

MADHYA PRADESH ELECTRICITY REGULATORY COMMISSION

5th Floor, "Metro Plaza", Bittan Market, Bhopal - 462016



Petition No. 3 of 2023

PRESENT:

S.P.S Parihar, Chairman

Gopal Shrivastava, Member (Law)

Prashant Chaturvedi, Member

IN THE MATTER OF:

True up of Tariff for Unit No.1 (45 MW) coal based thermal power project at Village Niwari, Tehsil Gadarwara, District Narsinghpur (M.P) from FY 2016-17 to FY 2018-19 determined by the Commission vide Order dated 14th December, 2022.

AND IN THE MATTER OF:

M/s B L A Power Pvt. Ltd.,

Petitioner

Versus

- 1. M. P. Power Management Co. Ltd., Jabalpur**
- 2. M. P. Poorv Kshetra Vidyut Vitaran Co. Ltd., Jabalpur**
- 3. M. P. Madhya Kshetra Vidyut Vitaran Co. Ltd., Bhopal**
- 4. M. P. Paschim Kshetra Vidyut Vitaran Co. Ltd., Indore**

Respondents

ORDER

(Passed on this day of 9th May, 2023)

1. M/s. BLA Power Private Limited (hereinafter called “the petitioner”) filed the subject petition for determination of true up of tariff for Unit No.1 (45 MW) of its 2 x 45 MW Coal Based Thermal Power Station for FY 2016-17, FY 2017-18 and FY 2018-19 determined by the Commission vide Multi-Year Tariff (MYT) Order dated 14th December, 2022 in Petition No 52 of 2022.
2. The subject petition is filed under Sections 62 and 86(1)(a) of the Electricity Act, 2003 and based on the MPERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2015 (hereinafter called the “the Regulations, 2015”).
3. The petitioner’s thermal power station under the subject petition comprises of two generating units of 45 MW each. Date of Commercial Operation (CoD) of both units of the petitioner’s power plant are as given below:

Table 1: CoD of Unit No.1& 2

Unit	Installed Capacity (MW)	Date of Commercial Operation (COD)
Unit No. 1	45 MW	3 rd April, 2012
Unit No. 2	45 MW	20 th March, 2017

4. The petitioner signed Power Purchase Agreement (PPA) with M.P. Power Trading Co. Ltd. (now MPPMCL) on 05.01.2011 for sale of power 30% of installed capacity from its 2x45 MW Thermal Power Plant for 20 years at regulated tariff to be determined by the Commission. Further, the petitioner signed another PPA with GoMP on 04.05.2011 for purchase of 5% net power at variable charges only determined by the Commission.
5. Vide Order dated 14th December, 2022 in Petition No 52 of 2022, the Commission determined multi-year tariff for Unit No 1 from FY 2016-17 to FY 2018-19 based on the Regulations, 2015. In the aforesaid Order, the Commission considered following Annual Capacity (Fixed) Charges:

Table 2: Annual Capacity (Fixed) Charges approved in MYT Order (Rs Crore)

Sr No	Particulars	FY 2016-17	FY 2017-18	FY 2018-19
1	Return on Equity	13.14	13.14	13.14
2	Depreciation	14.63	14.63	14.63
3	Interest and Finance Charges	19.38	17.52	15.86
4	Operation & Maintenance Expenses	14.43	15.34	16.31
5	Interest on Working Capital	6.48	6.37	6.20
6	Total Annual Capacity (fixed) Charges	68.06	67.01	66.14
7	Less:-Non Tariff Income	1.11	1.95	1.23
8	Net Annual Capacity (Fixed) Charges	66.95	65.06	64.91
9	Annual Capacity (Fixed) Charges for contracted Capacity i.e. (30%) of installed Capacity	20.08	19.52	19.47

6. In the subject petition, the petitioner has claimed the following Annual Capacity (Fixed) Charges for FY 2016-17 to FY 2018-19 for Unit No 1 of its Thermal Power Station:

Table 3: Annual Capacity (Fixed) Charges claimed in the Petition (Rs in Crore)

S. No	Particulars	FY 2016-17	FY 2017-18	FY 2018-19
1	Return on Equity	13.14	13.14	13.14
2	Depreciation	14.63	14.63	14.63
3	Interest and Finance Charges	19.38	17.52	15.86
4	O & M Expenses	14.43	15.34	16.31
5	Interest on Working Capital	6.48	6.38	6.21
6	Total Annual Capacity (Fixed) Charges	68.06	67.01	66.15
7	Less:-Non-Tariff Income	1.11	1.75	0.82
8	Net Annual Capacity (Fixed) Charges	66.95	65.26	65.32

7. With the above submission, the petitioner prayed the following:
- Carry out the truing-up of tariff for Unit-1 of the Project for the period from FY 2016-17 to FY 2018-19 and allow to recover the difference amount;*
 - Allow to recover E.D., Water Charges and Cess on auxiliary power consumption and other taxes, if any, levied by the Statutory Authorities from Respondent No. 1;*
 - Allow to recover the fees paid to the Commission and publication expenses from Respondent No. 1.*
8. The subject petition has been examined by the Commission in accordance with the principles, methodology and the norms specified in the Regulations, 2015, Annual Audited Accounts of the Project, Asset-cum-Depreciation Register and additional submissions filed by the petitioner in response to additional information/ details sought

by the Commission alongwith all other documents placed on record by the petitioner. The Commission has also examined the subject true up petition in light of the response filed by the Respondent No.1 and rejoinder of petitioner on the same.

Procedural History

9. Motion hearing in the subject true-up petition was held on 7th March, 2023, wherein the petition was admitted and petitioner was directed to serve the copy of the petition to all respondents. The respondents were also directed to file their responses on the petition within 15 days, thereafter. The petitioner was asked to file rejoinder within a week, thereafter.
10. Vide Commission's letter dated 15th March, 2023, information gaps and requirement of additional details/ documents were communicated to the petitioner seeking its comprehensive response with all supporting documents by the 30th March, 2023.
11. By affidavit dated 27th March, 2023, the petitioner filed its response on the issues communicated to it by the Commission.
12. The public notice inviting comments/suggestions from the stakeholders was published on 31st March, 2023 in the following newspapers:
 - i. Dainik Bhaskar (Hindi), Bhopal
 - ii. Dainik Bhaskar (Hindi), Jabalpur
 - iii. Dainik Bhaskar (Hindi), Indore
 - iv. The Hitavada (English), Bhopal
 - v. The Hitavada (English), Jabalpur
13. By affidavit dated 17th April, 2023 the Respondent No. 1 (M.P. Power Management Co. Ltd) filed its response on the subject petition.
14. By affidavit dated 24th April, 2023, the petitioner filed rejoinder on the responses filed by Respondent No 1. The petitioner's response on each issue raised by the Respondent No 1 along with the observations of the Commission are annexed as Annexure- I with this Order.
15. Public hearing in the subject petition was held on 25th April, 2023 through video

conferencing, wherein the representatives of petitioner and Respondent No. 1 appeared.

16. In this true-up Order, the Commission has considered the opening figures of Gross Fixed Assets, Equity and Loan as on 1st April, 2016 same as considered by the Commission as on 31.3.2016 in Order dated 14th December, 2022 in Petition No 52 of 2022.

Disclaimer for Rounding

17. In this Order, certain numbers as a whole, upto several decimal places have been rounded up or down. Therefore, there may be discrepancies between the totals of the individual numbers shown in the tables upto 2 decimal places and numbers given in the corresponding analyses in the text of this Order.

Capital Cost

Petitioner's Submission:

18. In the subject true-up petition, the petitioner has considered Opening Gross Fixed Assets of Rs 302.33 Crore as on 1st April, 2016.

Provisions in Regulations

19. With regard to capital cost of existing projects, Regulation 15.3 of the Regulations, 2015 provides that:

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

- (a) the capital cost admitted by the Commission prior to 1.4.2016 duly trued up by excluding liability, if any, as on 1.4.2016;*
- (b) additional capitalization and de-capitalization for the respective year of tariff as determined in accordance with Regulation 20; and*
- (c) expenditure on account of renovation and modernization as admitted by the Commission in accordance with Regulations 21.*

Commission's Analysis:

20. To work out Opening Capital Cost, the Commission has considered Closing Gross Fixed Assets of Rs 302.33 Crore as on 31st March, 2016 admitted in Order dated 14th December, 2022 as a base opening figure as on 1st April, 2016 in this Order.

Additional Capitalization

21. Regarding additional capitalization during FY 2016-17 to FY 2018-19, the petitioner has not claimed any additional capital expenditure during the control period.
22. Since, the petitioner has not claimed any additional capitalization during the period from FY 2016-17 to FY 2018-19, therefore, Opening Capital Cost of Rs 302.33 Crore as on 01st April, 2016 considered in this order shall remain unchanged during FY 2016-17 to FY 2018-19 in this Order.

Debt: Equity:

Petitioner's Submission

23. The petitioner has filed the opening loan and equity balance as on 1st April, 2016 same as considered by the Commission as on 31st March, 2016 in order dated 14th December, 2022 in P. No. 52 of 2022. The petitioner has not filed any addition of loan & equity during FY 2016-17 to FY 2018-19.

Provisions under Regulations

24. With regard to funding, Regulation 25 of the Regulations, 2015, provides that;
 - 25.1 *For a project declared under commercial operation on or after 1.4.2016, the debt-equity ratio would be considered as 70:30 as on COD. 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:*
 - 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.*

.....
 - 25.5 *Any expenditure incurred or projected to be incurred on or after 1.4.2016 as may be admitted by the Commission as additional capital expenditure for determination of tariff, and renovation and modernisation expenditure for life extension shall be serviced in the manner specified in clause 25.1 of this*

Regulation:

25. Regulation 25.3 of the Regulations, 2015 provides that in case of generating station declared under Commercial Operation prior to 01st April, 2016, the debt:equity ratio considered by the Commission for determination of tariff for period ending 31st March, 2016 shall be considered. Thus, the Commission has considered same opening equity and opening loan as on 01st April, 2016 as approved closing balances of loan and equity as on 31st March, 2016 vide Order dated 14th December, 2022 in Petition No 52 of 2022 as given below:

Table 4: Opening Capital Cost and Funding Details

Sr No	Particulars	Amount
1	Opening Capital Cost	Rs. 302.33 Crore
2	Opening Equity	Rs. 84.75 Crore
3	Opening Loan	Rs. 159.93 Crore

Annual Capacity (Fixed) Charges

26. Regulation 27 of the Regulations, 2015, provides that the Annual Capacity (Fixed) 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;
 - (e) Interest on Working Capital

a) Return on Equity**Petitioner's Submission**

27. The petitioner filed Return on Equity from FY 2016-17 to FY 2018-19 in the subject petition as given below:

Table 5: Return on Equity Claimed

Particulars		Unit	FY 2016-17	FY 2017-18	FY 2018-19
1	Opening Equity	Rs Cr.	84.75	84.75	84.75
2	Closing Equity	Rs Cr.	84.75	84.75	84.75
3	Average Equity	Rs Cr..	84.75	84.75	84.75
4	Base Rate of Return on Equity	%	15.50%	15.50%	15.50%
5	Tax Rate	%	0.00%	0.00%	0.00%
6	Grossed up Rate of Return on Equity	%	15.50%	15.50%	15.50%
7	Return on Equity	Rs Cr..	13.14	13.14	13.14

Provisions in the Regulation:

28. With regard to Return on Equity, Regulation 30 and 31 of the Regulations, 2015 provides that:

30. Return on Equity:

“30.1 Return on equity shall be computed in rupee terms, on the equity base capital determined in accordance with Regulation 25.

30.2 Return on equity shall be computed at the base rate of 15.5% for thermal generating stations and hydro generating stations.

Provided that

- (a) in case of Projects commissioned on or after 1st April, 2016, an additional return of 0.5% shall be allowed if such Projects are completed within the timeline specified in Appendix-I :*
- (b) the additional return of 0.5% shall not be admissible if the Project is not completed within the timeline specified above for reasons whatsoever:*
- (c) the rate of return of a new project shall be reduced by 1% 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 Restricted Governor Mode Operation (RGMO)/ Free Governor Mode Operation (FGMO):*
- (d) as and when any of the above requirements are found lacking in a generation station based on the report submitted by the respective SLDC/RLDC, ROE shall be reduced by 1% for the period for which the deficiency continues:*

Commission's Analysis:

29. While determining the return on equity, the Commission has considered opening equity of Rs. 84.75 Crore as admitted in Order dated 14th December, 2022 in Petition No 52 of 2022. As the petitioner has not filed any additional capitalization during the period FY 2016-17 to FY 2018-19, Therefore the equity balance shall remain unchanged during FY 2016-17 to FY 2018- 19.
30. Regarding the applicability of the Regulation 30.2 of the Regulations, 2015, the Commission observed the following:
- (i) Since, the commissioning date of the Unit No 1 of the BLA thermal power project is 3rd April, 2012, therefore, Regulation 30.2 (a) and (b) of the Regulations, 2015 are not applicable at this stage.
- (ii) With regard to compliance of Regulation 30.2 (c) & (d) of the Regulations, 2015, during the proceedings of MYT Petition, the petitioner was asked to confirm whether the Unit No. 1 of the project achieved COD with commissioning of RGMO/FGMO in compliance with provisions of the Regulations, 2015. In response, the petitioner vide affidavit dated 17th October, 2022 had already submitted that the requirement relating to RGMO/FGMO was done away with for the thermal power plants of less than 200 MW but the instructions of SLDC relating to generation are being faithfully/religiously followed by the petitioner.
31. The petitioner claimed return on equity on the base rate of return (15.50%) without considering any tax rate for grossing up the base rate of return on equity during FY 2016-17 to FY 2018-19.
32. Accordingly, the annual Return on Equity has been worked out for FY 2016-17 to FY 2018-19 considering the base rate of return as given below:

Table 6 : Return on Equity Considered in this Order

Sr. No	Particular	Unit	FY 2016-17	FY 2017-18	FY 2018-19
1	Opening Equity	Rs. Cr.	84.75	84.75	84.75
2	Equity Addition during the year	Rs. Cr.	0.00	0.00	0.00
3	Closing Equity	Rs Cr	84.75	84.75	84.75
4	Average Equity	Rs Cr	84.75	84.75	84.75
5	Base Rate of Return on Equity	%	15.50%	15.50%	15.50%
6	Annual Return on Equity	Rs Cr	13.14	13.14	13.14

b) Depreciation**Petitioner's submission:**

33. The petitioner has claimed the depreciation from FY 2016-17 to FY 2018-19 as given below:

Table 7: Depreciation Claimed

	Particulars	Unit	FY 2016-17	FY 2017-18	FY 2018-19
1	Opening Gross Block	Rs. Cr.	302.33	302.33	302.33
2	Closing Gross Block	Rs. Cr.	302.33	302.33	302.33
3	Average Gross Block	Rs. Cr.	302.33	302.33	302.33
4	Rate of Depreciation	%	4.84%	4.84%	4.84%
5	Depreciation for the year	Rs. Cr.	14.63	14.63	14.63

Provisions of the Regulation:

34. Regulation 33 of the Regulation, 2015 provides that:

“33.1 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.

33.2 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 at the commercial operation.

33.3 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:”

33.4

33.5 Depreciation shall be calculated annually based on ‘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 12 Years from the effective date of commercial operation of the station shall be spread over the balance Useful life of the assets.

33.6 In case of the existing Projects, the balance depreciable value as on 1.4.2016 shall be worked out by deducting the cumulative depreciation as admitted by the Commission upto 31.3.2016 from the gross depreciable value of the assets.

33.7 The rate of Depreciation shall be continued to be charged at the rate specified in Appendix-II till cumulative depreciation reaches 70%. Thereafter the remaining depreciable value shall be spread over the remaining life of the asset such that the maximum depreciation does not exceed 90%.

33.8 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.”

33.9 The generating company shall submit the details of proposed capital expenditure during the fag end of the project (five years before the useful life)

Commission’s Analysis:-

35. Closing Capital Cost as on 31st March, 2016 admitted by the Commission in the true-up Order dated 14th December, 2022 in P No 52 of 2022 is considered as the base figure for Opening Capital Cost as on 01st April, 2016. However, the petitioner has not claimed any additional capitalization during FY 2016-17 to FY 2018-19. Therefore, the Capital Cost as on 01st April, 2016 shall remain same for FY 2016-17 to FY 2018-19.
36. On examination of the subject petition, it was observed that the petitioner had not filed Asset-cum-Depreciation Register. Vide Commission’s letter dated 15th March, 2023, the petitioner was asked to submit the Asset-cum-Depreciation register in accordance to the Regulations, 2015. In response to above, by affidavit dated 27th March, 2023, the petitioner submitted the Asset-cum-Depreciation Register in hard and soft copy for FY 2016-17 to FY 2018-19.
37. Further, in form TPS 11 of subject petition, the petitioner worked out the weighted average rate of depreciation based on the depreciation rates as per Depreciation Rate Schedule provided under the Regulations, 2015. Therefore, the Commission has considered weighted average rate of depreciation as filed by the petitioner based on the rate of depreciation as per the Regulations, 2015.
38. Based on above, the annual depreciation is worked out in this Order is as given below:-

Table 8: Annual Depreciation considered in this Order

Sr. No.	Particular	Unit	FY 2016-17	FY 2017-18	FY 2018-19
1	Opening Gross Fixed Assets	Rs Cr.	302.33	302.33	302.33
2	Assets Addition during the year	Rs Cr.	0.00	0.00	0.00
3	Closing Gross Fixed Assets	Rs Cr.	302.33	302.33	302.33
4	Average Gross Fixed Assets	Rs Cr.	302.33	302.33	302.33
5	Weighted Average Rate of Depreciation (%)	%	4.84%	4.84%	4.84%
6	Annual Depreciation	Rs Cr.	14.63	14.63	14.63
7	Cumulative Depreciation	Rs Cr.	72.28	86.91	101.54

c) Interest on Loan Capital**Petitioner's submission:**

39. The petitioner has claimed interest on loan capital for FY 2016-17 to FY 2018-19 as given below:

Table 9: Interest on Loan Claimed

Particulars		Unit	FY 2016-17	FY 2017-18	FY 2018-19
1	Opening Loan balance	Rs Cr	217.58	217.58	217.58
2	Addition during year	Rs Cr	0.00	0.00	0.00
3	Repayment During year	Rs Cr.	57.65	72.28	86.90
4	Closing Loan balance	Rs Cr.	145.30	130.68	116.05
5	Average Loan During year	Rs Cr	152.62	137.99	123.36
6	Interest Rate on Loan	%	12.70%	12.70%	12.86%
7	Interest Liability	Rs Cr.	19.38	17.52	15.86

Provisions in Regulation

40. Regulation 32 of the Regulations, 2015 provides that:

“32.1 The loans arrived at in the manner indicated in Regulation 25 shall be considered as gross normative loan for calculation of interest on loan.

32.2 The normative loan outstanding as on 1.4.2016 shall be worked out by deducting the cumulative repayment as admitted by the Commission up to 31.3.2016 from the gross normative loan.

32.3 The repayment for the Year of the Tariff period 2016-19 shall be deemed to be equal to the depreciation allowed for the corresponding year/ period. In case of de- capitalization of assets, the repayment shall be adjusted by taking into

account cumulative repayment on a pro rata basis and the adjustment should not exceed cumulative depreciation recovered upto the date of de-capitalisation of such asset.

32.4 *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.*

32.5 *The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio after proving appropriate accounting adjustment for interest capitalized.*

Provided that if there is no actual loan for a particular year but normative loan is still outstanding, the last available weighted average rate of interest shall be considered.

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

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

32.7 *The generating company shall make every effort to re-finance the loan as long as it results in net savings on interest and in that event the costs associated with such re-financing shall be borne by the beneficiaries and the net savings shall be shared between the beneficiaries and the generating company in the ratio of 2:1.*

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

32.9 *In case of dispute, any of the parties may make an application in accordance with the Madhya Pradesh Electricity Regulatory Commission (Conduct of Business) Regulations, 2004, 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.

Commission's analysis:

41. Regulation 32.2 of the Regulations, 2015 provides that normative loan outstanding as on 1st April, 2016 shall be worked out by deducting the cumulative repayment as admitted by the Commission up to 31st March, 2016 from the Gross normative loan.

While determining the interest on loan, the Commission has considered opening loan balance of Rs. 159.93 Crore as admitted in Order dated 14th December, 2022 in Petition No 52 of 2022 in terms of the provisions under the Regulations, 2015. The petitioner has not filed any additional capitalization during FY 2016-17 to FY 2018-19, therefore, the loan balances for each financial year is worked out accordingly by considering the normative repayment equivalent to depreciation for the respective year.

42. In form TPS 13 of the subject petition, the petitioner has worked out the weighted average rate of interest based on actual loan portfolio @12.70% for FY 2016-17 and FY 2017-18, @12.86% for FY 2018-19.
43. With regard to rate of interest, vide Commission's letter dated 15th March, 2023, the petitioner was asked to file the following:
- i. Reasons for higher weighted average rate of interest claimed during the control period FY 2016-17 to FY 2018-19.*
 - ii. Basis for arriving the weighted average rate of interest on term loan.*
 - iii. Detailed computation in soft (excel-sheet) and hard copy for arriving at the lending agency-wise weighted average rate of interest claimed in the petition.*
 - iv. Supporting documents like Banker's certificate regarding actual interest paid to the bankers be also filed.*
 - v. To confirm and demonstrate that any interest on interest on loan amount or any penalty due to default in repayment should not be part of interest on loan amount*
44. In response, by affidavit dated 27th March, 2023, the petitioner submitted the following response:

Response to (i), (ii) and (iii)

Regulations 32.7 of the Regulations, 2015 (RG-26 (III) of 2015) provides for refinancing of the loan, sharing of costs and benefits between the beneficiary and the generating company. In accordance to the above regulation the petitioner in MYT Petition No. 52 (order of which was passed by Commission on 14th December 2022) had claimed the following effective rate of interest.

FY	Rate of Interest			Sharing as per Regulation 32.7 of the Regulation 2015		Effective Rate of interest as per the Regulations
	Applicable Rate as per MPERC Tariff Order Dated 22.05.2015	Re-structured Rate	Saving by restructuring of loan	Beneficiary	Generating Company	
a	b	c	$d = b - c$	$e = d \times 2/3$	$f = d \times 1/3$	$*g = b - e$
2016-17	13.59%	12.25%	1.34%	0.89%	0.45%	12.70%
2017-18	13.59%	12.25%	1.34%	0.89%	0.45%	12.70%
2018-19	13.59%	12.50%	1.09%	0.73%	0.36%	12.86%

***Saving on account of restructuring of loan, is passed on to the beneficiary as per regulations.**

It is submitted that the restructured rate of interest was considered by the petitioner for FY 2016-17 to FY 2018-19 based on Corporate Debt Restructuring (CDR) approved by Consortium of Lenders.

Hence, the interest rate as claimed by the petitioner takes into account the sharing of benefit in accordance with the Regulations, 2015 mentioned above and the same may please be allowed by the Commission.

Petitioner's Response to query (iv):

The banker's certificate regarding actual interest rate charged and recovered was attached to the Affidavit in response dated 17.10.2022 (to the Observation of Commission dated 23.09.2022) in Petition No. 52/2022. The same is submitted.

Petitioner's Response to query (v):

It is submitted that the Petitioner has considered the base rates approved by the Lenders consequent to approval of the CDR proposal for the purpose of working out the weighted average rate of interest applicable to the normative loans and hence, it does not include any penal interest amount on account of defaults in repayment.

45. On perusal of the above submission, the Commission observed the following:

- The petitioner has submitted that in order to lower the rate of interest, it had restructured its long term loan and benefit of such restructuring is passed on to the procurer in accordance to the provisions under Regulations, 2015.
- The rate of interest considered by the petitioner is based on the approved

Corporate Debt Restructuring approved by Consortium of Lenders.

- Based on the above interest rates of restructured loan and considering the Regulation 32.7 and 32.8 of the Regulations, 2015, the petitioner has worked out the interest rate chargeable on normative loans after considering the sharing of benefits between the beneficiary and generating company. Hence, the interest rate as claimed by the petitioner is taken into account for sharing of benefit in accordance with the Regulations.
 - The petitioner has submitted, the basis for the computation of the weighted average rate of interest claimed in the petition. The petitioner has also filed the banker's certificate in support of actual interest rate charged.
 - The petitioner has confirmed that the weighted average rate of interest claimed in the petition does not include any penal interest amount on account of defaults in repayment.
46. Considering the above, it is observed that the petitioner has filed weighted average rate of interest based on the actual interest rates charged by the lenders to BLA Power Pvt Ltd for Unit No.1, as per prevailing applicable interest rates of the respective Banks/Financial Institutions on actual loan portfolio. The petitioner has also filed documents, such as Banker's certificate in support of interest rate on term loan claimed in the petition.
47. Accordingly, the Commission has considered the actual weighted average rate of interest for FY 2016-17, FY 2017-18 and FY 2018-19 as worked out and claimed by the petitioner by considering the actual loan outstanding and actual interest paid. The interest rate as claimed by the petitioner is also taken into account for sharing of benefit in accordance with the Regulations, 2015.
48. Considering above, the interest on loan for FY 2016-17 to FY 2018-19 is determined in this Order based on the following:-
- i. Gross Normative Opening loan of Rs. 159.93 Crore as on 1st April, 2016 is considered as per the closing loan as on 31st March, 2016 admitted in Order dated 14th December, 2022 in P No 52 of 2022.
 - ii. No loan additions filed by the petitioner for FY 2016-17 to FY 2018-19.
 - iii. Annual repayment of Loan equal to annual depreciation is considered.

- iv. Weighted Average Rate of Interest @12.70% for FY 2016-17 & FY 2017-18 and @12.86% for FY 2018-19 based on the actual loan portfolio is considered in this Order.

49. Based on the above, the interest on loan worked out from FY 2016-17 to FY 2018-19 is as given below:

Table 10: Interest on Loan considered in this Order

Sr. No	Particular	Unit	FY 2016-17	FY 2017-18	FY 2018-19
1	Opening Loan Balance	Rs. Cr.	159.93	145.30	130.67
2	Loan Additions during the year	Rs. Cr.	0.00	0.00	0.00
3	Repayment of Loan equal to dep	Rs. Cr.	14.63	14.63	14.63
4	Closing Loan Balance	Rs. Cr.	145.30	130.67	116.04
5	Average Loan Balance	Rs. Cr.	152.61	137.98	123.35
6	Weighted Average Rate of Interest	%	12.70%	12.70%	12.86%
7	Annual Interest amount on Loan	Rs. Cr.	19.38	17.52	15.86

d) Operation & Maintenance Expenses

Petitioner's Submission

50. The petitioner filed the Operation and Maintenance expenses for its 45 MW Unit No 1 for the period from FY 2016-17 to FY 2018-19 in accordance with the Regulations, 2015 as given below:

Table 11: Operation & Maintenance Expenses claimed

Particular	Units	FY 2016-17	FY 2017-18	FY 2018-19
O&M expenses	Rs in Cr	14.43	15.34	16.31

Provision in Regulations:-

51. The norms for Operation and Maintenance Expenses are specified under Regulation 35.8 of the Regulations, 2015 for the control period FY 2016-17 to FY 2018-19 which are as given below:

Table 12: Norms for O&M expenses for FY 2016-17 to FY 2018-19 (Rs Lakh/MW/Year)

Units (MW)	FY 2016-17	FY 2017-18	FY 2018-19
45 MW Series	32.07	34.09	36.24

Commission's Analysis

52. For Thermal Power Station, the annual Operation and Maintenance Expenses worked out by the Commission as per the norms prescribed under the Regulations, 2015 are as given below:

Table 13: O& M Expenses Considered for Unit No 1

Particular	Units	FY 2016-17	FY 2017-18	FY 2018-19
Installed Capacity	MW	45	45	45
Per MW O&M Expenses Norms	Rs in Lakh/MW	32.07	34.09	36.24
Annual O&M expenses	Rs in Crore	14.43	15.34	16.31

e) Interest on Working Capital**Petitioner's Submission**

53. The petitioner claimed interest on working capital for FY 2016-17 to FY 2018-19 in the petition as given below:-

Table 14: Interest on Working Capital Claimed

Particulars		Unit	FY 2016-17	FY 2017-18	FY 2018-19
1	Receivables for 2 Months	Rs Cr.	28.98	28.70	28.71
2	Coal Stock for 2 Months	Rs Cr.	17.44	17.44	17.44
3	Sec. Oil Stock for 2 Months	Rs Cr.	0.14	0.14	0.14
4	O&M Charges for 1 Months	Rs Cr.	1.20	1.28	1.36
5	Maintenance Spares as 20 % of O&M Charges	Rs C.	2.89	3.07	3.26
6	Total Working Capital	Rs Cr.	50.65	50.62	50.91
7	Rate of Interest on Working Capital	%	12.80%	12.60%	12.20%
8	Annual Interest on Working Capital	Rs Cr.	6.48	6.38	6.21

Provisions in Regulation:

54. Regulation 34 of the Regulation, 2015 provides that:

34.1 "The Working Capital shall cover:

(1) Coal- based thermal generating stations

(a) Cost of coal towards stock, if applicable, for 15 Days for pit-head generating stations and 30 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;*
- (b) Cost of coal for 30 days for generation corresponding to the normative annual plant availability factor;*
- (c) Cost of secondary fuel oil for two months for generation corresponding to the normative 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.*
- (d) Maintenance spares @ 20% of the Operation & maintenance expenses specified in Regulation 35 ;*
- (e) Receivables equivalent to two months of capacity charges and energy charges for sale of electricity calculated on the Normative Annual Plant Availability Factor; and*
- (f) Operation and Maintenance expenses for one month.*

34.2 The cost of fuel shall be based on the landed cost incurred (taking into account normative transit and handling losses) by the Generating Company and Gross Calorific Value of the fuel as per actual for the three months preceding the first month for which tariff is to be determined and no fuel price escalation shall be provided during the Tariff period.”

34.3 “Rate of interest on working capital shall be on normative basis and shall be considered as the bank rate as on 1.04.2016 or on 1st April of the year during the tariff period 2016-17 to 2018-19 in which the generating station or a unit thereof, is declared under commercial operation, whichever is later.

34.4 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.

Commission’s analysis:

55. As per above-mentioned provision, no fuel price escalation shall be provided during the tariff period for calculating the working capital. The Regulation further provides that the 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. The working capital worked out as per the provisions under the Regulations, 2015 is as follows:

- (i) 60 Days Cost of coal and Two months’ Cost of secondary fuel of main oil equivalent to normative plant availability factor as per Commission’s MYT Order dated 14th December, 2022 are considered as follows:

(Rs in Cr.)

Particulars	FY 2016-17 to FY 2018-19
Cost of Coal for 60 days (as per Regulation 34.1 {1} (a & b))	17.44
Cost of Secondary Fuel Oil for two Months'	0.14

- (ii) O&M expenses for one month for the purpose of working capital as per Order dated 14th December, 2022 is considered as given below:

(Rs in Cr.)

Particulars	FY 2016-17	FY 2017-18	FY 2018-19
O&M Expenses for 1 Month	1.20	1.28	1.36

- (iii) Maintenance spares for FY 2016-17 to FY 2018-19 as per Order dated 14th December, 2022 in Petition No. 52 of 2022 is considered as below:

(Rs in Cr.)

Particulars	FY 2016-17	FY 2017-18	FY 2018-19
Maintenance Spares (20% of O&M Expenses)	2.89	3.07	3.26

- (iv) Receivables have been worked out on the basis of two months' of fixed and energy charges as given below:

(Rs in Cr)

Particular	FY 2016-17	FY 2017-18	FY 2018-19
Variable Charges- Two Months (As considered in Order dated 14 th December, 2022)	17.82	17.82	17.82
Fixed Charges- Two Months determined in this order	11.16	10.88	10.89
Receivables for Two Months	28.98	28.70	28.71

56. Further, Regulation 34.3 of the Regulations, 2015 provides that:

“Rate of interest on working capital shall be on normative basis and shall be considered as the bank rate as on 1.04.2016 or as on 1st April of the year during the tariff period 2016-17 to 2018-19 in which the generating station or a unit thereof, is declared under commercial operation, whichever is later.

57. In subject petition, the petitioner has claimed rate of interest on working capital for FY 2016-17 to FY 2018-19 as given below:

Table 15: Rate of Interest on Working Capital claimed (%)

Particulars	FY 2016-17	FY 2017-18	FY 2018-19
Rate of Interest on Working Capital	12.80%	12.60%	12.20%

58. In line with Regulation 34.3 of the Regulations, 2015, the rate of interest on working capital shall be considered based on the bank rate as on 01.04.2016 or as on 1st April of the year during tariff period of FY 2016-17 to FY 2018-19.
59. With regard to Bank Rate, Regulation 4.1 (e) of the Regulations, 2015 provides that Bank rate means the base rate of interest as specified by the State Bank of India from time to time or any replacement thereof for the time being in effect plus 350 basis points. Considering base rate on 1st April of the year during true up period of FY 2016-17 to 2018-19 plus 350 basis points, rate of interest on working capital is worked out as under:

Table 16: Rate of Interest on Working Capital considered in this Order

Particulars	FY 2016-17	FY 2017-18	FY 2018-19
Base rate as on 1 st April of the year specified by SBI	9.30%	9.10%	8.70%
Add: 350 Basis Point	3.50%	3.50%	3.50%
Rate of Interest on Working Capital	12.80%	12.60%	12.20%

60. Based on the rates above, the interest on working capital for FY 2016-17 to FY 2018-19 is determined as given below:

Table 17: Interest on Working Capital considered in this Order (Rs in Crore)

Sr. No.	Particular	FY 2016-17	FY 2017-18	FY 2018-19
1	Cost of Coal for working capital	17.44	17.44	17.44
2	Cost of Main Secondary Fuel Oil for two months	0.14	0.14	0.14
3	O&M Expenses for One Month	1.20	1.28	1.36
4	Maintenance Spares- 20% of O&M expenses	2.89	3.07	3.26
5	Receivables for Two Months	28.98	28.70	28.71
6	Total Annual Working Capital	50.65	50.62	50.91
7	Rate of Interest on Working Capital	12.80%	12.60%	12.20%
8	Interest on Working Capital	6.48	6.38	6.21

Non-Tariff Income

Provision in Regulation:

61. With regard to non tariff income, Regulation 53 of the Regulations, 2015 provides as under:

a) *Any income being incidental to the business of the Generating Company derived from sources, including but not limited to the disposal of assets, income from investments, rents, income from sale of scrap other than the de-capitalized/written off assets, income from advertisements, interest on advances to suppliers/contractors, income from sale of ash/rejected coal, and any other miscellaneous receipts other than income from sale of energy shall constitute the non tariff income.*

b) *The amount of Non-Tariff Income relating to the Generation Business as approved by the Commission shall be deducted from the Annual Fixed Cost in determining the Annual Fixed Charge of the Generation Company:*

Provided that the Generation Company shall submit full details of its forecast of Non-Tariff Income to the Commission in such form as may be stipulated by the Commission from time to time. Non tariff income shall also be Trued-up based on audited accounts

62. On perusal of the details of non-tariff income for FY 2016-17 to FY 2018-19 filed by the petitioner, it was observed that the petitioner has filed the total non-tariff income of Rs 1.11 Crore for FY 2016-17, Rs 1.75 Crore for FY 2017-18 and Rs 0.82 Crore for FY 2018-19 respectively. Vide letter dated 15th March, 2023, the petitioner was asked to file detailed break-up of non-tariff income in accordance with the Regulation 53 of the Regulations, 2015 duly reconciled with the Annual Audited Accounts of the respective year.

63. By affidavit dated 27th March, 2023, the petitioner submitted the following:

Year-wise details of non-tariff income and its reconciliation with annual accounts with reason is as under:

FY 2016-17

Sr. No.	Particular	Amount as per P&L	Unit-2	Unit-1	Remark
Other Operating Revenue					
1	Sale of fly ash	88,29,672	-	88,29,672	Entire value is related to Unit-1
2	Sale of scrap	9,11,976	-	9,11,976	Entire value is related to Unit-1
3	Refund of fees/ open access charges (net)	28,69,000	-		This amount is not an income as this is refund of open access charges paid earlier by the petitioner.
Other Income					
1	Interest income from Banks	8,49,558	-	8,49,558	Entire value is related to Unit-1
2	Interest income on security deposits	1,54,774	-	1,54,774	Entire value is related to Unit-1
3	Rent Income	4,18,297	-	4,18,297	Entire value is related to Unit-1
4	Misc Income	11,776	-	11,776	Entire value is related to Unit-1
	Total	1,40,45,053	0	1,11,76,053	

FY 2017-18

Sr. No.	Particular	Amount as per P&L	Unit-2	Unit-1	Remark
Other Operating Revenue					
1	Sale of fly ash	1,55,33,224	37,033	1,54,96,191	Income is allocated in ratio of generation from Unit-1 & Unit-2
2	Sale of scrap	24,54,363	12,27,182	12,27,182	Allocated among Unit-1 & Unit-2 in ratio of capacity
Other Income					
1	Interest income from Banks	9,43,515	4,71,758	4,71,758	Allocated among Unit-1 & Unit-2 in ratio of capacity
2	Interest income on security deposits	1,22,588	61,294	61,294	Allocated among Unit-1 & Unit-2 in ratio of capacity
3	Rent Income	4,70,201	2,35,101	2,35,101	Allocated among Unit-1 & Unit-2 in ratio of capacity
4	Misc Income	1,320	660	660	Allocated among Unit-1 & Unit-2 in ratio of capacity
	Total	1,95,25,211	20,33,027	1,74,92,185	

FY 2018-19

Sr. No.	Particular	Amount as per P&L	Unit-2	Unit-1	Remark
Other Operating Revenue					
1	Sale of fly ash	44,12,365	1,19,818	42,92,547	Income is allocated in ratio of generation from Unit-1 & Unit-2
2	Sale of scrap	61,70,139	30,85,070	30,85,070	Allocated among Unit-1 & Unit-2 in ratio of capacity
3	Provision no longer required to be written back	84,93,792	-	-	This is an accounting provision made in earlier years, which has been written back / reversed in FY 2018-19 as per accounting norms. Therefore, such provision is not to be considered as any income.
Other Income					
1	Interest income from Banks	6,94,638	3,47,319	3,47,319	Allocated among Unit-1 & Unit-2 in ratio of capacity
2	Interest income on security deposits	1,37,665	68,833	68,833	Allocated among Unit-1 & Unit-2 in ratio of capacity
3	Late payment surcharge from MPPMCL	7,65,49,429	-	-	It is submitted that the petitioner gets only the normative interest on normative working capital, whereas late payment surcharge is levied on account of delay in payments beyond norms by the procurer. The Petitioner has also incurred additional interest on working capital on account of delay in payment by Respondent No. 1. Thus the Late payment surcharge is not non-tariff income, rather it is compensatory in nature.
4	Interest on income tax refund	70,561	-		Income tax is not claimed as part of tariff and hence, interest on income tax refund cannot be considered as non-tariff income in tariff determination process.
5	Rent Income	4,48,471	2,24,236	2,24,236	Allocated among Unit-1 & Unit-2 in ratio of capacity.

Sr. No.	Particular	Amount as per P&L	Unit-2	Unit-1	Remark
6	Misc. Income	4,21,921	2,10,961	2,10,961	Allocated among Unit-1 & Unit-2 in ratio of capacity
	Total	9,73,98,981	40,56,235	82,28,964	

64. Regulation 53 of the Regulations, 2015 provides that the income from rents, income from sale of scrap, income from advertisements, interest on advances to suppliers/contractors, **income from sale of fly ash**, etc. are considered under non-tariff income.
65. In view of above, amount of Rs 1.11 Crore for FY 2016-17, Rs 1.75 Crore for FY 2017-18 and Rs 0.82 Crore for FY 2018-19 is considered as non-tariff income in this Order based on Annual Audited Accounts of each year and break-up of such other income filed by the petitioner.
66. Accordingly, the Commission has considered following non tariff income for FY 2016-17 to FY 2018-19 in this Order:

Table 18: Non-Tariff Income Considered in this Order (Rs in Crore)

Year	FY 2016-17	FY 2017-18	FY 2018-19
Amount Considered	1.12	1.75	0.82

Other Charges:

67. In the subject true-up petition, the petitioner claimed following regarding other charges:
- *Allow to recover E.D., Water Charges and Cess on auxiliary power consumption and other taxes, if any, levied by the Statutory Authorities from Respondent No. 1;*
 - *Allow to recover the fees paid to the Commission and publication expenses from Respondent No. 1;*
 - *Allow to recover Cost of chemicals and consumables and Rates, Rent & Taxes from Respondent No 1.*
68. With regard to Other Charges, Regulation 52 of the Regulations, 2015 provides as under:

“Regarding the recovery of publication expenses & MPERC Petition filing fee, Regulation 52 (i) of the Regulations, 2015 provides the following: “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”.

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 allowed by the Commission separately and shall be trued-up on actuals

69. In view of the above, the petitioner is allowed to recover the fee paid to MPERC and publication expenses as per Regulation 52 (1) of the Regulations, 2015 on submission of documentary evidence.
70. The petitioner is also allowed to recover the ED, Cess as per Regulation 52 (5) of the Regulations, 2015 on submission of documentary evidence.
71. With regard to recovery of water charges, the petitioner, by affidavit dated 28th April, 2023, has confirmed that water consumption of the petitioner is well within the norms specified by the Ministry of Environment, Forest and Climate Change (MoEFCC) notification dated 7.12.2015, which prescribed that water consumption should be maximum of 3.5 m³/MWh, hence, petitioner is allowed to recover water charges paid to Water Resources Department, Government of MP as per Regulation 52(5) of the Regulations, 2015 on submission of documentary evidence.
72. The petitioner has also claimed Cost of Chemicals and Consumable and Rates, Rent & Taxes under “Other Charges”. It is observed that the Cost of Chemicals and Consumables and rates, rent & Taxes are part of normative O&M Expenses allowed in this order and no separate provision is mentioned under the Regulations, 2015 for recovery of these expenses. Hence, the Commission has not considered cost of chemicals & consumables & rates, rent & taxes separately in this Order.

Summary of Annual Capacity (fixed) Charges

73. The details of the Annual Capacity (fixed) Charges considered in this true-up Order for FY 2016-17, FY 2017-18 and FY 2018-19 vis-a-vis those determined in the MYT Order dated 14th December, 2022 at normative Plant Availability Factor are summarized as below:

Table 19: Summary of Annual Capacity (Fixed) Charges (Amount in Rs Crore)

Sr No	Particulars	Approved in MYT Order for FY 2016-17	Approved in this Order for FY 2016-17	Approved in MYT Order for FY 2017-18	Approved in this Order for FY 2017-18	Approved in MYT Order for FY 2018-19	Approved in this Order for FY 2018-19
1	Return on Equity	13.14	13.14	13.14	13.14	13.14	13.14
2	Depreciation	14.63	14.63	14.63	14.63	14.63	14.63
3	Interest and Finance Charges	19.38	19.38	17.52	17.52	15.86	15.86
4	Operation & Maintenance Expenses	14.43	14.43	15.34	15.34	16.31	16.31
5	Interest on Working Capital	6.48	6.48	6.37	6.38	6.20	6.21
6	Total Annual Capacity (fixed) Charges	68.06	68.06	67.00	67.01	66.14	66.15
7	Less:-Non Tariff Income	1.11	1.12	1.95	1.75	1.23	0.82
8	Net AFC (after adjusting Other Income)	66.95	66.94	65.06	65.26	64.91	65.33
9	Annual Capacity Charges for contracted Capacity i.e. (30%) of installed Capacity	20.08	20.08	19.52	19.58	19.47	19.60
10	True Up Amount	0.00		0.06		0.13	

74. In view of the above, the total true up amount for FY 2016-17, FY 2017-18 and FY 2018-19 is Rs 0.19 Crore.

75. The aforesaid Annual Capacity Charges have been computed based on norms specified under the Regulations, 2015. The above Annual Capacity (fixed) Charges are determined corresponding to the contracted capacity under PPA. The recovery of Annual Capacity (Fixed) charges shall be made by the petitioner in accordance with Regulations 36.2 to 36.4 of the Regulations, 2015.

76. Regarding the performance-based true-up of energy charges on account of controllable parameters, Regulation 8.7 of the Regulations, 2015 provides that the generating company shall work out gains based on the actual performance of applicable controllable parameters as under:

- Station Heat rate
- Secondary Fuel Oil Consumption
- Auxiliary Energy Consumption

77. In view of the above Regulations, it was observed by the Commission that the

generating company shall carry out the truing-up of tariff of generating station based on the controllable performance parameters like Station Heat Rate, Secondary fuel oil consumption and Auxiliary Energy consumption. Vide Commission's letter dated 15th March, 2023, the petitioner was asked to file the annual details of aforesaid performance parameters actually achieved vis-à-vis normative parameters under the Regulations, 2015. The petitioner was also asked to file the details of financial gain if any, on account of controllable parameters and shared with the beneficiaries in light of the Regulations 8.9 of the Regulations, 2015.

78. In response to above, by affidavit dated 27th March, 2023 and 28th April, 2023, the petitioner submitted the month wise detailed comparison of aforesaid performance parameters actually achieved vis-a-vis normative parameters for FY 2016-17 to FY 2018-19. On perusal of the details filed by the petitioner, it is observed that actual SHR and Auxiliary Energy Consumption achieved by the petitioner during FY 2016-17 to FY 2018-19 were inferior than the normative parameters under the Regulations, whereas, secondary fuel oil consumption was slightly improved during FY 2016-17, however, the petitioner has incurred overall loss in terms of actual energy charges on account of the inferior performance and poor actual operating parameters achieved by it during FY 2016-17 to FY 2018-19.
79. The Regulation 8.9 of the Regulations, 2015 provides that the financial gains by a generating company on account of controllable parameters shall be shared between generating company and the beneficiaries in the ratio of 2:1 on monthly basis with annual reconciliation. The aforesaid Regulations do not provide for sharing of loss incurred by the generating company. Therefore, the loss incurred by the petitioner on account of inferior operating parameters shall not be passed on to the beneficiary.

Implementation of the Order

80. The petitioner must take steps to implement the Order after giving seven (7) days' public notice in accordance with Clause 1.30 of MPERC (Details to be furnished and fee payable by licensee or generating company for determination of tariff and manner of making application) Regulations, 2004 and amendments thereto and recalculate its bills for the energy supplied to Distribution Companies of the State/ M.P. Power Management Company Ltd. since 1st April, 2016 to 31st March, 2019.

81. The petitioner is also directed to provide information to the Commission in support of having complied with this Order. The surplus amount as a result of this Order shall be passed on to MP Power Management Company Ltd. / three Distribution Companies of the state in terms of applicable Regulation in six equal monthly instalments during FY 2023-24 and onwards.
82. With above directions, this Petition No. 3 of 2023 is disposed of.

(Prashant Chaturvedi)
Member

(Gopal Srivastava)
Member (Law)

(S.P.S Parihar)
Chairman

Date: 9th May, 2023

Place: Bhopal

Annexure-I

Petitioner's Response on the comments offered by the Respondent No.1 (MPPMCL) along with the observations of the Commission

MPPMCL's Comment-

1. Regulations 8.7 and 8.8 of the Regulation, 2015 mandate that true up of generation tariff is required to be carried out based on performance of both Controllable and Un-controllable parameters specified in these Regulations.

Whereas, Regulation 8.9 of the Regulation, 2015 lays down the method for sharing the benefit on account of Controllable parameters, Regulation 8.10 provides that the financial gains and losses by a generating company on account of uncontrollable parameters shall be passed on to beneficiaries of the generating company.

It is therefore prayed that this Commission may graciously be pleased to direct Petitioner to submit requisite information/ records for the purpose of true up on the basis of performance of controllable and uncontrollable parameters as above.

Petitioner's Reply-

It is submitted that in response to the query of Commission, the petitioner by affidavit dated 27.03.2023 has already placed on record monthly statement of the Station Heat Rate , Auxiliary energy consumption and Secondary fuel oil consumption. There has been no financial gain on account of the Station Heat Rate and Auxiliary energy consumption. There has been gain on account of Secondary fuel oil consumption in the year 2016-17. In the year 2016-17, the secondary fuel oil consumption was 0.41 ml/kWh as against the normative norm of 0.5 ml/kWh.

Observation-

Petitioner has provided necessary month-wise details of actual parameters to arrive at gain/ loss on account of controllable parameters in its additional submission dated 27th March, 2023. Further by affidavit 28th April, 2023, the petitioner provided detailed working of energy charges on normative parameters vis-à-vis on actual parameters. In terms of Regulation 8.9 of the Regulation, 2015, the petitioner has shown loss on account of Energy Charges on actual parameters.

MPPMCL's Comment-

2. In Para 4.2.2 of the Petition, the petitioner has shown calculation of Weighted Average Rate of Interest (WAROI) for FY 2016-17, FY 2017-18 and FY 2018-19. It is prayed that WAROI may be allowed in accordance with Regulation 32 of the Regulations, 2015.

Petitioner's Reply-

It is submitted that the petitioner has claimed weighted average rate of interest on the basis of the actual loan portfolio, in terms of Regulation 32 of the Regulations, 2015, as under:

Table 3: Weighted Average Rate of Interest

Particulars	FY 2016-17	FY 2017-18	FY 2018-19
<i>Weighted Average Rate of Interest</i>	12.70%	12.70%	12.86%

The petitioner has already submitted the details of above claim to the Commission by affidavit dated 27.03.2023. The petitioner has already submitted the details of above claim to the Commission by affidavit dated 27.03.2023.

Observation-

Weighted Average Rate of Interest is worked out on the basis of actual rate of interest on actual loan portfolio in terms of the provision under the Regulation, 2015. Petitioner has submitted the supporting documents in this regard.

MPPMCL's Comment-

3. In the context of the claim of Opening Capital Cost and its funding indicated in Para 4.2.4 of the Petition, it is prayed that the Opening Capital Cost and its funding may be allowed in accordance with provisions of Regulation 15 of the Regulation, 2015.

Petitioner's Reply-

It is submitted that the petitioner has claimed opening capital cost as on 1 April 2016 for Unit-1 as Rs. 302.33 Crore and funding through debt of Rs.217.58 Crore and balance from equity of Rs. 84.75 Crore, well with the limits permitted by applicable tariff regulations.

Observation-

Opening Capital Cost and funding through debt and equity is considered as per the Regulations, 2015.

MPPMCL's Comment-

4. In Para 5.2.3 of the Petition, the Petitioner has stated that it has incurred losses during the period from FY 2016-17 to 2018-19, accordingly has claimed Return on Equity (RoE) at Base Rate of 15.50 %. The claim of RoE has been indicated in Table 4. It is prayed that the RoE may be allowed in accordance with the provisions of Regulation 30 of the Regulations, 2015.

Petitioner's Reply-

It is submitted that the petitioner has claimed Return on Equity @15.50%, in terms of Regulation 30 of the Regulations, 2015.

Observation-

Return on Equity is considered as per the provisions under the Regulations, 2015.

MPPMCL's Comment-

5. In the context of claim of Interest and Financing Charges on Loan indicated in Para 5.3.2 and Table-5, it is prayed that Interest and Financing Charges on Loan may be allowed in accordance with provisions of Regulation 32 of the Regulation, 2015.

Petitioner's Reply-

It is submitted that the petitioner has claimed Interest and Financing Charges on Loan in Para 5.3.2 of the present petition, in accordance with Regulation 32 of the Regulations, 2015.

Observation-

Interest and Financing Charges on Loan is considered as per the provisions under the Regulations, 2015.

MPPMCL's Comment-

6. It is prayed that the Depreciation may be allowed in accordance with the provisions of Regulation 33 of the Regulations, 2015.

Petitioner's Reply-

It is submitted that the Petitioner has claimed Depreciation in Para 5.4.2 of the present petition, in accordance with Regulation 33 of the Regulations, 2015.

Observation-

Depreciation is considered as per the provisions under the Regulations, 2015.

MPPMCL's Comment-

7. The contents of Para 5.5.1 are general averments in respect of Operation and Maintenance (O & M) Expenses, which do not require reply

Petitioner's Reply-

It is submitted that the petitioner has claimed Operation and Maintenance expenses in Para 5.5.3 of the present petition, in accordance with Regulation 35 of the Regulations, 2015.

Observation-

Operation & Maintenance Expenses is considered as per the provisions under the Regulations, 2015.

MPPMCL's Comment-

8. In the context of claim of Interest on Working Capital (IOWC) claimed for FY 2016-17 to FY 2018-19 shown in Table-8 of Para 5.6.1 (at Pg. No. 20), it is prayed that IOWC may be allowed in accordance with the provisions of Regulation 34 of 2015 Regulations.20), it is prayed that IOWC may be allowed in accordance with the provisions of Regulation 34 of the Regulations, 2015.

Petitioner's Reply-

It is submitted that the Petitioner has claimed Interest on Working Capital (IOWC) for FY 2016-17 to FY 2018-19 in Para 5.6.1 of the present petition, in accordance with Regulation 34 of the Regulations, 2015.

Observation-

Interest on Working Capital on Loan is considered as per the provisions under the Regulations, 2015 .

MPPMCL's Comment-

9. In Para 5.7.1, the Petitioner has given details of its claim of Fixed Charges for Unit 1 for FY 2016-17 to FY 2018-19. It is prayed that the Fixed Charges may be allowed in accordance with Regulation 27 and other related provisions of the Regulations, 2015.

Petitioner's Reply-

It is submitted that the petitioner has claimed Fixed Charges in accordance with Regulation 27 of the Regulations, 2015.

Observation-

Components of Fixed Charges are considered as per the provisions under the Regulations, 2015.

MPPMCL's Comment-

10. In Para 5.8.1.1 and 5.8.1.3, the petitioner has given details of its claim for MPERC Fee and Rent, Rates and Taxes. It is submitted that the said claim may be allowed in accordance with Regulation 52 of the Regulations, 2015.

Petitioner's Reply-

It is submitted that the petitioner has claimed MPERC Fee, Rent, Rates and Taxes in Para 5.8.1.1 and 5.8.1.3, in accordance with Regulation 52 of the Regulations, 2015.

Observation-

Statutory Charges are considered in accordance with the provisions under the Regulations, 2015.

MPPMCL's Comment-

11. In Para 5.8.1.2 (at Pg. No. 21 to 22), the Petitioner has given details of its claim for Cost of Chemicals. It is submitted that Normative O & M Expenses cover cost of all consumables also including Chemicals. Therefore, the claim for cost of chemicals may not be allowed separately

Petitioner's Reply-

It is submitted that the petitioner has claimed cost of consumable and chemicals as per the Regulations, 2015.

Observation-

O&M expenses are considered in accordance to the provisions under the Regulations, 2015.

MPPMCL's Comment-

12. In Para 5.8.1.4 (at Pg. No. 22), the petitioner has given details of its claim for Water Charges. It is to submit that as per Ministry of Environment, Forest and Climate Change (MoEFCC) Notification dated 07.12.2015, Thermal power plants have to meet specific water consumption up to Maximum of 3.5 m³/MWh. Accordingly, the water requirement as per actual generation of power and as per the norms prescribed by MoEFCC may only be allowed

Petitioner's Reply-

The contents of Para 5.8.1.4 of the petition are reiterated. It is submitted that the Commission may be pleased to allow recovery of Water Charges, on reimbursement basis, in terms of the Regulation 52 of the Regulations, 2015.

Observation-

With regard to recovery of water charges, the petitioner, by affidavit dated 28th April, 2023, has confirmed that water consumption of the petitioner is well within the norms specified by the Ministry of Environment, Forest and Climate Change (MoEFCC) notification dated 7.12.2015, which prescribed that water consumption should be maximum of 3.5 m³/MWh, hence, recovery of water charges is considered in accordance to the Regulations, 2015.

MPPMCL's Comment-

13. In Tariff Form-13-C, the petitioner has indicated lower "Other Income" than approved by this Commission for FY 2017-18 and FY 2018-19 in order dated 14.12.2022 passed in P.No. 52 of 2022. Details are extracted below:

(Rs Crore)

Sl. No.	Particulars	FY 2017-18		FY 2018-19	
		Approved	Proposed	Approved	Proposed
1.	Income from sale of scrap	0.24	0.12	0.61	0.31
2.	Interest Income from Banks	0.09	0.05	0.07	0.03
3.	Interest Income on Security Deposits	0.02	0.01		
4.	Rent Income	0.04	0.02	0.04	0.02
5.	Total Other Income	1.95	1.75	1.22	0.82

Petitioner's Reply-

It is submitted that the petitioner by affidavit dated 27.03.2023 has already placed on record the relevant information before the Commission, in compliance of the order dated 09.03.2023 and letter dated 15.03.2023.

Observation-

Non-tariff Income is considered in accordance to the provisions under the Regulations, 2015.