC_{op8} +CC_{op9}+CC_{op10}+CC_{op11})$

Provided that in Multi-Year Tariff Order, the recovery of Capacity Charges determined based on these Regulations shall be allowed by considering the maximum of actual Plant Availability Factor of the last three years or Normative Annual Plant Availability Factor whichever is lower, subject to truing up based on actual PAF achieved during the year, ceiling up to NAPAF;

Provided further that in case of generating station or unit thereof under shutdown due to Renovation and Modernisation or installation of emission control system, as the case may be, the generating company shall be allowed to recover O&M expenses and interest on loan only.

Where,

CC_m = Capacity Charge for the Month;

CC_p = Capacity Charge for the Peak Hours of the Month;

CC_{op} = Capacity Charge for the Off-Peak Hours of the Month;

CC_{pn} = Capacity Charge for the Peak Hours of n^{th} Month;

CC_{opn} = Capacity Charge for the Off-Peak of n^{th} Month;

AFC = Annual Fixed Cost;

$PAFM_{pn}$ = Plant Availability Factor achieved during Peak Hours up to the end of n^{th} Month;

$PAFM_{opn}$= Plant Availability Factor achieved during Off-Peak Hours up to the end of n^{th} Month;

NAPAF= Normative Annual Plant Availability Factor.

45.3 Normative Plant Availability Factor for 'Peak' and 'Off-Peak' Hours in a month shall be equivalent to the NAPAF specified in Regulation 51 of these Regulations. The number of hours of 'Peak' and 'Off-Peak' periods during a day shall be four and twenty respectively. The hours

of Peak and Off-Peak periods during a day shall be declared by the concerned Load Despatch Centre (LDC) at least a week in advance:

Provided that the concerned LDC, after duly considering the comments of the concerned stakeholders, shall declare Peak Hours in such a way as to coincide with the majority of the Peak Hours of the state to the maximum extent possible.

45.4 The shortfall in recovery of Capacity Charge for cumulative Off-Peak Hours derived based on NAPAF shall be allowed to be off-set by over-achievement of PAF, if any and consequent notional over-recovery of Capacity Charge for cumulative Peak Hours:

Provided that the shortfall in recovery of Capacity Charge for cumulative Peak Hours derived based on NAPAF, shall not be allowed to be offset by over-achievement of PAF, if any, and consequent notional over-recovery of Capacity Charge for cumulative Off-Peak Hours.

45.5 The Plant Availability Factor for a Month ('PAFM') shall be computed in accordance with the following formula:

$$\boldsymbol{PAFM = 10000\ x \sum_{i=1}^{N} \frac{DCi}{[N\ x\ IC\ x(100 - AUXn - AUXen)]}\%}$$

Where,

AUXn = Normative auxiliary energy consumption as a percentage of gross energy generation.

AUXen = Normative auxiliary energy consumption for emission control system as a percentage of gross energy generation, wherever applicable.

DCi =Average declared capacity (in ex-bus MW), for the i^{th} day of the period i.e. the month or the year, as the case may be, as certified by the concerned load dispatch centre after the day is over.

IC= Installed Capacity (in MW) of the generating station.

N= Number of days during the period.

NOTE: DCi and IC shall exclude the capacity of generating units not declared under commercial operation. In case of a change in IC during the concerned period, its average value shall be taken.

45.6 In addition to the AFC entitlement as computed above, the thermal generating station shall be allowed an incentive of up to 1.00% of AFC approved for a given year, which shall be billed monthly as per the following.

Incentive = (1.00% x ß x CCy)/12

Where,

ß = Average Monthly Frequency Response Performance for that generating station, as certified by concerned RPC/SLDC, which shall be computed by considering primary response as per the methodology prescribed by the NLDC with approval of the Commission and ß shall range between 0 to 1.

Provided that the incentive shall be payable only if the Beta value is higher than 0.30.

CCy= Capacity Charges for the Year.

45.7 In addition to the Capacity charge, an incentive to a generating station or unit thereof shall be payable @ 75 paise/kWh for ex-bus scheduled energy during Peak Hours and @ 55 paisa/kWh for ex-bus scheduled energy during Off-Peak Hours corresponding to scheduled generation in excess of ex-bus energy corresponding to Normative Annual Plant Load Factor (NAPLF) achieved on a cumulative basis, as specified in Regulation 51.3(e) of these Regulations:

Provided that for computation of incentive, actual Annual Plant Load Factor of the entire installed capacity of the Generating Station shall be considered, irrespective of the Contracted Capacity.

46. Computation and Payment of Supplementary Capacity Charge for Coal based Thermal Generating Stations:

46.1 The fixed cost of emission control system shall be computed on annual basis based on the norms specified under these regulations and recovered on monthly basis under supplementary capacity charge. The total supplementary capacity charge payable for a generating station shall be shared by its beneficiaries as per their respective percentage share or allocation in the capacity of the generating station.

46.2 The Supplementary Capacity Charge payable to a thermal generating station for a calendar month shall be calculated in accordance with the following formulae:

SCC1= (AFCe) x (1/12) x (PAFM1/NAPAF) subject to ceiling of {(AFCe) x (1/12)}

SCC2= [(AFCe) x (1/6) x (PAFM2/NAPAF) subject to ceiling of {(AFCe) x (1/6)}] – SCC1

SCC3= [(AFCe) x (1/4) x (PAFM3/NAPAF) subject to ceiling of {(AFCe) x (1/4)}] - (SCC1+ SCC2)

SCC4= [(AFCe) x (1/3) x (PAFM4/NAPAF) subject to ceiling of {(AFCe) x (1/3)}] - (SCC1+ SCC2 + SCC3)

SCC5= [(AFCe) x (5/12) x (PAFM5/NAPAF) subject to ceiling of {(AFCe) x (5/12)}] - (SCC1+ SCC2+SCC3+SCC4)

SCC6= [(AFCe) x (1/2) x (PAFM6/NAPAF) subject to ceiling of {(AFCe) x (1/2)}] - (SCC1+ SCC2+SCC3+SCC4+SCC5)

SCC7= [(AFCe) x (7/12) x (PAFM7/NAPAF) subject to ceiling of {(AFCe) x (7/12)}] - (SCC1+SCC2+ SCC3+SCC4+SCC5+SCC6)

SCC8= [(AFCe) x (2/3) x (PAFM8/NAPAF) subject to ceiling of {(AFCe) x (2/3)}] - (SCC1+ SCC2+ SCC3+SCC4+SCC5+SCC6 +SCC7)

SCC9= [(AFCe) x (3/4) x (PAFM9/NAPAF) subject to ceiling of {(AFCe) x (3/4)}] - (SCC1+ SCC2+ SCC3+SCC4+SCC5+SCC6+SCC7+SCC8)

SCC10= [(AFCe) x (5/6) x (PAFM10/NAPAF) subject to ceiling of {(AFCe) x (5/6)}] - (SCC1+ SCC2+ SCC3+SCC4+SCC5+SCC6 +SCC7 +SCC8 +SCC9)

SCC11= [(AFCe) x (11/12) x (PAFM11/NAPAF) subject to ceiling of {(AFCe) x (11/12)}] - (SCC1+ SCC2+ SCC3+SCC4+SCC5+SCC6 +SCC7+SCC8+SCC9+SCC10)

SCC12= [(AFCe) x (PAFM12/NAPAF) subject to ceiling of (AFCe)] - (SCC1+ SCC2+ SCC3+SCC4+SCC5+SCC6 +SCC7+SCC8+SCC9+SCC10+SCC11)

Provided that in case of generating station or unit thereof under shutdown due to Renovation and Modernisation, the generating company shall be allowed to recover O&M expenses and interest on loan in respect of emission control system only.

Where,

SCCn = Supplementary Capacity Charge for the n^{th} Month;

AFCe = Annual Fixed Cost of the emission control system;

PAFMn = Plant Availability Factor achieved up to the end of n^{th} Month;

NAPAF = Normative Annual Plant Availability Factor.

46.3 Normative Plant Availability Factor for a month for the purpose of Supplementary Capacity Charge shall be considered in the manner specified in Regulation 45.3 of these regulations. The PAFM shall be worked out in accordance with Regulation 45.5 of these regulations.

47. Computation and Payment of Energy Charge for Thermal Generating Stations and Supplementary Energy Charge for Coal based Thermal Generating Stations:

47.1 The energy charge shall cover the primary and secondary fuel cost and shall be payable by every beneficiary for the total energy scheduled to be supplied to such beneficiary during the calendar month on ex-power plant basis, at the energy charge rate of the month (with fuel price adjustment). The total Energy charge payable to the generating company for a month shall be:

Energy Charges = (Energy charge rate in Rs./kWh) x {Scheduled energy (ex-bus) for the month in kWh}

47.2 The supplementary energy charge on account of emission control system shall cover the differential energy charges due to auxiliary energy consumption and cost of reagent consumption and shall be payable by every beneficiary for the total energy scheduled to be supplied to such beneficiary during the calendar month on ex-power plant basis, at the supplementary energy charge rate of the month. Total supplementary energy charge payable to the generating company for a month shall be:

Supplementary Energy Charges = (Supplementary energy charge rate in Rs./kWh) x {Scheduled energy(ex-bus) for the month in kWh}

47.3 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 formula:

(i) Energy Charge Rate (ECR) for coal based thermal generating stations:

ECR = [{(SHR – SFC x CVSF) x LPPF / CVPF} + (SFC x LPSFi)] x 100 / (100 – AUX)

Where,

AUX = Normative auxiliary energy consumption in percentage;

CVPF= Weighted Average Gross calorific value of coal as received, in kCal per kg less 85 Kcal/kg on account of variation during storage at generating station:

Provided that in case of blending of coal from different sources, the weighted average Gross Calorific Value of coal (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;

LPPF= Weighted average landed price of coal (primary fuel), in Rupees per kg, during the month. (In case of blending of coal from different sources, the weighted average landed price of coal shall be arrived in proportion to blending ratio).

SFC = Normative Specific fuel oil consumption, in ml per kWh.

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

(ii) Supplementary ECR for coal based thermal generating stations:

Supplementary ECR= (∆ECR) + [(SRC x LPR / 10)/(100-(AUXn + AUXen))]

Where,

(∆ECR) = Difference between ECR with revised auxiliary energy consumption with emission control system equivalent to (AUXn + AUXen) and ECR with normative auxiliary energy consumption as specified in these regulations;

SRC = Specific reagent consumption on account of revised emission standards (in g/kWh);

LPR = Weighted average landed price of reagent for emission control system (in Rs./kg).

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

Provided that the weighted average price of alternative source of fuel shall not exceed 30% of base price of fuel computed and in such case, prior permission from beneficiaries shall not be a pre-condition, unless otherwise agreed specifically in the power purchase agreement:

Provided further that where the energy charge rate based on weighted average price of fuel upon use of alternative source of fuel supply exceeds 30% of base energy charge rate as approved by the Commission for that year or exceeds 20% of energy charge rate for the previous month, whichever is lower shall be considered and, in that event, prior consultation with the beneficiary shall be made at least three days in advance.

47.5 Notwithstanding anything contained in Regulation 47.3 of this Regulation, the Commission after considering the shortage of fuel, may vary through separate Order(s), the blending ratio and the requirement of beneficiary consent thereof, towards use of alternative source of fuel.

47.6 Where biomass fuel is used for blending with coal, the landed cost of biomass fuel shall be worked out based on the delivered cost of biomass at the unloading point of the generating station, inclusive of taxes and duties as applicable. The energy charge rate of the blended fuel shall be worked out considering the consumption of biomass based on the blending ratio as specified by the Authority or the actual consumption of biomass, whichever is lower.

47.7 The Commission, through specific tariff orders to be issued for each generating station, shall approve the energy charge rate at the start of the tariff period. The energy charge rate so approved shall be the base energy charge rate for the first year of the tariff period. The base energy charge rate for subsequent years shall be the energy charge computed after escalating the base energy charge rate by escalation rates for payment purposes as notified by the Commission from time to time under competitive bidding guidelines.

48. Computation and Payment of Capacity charge and Energy Charge for Hydro Generating Stations:

48.1 The fixed cost of a hydro generating station shall be computed on annual basis, based on norms specified under these Regulations, and shall be recovered on monthly basis under capacity charge (inclusive of incentive) and Energy Charges, which shall be payable by the beneficiaries in proportion to their respective allocation in the saleable capacity of the generating station, i.e., in the capacity excluding the free power to the home State:

Provided that during the period between the Date of Commercial Operation of the first unit of the generating station and the Date of Commercial Operation of the generating station, the annual fixed cost shall provisionally be worked out based on the latest estimate of the completion cost of the generating station, for the purpose of determining the Capacity Charges and Energy Charges payment during such period.

48.2 The capacity charge (inclusive of incentive) payable to a hydro generating station for a calendar month shall be:

AFC x 0.5 x NDM / NDY x (PAFM / NAPAF) (in Rupees)

Where,

AFC = Annual fixed cost specified for the year, in Rupees

NAPAF = Normative plant availability factor in percentage

NDM = Number of days in the month

NDY = Number of days in the year

PAFM = Plant availability factor achieved during the month, in percentage

48.3 The PAFM shall be computed in accordance with the following formula:

$$PAFM = 10000 \times \sum_{i=1}^{N} DCi / \{N \times IC \times (100 - AUX)\} \%$$

Where,

AUX = Normative auxiliary energy consumption in percentage

DCi = Declared capacity (in ex-bus MW) for the ith day of the month which the station can deliver for at least three (3) hours, as certified by the nodal load dispatch centre after the day is over.

IC = Installed capacity (in MW) of the complete generating station

N = Number of days in the month

48.4 In addition to the AFC entitlement as computed above, the hydro generating station shall be allowed an incentive of up to 3% of the Capacity Charge approved for a given year, which shall be billed monthly as per the following.

Incentive = (3% x ß x CCy)/12

Where,

ß = Average Monthly Frequency Response Performance for that generating station, as certified by concerned RPC/SLDC, which shall be computed by considering primary response as per the methodology prescribed by the NLDC with the approval of the Commission and beta shall range between 0 to 1.

Provided that incentive shall be payable only if Beta value is higher than 0.30.

CCy= Capacity Charges for the Year.

48.5 The energy charge shall be payable by every beneficiary for the total energy scheduled to be supplied to the beneficiary, excluding free energy, if any, during the calendar month, on ex-bus basis, at the computed energy charge rate. The total Energy charge payable to the generating company for a month shall be:

Energy Charge = (Energy charge rate in Rs. / kWh) x {Scheduled energy (ex-bus) for the month in kWh} x (100 – FEHS) / 100

48.6 Energy charge rate (ECR) in Rupees per kWh on ex-power plant basis, for a hydro generating station, shall be determined up to three decimal places based on the following formula, subject to the provisions of Regulation 48.8 of these Regulations:

ECR = AFC x 0.5 x 10 / {DE x (100 – AUX) x (100 – FEHS)}

Where,

DE = Annual design energy specified for the hydro generating station, in MWh, subject to the provision in Regulation 48.7 below.

FEHS = Free energy for home State, in per cent, as mentioned in Regulation 55.2 (Note-3) of these Regulations.

48.7 In case the saleable scheduled energy (ex-bus) of a hydro generating station during a year is less than the saleable design energy (ex-bus) for reasons beyond the control of the generating station, the generating station may directly recover the shortfall in energy charges in six equal interest-free monthly instalments after adjusting for DSM Energy in the immediately following year and shall be subject to truing up at the end of the tariff period:

Provided that in case actual generation from a hydro generating station is less than the design energy for a continuous period of 4 years on account of hydrology factor, the generating station shall approach Central Electricity Authority (CEA) with relevant hydrology data for revision of design energy of the station.

48.8 Any shortfall in the energy charges on account of saleable scheduled energy (ex-bus) being less than the saleable design energy (ex-bus) during the tariff period 2019-24, which was beyond the control of the generating station and which could not be recovered during the said tariff period shall be recovered in accordance with Regulation 48.7 of these Regulations.

48.9 In case the energy charge rate (ECR) for a hydro generating station, computed as per Regulation 48.5 of these Regulations exceeds one hundred and thirty paise per kWh, and the actual saleable energy in a year exceeds {DE x (100 – AUX) x (100 – FEHS)/10000} MWh, energy charge for the energy in excess of the above shall be billed at one hundred and thirty paise per kWh only.

48.10 In addition to the above, an incentive shall be payable to a ROR Hydro generating station @50 paise/ kWh corresponding to the saleable scheduled energy during peak hours of the day in excess of average saleable scheduled energy during the day (24 hours).

48.11 The concerned Load Despatch Centre shall finalise the schedules for the hydro generating stations in consultation with the Beneficiaries for optimal utilization of all the energy declared to be available, which shall be scheduled for all Beneficiaries in proportion to their respective allocations in the generating station.

49. Computation and Payment of Capacity Charge and Energy Charge for Pumped Storage Hydro Generating Stations:

49.1 The fixed cost of a pumped storage hydro generating station shall be computed on an annual basis, based on norms specified under these regulations, and recovered on a monthly basis as a capacity charge. The capacity charge shall be payable by the beneficiaries in proportion to their respective allocation in the saleable capacity of the generating station;

Provided that during the period between the date of commercial operation of the first unit of the generating station and the date of commercial operation of the generating station, the annual fixed cost shall be worked out based on the latest estimate of the completion cost for the generating station, for the purpose of determining the capacity charge payment during such period.

49.2 The capacity charge payable to a pumped storage hydro generating station for a calendar month shall be:

(AFC x NDM / NDY) (In Rupees), if actual Generation during the month is ≧ 75 % of the Pumping Energy consumed by the station during the month; and

{(AFC x NDM / NDY) x (Actual Generation during the month during peak hours/ 75% of the Pumping Energy consumed by the station during the month) (in Rupees)}, if actual Generation during the month is < 75 % of the Pumping Energy consumed by the station during the month.

Where,

AFC = Annual fixed cost specified for the year, in Rupees

NDM = Number of days in the month

NDY = Number of days in the year

Provided that there would be adjustments at the end of the year based on actual generation and actual pumping energy consumed by the station during the year.

49.3 The energy charge shall be payable by every beneficiary for the total energy scheduled to be supplied to the beneficiary in excess of the design energy plus 75% of the energy utilized in pumping the water from the lower elevation reservoir to the higher elevation reservoir, at a flat rate equal to the average energy charge rate of 20 paise per kWh, if any, during the calendar month, on ex power plant basis.

49.4 Energy charge payable to the generating company for a month shall be:

= 0.20 x {Scheduled energy (ex-bus) for the month in kWh- (Design Energy for the month (DEm) + 75% of the energy utilized in pumping the water from the lower elevation reservoir to the higher elevation reservoir of the month)} x (100 - FEHS)/ 100.

Where,

DEm = Design energy for the month specified for the hydro generating station, in MWh

FEHS = Free energy for home State, in per cent, as mentioned in Regulation 55.2 (Note-3) of these Regulations, if any.

Provided that in case the Scheduled energy in a month is less than the Design Energy for the month plus 75% of the energy utilized in pumping the water from the lower elevation reservoir to the higher elevation reservoir of the month, then the energy charges payable by the beneficiaries shall be zero.

Provided further that if the energy for the pumping of water from lower reservoir to upper reservoir is arranged by the generating company, the charges for the pumping energy till the ex-Bus of the generating station shall be payable by the beneficiaries in proportion to their respective allocation in the saleable capacity of the generating station.

49.5 The generating company shall maintain the record of daily inflows of natural water into the upper elevation reservoir and the reservoir levels of the upper elevation reservoir and lower elevation reservoir on an hourly basis. The generator shall be required to maximize the peak hour supplies with the available water, including the natural flow of water. In case it is established that the generator is deliberately or otherwise, without any valid reason, not pumping water from a lower elevation reservoir to a higher elevation during off-peak periods or not generating power to its potential or wasting the natural flow of water, the capacity charges of the day shall not be payable by the beneficiary. For this purpose, outages of the unit(s)/station, including planned outages and forced outages up to 15% in a year, shall be construed as the valid reason for not pumping water from the lower elevation reservoir to the higher elevation during an off-peak period or not generating power using the energy of pumped water or natural flow of water:

Provided that the total capacity charges recovered during the year shall be adjusted on a pro-rata basis in the following manner in the event of total machine outages in a year exceeding 15%:

$(ACC)adj = (ACC) R \times (100- ATO)/85$

Where,

(ACC)adj - Adjusted Annual Capacity Charges

(ACC) R - Annual Capacity Charges recovered

ATO - Total Outages in percentage for the year including forced and planned outages

Provided further that the generating station shall be required to declare its machine

availability daily on day ahead basis for all the time blocks of the day in line with the scheduling procedure of Grid Code.

49.6 The concerned Load Despatch Centre shall finalise the schedules for the hydro generating stations, in consultation with the beneficiaries, for optimal utilization of all the energy declared to be available, which shall be scheduled for all beneficiaries in proportion to their respective allocations in the generating station.

50. Deviation Charges:

50.1 Variations between actual net injection and scheduled net injection for the generating stations, and variations between actual net drawal and scheduled net drawal for the beneficiaries shall be treated as their respective deviations and charges for such deviations shall be governed by the Central Electricity Regulatory Commission (Deviation Settlement Mechanism and Related matters) Regulations, as amended from time to time or any subsequent re-enactment thereof.

50.2 The actual net deviation of every generating station and Beneficiary shall be metered on its periphery through special energy meters (SEMs) installed by the State Transmission Utility (STU), and computed in MWh for each 15-minute time block by the concerned Load Despatch Centre.

CHAPTER-9

NORMS OF OPERATION

51. Norms of operation for thermal generating stations:

51.1 Recovery of capacity charge, energy charge, supplementary capacity charge, supplementary energy charge and incentive by the generating company shall be based on the achievement of the operational norms specified in these Regulations.

51.2 The Commission may on its own revise the norms of Station Heat Rate specified in these regulations in respect of any of the generating stations for which relaxed norms have been specified.

51.3 The norms of operation for thermal power stations as given hereunder shall apply for existing thermal power stations achieved COD on or before 31.03.2012:

(a) Normative Annual Plant Availability Factor (NAPAF):

Name of Generating Station	Units (MW)	Capacity (MW)	FY 2024-25 to FY 2028-29
STPS Sarni PH 2	1x200+1x210	410.00	70.00%
STPS Sarni PH 3	2x210	420.00	70.00%
STPS (PH 2 & PH 3)		**830.0**	**70.00%**
ATPS PH 3	**1x210**	**210.00**	**85.00 %**
SGTPS PH 1	2x210	420.00	75.00%
SGTPS PH 2	2x210	420.00	75.00%
SGTPS (PH 1 & PH 2)		**840.0**	**75.00%**
SGTPS PH 3	**1x500**	**500.00**	**85.00%**

(b) Gross Station Heat Rate (kCal/kWh):

Name of Generating Station	Units (MW)	Capacity (MW)	FY 2024-25 to FY 2028-29
STPS Sarni PH 2	1x200+1x210	410.00	2850
STPS Sarni PH 3	2x210	420.00	2850
STPS (PH 2 & PH 3)		**830.0**	**2850**
ATPS PH 3	**1x210**	**210.00**	**2450**
SGTPS PH 1	2x210	420.00	2700
SGTPS PH 2	2x210	420.00	2700
SGTPS (PH 1 & PH 2)		**840.0**	**2700**
SGTPS PH 3	**1x500**	**500.00**	**2390**

(c) Specific Fuel Oil Consumption (ml/kWh):

Name of Generating Station	Units (MW)	Capacity (MW)	FY 2024-25 to FY 2028-29
STPS Sarni PH 2	1x200+1x210	410.00	1.75
STPS Sarni PH 3	2x210	420.00	1.75
STPS (PH 2 & PH 3)		**830.0**	**1.75**
ATPS PH 3	**1x210**	**210.00**	**0.50**
SGTPS PH 1	2x210	420.00	1.30
SGTPS PH 2	2x210	420.00	1.00
SGTPS (PH 1 & PH 2)		**840.0**	**1.15**
SGTPS PH 3	**1x500**	**500.00**	**0.50**

(d) Auxiliary Energy Consumption (%):

Name of Generating Station	Units (MW)	Capacity (MW)	FY 2024-25 to FY 2028-29
STPS Sarni PH 2	1x200+1x210	410.00	10.00%
STPS Sarni PH 3	2x210	420.00	10.00%
STPS (PH 2 & PH 3)		**830.0**	**10.00%**
ATPS PH 3	**1x210**	**210.00**	**9.00%**
SGTPS PH 1	2x210	420.00	10.00%
SGTPS PH 2	2x210	420.00	10.00%
SGTPS (PH 1 & PH 2)		**840.0**	**10.00%**
SGTPS PH 3	**1x500**	**500.00**	**5.75%**

(e) Normative Annual Plant Load Factor (NAPLF) for incentive (%):

Name of Generating Station	Units (MW)	Capacity (MW)	FY 2024-25 to FY 2028-29
STPS Sarni PH 2	1x200+1x210	410.00	70.00%
STPS Sarni PH 3	2x210	420.00	70.00%
STPS (PH 2 & PH 3)		**830.0**	**70.00%**
ATPS PH 3	**1x210**	**210.00**	**85.00 %**
SGTPS PH 1	2x210	420.00	75.00%
SGTPS PH 2	2x210	420.00	75.00%
SGTPS (PH 1 & PH 2)		**840.0**	**75.00%**
SGTPS PH 3	**1x500**	**500.00**	**85.00%**

51.4 **Following norms shall be applicable for all the coal based thermal generating Units/ stations for all capacities which have achieved COD on or after 01.04.2012:**

A. Normative Annual Plant Availability Factor (NAPAF):

(i) Coal-based generating stations: 85%;

(ii) For Generating Stations based on Coal Rejects: (a) First Three years from the date of commercial operation: 68.50% and (b) After completion of three years of the date of commercial operation: 75%.

B. Normative Annual Plant Load Factor (NAPLF): 85%

C. Gross Station Heat Rate

(i) Existing coal based thermal generating stations having COD on or after 1.04.2012 till 31.03.2024, (other than those covered under Regulation 51.3), the station heat rate norms shall be as already approved by the Commission.

(ii) Coal based thermal generating stations achieving COD on or after 1.4.2024:

Station Heat Rate for 200-300 MW Sets = 1.05 X Design Heat Rate (kCal/kWh)

Station Heat Rate for 500 MW Sets and above = 1.045 X Design Heat Rate (kCal/kWh)

Where the Design Heat Rate of a generating unit means the unit heat rate guaranteed by the supplier at conditions of 100% MCR, zero percent make up, design coal and design cooling water temperature/back pressure:

Provided that depending upon the pressure and temperature ratings of the units, the maximum design turbine cycle heat rate and minimum boiler efficiency shall be as per table below:

Pressure Rating (Kg/cm2)	**150**	**170**	**170**	**247**
SHT/RHT (0C)	535/535	537/537	537/565	537/565
Type of BFP	Electrical Driven	Turbine driven	Turbine driven	Turbine Driven
Max Turbine Heat Rate (kCal/kWh)	1955	1950	1935	1900
Minimum Boiler Efficiency				

Sub-Bituminous Indian Coal (%)	86	86	86	86
Bituminous Imported Coal (%)	89	89	89	89

Pressure Rating (Kg/cm2)	**247**	**260**	**270**	**270**
SHT/RHT (^{0}C)	565/593	593/593	593/593	600/ 600
Type of BFP	Turbine Driven	Turbine Driven	Turbine Driven	Turbine Driven
Max Turbine Heat Rate (kCal/kWh)	1850	1814	1810	1790
Min. Boiler Efficiency				
Sub-Bituminous Indian Coal (%)	86	86	86.50	86.50
Bituminous Imported Coal (%)	89	89.50	89.50	89.50

In case design turbine cycle heat rate and boiler efficiency are better than these values, the same shall be considered for calculation of design unit heat rate.

Provided further that in case pressure and temperature parameters of a unit are different from above ratings, the maximum design heat rate of the unit of the nearest class shall be taken:

Provided also that where heat rate of the unit has not been guaranteed but turbine cycle heat rate and boiler efficiency are guaranteed separately by the same supplier or different suppliers, the design heat rate of the unit shall be arrived at by using guaranteed turbine cycle heat rate and boiler efficiency:

Provided also that where the boiler efficiency is lower than 86% for Sub-bituminous Indian coal and 89% for bituminous imported coal, the same shall be considered as 86% and 89% for Sub-bituminous Indian coal and bituminous imported coal respectively, for computation of station heat rate:

Provided also that units based on a dry cooling system, the maximum turbine cycle heat rate shall be considered as per the actual design or 6% higher than the values given in the table above, whichever is lower:

Provided also that if one or more units were declared under commercial operation prior to 1.4.2024, the heat rate norms for those units as well as generating Units declared under commercial operation on or after 1.4.2024 shall be lower of

the heat rate norms considered by the Commission during tariff period FY 2019-20 to FY 2023-24 or those arrived at by the above methodology:

Provided also that for Generating stations based on coal rejects, the Commission will approve the Station Heat Rate on case to case basis.

Note: In respect of units where the boiler feed pumps are electrically operated, the maximum design Unit heat rate shall be 40 kCal/kWh lower than the maximum design heat rate of the unit specified above with turbine driven Boiler Feed Pump.

D. Specific Fuel Oil Consumption

(i) Coal-based generating stations: 0.50 ml/kWh

(ii) Coal-based generating stations with wall (front/rear/sides) fired boilers: 1.00 ml/kWh

(iii) For Generating Stations based on Coal Rejects: 2.00 ml/kWh

E. Auxiliary Energy Consumption

Sr. No.	Generating Station	With Natural Draft Cooling Tower or without Cooling Tower
(1)	200/ 210/ 250 MW series	8.50%
(2)	300/ 330/ 350/ 500 MW and above	
	Steam driven boiler feed pumps	5.25 %
	Electrically driven boiler feed pumps	8.00 %
(3)	600 MW and above	
	Steam driven boiler feed pumps	5.25 %
	Electrically driven boiler feed pumps	8.00 %
(4)	45 MW	10.00 %

Provided that for thermal generating stations with induced drafts cooling towers and where ball and tube-type coal mill is used, the norms shall be further increased by 0.5% and 0.8% respectively:

Provided further that Additional Auxiliary Energy Consumption as follows shall be allowed for plants with Dry Cooling Systems:

Type of Dry Cooling System	(% of gross generation)
Direct Cooling air cooled condensers with mechanical draft fans	1.00%

Type of Dry Cooling System	(% of gross generation)
Indirect Cooling system employing jet condensers with pressure recovery turbine and natural draft tower	0.50%

Provided also that the auxiliary consumption for generating stations based on coal rejects shall be 10%.

F. Norms of Auxiliary energy consumption for emission control system (AUXen) of thermal generating stations:

Name of Technology	AUXen (as % of gross generation)
(1) For reduction of emission of Sulphur dioxide:	
(a) Wet Limestone based FGD system (without Gas to Gas heater)	1.0%
(b) Lime Spray Dryer or Semidry FGD System	1.0%
(c) Dry Sorbent Injection System (using Sodium bicarbonate)	NIL
(d) For CFBC Power plant (furnace injection)	NIL
(2) For reduction of emission of oxide of nitrogen:	
(a) Selective Non-Catalytic Reduction system	NIL
(b) Selective Catalytic Reduction system	0.2%

G. Norms for consumption of reagent:

(1) The normative consumption of specific reagent for various technologies for reduction of emission of sulphur dioxide shall be as under:

(a) For Wet Limestone based Flue Gas De-sulphurisation (FGD) system: The specific limestone consumption (g/kWh) shall be worked out by following formula:

K x Normative Heat Rate (kCal/kWh) x Sulphur content of coal (%) /CVPF in kCal/kg] x [85/LP] g/kWh

Where,

CVPF= Weighted Average Gross calorific value of coal in kCal per kg for coal based thermal generating stations computed in accordance with Regulation 43 of these Regulations;

Provided that value of K shall be equivalent to (35.2 x Design SO2 Removal Efficiency /96%) for units to comply with SO2 emission norm of 100/200 mg/Nm3 or (26.8 x Design SO2 Removal Efficiency/73%) for units to comply with SO2 emission norm of 600 mg/Nm3;

Provided further that the limestone purity shall not be less than 85%.

(b) For Lime Spray Dryer or Semi-Dry Flue Gas De-Sulphurisation (FGD) system: The specific lime consumption shall be worked out based on minimum purity of lime (LP) as at 90% or more by applying formula [6x90/LP] g/kWh;

(c) For Dry Sorbent Injection System (using sodium bicarbonate): The specific consumption of sodium bicarbonate shall be 12g per kWh at 100% purity.

(d) For CFBC Technology (furnace injection) based generating station: The specific limestone consumption for CFBC based generating station (furnace injection) shall be computed with the following formula:

[62.9 x S x SHR/CVPF] x[85/LP]

Where;

S = Sulphur content in percentage,

LP = Limestone Purity in percentage,

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

CVPF = Weighted Average Gross calorific value of coal as received, in kCal per kg for coal based thermal generating stations less 85kCal/kg on account of variation during storage at generating station.

(2) The normative consumption of specific reagent for various technologies for reduction of emission of oxide of nitrogen shall be as below:

(a) For Selective Non-Catalytic Reduction (SNCR) System: The specific urea consumption of SNCR system shall be 1.2 g / kWh at100% purity of urea.

(b) For Selective Catalytic Reduction (SCR) System: The specific ammonia consumption of SCR system shall be 0.6 g / kWh at 100% purity of ammonia.

52. Norms of operation for hydro generating stations:

52.1 The norms of operation for Hydro power station shall be as under, namely:

Normative Annual Plant Availability Factor (NAPAF):

Normative Annual Plant Availability Factor (NAPAF) for hydro generating stations shall be determined by the Commission as per the following criteria:

(i) Storage and Pondage type plants with head variation between Full Reservoir Level (FRL) and Minimum Draw Down Level (MDDL) up to 8%, and where plant availability is not affected by silt: 90%.

(ii) Storage and Pondage type plants with head variation between full reservoir level and minimum draw down level of more than 8% and when plant availability is not affected by silt: the month wise peaking capability as provided by the project authorities in the DPR (approved by CEA or the State Government) shall form basis of fixation of NAPAF.

(iii) Pondage type plants where plant availability is significantly affected by silt: 85%.

(iv) Run-of-river type plants: NAPAF to be determined plant-wise, based on 10-day design energy data, moderated by past experience where available/relevant.

52.2 A further allowance may be made by the Commission in NAPAF determination under special circumstances, e.g. abnormal silt problem or other operating conditions, and known plant limitations.

52.3 Based on the above, Normative Annual Plant Availability Factor (NAPAF) of the Hydro stations already in operation shall be as follows for recovery of capacity charges:

Station	Type of Plant	Plant Capacity (MW)	Plant Capacity allocated to State (MW)	NAPAF
Gandhisagar HPS	Storage	115.00	57.50	85.00%
Pench HPS	Storage	160.00	106.67	85.00%
Rajghat HPS	Storage	45.00	26.86	60.00%
Bargi HPS	Storage	90.00	90.00	85.00%
Banasagar Complex (excluding Silpara)	Storage	395.00	395.00	85.00%
Silpara HPS	Run of river with pondage	30.00	30.0	85.00%
Birsinghpur HPS	Storage	20.00	20.0	85.00%
Madhi Kheda HPS	Storage	60.00	60.0	85.00%

52.4 In the case of pumped storage hydro generating stations, the quantum of electricity required for pumping water from the down-stream reservoir to the up-stream reservoir shall be arranged by the beneficiaries duly taking into account the transmission and distribution losses up to the bus bar of the generating station. In return, beneficiaries shall be entitled to an equivalent energy of 75% of the energy utilized in pumping the water from the lower elevation reservoir to the higher elevation reservoir from the generating station during peak hours and the generating station shall be under obligation to supply such quantum of electricity during peak hours:

Provided that in the event of the beneficiaries failing to supply the desired level of energy during off-peak hours, there will be a pro-rata reduction in their energy entitlement from the station during peak hours:

Provided further that the beneficiaries may assign or surrender their share of capacity in the generating station, in part or in full, or the capacity may be reallocated by the State Government, and in that event, the owner or assignee of the capacity share shall be responsible for arranging the equivalent energy to the generating station in off-peak hours, and be entitled to corresponding energy during peak hours in the same way as the original beneficiary was entitled.

Auxiliary Energy Consumption:

52.5 Norms for auxiliary energy consumption for hydro power stations of capacity up to 200 MW and above 200 MW are as follows:

Type of Station	Auxiliary Energy Consumption (AEC)	
	Installed Capacity above 200 MW	Installed Capacity up to 200 MW
Surface Hydro Generating Station		
Rotating Excitation	0.7%	0.7%
Static Excitation	1.0%	1.2%
Underground Hydro Generating Station		
Rotating Excitation	0.9%	0.9%
Static Excitation	1.2%	1.3%

CHAPTER-10

SCHEDULING, ACCOUNTING AND BILLING

53. Scheduling:

The methodology for scheduling and dispatch for the generating station shall be as specified in the Madhya Pradesh Electricity Grid Code (or any other code or Regulation) approved by the Commission.

54. Metering and Accounting:

For metering and accounting, the provisions of the Madhya Pradesh Electricity Grid Code (or any other code or Regulation) approved by the Commission, shall be applicable.

55. Billing and Payment of charges:

55.1 Bills shall be raised for Capacity Charges and Energy Charges on monthly basis by the generating company in accordance with these Regulations, and payments shall be made by the beneficiaries directly to the generating company:

Provided that the physical copy of the Bill in Original at the office of the Authorised Person of the beneficiary and/or the scanned copy of Original Bill through Official Email ID of the Authorised Person of the Generating Company shall be recognized as valid mode of presentation of Bill:

Provided further that Signatory or Signatories (official designation only) shall be notified in advance by the Managing Director or Chief Executive Officer of the company and any change in the list of Authorised Signatory or the purpose, shall be communicated in the same manner.

55.2 Payment of the Capacity Charge for a thermal generating station shall be shared by the beneficiaries of the generating station as per their percentage shares for the month (inclusive of any allocation out of the unallocated capacity) in the Installed Capacity of the generating station. Payment of Capacity Charges and Energy Charges for a Hydro generating station shall be shared by the beneficiaries of the generating station in proportion to their shares (inclusive of any allocation out of the unallocated capacity) in the saleable capacity (to be determined after deducting the capacity corresponding to free energy to home State as per Note 3 herein).

Note 1

Shares/ allocations of each beneficiary in the total capacity of State sector generating stations shall be as determined by the State Government, inclusive of any allocation made out of the unallocated capacity. The shares shall be applied in percentages of installed capacity and shall normally remain constant during a month. The total capacity share of any beneficiary would be sum of its capacity share plus allocation out of the unallocated portion. In the absence of any specific allocation of unallocated power by the State Government, the unallocated power shall be added to the allocated shares in the same proportion as the allocated shares.

Note 2

The beneficiaries may propose surrendering part of their allocated firm share to other States/ Beneficiaries. In such cases, depending upon the technical feasibility of power transfer and specific agreements reached by the generating company with other States within/ outside the region for such transfers, the shares of the beneficiaries may be re-allocated by the State Government for a specific period (in complete months) from the beginning of a calendar month. When such re-allocations are made, the beneficiaries who surrender the share shall not be liable to pay capacity charges for the surrendered share. The capacity charges for the capacity surrendered and reallocated as above shall be paid by the State(s)/ beneficiary to whom the surrendered capacity is allocated. Except for the period of reallocation of capacity as above, the beneficiaries of the generating station shall continue to pay the full capacity charges as per allocated capacity shares. Any such reallocation and its reversion shall be communicated to all concerned by the appropriate authority in advance, at least three days prior to such reallocation or reversion taking effect.

Note 3

FEHS = Free energy for home State, in percent and shall be taken as 13% or actual whichever is less (not applicable for generating stations of MPPGCL).

Provided that in cases where the site of a Hydro Power Project is awarded to a developer, (not being a State controlled or owned Company) by the State Government by following a two stage transparent process of bidding, the “Free Energy” shall be taken as 13%, in addition to energy corresponding to 100 Units of electricity to be provided free of cost every month to every project affected family for a period of 10 Years from the Date of Commercial Operation of the generating station:

Provided further that the generating company shall submit detailed quantification of energy corresponding to 100 units of electricity to be provided free of cost every month to every project affected family for a period of 10 years from the Date of Commercial Operation.

56. Rebate:

56.1 For payment of bills of the generating company through letter of credit on presentation or through National Electronic Fund Transfer (NEFT)/ Real Time Gross Settlement (RTGS) payment mode within a period of 5 days of presentation of bills by the generating company, a rebate of 1.5% shall be allowed.

Provided that in case a different Rebate mechanism is provided in the PPA, the same shall be governed by the provisions of the PPA.

Explanation: In case of computation of 5 days', the number of days shall be counted consecutively without considering any holiday. However, in case the last day or 5th day is official holiday, the 5th day for the purpose of Rebate shall be construed as the immediate succeeding working day (as per the official State Government's calendar, where the Office of the Authorised Signatory or Representative of the Beneficiary, for the purpose of receipt or acknowledgement of Bill is situated).

56.2 Where payments are made on any day after 5 days and within a period of 30 days of presentation of bills by the generating company or the due date if any, mentioned in the power purchase agreement, whichever is earlier, a rebate of 1% shall be allowed.

57. Late payment surcharge:

57.1 In case the payment of any bill for charges payable under these Regulations is delayed beyond a period of 45 days from the date of presentation of bills or the due date as mentioned in the power purchase agreement whichever is earlier, a late payment surcharge as specified in the Ministry of Power – Electricity (Late Payment Surcharge and Related Matters) Rules, 2022 as amended from time to time shall be levied by the generating company.

Provided that in case a different LPS mechanism is provided in the PPA, the same shall be governed by the provisions of the PPA.

57.2 Unless otherwise agreed by the parties, the charges payable by a beneficiary shall be first adjusted towards a late payment surcharge on the outstanding charges and thereafter, towards monthly charges billed by the generating company starting from the longest overdue bill.

CHAPTER-11

SHARING OF BENEFITS

58. Sharing of gains due to variation in norms:

58.1 The generating company shall workout gains based on the actual performance of applicable Controllable parameters as under:

i) Station Heat Rate;

ii) Secondary Fuel Oil Consumption; and

iii) Auxiliary Energy Consumption.

58.2 The financial gains by the generating company, on account of controllable parameters shall be shared between generating company and the beneficiaries on annual basis. The financial gains computed as per the following formulae in case of generating station other than hydro generating stations on account of operational parameters as shown in Regulation 58.1 of these Regulations shall be shared in the ratio of 50:50 between the generating stations and beneficiaries.

Net Gain = (ECR_N– ECR_A) x Scheduled Generation

Where,

ECR_N = Normative Energy Charge Rate computed on the basis of norms specified for Station Heat Rate, Auxiliary Energy Consumption and Secondary Fuel Oil Consumption.

ECR_A = Actual Energy Charge Rate computed on the basis of actual Station Heat Rate, Auxiliary Energy Consumption and Secondary Fuel Oil Consumption for the month:

Provided that in case of hydro generating stations, the net gain on account of Actual Auxiliary Energy Consumption being less than the Normative Auxiliary Energy Consumption, shall be computed as per following formulae provided the saleable scheduled generation is more than the saleable design energy and shall be shared in the ratio of 50:50 between generating station and beneficiaries:

(i) When saleable scheduled generation is more than saleable design energy on the basis of normative auxiliary energy consumption and less than or equal to saleable design energy on

the basis of actual auxiliary energy consumption:

Net gain (Million Rupees) = [(Saleable Scheduled generation in MUs) – (Saleable Design energy on the basis of normative auxiliary energy consumption in MUs)] x [1.30 or ECR, whichever is lower]

(ii) When saleable scheduled generation is more than saleable design energy on the basis of actual auxiliary energy consumption:

Net gain (Million Rupees) = {Saleable Scheduled generation in MUs- [(Saleable Scheduled Generation in MUs x (100-normative AEC in %)/(100- actual AEC in %)]}x [1.30 or ECR, whichever is lower]

59. Sharing of saving in interest due to re-financing or restructuring of loan:

59.1 If re-financing or restructuring of loan by the generating company results in net savings on interest after accounting for cost associated with such refinancing or restructuring, the same shall be shared between the beneficiaries and the generating company in the ratio of 50:50.

59.2 In case of dispute, any of the parties may make an application in accordance with the MPERC (Conduct of Business) Regulations, as amended from time to time:

Provided that the beneficiaries shall not withhold any payment on account of the interest claimed by the generating company during the pendency of any dispute arising out of re-financing of loan.

60. Sharing of Non-Tariff Income:

The non-tariff net income in case of generating station on account of following shall be shared in the ratio of 50:50 with the beneficiaries and the generating company on annual basis:

a) Income from rent of land or buildings;

b) Income from sale of scrap;

c) Income from sale of fly ash;

d) Interest on advances to suppliers or contractors;

e) Rental from staff quarters;

f) Rental from contractors;

g) Income from advertisements;

h) Income from eco-tourism;

i) Interest on investments and bank balances;

j) Income from sale of tender documents; and

k) Income generated from sale of ESCerts:

Provided that the interest or dividend earned from investments made out of Return on Equity corresponding to the regulated business of the Generating Company shall not be included in Non-Tariff Income:

Provided further that the Generation Company shall submit full details of its forecast of Non-Tariff Income to the Commission. Non-tariff income shall also be trued-up based on audited accounts.

61. Sharing of Clean Development Mechanism Benefits:

The proceeds of carbon credit from approved emission reduction projects under Clean Development Mechanism shall be shared in the following manner:

(a) 100% of the gross proceeds on account of CDM to be retained by the project developer in the first year after the date of commercial operation of the generating station; and

(b) In the second year, the share of the beneficiaries shall be 10% which shall be progressively increased by 10% every year till it reaches 50%, where after the proceeds shall be shared in equal proportion, by the generating company and the beneficiaries.

CHAPTER-12

MISCELLANEOUS PROVISIONS

62. Operational Norms to be ceiling norms:

Operational norms specified in these Regulations are the ceiling norms and shall not preclude the generating company and the beneficiaries from agreeing to the improved norms and in case the improved norms are agreed to, such improved norms shall be applicable for determination of tariff.

63. Deviation from ceiling tariff:

63.1 Tariff determined in these Regulations shall be a ceiling tariff. The generating company and beneficiaries may mutually agree to charge a lower tariff.

63.2 The generating company may opt to charge the lower tariff for period not exceeding the validity of these regulations on account of lower depreciation based on the requirement of repayment. In such case, the unrecovered depreciation on account of reduction of depreciation by the generating company during useful life shall be allowed to be recovered after the useful life in these Regulations.

63.3 The generating company may opt to charge the lower tariff for a period not exceeding the validity of these Regulations on agreeing to deviation from operational parameters, reduction in operation and maintenance expenses, reduced return on equity and incentive specified in these Regulations.

63.4 The deviation from the ceiling tariff specified by the Commission shall come into effect from the date agreed to by the generating company and the beneficiaries.

63.5 The generating company and the beneficiaries of a generating station shall be required to approach the Commission for charging lower tariff in accordance with Regulations 63.1 to 63.3 above. The details of the accounts and the tariff actually charged under Regulations 63.1 to 63.3 above shall be submitted at the time of true up.

63.6 Where the generating company and its beneficiaries have mutually agreed to charge a lower tariff in accordance with Regulations 63.1 to 63.3 above, the said agreed tariff shall not be revised upwards at the time of truing up based on the capital cost and additional capital expenditures in accordance with these regulations:

Provided that where the trued up tariff is lower than the agreed tariff, the generating company shall charge such trued-up tariff only:

Provided further that the difference between the agreed tariff and the trued-up tariff shall be settled between the parties in accordance with Regulations 7.13 of these regulations.

64. Hedging of Foreign Exchange Rate Variation:

64.1 The generating company may hedge foreign exchange exposure in respect of the interest on foreign currency loan and repayment of foreign currency loan taken for the generating station in part or in full at the discretion of the generating company.

64.2 If the generating company enters into any hedging arrangement(s) based on its approved hedging policy, the generating company shall communicate to the beneficiaries concerned, of entering into such arrangement(s) within thirty days.

64.3 Every generating company shall recover the cost of hedging of foreign exchange rate variation corresponding to the normative foreign debt, in the relevant year on year-to-year basis as expense in the period in which it arises and extra rupee liability corresponding to such foreign exchange rate variation shall not be allowed against the hedged foreign debt.

64.4 To the extent the generating company is not able to hedge the foreign exchange exposure, the extra rupee liability towards interest payment and loan repayment corresponding to the normative foreign currency loan in the relevant year shall be permissible provided it is not attributable to the generating company or its suppliers or contractors.

65. Recovery of cost of hedging or Foreign Exchange Rate Variation (FERV):

65.1 Every generating company shall recover the cost of hedging and foreign exchange rate variation on year-to-year basis as income or expense in the period in which it arises.

65.2 Recovery of cost of hedging or foreign exchange rate variation shall be made directly by the generating company from the beneficiaries without making any application before the Commission:

Provided that in case of any objections by the beneficiaries the amounts claimed on account of cost of hedging or foreign exchange rate variation, the generating company may make an appropriate application before the Commission for its decision.

66. Application fee, publication expenses and other statutory charges:

66.1 The following fees, charges and expenses shall be reimbursed directly by the beneficiary in the manner specified herein:

(i) The application filing fee and the expenses incurred on publication of notices in the application for approval of tariff, may in the discretion of the Commission, be allowed to be recovered by the generating company directly from the beneficiaries.

(ii) The Commission may, for the reasons to be recorded in writing and after hearing the affected parties, allow reimbursement of any fee or expenses, as may be considered necessary.

(iii) SLDC Charges and Transmission Charges as determined by the Commission shall be considered as expenses, if payable by the generating stations.

(iv) RLDC/NLDC charges as determined by the Central Commission shall also be considered as expenses, if payable by the generating station.

66.2 Lease rent for land taken or lease by a generating station if any, payable to the Government on yearly basis, shall be considered as per lease agreement on case-to-case basis on submission of documentary proof, subject to prudence check at the time of true up.

66.3 Electricity duty, cess and water charges if payable by the Generating Company for generation of electricity from the power stations to the State Government, shall be considered and allowed by the Commission separately by considering normative parameters specified in these Regulations and shall be trued-up on actuals:

Provided that in case of the Electricity duty is applied in the auxiliary consumption, such amount of electricity duty shall apply on normative auxiliary consumption of the generating station (excluding colony consumption) and apportioned to each beneficiaries in proportion to their schedule dispatch during the month.

66.4 Expenses towards Fly Ash utilization & transportation shall be payable in accordance to the directives issued by Government of India, Ministry of Environment, Forest and Climate Change vide Notification No. S.O. 5481 (E) dated 31.12.2021 and subsequent amendment issued from time to time:

Provided that the generating company shall maintain separate accounts/records for expenses towards Fly Ash utilization & transportation reconciled with the Annual Audited

Accounts and duly certified by the statutory Auditor. The generating company shall submit complete details of aforesaid expenses to the procurer along with supporting documents.

67. Public Procurement through Competitive Bidding:

The generating company for a specific generating station shall procure equipment, work and services through a transparent process of competitive bidding.

Provided that under certain exceptional circumstances, equipment, works and services may be procured through other methods, as provided under general financial rules issued by the Government of India or GoMP and applicable from time to time.

68. Power to Relax:

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.

69. Power to Remove Difficulty:

If any difficulty arises in giving effect to the provisions of these Regulations, the Commission may, by order, make such provision not inconsistent with the provisions of the Act or provisions of other Regulations specified by the Commission, as may appear to be necessary for removing the difficulty in giving effect to the objectives of these Regulations.

70. Repeal and Savings:

70.1 The Regulations namely "Madhya Pradesh Electricity Regulatory Commission (Terms and Conditions for determination of Generation Tariff), Regulations, 2020 {RG-26 (IV) of 2020}" notified on 28.02.2020 and read with amendments thereto, as applicable to the subject matter of these Regulations are hereby superceded.

70.2 Nothing in these Regulations shall be deemed to limit or otherwise affect the inherent powers of the Commission to make such orders as may be necessary for ends of justice to meet or to prevent abuses of the process of the Commission.

70.3 Nothing in these Regulations shall bar the Commission from adopting, in conformity with the provisions of the Act, a procedure, which is at variance with any of the provisions of this Regulation, if the Commission, in view of the special circumstances of a matter or class of matters and for reasons to be recorded in writing, deems it necessary or expedient for dealing

with such a matter or class of matters.

70.4 Nothing in these Regulations shall, expressly or impliedly, bar the Commission dealing with any matter or exercising any power under the Act for which no Regulations have been framed, and the Commission may deal with such matters, powers and functions in a manner it thinks fit.

71. Issue of Suo-Moto orders and practice directions:

The Commission may, from time to time, issue orders and practice directions in regard to the effective implementation of these regulations and matters incidental or ancillary thereto as the Commission may consider appropriate.

By order of the Commission

Dr. Umakanta Panda
Secretary

Appendix-I

Depreciation Schedule for existing Projects

Sr. No.	Asset Particulars	Depreciation Rate (Salvage Values = 10%)
		Straight Line Method
A	**Land under full ownership**	**0.00%**
B	**Land under lease**	
(a)	for investment in the land	3.34%
(b)	For cost of clearing the site	3.34%
(c)	Land for Reservoir in case of Hydro generating station	3.34%
C	**Assets purchased new**	
(a)	Plant & Machinery in generating stations	
(i)	Hydro electric	5.28%
(ii)	Steam electric NHRB & waste heat recovery boilers	5.28%
(iii)	Diesel electric and gas plant	5.28%
(b)	Cooling towers & circulating water systems	5.28%
(c)	Hydraulic works forming part of the Hydro generating stations	
(i)	Dams, Spillways, Weirs, Canals, Reinforced concrete flumes and siphons	5.28%
(ii)	Reinforced concrete pipelines and surge tanks, steel pipelines, sluice gates, steel surge tanks, hydraulic control valves and hydraulic works	5.28%
(d)	Building & Civil Engineering works	
(i)	Offices and showrooms	3.34%
(ii)	Containing thermo-electric generating plant	3.34%
(iii)	Containing hydro-electric generating plant	3.34%
(iv)	Temporary erections such as wooden Structures	100%
(v)	Roads other than Kutcha Roads	3.34%
(vi)	Others	3.34%
(e)	Transformers, Kiosk, Sub-Station equipment & other fixed apparatus.	

Sr. No.	Asset Particulars	Depreciation Rate (Salvage Values = 10%)
		Straight Line Method
(i)	Transformers including foundations having rating of 100 KVA and over	5.28%
(ii)	Others	5.28%
(f)	Switchgear including cable connections	5.28%
(g)	Lightning Arrestor	
(i)	Station type	5.28%
(ii)	Pole type	5.28%
(iii)	Synchronous condenser	5.28%
(h)	Batteries	9.50%
(i)	Underground cable including joint boxes and disconnected boxes	5.28%
(ii)	Cable duct system	5.28%
(i)	Overhead lines including cable support	
(i)	Lines on fabricated steel operating at terminal voltages higher than 66 kV	5.28%
(ii)	Lines on steel supports operating at terminal voltages higher than 132 kV but not exceeding 66 kV	5.28%
(iii)	Lines on steel on reinforced concrete support	5.28%
(iv)	Lines on treated wood support	5.28%
(j)	Meters	5.28%
(k)	Self-propelled vehicles	9.50%
(l)	Air Conditioning Plants	
(i)	Static	5.28%
(ii)	Portable	9.50%
(m)(i)	Office furniture and furnishing	6.33%
(ii)	Office equipment	6.33%
(iii)	Internal wiring including fittings and Apparatus	6.33%
(iv)	Street Light fittings	5.28%
(n)	Apparatus let on hire	

Sr. No.	Asset Particulars	Depreciation Rate (Salvage Values = 10%)
		Straight Line Method
(i)	Other than motors	9.50%
(ii)	Motors	6.33%
(o)	Communication equipment	
(i)	Radio and high frequency carrier system	15.00%
(ii)	Telephone lines and telephones	15.00%
(iii)	Fibre Optic	5.28%
(p)	I. T. equipment's including software	15.00%
(q)	Any other assets not covered above	5.28%

Note: Where life of the particular asset is less than useful life of the project, the useful life of such particular asset shall be as per the provisions of the Companies Act, 2013 and subsequent amendment thereto.

Appendix-II

Depreciation Schedule for New Projects

Sr. No.	Asset Particulars	Depreciation Rate (Salvage Values = 10%)
		Straight Line Method
A	**Land under full ownership**	**0.00%**
B	**Land under lease**	
(a)	for investment in the land	3.34%
(b)	For cost of clearing the site	3.34%
(c)	Land for Reservoir in case of Hydro generating station	3.34%
C	**Assets purchased new**	
(a)	Plant & Machinery in generating stations	
(i)	Hydro electric	4.22%
(ii)	Steam electric NHRB & waste heat recovery boilers	4.22%
(iii)	Diesel electric and gas plant	4.22%
(b)	Cooling towers & circulating water systems	4.22%
(c)	Hydraulic works forming part of the Hydro generating stations	
(i)	Dams, Spillways, Weirs, Canals, Reinforced concrete flumes and siphons	4.22%
(ii)	Reinforced concrete pipelines and surge tanks, steel pipelines, sluice gates, steel surge tanks, hydraulic control valves and hydraulic works	4.22%
(d)	Building & Civil Engineering works	
(i)	Offices and showrooms	3.34%
(ii)	Containing thermo-electric generating plant	3.34%
(iii)	Containing hydro-electric generating plant	3.34%
(iv)	Temporary erections such as wooden Structures	100%
(v)	Roads other than Kutcha Roads	3.34%
(vi)	Others	3.34%
(e)	Transformers, Kiosk, Sub-Station equipment & other fixed apparatus.	

Sr. No.	Asset Particulars	Depreciation Rate (Salvage Values = 10%)
		Straight Line Method
(i)	Transformers including foundations having rating of 100 kVA and over	4.22%
(ii)	Others	4.22%
(f)	Switchgear including cable connections	4.22%
(g)	Lightning Arrestor	
(i)	Station type	4.22%
(ii)	Pole type	4.22%
(iii)	Synchronous condenser	4.22%
(h)	Batteries	9.50%
(i)	Underground cable including joint boxes and disconnected boxes	4.22%
(ii)	Cable duct system	4.22%
(i)	Overhead lines including cable support	
(i)	Lines on fabricated steel operating at terminal voltages higher than 66 kV	4.22%
(ii)	Lines on steel supports operating at terminal voltages higher than 132 kV but not exceeding 66 kV	4.22%
(iii)	Lines on steel on reinforced concrete support	4.22%
(iv)	Lines on treated wood support	4.22%
(j)	Meters	4.22%
(k)	Self-propelled vehicles	9.50%
(l)	Air Conditioning Plants	
(i)	Static	4.22%
(ii)	Portable	9.50%
(m)(i)	Office furniture and furnishing	6.33%
(ii)	Office equipment	6.33%
(iii)	Internal wiring including fittings and Apparatus	6.33%
(iv)	Street Light fittings	4.22%
(n)	Apparatus let on hire	

Sr. No.	Asset Particulars	Depreciation Rate (Salvage Values = 10%)
		Straight Line Method
(i)	Other than motors	9.50%
(ii)	Motors	6.33%
(o)	Communication equipment	
(i)	Radio and high frequency carrier system	15.00%
(ii)	Telephone lines and telephones	15.00%
(iii)	Fibre Optic	4.22%
(p)	I. T. equipment's including software	15.00%
(q)	Any other assets not covered above	4.22%

Note: Where life of the particular asset is less than useful life of the project, the useful life of such particular asset shall be as per the provisions of the Companies Act, 2013 and subsequent amendment thereto.