MADHYA PRADESH ELECTRICITY REGULATORY COMMISSION

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

Petition No. 47 of 2020

PRESENT:
S.P.S Parihar, Chairman
Mukul Dhariwal, Member
Shashi Bhushan Pathak, Member

IN THE MATTER OF:

Determination of Multi-Year Tariff for 1 x 600 MW (Phase-I) Coal Based Power Project at Barela-Gorakhpur, Dist. Seoni, Madhya Pradesh for the control period of FY 2019-20 to FY 2023-24 under Madhya Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Generation Tariff) Regulations, 2020.

AND IN THE MATTER OF:

M/s. Jhabua Power Limited — **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 8th May' 2021)

1. M/s. Jhabua Power Limited (hereinafter called "the petitioner" or "JPL") has filed the subject petition on 8th July' 2020 for determination of generation tariff under the Multi-year Tariff framework in respect of its 1 x 600 MW (Phase-I) Coal Based Power Project at Barela-Gorakhpur, Dist. Seoni, Madhya Pradesh for the control period from 1st April' 2019 to 31st March' 2024 under Madhya Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Generation Tariff) Regulations, 2020 {RG-(IV) of 2020}.

2. The subject petition has been filed under Section 62 and Section 86(1) (a) of the Electricity Act, 2003 and the petition is based on the MPERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2020.

3. Madhya Pradesh Electricity Regulatory Commission (hereinafter referred to as "the Commission or MPERC") issued MPERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2020 {RG-(IV) of 2020} (hereinafter referred to as "the Regulations" 2020) for the new control period i.e. FY 2019-20 to FY 2023-24. These Regulations were notified in the of Madhya Pradesh Gazette on 28th February' 2020.

4. Jhabua power project under the subject petition comprises of one generating unit of 600 MW capacity. The generating unit achieved Commercial Operation (CoD) on 3rd May' 2016.

5. The petitioner executed long term Power Purchase Agreement (PPA) on 5th January' 2011 with Madhya Pradesh Power Management Company Ltd., (hereinafter called "MPPMCL" or "Respondent No. 1") for supply of 30% power from the Petitioner's Unit No.1 of the Project at regulated tariff determined by the Commission.

6. A brief background of the subject petition is given below:

   i) The generating unit (1x600) in the subject petition was declared under Commercial Operation on the 3rd May, 2016. On achieving COD of the Unit, the petitioner had filed a petition (Petition No. 28 of 2018) for determination of final tariff of this generating unit based on the Annual Audited Accounts of the petitioner's project for FY 2016-17. Vide tariff order dated 30th November' 2018 in the aforesaid petition, the Commission determined the final generation tariff for the aforesaid generating unit of Project for the period from COD of unit (i.e. 03.05.2016) till 31.03.2017 based on the Annual Audited Accounts and other records and information filed by the petitioner. The tariff for FY 2017-18 and FY 2018-19 was determined in the aforesaid order on provisional basis subject to true-up based on the Annual Audited Accounts for the respective year in accordance with MPERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2015.

ii) Aggrieved with the above Commission's Order dated 30th November' 2018, the petitioner filed a review petition No 12 of 2019 on the following issues:

  a) Treating extension of SCOD as a contractual matter.
  b) Non consideration of reasons for delay in COD.
  c) Erroneous deduction of Rs 41.30 Crore as un-discharged liability.
  d) Approach in computation of IDC
  e) Reduction in equity considered.
  f) Apportionment of common expenses.
  g) Revenue realization was taken as Rs 15.40 Crore instead of Rs 9.10 Crore.
  h) Non-consideration of O&M Expenses and losses for the dedicated transmission line built by the petitioner.
  i) Erroneous interpretation of the rate of depreciation calculation.
  j) Additional transportation charges for 2.5 Kms when coal is transported by road from Binaiki station to power station

iii) Vide Commission's order dated 27th December' 2019 in aforesaid Review Petition No 12 of 2019, the Commission considered only three issues for review namely, revenue realization from sale of infirm power, erroneous interpretation of the rate of depreciation and additional transportation charges for 2.5 Kms when coal is transported by road. Accordingly, the Capital Cost of the project was revised on account of the aforesaid components considered by the Commission..

iv) Subsequently, vide tariff order dated 4th January' 2020, the Commission issued true-up order for FY 2017-18 in petition No. 26 of 2019 considering consequential impact of the review order dated 27th December' 2019 in review petition No. 12 of 2019.

v) The Commission vide order dated 05th January' 2021 in Petition No 27 of 2020 determined the true-up of generation tariff of the unit for FY 2018-19 based on the Annual Audited Accounts for FY 2018-19.

7. The petitioner broadly submitted the following:

i. The Hon'ble Commission vide its Order dated 30.11.2018 (in Petition No. 28/2019) had determined the Capital Cost as on COD, additional capitalization for FY 2016-17 and Tariff of the Generating station for the period commencing from the date of Commercial Operation (03.05.2016) till the end of the Control Period i.e. 31.03.2019.

ii. Aggrieved by the above order of the Hon'ble Commission, the Petitioner had filed a Review Petition No. 12 of 2019 before the Hon'ble Commission on 01.02.2019. The Hon'ble Commission issued a Review Order dated 27.12.2019 on the aforesaid review Petition and approved the revised Capital Cost as on COD along with revised annual charges for the period till 31.03.2019.

iii. Subsequently, the Hon'ble Commission carried out truing up for FY 2017-18 vide its Order dated 04.01.2020 (in Petition 26 of 2019) wherein it approved the additional capitalization for FY 2017-18.

iv. The Petitioner in this instant Petition has claimed Tariff in accordance with the principles laid down in the MPERC Tariff Regulations, 2020, considering the Capital cost as admitted by the Hon'ble Commission vide its Order dated 27.12.2019, admitted additional capitalization for FY 2017-18 vide Order dated 04.01.2020 and the additional capitalisation claimed in true up Petition for FY 2018-19.

v. The instant petition filed by the Petitioner is for determination of Generation Tariff for the period FY 2019-20 to FY 2023-24 in accordance with MPERC Tariff Regulations, 2020 considering the Capital cost and additional capitalization approved by the Hon'ble Commission till FY 2017-18 and after considering additional capitalisation in FY 2018-19 as per the Audited Accounts for FY 2018-19 and as submitted in true up Petition for FY 2018-19 before the Hon'ble Commission.

vi. *The Petitioner has also projected scheme wise additional capital expenditure which shall be capitalized in the Control Period i.e. FY 2019-20 to FY 2023-24 along with discharge of liabilities for works already executed in the previous Control Period along with all relevant details.*

vii. *The Petitioner is submitting the actual data for the quantum of coal and secondary fuel oil utilized along with the details of cost incurred towards the transportation and other charges for the months of January 2019 to March 2019. Further, the Petitioner is submitting the calculation for weighted average rate of Interest on the basis of actual loan portfolio for FY 2018-19 after deduction of Penal interest from the same as the same is considered for the period FY 2019-20 to FY 2023-24.*

8. With the above submission, the element- wise Annual Capacity (fixed) Charges claimed by the petitioner for the unit in the subject petition for the control period from FY 2019-20 to FY 2023-24 are as given below:

Table 1: Annual Capacity Fixed Charges claimed in the Petition (Rs in Crores)

S. No.	Particulars	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
1	Depreciation	203.02	210.95	219.13	219.13	219.13
2	Interest on Loan	323.33	302.33	287.70	264.90	233.95
3	Return on Equity	153.46	157.33	164.74	168.57	168.57
4	Interest on Working Capital	52.76	52.91	53.14	53.08	52.85
5	O & M Expenses	121.56	125.82	130.26	134.82	139.56
6	**Annual Capacity Charges**	**854.12**	**849.33**	**854.97**	**840.50**	**814.06**
7	No of days applicable for the year	366.00	365.00	365.00	365.00	366.00
8	Total Capacity Charges for applicable days	854.12	849.33	854.97	840.50	814.06
9	Less:-Non-Tariff Income	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
10	**Net Capacity Charges**	**854.12**	**849.33**	**854.97**	**840.50**	**814.06**
11	**Annual Capacity (fixed) Charge for Contracted Capacity (30% of installed capacity)**	**256.23**	**254.80**	**256.49**	**252.15**	**244.22**

9. The petitioner also filed the following Energy (variable) charges for the control period from FY 2019-20 to FY 2023-24:

Table 2: : Energy Charges Filed in the Petition (Rs./Unit)

Financial Years	Energy Charges
FY 2019-20	2.453
FY 2020-21	2.453
FY 2021-22	2.453
FY 2022-23	2.453
FY 2023-24	2.453

10. With the above submission, the petitioner prayed the following:

    i. *Determine the Generation Tariff for Unit-1 of the Project for the period from FY 2019-20 to FY 2023-24.*

    ii. *Allow the Petitioner to approach the Commission in case of spill over of the additional capital expenditure beyond FY 2022 in view of the extra ordinary circumstances prevailing in the company.*

    iii. *Determine the Energy (Variable) charges to be paid by the Respondent No.1 for and on behalf of Government of Madhya Pradesh for the energy supplied under the PPA dated 27.06.2011 equivalent to 5% of net (ex-bus) energy generated;*

    iv. *Allow to recover E.D., Water Charges and Cess on auxiliary power consumption and other taxes, if any, levied by the Statutory Authorities from the beneficiaries.*

11. The subject MYT petition has been examined by the Commissionin accordance with the principles, methodology and the norms specified in the MPERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2020 and other supplementary submissions filed by the petitioner in response to the additional information / details sought by the Commission alongwith all other documents placed on record by the petitioner.The Commission has also examined the subject MYT petition in light of the comments/ suggestions offered by the Respondent No.1 and other stakeholder and the response of the petitioner on the same.

12. In this order, the Commission has considered the same opening figures of capital cost, funding and cumulative depreciation of the project which were admitted as closing figures by the Commission in its last true-up order for FY 2018-19 issued on 05th January’ 2021 in petition No. 27 of 2020.

Procedural History

13. Motion hearing in the subject petition was held on 18th August 2020 wherein the petition was admitted and the petitioner was directed to serve copies of its petition to all Respondents in the matter. The Respondents were also asked to file their comments/response on the petition by 15th September' 2020.

14. Vide Commission's letter dated 26th September' 2020, the information gaps and requirement of additional details/documents were communicated to the petitioner seeking its comprehensive reply on the same with all the supporting documents by 20th October' 2020.

15. Vide letter dated 20th October' 2020, the petitioner had sought three weeks' time extension for filing the reply and additional details/documents. The Commission considered the time extension as sought by the petitioner and asked to file the reply and additional details/documents latest by 10th November' 2020.

16. By affidavit dated 05th November' 2020, the petitioner filed its response on the issues raised by the Commission.

17. Vide letter dated 26th November' 2020, the Respondent No. 1 had sought three week' time extension for submission of reply to the subject petition. The Commission allowed the time extension as sought by the Respondent No. 1 and asked to file the reply on the subject petition latest by 21st December' 2020.

18. By affidavit dated 16th December' 2020, the Respondent No. 1 filed its comments/response on the subject petition. By affidavit dated 21st December' 2020, the petitioner filed rejoinder to the reply/comments filed by Respondent No. 1. The petitioner's responses on each comment offered by the Respondent No. 1 along with the observations is mentioned in the **Annexure- I** annexed with this order.

19. The public notice for inviting comments/suggestions from stakeholders was published on 23rd December' 2020 in the following newspapers:
    i. Nai Duniya (Hindi), Gwalior
    ii. Nav Duniya (Hindi), Bhopal
    iii. Nai Dunia (Hindi), Indore
    iv. Nai Duniya (Hindi), Jabalpur
    v. Times of India (English), MP Edition

20. Last date for offering comments/suggestions was 14th January' 2021. The comments/objections from only one stakeholder was received in this matter on 11th January' 2021. By affidavit dated 18th January' 2021, the petitioner filed its response on each comment offered by the stakeholder.The response of the petitioner on the comments/objections filed by the stakeholder along with observation is mentioned in the **Annexure II** annexed with this order.

21. The public hearing in the subject petition was held on 19th January through video conferencing wherein the representatives of the petitioner, Respondent No.1 and the stakeholder who offered comments appeared.

Capital Cost

Petitioner's submission

22. Regarding the capital cost, the petitioner has broadly submitted the following:

"Abstract of the capital cost admitted by the Commission for Unit-1 of the Project along with additional capital expenditure is as under:

Statement of Capital cost for the period till FY 2018-19 (Rs. in Crore)

Particulars	*Capital Cost approved in Order dated 30.11.2018*	*Capital Cost approved in Review Order dated 27.12.2019*	*Capital Cost approved in True-Up order dated 04.01.2020*
Opening Capital Cost as on COD of Unit-1	***3662.42***	***3668.73***	***3668.73***
Additional capitalization in FY 2016-17 (for Unit-1)	*252.06*	*252.06*	*252.06*
Closing Capital Cost (i.e. as on 31.03.2017)	*3914.48*	*3920.79*	*3920.79*
Additional capitalization in FY 2017-18 (for Unit-1)	*0.00*	*0.00*	*12.81*
Closing Capital Cost (i.e. as on 31.03.2018)	*3914.48*	*3920.79*	*3933.60*
Additional capital expenditure incurred in FY 2018-19 (as considered in True-up Petition for FY 2018-19)	*0.00*	*0.00*	*18.82*
Closing Capital Cost (i.e. as on 31.03.2019)	***3914.48***	***3920.79***	***3952.40***

The Petitioner in the instant Petition has considered the opening capital cost of Rs. 3952.40 Crore as on 01.04.2019 for determination of Generation Tariff for the period FY 2019-20 to FY 2023-24.

23. The details of Gross Fixed Assets as submitted in true up petition for FY 2018-19 as on 1st April' 2018, proposed additional capitalization during FY 2018-19 and Gross Fixed Assets as on 31st March' 2019 as filed by the petitioner in true-up Petition No. 27 of 2020 for FY 2018-19 are as given below:

Table 3: Opening GFA as on 1.04.2019 Filed by the Petitioner (Rs in Crores)

Particulars	Amount
Opening GFA as on 1.04.2018 as submitted in True up Petition for FY 2018-19	3,933.60
Additional Capitalization proposed during FY 2018-19 in P-27/2020	18.82
Opening GFA as on 1.04.2019 filed by the petitioner in the subject MYT Petition	**3,952.40**

24. Considering the above, the petitioner in form TPS Form K of the petition filed the following capital cost for the control period:

Table 4: Capital Cost filed during the control period: (Rs.in Crore)

Particular	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Opening Gross Block amount (after adjustmnet of IDC)	3,952.40	3,965.42	4,119.00	4,283.91	4,283.91
Addition in Gross Block amount during the period	13.02	153.58	164.91	-	-
Closing Gross block	**3,965.42**	**4,119.00**	**4,283.91**	**4,283.91**	**4,283.91**

Provisions Under Regulations

25. With regard to capital cost of the existing project , Regulation 21.3 of MPERC (Terms & Conditions for Determination of Generation Tariff) Regulations, 2020 provides that:

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

(i) the capital cost admitted by the Commission prior to 1.4.2019 duly trued up by excluding liability, if any, up to last true-up order issued by the Commission;

(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 including handling and transportation facility;*

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

(vi) *capital cost incurred or projected to be 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."*

26. With regard to capital cost of the project, the Respondent No. 1 submitted the following:

The petitioner had filed True-up petition No. 26 of 2019 for FY 2017-18. The Commission carried out truing –up exercise & passed the order dated 04.01.2020. The Capital Cost of the project as on 31.03.2018 admitted by this Commission vide the order dated 04.01.2020 is Rs.3933.59 Crores only. Thereafter, the petitioner had filed True- up petition no. 27 of 2020 praying for approval of Additional Capital Expenditure of Rs. 18.82 crores for the period FY 2018-19. The petition is pending before this Commission. Therefore, it is respectfully prayed that the cost of the project as admitted by this Commission as on 31.03.2018 i.e. Rs. 3933.59 crores, may kindly be considered as opening capital cost for determination of the Tariff for the current Tariff Period ."

Commission's Analysis

27. Regulation 6.2 of the Tariff Regulations, 2020 provides that 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 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 for the tariff period 2019-24 in accordance with the the Tariff Regulations, 2020.

28. The petitioner has filed the opening capital cost of Rs 3952.40 Crore as on 01st April' 2019 for the unit same as the closing capital cost filed by the petitioner in its true-up petition for FY 2018-19 (Petition No. 27 of 2020) as on 31st March' 2019.

29. Based on Annual Audited Accounts for FY 2018-19, the Commission issued last true-up order for FY 2018-19 on 05th January' 2021 in petition No. 27 of 2020.

30. To work out the opening capital cost as on 1st April' 2019, the Commission has considered the closing Gross Fixed Assets of **Rs 3952.18 Crores** as on 31st March' 2019 as admitted in last true up order dated 05th January' 2021 for FY 2018-19 in Petition No 27 of 2020 as a base figure of capital cost in this order.

<u>Additional capitalization</u>

Petitioner's Submission:

31. Regarding the additional capitalization during the control period, the petitioner submitted the following:

"As the cut-off date has ended, the petitioner in this petition has therefore claimed additional capitalisation on account of the works which are part of original scope of work but are proposed to be executed after the Cut-off date in terms of various provisions of Regulation 27 of MPERC Tariff Regulations, 2020.

The petitioner respectfully submits that the additional capital expenditure projected to be incurred during the period FY 2019-20 to FY 2021-22 is on account of the following:

(i) Additional capitalisation of Rs. 130.52 Crore in accordance to Regulation 27.1 (iv) towards discharge of liabilities of the works executed prior to the cut-off date. It is submitted that these works have already been approved by the Hon'ble Commission and only balance payments are projected to be incurred towards discharge of its outstanding liabilities. The Hon'ble Commission is therefore requested to allow the same.

(ii) Additional capitalisation of Rs. 5.70 Crore in accordance with Regulation 27.1 (iii) towards execution of the deferred works related to ash handling system and ash silo including ash transportation facility which are part of the original

scope of work. As these works are permissible under the said provision the Hon'ble Commission is requested to kindly approve the same.

(iii) Additional capitalisation of Rs. 17.25 Crore in accordance to Regulation 27.1 (vii) towards raising of the ash dyke as a part of ash disposal system. As these works are permissible under the said provision the Hon'ble Commission is requested to kindly approve the same.

Additional capitalisation of Rs.182.09 Crore towards works which are part of original scope of work but could not be completed within the cut-off datedue to uncontrollable reasons as stated earlier. It is submitted that, with the issuance of RBI Circular dated 12th February 2018 the Petitioner had to comply with the provisions of the Circular.Subsequently, the Insolvency and Bankruptcy Code, 2016 proceedings got initiated which tantamount to Change in Law.Therefore, the Petitioner requests the Hon'ble Commission to approve the same in accordance with Regulation 27.1 (ii) of MPERC Tariff Regulations, 2020.

Further, the petitioner respectfully submits that the above additional capital works are mandatory in nature and are part of Original Scope of Work and would help the petitioner to run the plant more safely and efficiently. It is also submitted that additional capital cost due to spilling over of expenditure beyond the cut-off date is indirectly advantageous to the Respondent. This is because prior to incurring of the expenditure power is being supplied at a comparatively lower rate since the price of power is a function of the actual expenditure incurred as on date. Therefore, no additional burden is imposed on the beneficiaries due to such additional capitalization beyond the cut-off Date and therefore the same may be allowed.

The detailed head wise proposed additional capital expenditure for the period FY 2019-20 to FY 2023-24 is shown below:

Table 5: Additional capital expenditure proposed during the period FY 2019-20 to FY 2023-24

(Rs. in Crore)

S. No.	Head of Work / Equipment	Regulations under which claimed	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
1	FOPH Modification	27.1 (ii)	-	-	0.74	-	-
2	BTG-"A" Row Ventilation System	27.1 (ii)	-	1.00	-	-	-
3	Service Building	27.1 (ii)	-	-	2.50	-	-

S. No.	Head of Work / Equipment	Regulations under which claimed	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
4	AHP & Main Silo	27.1 (iii)	-	3.99	1.71	-	-
5	Fire station	27.1 (ii)	-	0.82	-	-	-
6	Boundary wall	27.1 (ii)	-	0.70	0.32	-	-
7	CPU	27.1 (ii)	-	2.14	-	-	-
8	Admn. Building	27.1 (ii)	-	-	2.00	-	-
9	Bal Mandatory Spares	27.1 (ii)	10.20	20.00	16.83	-	-
10	Railway Related Works	27.1 (ii)	-	72.32	-	-	-
11	Road & Drainage including site level & Infrastructure	27.1 (ii)	6.87	7.50	19.16	-	-
12	CCTV Camera	27.1 (ii)	-	-	-	-	-
13	Chemical & Electrical Lab	27.1 (ii)	-	2.00	0.50	-	-
14	Miscllaneous Mechanical & Electrical Works	27.1 (ii)	-	2.00	-	-	-
15	Rain Water Harvesting System	27.1 (ii)	-	-	1.50	-	-
16	CHP Balance Works	27.1 (ii)	-	9.99		-	-
17	Expansion of Ash Dyke & Ash Handling Plant	27.1 (vii)	-	3.50	13.75	-	-
18	ESP/Boiler flooring / Misc civil works	27.1 (ii)	-	-	3.00	-	-
19	Discharge of Liabilities	27.1(iv)	-4.05	27.62	102.90	0.00	0.00
	Total		**13.02**	**153.58**	**164.91**	**0.00**	**0.00**

Additional Capitalization on account of Revised Emission Standards:

It is submitted that on 7.12.2015, Ministry of Environment, Forest and Climate Change, Government of India (“MoEF&CC”) notified the Environment (Protection) Amendment Rules, 2015 (“2015 MoEF&CC Notification”) which mandatorily require all Thermal Power Plants to comply with the revised norms of the 2015 MoEF&CC Notification. Further, as per implementation plan prepared by Central Electricity Authority (CEA), the existing Thermal Power Plants are required to comply with the new emission standards by the year 2022.

The petitioner being a Thermal Power Plant built with its design based on norms for emission of environmental pollutants provided in Schedule I of the Environment (Protection) Rules, 1986 is required to comply with the 2015 MoEF&CC Notification and accordingly the Petitioner is required to install necessary equipment’s viz. Flue Gas De-Sulfurization (“FGD”) etc. which involves significant additional capital expenditure.The petitioner submits thatthe petitioner is in the process of planning for the same shall approach the Commission separately for approval of the same in terms of the above Regulation.

In accordance with the above, Gross Fixed Asset(GFA) considered for the purpose of this petition, is as shown below:

Table 6: GFA for the period FY 2019-20 to FY 2023-24 (**Rs. in Crore)**

Particulars	***FY 2019-20***	***FY 2020-21***	***FY 2021-22***	***FY 2022-23***	***FY 2023-24***
Opening GFA	*3952.40*	*3965.42*	*4119.00*	*4283.91*	*4283.91.*
Add: Addition during the year/ period	*17.07*	*125.96*	*62.01*	*0.00*	*0.00*
Less: Decapitalization during the year/period	*0.00*	*0.00*	*0.00*	*0.00*	*0.00*
Less: Reversal during the year/period	*0.00*	*0.00*	*0.00*	*0.00*	*0.00*
Add: Discharges during the year/period	*-4.05*	*27.62*	*102.90*	*0.00*	*0.00*
Closing GFA	***3965.42***	***4119.00***	***4283.91***	***4283.91***	***4283.91***
Average GFA	***3958.91***	***4042.21***	***4201.45***	***4283.91***	***4283.91***

Provisions under Regulations

32. With regard to additional capitalization within the original scope of work and after cut-off date of the project, Regulation 27.1 of the MPERC (Terms and Conditions for determination of Generation Tariff) Regulations, 2020 provides as under:

27.1 The additional capital expenditure incurred or projected to be 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) Liabilities to meet 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 of any existing law:

(iii) Deferred works relating to ash pond or ash handling system including ash transportation facility in the original scope of work;

(iv) Liability for works executed prior to the cut-off date;

(v) Force majeure events;

(vi) Liability for works admitted by the Commission after the cut-off date to the

extent of discharge of such liabilities by actual payment; and

(vii) Additional capitalization on account of raising of ash dyke as a part of ash disposal system.

27.2 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) The useful life of the assets 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 if 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.

33. Regarding the Additional Capitalization on account of Revised Emission Standards, Regulation 31 of the MPERC (Terms and Conditions for determination of Generation Tariff) Regulations, 2020 provides as under:

31.1 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.

31.2 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.

31.3 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, and such other factors as may be considered relevant by the Commission.

31.4 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.

34. On additional capitalization claimed by the petitioner, the Respondent No. 1 submitted the following:

"It is humbly submitted that in the present Petition, the petitioner has considered the following Additional Capital Expenditures for working out the Annual Capacity Charges for this Multi Year Tariff Period-

(i) ***FY 2018-19**– The petitioner for the purpose of determination of tariff for the current tariff period has considered Addl. Capitalization of Rs. 18.82 crores claimed in the true-up petition no 26 of 2019 for FY 2018-19 and accordingly considered opening capital cost of the project as on 01.04.2019 as Rs. 3952.40 crores only. In this regard, it is respectfully submitted that the aforesaid true –up petition is still pending before this Commission and as per the provisions of Regulation 6.2 of MPERC Generation Tariff Regulation' 2020, this claimed amount cannot be considered for the purpose of determination of the Tariff, until the same has been admitted by this Commission. Therefore, the Gross Fixed Assets of the project Rs. 3933.59 crores as on 31.03.2018 admitted by this Commission vide order dated 04.01.2020 has to be considered as opening Gross Fixed Assets as on 01.04.2019 for the purpose of determination of the Tariff for the current Tariff Period.*

(ii) ***FY 2019-24**– As per the Tariff Regulation 2015, the cut –off date of the project*

is 31-03.2019.The Petitioner had filed a petition no. 19 of 2019 before this Hon'ble Commission praying for extension of cut –off date by two years i. e. up to 31.03.2021. The prayer was rejected by this Commission vide order dated 30.05.2019. Therefore,as per the provisions of Regulation 27 of MPERC Tariff Regulations'2020 ,the petitioner is only entitled for Additional Capitalization claims which are included under the original scope of work and are permitted after cut- off date.

(iii) Despite this, the petitioner under para 8.13 of the petition, has considered the Additional Capitalization of Rs. 182.09 crores towards the work which are not completed within the cut-off date.The Petitioner has given alleged reasons for time overrun, which are denied and disputed. The reasons alluded for time overrun are not attributable to the Respondent and cannot be termed as uncontrollable. The same could have been mitigated with better project planning and management. It is respectfully submitted that this claim is not admissible under the provisions of Tariff Regulations 2020 and therefore shall not be allowed.

(iv) Beside this, the petitioner under para 8.13 of the petition has considered projection of Additional Capital Expenditures as under-

a) Additional Capitalization of Rs. 130.52 crores towards discharge of liabilities for works executed prior to the cut –off date,

b) Additional Capitalization of Rs. 5.70 crores towards the execution of deferred works related to ash handling system & ash silo,

c) Additional Capitalization of Rs. 17.25 crores towards raising of ash dyke.

In this regard, it is submitted that, due to delay in execution of aforesaid works, there must be some additional expenditure. It is therefore prayed to the Commission to prudently check the claim of the petitioner and only allow the reasonable additional capitalization which are permitted under the provisions of Regulations 2020.

Commission's Analysis

35. On examination of the subject petition the Commission observed that the petitioner has filed the estimated additional capitalization of Rs. 13.02 Crore for FY 2019-20, Rs 153.58 Crore for FY 2020-21 and Rs 164.91 Crore for FY 2021-22. In form TPS 9 of the petition, the petitioner has filed the break-up of proposed additional capitalization during FY 2019-20 to FY 2021-22 as given below:

Table 7: Additional Capitalization claimed during FY 2019-20

(Rs in Crores)

Sr No	Particulars	2019-20	2020-21	2021-22
(1)	(2)	(5A)	(5B)	(5C)
1	FOPH Modification	-	-	0.74
2	BTG-"A" Row Ventilation System	-	1.00	-
3	Service Building	-	-	2.50
4	AHP & Main Silo	-	3.99	1.71
5	Fire station	-	0.82	-
6	Boundary wall	-	0.70	0.32
7	CPU	-	2.14	-
8	Admn Building	-	-	2.00
9	Bal Mandatory Spares	10.20	20.00	16.83
10	Railway Related Works	-	72.32	-
11	Road & Drainage including site level & Infrastructure	6.87	7.50	19.16
12	CCTV Camera	-	-	-
13	Chemical & Electrical Lab	-	2.00	0.50
14	Miscllaneous Mechanical & Electrical Works	-	2.00	-
15	Rain Water Harvesting System	-	-	1.50
16	CHP Balance Works	-	9.99	
17	Expansion of Ash Dyke & Ash Handling Plant	-	3.50	13.75
18	Land	-	-	-
19	ESP/Boiler flooring/Misc civil works	-	-	3.00
		17.07	**125.96**	**62.01**
	Discharge of liability	-4.05	27.62	102.90
	Total Add Capitalisation	**13.02**	**153.58**	**164.91**

36. With regard to the additional capitalization filed in the subject petition, vide Commission's letter dated 26th September' 2020, the petitioner was asked to file a comprehensive reply to the following issues with all relevant supporting documents:

i. Whether the assets capitalized during the year are under original scope of work. If so, all supporting documents establishing that the assets capitalized are under original scope of work was asked to file. The petitioner was asked to explain that the addition of assets is on account of the reasons mentioned in Regulation 27.1 of the Tariff Regulations, 2020.

ii. The petitioner was asked to furnish the information of additional capitalization like Name of Asset/works with specifications, Amount of assets Addition, Detailed reasons of Asset Addition and Provision of Regulation under which

Add. Cap is filed along with Ref of supporting documents enclosed with the reply in the prescribed format.

iii. Whether the petitioner has taken due care in writing -off the assets from the original cost in case of any expenditure on replacement of old asset.

iv. Detailed reasons for delay in such works along with supporting documents be filed. In case of any delay in completion of works from contractor's side, the details of penalty if any, imposed on the contractor be informed.

v. Copy of the bills/invoices of all such assets under additional capitalization actually carried out during FY 2019-20 with a statement indicating all such details of works/assets, bill amount, invoice/bill No. date of the invoice/bill etc. be also filed.

vi. Copy of orders along with corresponding amount of all such works to be carried out under projected additional capitalization needs to be submitted.

37. In response to above, by affidavit dated 07th November' 2020, the petitioner submitted the following:

i. *The petitioner submits that the additional capitalization claimed in the MYT Petition pertains to the works which are covered under Original Scope of Works. However, the petitioner could not complete the works before cut-off date on account of uncontrollable reasons. Accordingly, the same were claimed under Regulation 27.1 of MPERC Tariff Regulations, 2020. With regard to the supporting documents, the petitioner submits thatthe works proposed under the Original Scope of Works are reflected in the DPR along with cost estimates and the same is attached as Annexure- 5.*

ii. *The details as per the format specified by the Commission are as follows:*

S. No.	***Name of Asset/works with specifications***	***Amount of assets Addition (Rs. Crore)***	***Detailed reasons of Asset Addition***	***Provision of Regulation under which Add. Cap is filed***	***Ref of supporting documents enclosed with the reply****
1	*FOPH Modification*	*0.74*	*All the works are proposed to be carried out under*	*27.1 (ii)*	*2.1.3.5*
2	*BTG-"A" Row Ventilation System*	*1.00*		*27.1 (ii)*	*2.1.3.10*
3	*Service Building*	*2.50*		*27.1 (ii)*	*3.1*

S. No.	***Name of Asset/works with specifications***	***Amount of assets Addition (Rs. Crore)***	***Detailed reasons of Asset Addition***	***Provision of Regulation under which Add. Cap is filed***	***Ref of supporting documents enclosed with the reply****
4	*AHP & Main Silo*	*5.70*	*original scope of works. However, the same are deferred for execution on account of uncontrollable reasons*	*27.1 (iii)*	*2.1.3.6/3.9*
5	*Fire station*	*0.82*		*27.1 (ii)*	*3.11*
6	*Boundary wall*	*1.02*		*27.1 (ii)*	*3.11*
7	*CPU*	*2.14*		*27.1 (ii)*	*2.1.2*
8	*Admn. Building*	*2.00*		*27.1 (ii)*	*3.11*
9	*Bal Mandatory Spares*	*47.03*		*27.1 (ii)*	*2.4*
10	*Railway Related Works*	*72.32*		*27.1 (ii)*	*3.20*
11	*Road & Drainage including site level & Infrastructure*	*33.53*		*27.1 (ii)*	*3.15& 3.16*
12	*Chemical & Electrical Lab*	*2.50*		*27.1 (ii)*	*2.2.7/2.1.3.1*
13	*Miscellaneous Mechanical & Electrical Works*	*2.00*		*27.1 (ii)*	*2.1.3.13/2.2.14*
14	*Rain Water Harvesting System*	*1.50*		*27.1 (ii)*	*3.11*
15	*CHP Balance Works*	*9.99*		*27.1 (ii)*	*2.1.3.7/3.8*
16	*Expansion of Ash Dyke & Ash Handling Plant*	*17.25*		*27.1 (vii)*	*2.1.3.6/3.9*
17	*ESP/Boiler flooring / Misc civil works*	*3.00*		*27.1 (ii)*	*3.1/3.11*
	Total	***205.04***			

**The contents of columns refer to item no. under which the works are reflected in the cost estimates of DPR.*

(iii) *The petitioner submits that all the works which are proposed to be undertaken during the period FY 2019-20 to FY 2021-22 are under Original Scope of Works as submitted in the MYT Petition and no asset addition has been proposed on account of works which are beyond Original Scope of Works.*

(iv) *The petitioner submits that there has been no replacement of capital assets proposed in the MYT Petition and therefore de-capitalisation of assets have not been considered in the MYT Order. However, in case there is any de-capitalisation, the same shall be submitted at the time of truing up.*

(v) *The petitioner submits that the detailed reasons causing the delay are submitted by the petitioner in Paras 8.9 to 8.11 of MYT Petition. With regard to delay from contractor side, the petitioner submits that there has been no delay that are accountable to contractors and these delays were primarily on account of shortage of funds as the petitioner Company is undergoing insolvency* *proceedings*.

(vi) *Copies of bills/invoices of works which were carried out during the FY 2019-20 along with a statement summarizing same have been attached as Annexure-6.*

(vii) *Copies of Purchase Orders to the extent placed on various suppliers/contractors have been attached as Annexure-7*

38. On perusal of the details and documents filed by the petitioner, the Commission observed that the reply filed by the petitioner regarding the provisional/proposed additional capitalization during FY 2019-20 to FY 2021-22 requires detailed examination on several counts specified in the MPERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2020 as well as duly reconciliation with the Annual Audited Accounts of the respective years.

39. With regard to truing-up exercise, Regulation 9.4 of MPERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2020 provides that:

"A generating company shall file a petition at the beginning of the Tariff period. A review shall be undertaken by the Commission to scrutinize and true up the Tariff on the basis of the capital expenditure and additional capital expenditure actually incurred in the Year for which the true up is being requested. The generating company shall submit for the purpose of truing up, details of capital expenditure and additional capital expenditure incurred for the period from 1.4.2019 to 31.3.2024, duly audited and certified by the auditors."

40. In view of the above, the additional capitalization filed by the petitioner during the control period is required to be examined on several counts specified in the Regulations 2020. Based on the information made available by the petitioner, this exercise shall be carried out while undertaking true-up exercise for the respective year based on Annual Audited Accounts and other requsite details in this regard. The petitioner shall be at liberty to approach the Commission for approval of additional capitalization at the appropriate stage based on the actual expenditure incurred and duly reconciled with the Annual Audited Accounts.

41. Accordingly, the opening Gross Fixed Assets (GFA) as on 1st April' 2019 will remain same in this order as considered by the Commission as on 31st March' 2019 in last true up order (in Petition No 27 of 2020) dated 05th January' 2021 for FY 2018-19. The same shall remain unchanged during the control period in this order.

Debt: Equity:

Petitioner's Submission

42. The petitioner has filed the opening loan and equity balance as on 1st April' 2019 by considered the closing balance of equity and loan as on 31st March' 2019 as filed in the true up petition for FY 2018-19 in Petition No 27 of 2020.The petitioner has also filed normative loan and equity addition (70 : 30) towards proposed/provisional additional capitalization filed during FY 2019-20 to FY 2021-22 in terms of the provision under the Regulations, 2020. The petitioner has not filed any additional capitalization during FY 2022-23 and FY 2023-24.

43. Accordingly, for proposed additional capitalization during FY 2019-20 to FY 2021-22, the petitioner considered normative debt:equity ratio i.e. 70:30 in terms of Regulations' 2020 as given below:

Particulars	FY 2019-20	FY 2020-21	FY 2021-22
Provisional Additional Capitalization Claimed	13.02	153.58	164.91
Loan	9.11	107.50	115.44
Equity	3.91	46.08	49.47

Provisions under Regulations

44. With regard to funding of the project, Regulation 33 of MPERC (Terms & Conditions for Determination of Generation Tariff), Regulations, 2020 provides that

33.1 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:

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.

33.2 The generating company shall submit the resolution of the Board of the company regarding 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.

33.3 In case of the generating station declared under commercial operation prior to 1.4.2019, debt- equity ratio allowed by the Commission for determination of tariff for the period ending 31.3.2019 shall be considered:

Provided that in case of a generating station which has completed its useful life as on or after 01.04.2019, if the equity actually deployed as on 01.04.2019 is more than 30% of the capital cost, equity in excess of 30% shall not be taken into account for tariff determination.

33.4 In case of the generating station declared under commercial operation prior to 1.4.2019, but where debt: equity ratio has not been determined by the Commission for determination of tariff for the period ending 31.3.2019, the Commission shall approve the debt : equity in accordance with Regulation 33.1 of these Regulations.

33.5 Any expenditure incurred or projected to be incurred on or after 1.4.2019 as may be admitted by the Commission as additional capital expenditure for determination of tariff, and renovation and modernisation expenditure for life extension shall be serviced in the manner specified in clause 33.1 of this Regulation.

Commission's Analysis

45. Regulation 33.3 of MPERC (Terms and Conditions for Determination of Generation Tariff) Regulations' 2020 provides that "in case of generating station declared under Commercial Operation prior to 01st April' 2019, the debt equity ratio allowed by the

Commission for determination of tariff for the period ending 31st March' 2019 shall be considered". Therefore, the Commission has considered the opening equity and opening loan as on 01st April' 2019 same as closing loan and equity admitted in true-up order for FY 2018-19 issued on 05th January' 2021 in Petition No 27 of 2020.

46. The Commission has not considered the proposed/projected additional capitalization during FY 2019-20 to FY 2021-22 filed by the petitioner in this order and the same shall be dealt in true-up exercise of the respective years based on the Annual Audited Accounts. Further, the petitioner has not filed any additional capitalization during FY 2022-23 and 2023-24. Therfore, no addition of loan and equity is considered during the MYT control period.

47. Therefore, the equity balance of Rs. 988.03 Crore and loan balance of Rs. 2386.36 Crore as on 31st March' 2019 as approved by the Commission in true-up order dated 05th January' 2021 for FY 2018-19 shall remain the same as on 01st April' 2019.

Annual Capacity (fixed) Charges

48. Regulation 17.1 of the MPERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2020, stated that the Annual Capacity Charges shall derived on the basis of annual fixed cost (AFC) of a generating station and shall consist of the following components:

(a) Return on Equity;
(b) Interest on Loan Capital;
(c) Depreciation;
(d) Intereston Working Capital;
(e) Operation and Maintenance Expenses;

Return on Equity

Petitioner's Submission

49. The petitioner filed the Return on Equity during control period from FY 2019-20 to FY 2023-24 in form TPS 1(II) of the petition as given below:

Table 8: Return on Equity Claimed

Sr. No	Particulars	Unit	2019-20	2020-21	2021-22	2022-23	2023-24
1	Opening Equity	Rs. Cr.	988.10	992.00	1038.07	1087.55	1087.55
2	Equity addition during year	Rs. Cr.	3.90	46.07	49.47	0.00	0.00

3	Closing Equity	Rs. Cr.	992.00	1038.07	1087.55	1087.55	1087.55
4	Average Equity	Rs. Cr.	990.05	1015.04	1062.81	1087.55	1087.55
5	Base Rate of ROE	%	15.50%	15.50%	15.50%	15.50%	15.50%
6	Tax rate considered MAT	%	0.00%	0.00%	0.00%	0.00%	0.00%
7	Pre-Tax Rate of ROE	%	0.00%	0.00%	0.00%	0.00%	0.00%
8	**Return on Equity**	Rs. Cr.	**153.46**	**157.33**	**164.74**	**168.57**	**168.57**

Provisions in the Regulation:

50. With regard to Return on Equity, Regulation 34 (Terms and Conditions for Determination of Generation Tariff) Regulations, 2020 provides that:

34 . Return on Equity:

"34.1 Return on equity shall be computed in rupee terms on the equity base determined in accordance with Regulation 33 of these Regulations.

34.2 Return on equity shall be computed at the base rate of 15.50% for thermal generating stations and hydro generating stations and at the base rate of 16.50% for the pumped storage hydro generating stations and run-of river generating stations with pondage.

Provided that

(a) in case of a new project, the rate of return of a new project 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 Restricted Governor Mode Operation (RGMO)/ Free Governor Mode Operation (FGMO):

(b) in case of existing generating station any of the above requirements are found lacking based on the report submitted by the respective SLDC/RLDC, RoE shall be reduced by 1% for the period for which the deficiency continues.

(c) in case of a thermal generating station, with effect from 1.04.2020:

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

(b) an additional rate of return on equity of 0.25% shall be allowed for every incremental ramp rate of 1% per minute achieved over and above the ramp rate of 1% per minute, subject to ceiling of additional rate of return on equity of 1.00%:

Provided that the detailed guidelines in this regard shall be issued by National Load Despatch Centre)

51. Regarding Tax on Return on Equity, Regulation 35 of the MPERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2020 further provides that:

35. Tax on Return on Equity:

35.1 The base rate of return on equity as allowed by the Commission under Regulation 34 shall be grossed up with the effective tax rate of the respective financial year. For this purpose, the effective tax rate shall be considered on the basis of actual tax paid in the respective financial year in line with the provisions of the relevant Finance Acts by the concerned generating company. The actual income tax on other income stream including deferred tax liability (i.e., income from non-generation business) shall be excluded for the calculation of "effective tax rate".

35.2 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 applicable tax rate in accordance with Regulation 35.1 of this Regulation and shall be calculated at the beginning of every financial year based on the estimated profit and tax to be paid estimated in line with the provisions of the relevant Finance Act applicable for that financial year to the company on pro-rata basis by excluding the income of non-generation business and the corresponding tax thereon. In case of generating company paying Minimum Alternate Tax (MAT), "t" shall be considered as MAT rate including surcharge and cess. For example: - In case of the generating company paying

(i) Minimum Alternate Tax (MAT) @ 20.96% including surcharge and cess:
Rate of return on equity = 15.50/(1-0.2096) = 19.61%

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

(a) Estimated Gross Income from generation business forFY 2019-20 is Rs 1000 Crore.

(b) Estimated Advance Tax for the year on above is Rs 240 Crore.

(c) Effective Tax Rate for the year 2019-20 = Rs 240 Crore/Rs 1000 Crore =24%
(d) Rate of return on equity = 15.50/ (1-0.24) = 20.395%

35.3 The generating company shall true-up the grossed up rate of return on equity at the end of every financial year based on actual tax paid together with any additional tax demand including interest thereon, duly adjusted for any refund of tax including interest received from the income tax authorities pertaining to the tariff period 2019-20 to 2023-24 on actual gross income of any financial year. However, penalty, if any, arising on account of delay in deposit or short deposit of tax amount shall not be claimed by the generating company. Any under-recovery or over-recovery of grossed up rate on return on equity after truing up, shall be allowed to be recovered or refunded to beneficiaries on year to year basis."

Commission's Analysis:

52. Regulation 33.3 of the Regulations, 2020 provides that, in case of the generating station declared under commercial operation prior to 1.4.2019, debt- equity ratio allowed by the Commission for determination of tariff for the period ending 31.3.2019 shall be considered. In accordance with the aforesaid Regulation, equity balance as on 31st March' 2019 as admitted by the Commission in the true-up order dated 05th January' 2021 for FY 2018-19 is considered as the base figures for opening equity balance as on 01st April' 2019 for the project. Further, the Commission has not considered the proposed/projected additional capitalization during the control period and its corresponding equity in this order. Therefore, the equity balance as on 01st April' 2019 shall remain unchanged during the control period.

53. In compliance to Regulation 34.2 of the Regulations, 2020, the petitioner submitted that the petitoner's project has been duly operating under RGMO / FGMO. The petitioner further submitted that the Project have been operating with the ramp rate of over 1% per minute. With regard to certification on installation of RGMO, the petitioner has submitted that it has already communicated WRLDC and SLDC of RGMO being in continuous service. Further, the petitioner informed that necessary work order for testing of the RGMO response, as per the guidelines issued by National Load Dispatch Centre (NLDC), has been awarded to the RLDC mandated agency and the required tests for checking of the response is expected in the near future. For reference purpose, copies of communication held between JPL and WRLDC in this regard has been filed by the petitioner with the additional submission.

54. The petitioner has claimed Return on Equity by considering the base rate of return. Accordingly, Return on Equity has been worked out for the control period FY 2019-20 to FY 2023-24 considering the base rate of return as given below:

Table 9 : Annual Return on Equity Considered in this Order

Sr. No.	Particular	Unit	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
1	Opening Equity	Rs. Cr.	988.03	988.03	988.03	988.03	988.03
2	Equity Additions	Rs. Cr.	0.00	0.00	0.00	0.00	0.00
3	**Closing Equity**	Rs. Cr	988.03	988.03	988.03	988.03	988.03
4	Average Equity	Rs. Cr	988.03	988.03	988.03	988.03	988.03
5	Base Rate of ROE	%	15.50%	15.50%	15.50%	15.50%	15.50%
6	Tax rate considered MAT	%	0.00	0.00	0.00	0.00	0.00
7	**Return on Equity**	Rs. Cr	**153.14**	**153.14**	**153.14**	**153.14**	**153.14**

Interest on Loan Capital

Petitioner's submission:

55. The petitioner has claimed interest on loan capital for the control period FY 2019-20 to FY 2023-34 as given below:

Table 10: Interest on Loan claimed

Sr. No.	Particulars	Unit	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
1	Opening Loan	Rs. Cr.	2386.03	2192.13	2088.68	1984.99	1765.85
2	Add: Normative Loan	Rs. Cr.	9.11	107.50	115.44	0.00	0.00
3	Less: Repayment during the year	Rs. Cr.	203.02	210.95	219.13	219.13	219.13
4	Closing Normative Loan	Rs. Cr.	2192.13	2088.68	1984.99	1765.85	1546.72
5	Average Normative Loan	Rs. Cr.	2289.08	2140.40	2036.83	1875.42	1656.29
6	Weighted average Rate of Interest of actual Loans	%	14.12%	14.12%	14.12%	14.12%	14.12%
7	**Interest on loan**	Rs. Cr.	**323.33**	**302.33**	**287.70**	**264.90**	**233.95**

Provisions in Regulation

56. With regard to interest and finance charges on loan capital, Regulation 36 of MPERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2020 provides that:

"36.1 The loans arrived at in the manner indicated in Regulation 33 of these Regulations shall be considered as gross normative loan for calculation of interest on loan.

36.2 The normative loan outstanding as on 1.4.2019 shall be worked out by deducting the cumulative repayment as admitted by the Commission up to 31.3.2019 from the gross normative loan. The repayment for each of the year of the tariff period 2019-24 shall be deemed to be equal to the depreciation allowed for the corresponding year/period. In case of de- capitalization of assets, the repayment shall be adjusted by taking into account cumulative repayment on a pro rata basis and the adjustment should not exceed cumulative depreciation recovered upto the date of de-capitalisation of such asset.

36.3 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.

36.4 The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio after providing appropriate accounting adjustment for interest capitalized:

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

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

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

Commission's analysis:

57. Regulation 36.2 of the Regulations, 2020 provides that the normative loan outstanding as on 1.4.2019 shall be worked out by deducting the cumulative repayment as admitted by the Commission up to 31.3.2019 from the gross normative loan. In accordance with the aforesaid Regulation, loan balance (as on 31st March' 2019) admitted in the last True-up order for FY 2018-19 dated 05th January' 2021 issued by the Commission is considered as the base figures for opening loan balance as on 01st April' 2019. Further, the Commission has not considered the proposed/projected additional capitalization

during the control period in this order, therefore, the loan balances for each financial year is worked out accordingly by considering the normative repayment equivalent to depreciation for the respective year.

58. In form TPS 13 of the petition, the petitioner has submitted the weighted average rate of interest of @14.12% which has been worked out by the petitioner based on actual loan portfolio as on 31.03.2019.

59. On perusal of the subject petition, it was observed that the petitioner has claimed interest on loan by applying weighted average rate of interest @ 14.12%. The petitioner was asked to file the basis of actual weighted average rate of interest during FY 2019-20 along with supporting documents in respect of actual weighted average rate of interest claimed in the petition. The petitioner was also required to clarify that why no repayment has been made during the year and confirm with supporting details that the amount of default in repayment/penal interest is not included in the weighted average rate of interest claimed in the petition.

60. In response to above, by affidavit dated 07th November' 2020, the petitioner submitted the following:

> *"The petitioner submits that the weighted average rate of interest on term loan worked out as 14.12% in the MYT Petition is as per the last applicable interest rates levied by the Bankers excluding the penal interest. The Petitioner further submits that the Hon'ble Commission in its latest Order dated 04.01.2020 while truing up for FY 2017-18 has already approved weighted average interest rate of 14.12%. It is confirmed that there is no payment against default in payment or penal interest.*

61. On perusal of the above submission, the Commission observed that the petitioner has considered the weighted average interest rate on term loan based on the last applicable interest rates levied by the Bankers excluding the penal interest. The petitioner has considered the rate of interest on the basis of last available weighted average rate of interest i.e. rate of interest applicable at the time of True Up Petition for FY 2018-19. The petitioner has also confirmed that there is no payment against default in payment or penal interest considered.

62. Considering the above, the interest on loan capital has been worked out during the control period considering the following:

i. Opening loan balance as on 01.04.2019 is considered same as admitted by the Commission as on 31.03.2019 in the last true-up order for FY 2018-19.
ii. No loan addition is considered during the control period;
iii. Normative repayment equal to depreciation in accordance to Regulations is considered;
iv. Weighted average rate of interest @ 14.12% based on the last year true-up for FY 2018-19 is considered for the control period.
v. The aforesaid weighted average rate of interest shall be subject to true-up on actual weighted average rate of interest for each year of the control period.

63. Based on the above, the interest on loan worked out during the control period is as given below:

Table 11: Interest on Loan Allowed

Sr No.	Particular	Unit	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
1	Opening Loan Balance	Rs. Cr.	2386.36	2183.99	1981.62	1779.25	1576.88
2	Loan Additions during year	Rs. Cr.	0.00	0.00	0.00	0.00	0.00
3	Repayment of Loan equal to depreciation	Rs. Cr.	202.37	202.37	202.37	202.37	202.37
4	Closing Loan Balance	Rs. Cr.	2183.99	1981.62	1779.25	1576.88	1374.51
5	Average Loan	Rs. Cr.	2285.17	2082.80	1880.43	1678.06	1475.69
6	Weighted Average Rate of Interest Considered	%	14.12%	14.12%	14.12%	14.12%	14.12%
7	**Annual Interest amount on Loan**	**Rs. Cr.**	**322.78**	**294.19**	**265.61**	**237.02**	**208.44**

64. The petitioner is directed to file actual weighted average rate of interest in true up petitions for respective year of the control period.

Depreciation

Petitioner's submission:

65. The petitioner has submitted that in accordance with Regulation 37 of MPERC Tariff Regulations, 2020, it has computed Weighted Average Rate of Depreciation for the period FY 2019-20 to FY 2024-25 considering rates of Depreciation as per Appendix-I to the MPERC Tariff Regulations, 2020. The petitioner has claimed the depreciation for each year of the control period from FY 2019-20 to FY 2023-24 as given below:

Table 12: Depreciation Claimed **(Rs in Crore)**

Sr. No.	PARTICULARS	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
1	Opening Capital Cost	3,952.40	3,965.42	4,119.00	4,283.90	4,283.90
2	Asset Additions During the year	13.02	153.58	164.91	-	-
3	Closing Capital Cost	3,965.42	4,119.00	4,283.90	4,283.90	4,283.89
4	Average Capital Cost	3,958.91	4,042.21	4,201.45	4,283.90	4,283.89
5	Rate of Depreciation(%)	**5.12%**	**5.12%**	**5.12%**	**5.12%**	**5.12%**
6	Depreciation during the year	203.02	210.95	219.13	219.13	219.13
7	Cumulative Depreciation	781.30	992.25	1,211.38	1,430.51	1649.65

Provisions of the Regulation:

66. With regard to depreciation, Regulation 37 of MPERC (Terms and Conditions for Determination of Generation Tariff) Regulation, 2020 provides that:

37.1"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.

37.2 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.

37.3 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 generating 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.

37.4 Land other than the land held under lease 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.

37.5 Depreciation 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.

37.6 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:

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.

37.7 In case of the existing projects, the balance depreciable value as on 1.4.2019 shall be worked out by deducting the cumulative depreciation as admitted by the Commission upto 31.3.2019 from the gross depreciable value of the assets.

37.8 The generating company shall submit the details of proposed capital expenditure 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 on capital expenditure during the fag end of the project.

37.9 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 services."

Commission's Analysis:-

67. Regulation 37.2 stated that the value base for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission. In accordance with the aforesaid Regulation, Gross Fixed Assets as on 31st March' 2019 admitted by the Commission in the True-up Order for FY 2018-19 dated 05th January' 2021 is considered as the base opening figure of capital cost as on 01st April' 2019. Further, the proposed additional capitalization during the control period is not considered in this order. Therefore, the capital cost as on 01st April' 2019 shall remain same for the entire control period.

68. In form TPS 11 of the petition, the petitioner worked out the weighted average rate of depreciation for each year of the control period based on the depreciation rates as per Depreciation Rate Schedule provided under the Regulations, 2020.

69. The Commission is not considering additional capitalization during the control period in this order and same shall be dealt in true-up petition for respective year based on the Annual Audited Accounts. Therefore, the Commission has considered the same weighted average rate of depreciation of 5.12% as considered in the last true-up order for FY 2018-19. The petitioner has also claimed the same weighted average rate of interest @5.12% in the subject petition.

70. Cumulative depreciation as on 31st March' 2019 admitted in true-up order dated 05th January' 2021 is considered as opening cumulative depreciation in this order. Based on above, the annual depreciation is worked out in this order as given below:-

Table 13: Annual Depreciation

Sr. No.	Particular	Unit	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
1	Opening GFA	Rs Cr.	3952.18	3952.18	3952.18	3952.18	3952.18
2	Assets Addition during the year	Rs Cr.	0.00	0.00	0.00	0.00	0.00
3	Closing GFA	Rs Cr.	3952.18	3952.18	3952.18	3952.18	3952.18
4	Average GFA	Rs Cr.	3952.18	3952.18	3952.18	3952.18	3952.18
5	Weighted Average Rate of Depreciation	%	5.12%	5.12%	5.12%	5.12%	5.12%
6	**Annual Depreciation**	**Rs Cr.**	**202.37**	**202.37**	**202.37**	**202.37**	**202.37**
7	Cumulative Depreciation	Rs Cr.	780.17	982.54	1184.91	1387.28	1589.65

71. The petitioner is directed to file a detailed year-wise Asset-Cum-Depreciation register

in accordance with the Regulations, 2020 with the true-up petition for respective years of control period.

Operation & Maintenance Expenses

Petitioner's Submission

72. The petitioner filed the Operation and Maintenance expenses for its 1X600 MW Jhabua thermal power project for the control period from FY 2019-20 to FY 2023-24 as given below:

Table 14: Operation & Maintenance Expenses claimed (Rs. in Crore)

Particular	Units	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Annual O&M expenses	Rs Crore	121.56	125.82	130.26	134.82	139.56

Provision in Regulations:-

73. The norms for Operation and Maintenance Expenses for thermal generating units commissioned on or after 01/04/2012 are prescribed under Regulation 40.2 of the Regulations, 2020 for the generating Unit of "600/660 MW" for the control period FY 2019-20 to FY 2023-24 are as given below:

Table 15: Norms for O&M Expenses (Rs. lakh/MW/Year)

Units (MW)	*FY 2019-20*	*FY 2020-21*	*FY 2021-22*	*FY 2022-23*	*FY 2023-24*
600/660 MW Series	*20.26*	*20.97*	*21.71*	*22.47*	*23.26*

Commission's Analysis

74. For Thermal Power Station, the annual Operation and Maintenance Expenses worked out by the Commission as per the norms prescribed under aforesaid Regulations, 2020 for the control period FY 2019-20 to FY 2023-24 are as given below:

Table 16: O& M Expenses for Generating Unit

Particular	Units	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Installed Capacity	MW	600	600	600	600	600
Per MW O&M Expenses Norms	Rs Lakh/MW	20.26	20.97	21.71	22.47	23.26
Annual O&M expenses	**Rs Crore**	**121.56**	**125.82**	**130.26**	**134.82**	**139.56**

Interest on Working Capital

Petitioner's submission

75. The petitioner filed the interest on working capital for the control period from FY 2019-20 to FY 2023-24 in accordance with the Regulations, 2020.The rate of interest on working capital has been taken on normative basis and has been worked out considering one year MCLR of SBI as on 1.4.2019 plus 350 bps i.e., 12.05% (8.55% + 3.50%) during the tariff period from FY 2019-20 to FY 2023-24. Accordingly, the Interest on Working Capital as filed by the petitioner is given below :-

Table 17: Interest on Working Capital claimed **(Rs. In Crores)**

Sr No	Particulars	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
1	Cost of Coal/Lignite	169.79	169.79	169.79	169.79	169.79
2	Cost of Secondary Fuel Oil	1.90	1.90	1.90	1.90	1.90
3	Maintenance Spares	24.31	25.16	26.05	26.96	27.91
4	O&M Expenses	10.13	10.49	10.86	11.24	11.63
5	Receivables	231.68	231.72	232.42	230.63	227.37
6	**Total Working Capital**	**437.81**	**439.07**	**441.02**	**440.53**	**438.61**
7	Interest on allowed Working Capital	12.05%	12.05%	12.05%	12.05%	12.05%
8	**Total Interest on Working Capital**	**52.76**	**52.91**	**53.14**	**53.08**	**52.85**

Provisions in Regulation:

76. With regard to interest on working capital, Regulation 38 of MPERC (Terms and Conditions for Determination of Generation Tariff) Regulation, 2020 provides that:

38.1 "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) Advance payment for 30 days towards cost of coal 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 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;

(d) Maintenance spares @ 20% of operation and maintenance expenses specified in Regulation 39 and 40 of these Regulations;

(e) Receivables equivalent to 45 days 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.

38.2 The cost of fuel 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 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."

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

38.3 "Rate of interest on working capital shall be on normative basis and shall be considered as the bank rate as on 1.4.2019 or as on 1st April of the year during the tariff period 2019-20 to 2023-24 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 bank rate as on 1st April of each of the financial year during the tariff period 2019-24.

38.4 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:

77. The working capital for thermal power stations is worked out based on the aforesaid norms for working capital as given below:

(a) Cost of coal for 60 days

78. The petitioner's power station is non pit-head station therefore, the cost of coal for 60 days (30 days towards stock and 30 days towards advance payment) for generation corresponding to the normative annual plant availability factor is considered for working

capital purpose. The weighted average rate of coal is worked out as per the details filed by the petitioner for the preceding three months i.e., January, February and March' 2019 in accordance to the Regulations.

79. GCV of coal has been considered as per the information filed by the petitioner on 'received basis' for the preceeding three months i.e., January, February and March' 2019.The petitioner also filed the laboratory test reports for GCV of coal on received basis for aforesaid preceeding three months in this regard. Accordingly, the 60 days cost of coal for working capital is worked out as under:

Table 18: Cost of Coal for 60 Days stock for working capital

Particular	Units	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Installed Capacity	MW	600	600	600	600	600
Gross Station Heat Rate	kCal/kWh	2348.85	2348.85	2348.85	2348.85	2348.85
Gross Generation	MUs	4479.84	4467.60	4467.60	4467.60	4479.84
GCV of Coal	kCal/Kg	3436.39	3436.39	3436.39	3436.39	3436.39
Sp. Coal Consumption	kg/kWh	0.6876	0.6876	0.6876	0.6876	0.6876
Annual Coal Consumption	MT	3080198	3071782	3071782	3071782	3080198
60 Days Coal Stock	MT	504951	504951	504951	504951	504951
Rate of Coal	Rs./MT	3307.46	3307.46	3307.46	3307.46	3307.46
Coal Cost (60 Days stock)	**Rs in Cr.**	**167.01**	**167.01**	**167.01**	**167.01**	**167.01**

(b) Secondary Fuel Oil Cost

80. The petitioner filed the cost of secondary fuel oil based on the fuel oil procured during January' 2019, February' 2019 and March' 2019`. The petitioner submitted the details of fuel oil procured and worked out the weighted average rate of secondary fuel oil.

81. Regulation 38.1 of the Regulations, 2020 provides that in case of use of more than one secondary fuel oil, cost of fuel oil stock shall be provided for the main secondary fuel oil. In view of the above provision, the petitioner was asked to confirm along with details that the cost of only main fuel is considered while determining the working capital.

82. By affidavit dated 07th November' 2020, the petitioner informed that the main secondary fuel oil in case of Petitioner's plant is LDO. Hence, it is observed that while computing the annual working capital requirement, the petitioner has claimed the cost of Light Diesel Oil only as main secondary fuel oil for two months as per Regulation

38.1 of the MPERC Tariff Regulations, 2020.

83. The petitioner has worked out the weighted average rate of oil as Rs. 50,956.36/KL for the control period based on the landed price of secondary fuel oil purchased. The same weighted average rate of oil is considered by the Commission in this order. Accordingly, the cost of two months' main fuel oil stock at normative availability is worked out as given below:

Table 19: Cost of Main Secondary Fuel Oil for 2 Months availability

Particular	Units	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Installed Capacity	MW	600	600	600	600	600
NAPAF	%	85.00%	85.00%	85.00%	85.00%	85.00%
Gross Generation	MUs	4479.84	4467.60	4467.60	4467.60	4479.84
Normative Specific Oil Consumption	ml/kWh	0.50	0.50	0.50	0.50	0.50
Quantity of Sec Fuel Oil required	KL	2239.92	2233.80	2233.80	2233.80	2239.92
Two months' stock of main fuel oil (LDO)	KL	373.32	372.30	372.30	372.30	373.32
Weighted Avg. Rate of Secondary Fuel Oil (LDO)	Rs./KL	50,956.36	50,956.36	50,956.36	50,956.36	50,956.36
Oil Cost (Two Months Stock)	**Rs. Crores**	**1.90**	**1.90**	**1.90**	**1.90**	**1.90**

(c) O&M Expenses

84. Operation and Maintenance expenses of one month as determined in this order have been considered for working capital of thermal power station.

Table 20: O&M Expenses for 1Month (Rs. in Crore)

Particular	Units	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Annual O&M Expenses	Rs. Crore	121.56	125.82	130.26	134.82	139.56
O&M Expenses for 1 Month	Rs. Crore	10.13	10.49	10.86	11.24	11.63

(d) Maintenance Spares

85. Maintenance spares for the purpose of working capital is worked out as 20% of the normative annual O&M expenses respectively as per the provision under Regulations.

Table 21: Maintenance Spares **(Rs. in Crore)**

Particular	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Annual O&M Expenses	121.56	125.82	130.26	134.82	139.56
20% of Annual O&M Expenses	**24.31**	**25.16**	**26.05**	**26.96**	**27.91**

(e) Receivables

86. Receivables for thermal power stations are worked out equivalent to 45 Days of Capacity (Fixed) charges and Energy Charges for sale of electricity worked out on the basis of Normative Annual Plant Availability Factor as follows:

Table 22: Receivables for 45 Days **(Rs. in Crores)**

Particular	FY 2019-20	FY2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Variable Charges- 45 days	126.66	126.66	126.66	126.66	126.66
Fixed Charges- 45 days	104.77	101.60	98.60	95.62	92.40
Receivables- 45 days	**231.43**	**228.26**	**225.26**	**222.28**	**219.06**

87. Further, with regard to the rate of interest on working capital, Regulation 38.3 of MPERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2020 provides as under:

"38.3 "Rate of interest on working capital shall be on normative basis and shall be considered as the bank rate as on 1.4.2019 or as on 1st April of the year during the tariff period 2019-20 to 2023-24 in which the generating station or a unit thereof , is declared under commercial operation, whichever is later."

Further, Regulation 3.1(7) reads as under:

"" 'Bank Rate' means the one-year marginal cost of lending rate (MCLR) of the State Bank of India issued from time to time plus 350 basis points"

88. The petitioner has claimed rate of interest on working capital for the control period as given below:

Table 23: Rate of Interest on Working Capital claimed (%)

Particulars	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Interest on allowed Working Capital	12.05%	12.05%	12.05%	12.05%	12.05%

89. In line with Regulation 38.3 of the Tariff Regulations, the rate of interest on working capital shall be considered the bank rate as on 01.04.2019 or as on 1st April of the year during the tariff period 2019-20 to 2023-24. Further, the Bank Rate' means the one-year marginal cost of lending rate (MCLR) of the State Bank of India issued from time to time plus 350 basis points.

90. Considering the one-year SBI MCLR as on 01.04.2019 is of 8.55% plus 350 bps, the interest on working capital is worked out as 12.05%. Further, the aforesaid rate of interest is subject to truing up based on 1 year SBI MCLR as on 1st April of the respective financial years. The one year SBI MCLR as on 1.4.2020 (i.e. 7.75%) is available, therefore, the Commission has considered the rate of interest on working capital for the period from 1.4.2020 to 31.3.2024 as 11.25% (i.e. 1 year SBI MCLR of 7.75% as on 1.4.2020 + 350 bps) as filed by the petitioner. Accordingly, the interest on working capital has been considered as 12.05% for 2019-20 and 11.25% for the period from 2020-21 to 2023-24. Accordingly, rate of interest on working capital is computed as under:

Table 24: Rate of Interest on Working Capital allowed

Particulars	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
MCLR as on 1st April of the year specified by SBI.	8.55%	7.75%	7.75%	7.75%	7.75%
Plus 350 basis point	3.50%	3.50%	3.50%	3.50%	3.50%
Rate of Interest on Working Capital	**12.05%**	**11.25%**	**11.25%**	**11.25%**	**11.25%**

91. Based on the above, the interest on working capital for FY 2019-20 to FY 2023-24 is determined as given below:

Table 25: Interest on Working Capital Allowed **(Rs in Crore)**

Sr. No.	Particular	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
1	Cost of Coal for 60 Days	167.01	167.01	167.01	167.01	167.01
2	Cost of Main Secondary Fuel Oil for two months	1.90	1.90	1.90	1.90	1.90
3	O&M Expenses for One Months	10.13	10.49	10.86	11.24	11.63
4	Maintenance Spares 20% of O&M expenses	24.31	25.16	26.05	26.96	27.91
5	Receivables for 45 days	231.43	228.26	225.26	222.28	219.06
6	Total Annual Working Capital	434.79	432.82	431.08	429.38	427.51

7	Rate of Interest on Working Capital	12.05%	11.25%	11.25%	11.25%	11.25%
8	**Annual Interest on Working Capital**	**52.39**	**48.69**	**48.50**	**48.31**	**48.10**

Non-Tariff Income

Provisions in Regulation:

92. Regulation 58.1 of the MPERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2020 provides that

58.1 "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; and
h) Interest on investments and bank balances:

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."

93. The aforesaid Regulation provides that the Generation Company shall submit full details of its forecast of Non-Tariff Income to the Commission. On perusal of the petition, it was observed that the petitioner has not filed projected non-tariff income for the control period. Vide Commission's letter dated 26th September' 2020, the Commission asked the petitioner to file projected non-tariff/other income during the control period FY 2019-20 to FY 2023-24 in accordance to the Regulation 58.1 of MPERC Generation Tariff Regulations, 2020.

94. By affidavit dated 07th November' 2020, the petition has submitted the following regarding Non-tariff Income:

The petitioner respectfully submits that the Form TPS 17 regarding the projection of Non-Tariff Income (NTI)was filed along with the MYT petition (pg. no. 74) wherein the Non-Tariff Income for the year FY 2018-19 was submitted.The petitioner has not projected the Non-Tariff Income for the period FY 2019-20 to FY 2023-24 considering the Note mentioned in the Form which states that the same has to be submitted at the time of truing up. Further, the Form TPS 1 also does not include projections for Non-Tariff Income while determining the total Annual Capacity(Fixed) charges.

However, for projection of Non-tariff incomw for the entire control period, the Petitioner requests the Hon'ble Commission to consider the projected Non-Tariff income for the period FY 2019-20 to FY 2023-24 equal to thatat actually incurred in FY 2018-19 which is shown as below.

Particular	***FY 2018-19 (in Rs. Crore)***
Non-Tariff Income	*0.22*

95. In view of the above, the Commission has provisionally considered the following non-tariff income as filed by the petitioner, which is subject to true-up based on Annual Audited Accounts of each year of the control period.

Table 26: Non-Tariff Income **(Rs. in Crore)**

Year	Non-Tariff Income	50% of the Non-Tariff Income
FY 2019-20	0.22	0.11
FY 2020-21	0.22	0.11
FY 2021-22	0.22	0.11
FY 2022-23	0.22	0.11
FY 2023-24	0.22	0.11

Normative Annual Plant Availability Factor

96. Regulation 49.3 (A) of the MPERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2020 provides that Normative Annual Plant Availability Factor of coal based thermal generating Units/ stations for all capacities which have achieved COD on or after 01/04/2012 is 85%. The same is considered for recovery of Annual Capacity (fixed) Charges in this order.

Summary of Annual Capacity (fixed) Charges

97. The Annual Capacity (fixed) Charges for each year of the control period from FY 2019-20 to FY 2023-24 determined in this order are summarized as given below:

Table 27: Summary of Annual Capacity (Fixed) Charges (Amount in Rs Crore)

S. No.	Particulars	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
1	Return on Equity	153.14	153.14	153.14	153.14	153.14
2	Interest on Loan	322.78	294.19	265.61	237.02	208.44
3	Depreciation	202.37	202.37	202.37	202.37	202.37
4	Interest on Working Cpaital	52.39	48.69	48.50	48.31	48.10
5	O & M Expenses	121.56	125.82	130.26	134.82	139.56
7	Annual capacity (fixed) charges	852.24	824.22	799.88	775.66	751.61
8	Less: Non-Tariff Income	0.11	0.11	0.11	0.11	0.11
9	Net AFC (after adjusting Other Income)	852.13	824.11	799.77	775.55	751.50
12	Annual capacity (Fixed) charges corresponding to 30% of the installed capacity of the Unit	**255.64**	**247.23**	**239.93**	**232.67**	**225.45**

98. The aforesaid Annual Capacity Charges have been computed based on norms specified under the Regulations, 2020. 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 Regulation 42 of the Regulations, 2020

99. Regulation 7.11 of the Regulations, 2020 provides as under:

In case of the existing projects, the generating company shall continue to bill provisionally the beneficiaries at the capacity charges as approved by the Commission and applicable as on 31.03.2019 for the period starting from 01.04.2019 till approval of final capacity charges in accordance with these Regulations:

Provided that the billing for energy charges w.e.f 01.04.2019 shall be as per the operational norms specified in these Regulations:

Provided further that the difference between the tariff above provisional bills raised by the generating company to beneficiary and the tariff determined by the Commission in accordance with these Regulations, shall be recovered or refunded to, the beneficiary with simple interest at the rate equal to the bank rate prevailing as *on 1st April of the respective year of the tariff period, in six equal monthly installments.*

100. The Capacity Charges determined by the Commission in this order shall be recovered or refunded in accordance with the aforesaid Regulation, in six equal monthly installments.

Energy (Variable) Charges

Petitioner's submission:

101. While claiming the Energy charges for the control period, the petitioner considered parameters like Gross Station Heat Rate, Auxiliary Energy Consumption, Specific fuel oil consumption, transit loss for FY 2019-20 to FY 2023-24 based on the provisions under MPERC (Terms and conditions for Determination of Generation Tariff) Regulations, 2020. The details of the Energy Charge Rate claimed by the petitioner is as given below:

Table 28: Energy Charges Rate Claimed

Particular	Unit	FY 2019-20 to FY 2023-24
Capacity	MW	600
NAPAF	%	85%
Gross Station Heat Rate	kCal/kWh	2348.85
Sp. Fuel Oil Consumption	ml/kWh	0.50
Aux. Energy Consumption	%	6.25%
Transit Loss	%	0.80
Weighted average GCV of Oil	kCal/ltr.	10000.00
Weighted average GCV of Coal	kCal/kg	3436.39
Weighted Average landed Price of Coal	Rs./MT	3307.46
Weighted Average landed Price of Oil	Rs/ KL	50956.36
Heat Contributed from HFO	kCal/kWh	5.00
Heat Contributed from Coal	kCal/kWh	2343.85
Specific Coal Consumption	kg/kWh	0.682
Sp. Coal Consumption including Transit Loss	kg/kWh	0.688
Energy Charge from Coal	Rs Crore	1018.76
Total Cost of Oil	Rs Crore	11.41
Total Energy Charges	Rs Crore	1030.18
Rate of Energy Charge	Rs./kWh	2.300
Rate of Energy Charge from at ex bus	Rs./kWh	2.453

Provisions in Regulation:

102. For determining the energy charges (variable charges) of thermal power stations, Regulation 18 of MPERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2020 provides that,

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; and

(b) Cost of secondary fuel oil consumption

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

103. Regulation 43 of MPERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2020, further provides that:

43.1 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). Total Energy charge payable to the generating company for a month shall be:

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

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

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 --------.

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 blending ratio of the imported coal with domestic coal, proportion of e-auction coal and the weighted average GCV of the coal as received 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. The details should be available on its website on monthly basis.

Commission's analysis:

104. MPERC Tariff Regulations, 2020 provides that the energy (variable) charges shall cover both primary and secondary fuel costs and shall be payable during the calendar month for the scheduled energy on ex-power plant basis.

105. In order to determine the energy charges of thermal power station, the operating parameters like gross station heat rate, auxiliary energy consumption, secondary fuel oil consumption and plant availability factor need to be examined as per provisions under the Regulations, 2020.

Gross Station Heat Rate:

106. On perusal of the details regarding Energy charges filed with the petition, it is observed that the petitioner has filed gross station heat rate of 2348.85 Kcal/KWh for the control period of FY 2019-20 to FY 2023-24.

107. Regarding the Gross Station Heat Rate of thermal generating units achieved CoD after 1.4.2016, Regulation 49.3 (C) (ii) of MPERC (Terms and Conditions for determination of Generation tariff) Regulations, 2020, provides as under:

"(*a*) *Existing Coal based thermal generating stations having CoD on or after 1.4.2016 till 31.3.2019, the station heat rate for the control period FY 201920 to FY 2023-24 shall be as given below:*

Station Heat Rate = 1.05 X Design Heat Rate (kCal/kWh).

108. The 1x600 MW Jhabua Thermal Power Plant (Phase I) achieved COD on 03rd May' 2016 which fall under the period mentioned in the aforesaid Regulation. Therefore, the Station Heat Rate for generating unit shall be determined in accordance to aforesaid Regulation 49.3 (C) (ii) of MPERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2020.

109. Vide order dated 30th November' 2018 in petition No. 28 of 2018, the Commission determined the desinned heat rate of the Unit as 2237.05 kCal/kWh by considering the Designed Turbine Cycle Heat Rate and Designed Boiler Efficiency guaranteed by the manufacturer.

110. Based on the above, the Station Heat Rate of the generating unit worked out in accordance to the Regulations, 2020 as under:

Gross station Heat Rate

Technical Parameters	Unit	Values
Designed Turbine Cycle Heat Rate (Actual) (a)	kCal/kWh	1,944.00
Designed Boiler Efficiency (Actual)(b)	%	86.90%
Designed Heat Rate (Actual) (c = a/b)	kCal/kWh	2237.05
Allowable Max Turbine Cycle Heat Rate(as per tariff Regulations) (d)	kCal/kWh	1,950.00
Min. Allowable Boiler Efficiency as per Tariff Regulations, 2015 (e)	%	86.00%
Maximum Allowable Heat Rate (as per Regulation) (f = d/e)	kCal/kWh	2267.44
Least of (c) & (f) = (g)	kCal/kWh	2237.05

Gross Station Heat Rate (h = 1.05 x g) determined and considered in this order	**kCal/kWh**	**2348.85**

111. Hence, the Station Heat Rate norms of 2348.85 Kcal/Kwh as filed by the petitioner and determined by the Commission is considered for the project in this order for the control period of FY 2019-20 to FY 2023-24.

Auxiliary Energy Consumption

112. While claming the Energy Charges, the petitioner considered the normative Auxiliary consumption of 6.25% for the project for control period FY 2019-20 to FY 2023-24 in accordance with the Tariff Regulations, 2020.

113. Regulation 49.3 (E) of the Regulations, 2020 specified the norms for auxiliary energy consumption for thermal generating station/unit of 300 MW and above having Steam driven Boiler Feed Pumps shall be 5.75%. The Regulation further provide that in case the station has installed induced Drafts Cooling Towers, the norm shall be further increased by 0.5%.

114. In para 10.23 of the petition, the petitioner submitted that the generating unit under subject petition having induced draft cooling tower. Hence, with induced draft cooling tower, Auxiliary Energy Consumption is 6.25% (5.75% + 0.50%) considered in this order for the control period from FY 2019-20 to FY 2023-24.

Secondary Fuel Oil Consumption

115. With regard to specific secondary fuel oil consumption, the petitioner considered the specific secondary fuel oil consumption of 0.50 ml/kWh for FY 2019-20 to FY 2023-24. The Commission has also considered the normative specific secondary fuel oil consumption of 0.50 ml/kWh in accordance to Regulation 49.3 (D) of the Regulations, 2020 in this order for the control period from FY 2019-20 to FY 2023-24.

116. The Jhabua Thermal Power Station is a non-pit head power station. Accordingly, the norms for transit and handling losses of 0.80% are considered as per Regulation 45.1 of the Regulations, 2020.

117. In view of above, the operating norms for the control period FY 2019-20 to FY 2023-24 for determination of energy charges is considered in accordance to the Regulations,

2020 in this order are summarized as given below:

Particulars	Unit	Norms
Gross Station Heat Rate	kCal/kWh	2348.85
Specific Oil Consumption	ml/kWh	0.50
Aux. Energy Consumption	%	6.25%
Transit losses	%	0.80%

Gross Calorific Value of Coal:

118. With regard to Gross Calorific Value (GCV) of Coal, Regulation 43.4 of the Regulations, 2020 provided as under:

"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 blending ratio of the imported coal with domestic coal, proportion of e-auction coal and the weighted average GCV of the coal as received 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. The details should be available on its website on monthly basis."

119. With regard to GCV of coal for Coal based Thermal Power Stations, Regulation 43.2 of MPERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2020, provides that 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 shall be considered for determination of energy charges. The aforesaid Regulation further provides 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.

120. On scrutiny of the petition, the Commission observed that the petitioner filed energy charges based on the weighted average GCV of coal on less 85 Kcal/kg on account of

variation during storage at generating station for the three preceding months i.e. for the January’19, February’19 and March’19 for FY 2019-20 to FY 2023-24.

121. Vide Commission’s letter dated 26th September’ 2020, the petitioner was asked to file the weighted average GCV of coal “as received basis” for three preceding months as per Regulation 43.2 of the Tariff Regulation, 2020. The petitioner was also asked to file GCV of coal as per joint coal analysis report and bill/invoice raised by the coal companies along with the copies of joint coal analysis report and invoices and laboratory test report in support of weighted average GCV “as received basis” in this regard.

122. By affidavit dated 07th November’ 2020, the petitioner filed weighted average GCV of 3521.39 Kcal/kg ‘as received basis’ for preceeding three months with supporting documents filed in Annexure 14 of the additional submission.The petitioner also filed weighted average GCV of coal so arrived after reducing (adjustment)of 85kCal/kg in line with the Regulation 43.2, therefore, the net GCV of coal of 3436.39 Kcal/kg is considered for determination of energy charges. The petitioner also submitted laboratory coal analysis report indicating GCV of coal on received basis.

123. Based on the above, the weighted average GCV of coal as filed and considered in this order is given below:

Table 29: Weighted Average GCV of Coal

Month	Qty of Coal Consumed (MT)	GCV	Weighted average	Weighted Average GCV(Kcal/Kg)
January'19	102235.00	3587	366716945	
February'19	105663.00	3419	361261797	
March'19	130020.00	3553	461961060	
Total	337918.00		1189939802	**3521.39**
Less: 85Kcal/kg for the purpose of Reg 43.2				**3436.39**

124. Hence, GCV of coal as **3436.39 Kcal/Kg** is considered for the project for determination of energy charges in this order. The petitioner is directed to ensure the compliance of Regulation 43.4 of the Regulations, 2020.

125. The petitioner has filed Gross Calorific Value of fuel oil of 10,000 Kcal/ltr. The same value of GCV of fuel oil as filed by the petitioner is considered in this order.

Landed Cost of Coal:

126. The petitioner claimed weighted average landed cost of coal of Rs. 3307.46/MT for FY 2019-20 based on the landed cost of coal during preceding three months i.e. January' 2019 to March' 2019.

127. Regarding the landed cost of coal, Regulation 44.2 of MPERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2020 provides as follows:

"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, for the purpose of landed coal cost: 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.

128. In form TPS 15 of the petition, the petitioner worked out the weighted average landed price of coal considering the price of coal for preceding three months i.e. January, February and March' 2019. Vide letter dated 26th September' 2020, the petitioner was asked to submit the following detail:

Detailed calculation sheet for arriving at the weighted average landed cost of coal for claiming the energy charges in the petition along with supporting documents like copy of the bills/invoices be filed. The petitioner is required to submit the Month-wise details of quantity and landed cost of coal purchased from all sources. Basis of claiming the equivalent Rail Transportation cost for 2.5 km distance be also filed by the petitioner.

129. By affidavit dated 07th November' 2020, the petitioner submitted the following:

The detailed calculation for arriving the weighted average landed cost including the month-wise details of quantity and landed cost of coal for claiming the energy charges are as follows:

Weighted Average Cost of Coal

Month	**Coal Quantity (MT)**	**Total landed Cost (Rs.)**	**Cost (Rs. /MT)**	**Weighted average % consumption**
January 2019	102235	332961333	3256.82	30.25%
February 2019	105663	347572484	3289.44	31.27%
March 2019	130020	437117291	3361.92	38.48%
Weighted Average Cost for the period of three months (Rs. /MT)				***3307.46***

The supporting documents in respect of price of coal are attached as Annexure-13. With regard to the basis of claim of equivalent rail transportation cost for 2.5 km, the petitioner submits that the Commission vide its Order on Review Petition No. 12 of 2019 dated December 27, 2019 has considered petitioner's prayer for consideration of equivalent cost of transportation of coal through rail against the present transportation by road between Binaiki and the Plant for a distance of 2.5 km till the commissioning of the Railway Siding of the petitioner.

Detailed methodology for calculating equivalent cost of 2.5 km is as follows:

Methodology for calculating equivalent rail transportation cost of 2.5 km

Source of Coal	**Yearly coal procurement in MT**	**Total no. of kms**	**Weighted average kms**
SECL	1029881	592	615.04
MCL	325225.7	688	

The per km cost of rail transport is arrived by dividing the total cost of rail transport by the above figure of 615 km and accordingly the same is considered for arriving equivalent cost of 2.5 km.

Accordingly, Petitioner has considered the above while claiming the landed cost of coal for the period from January 2019 to March 2019

130. On perusal of the aforesaid details filed by the petitioner, the Commission observed that the petitioner has worked out road transportation charges between Binaiki and the Plant for a distance of 2.5 km equivalent to cost of transportation of coal through rail in line with the methodlogy for road transportation charges adopted by the Commission in Order on Review Petition No. 12 of 2019 dated December 27, 2019.

131. The petitioner's power station is non-pit head therefore, while determining the landed cost of coal, the petitioner has considered normative transit and handing losses of 0.8%. The Commission has considered the normative transit and handling losses in determining the specific coal consumption for energy charge rate in this order. Therefore, the landed price of coal is considered prior to normative transit and handling losses filed by the petitioner. The weighted average landed cost of coal considered in this order is for preceding three months i.e.,January' 2019, February' 2019 and March' 2019 in accordance to the Tariff Regulations.

132. Based on the above submissions made by the petitioner regarding the quantity and cost of coal received by the petitioner during Jan' 19 to March' 19 and provided in form TPS 15 of the petition, the Weighted Average landed price of coal is worked out in terms of Tariff Regulations, 2020 as given below:

Table 30: Weighted Average Price of Coal

Month	Total Quantity Coal Received (MT)	Cost of Coal (Rs/MT)	Rate of Coal Received (Rs/MT)	Weighted average Landed price of Coal (Rs /MT)
Jan' 2019	102235.00	3256.82	332961332.60	
Feb' 2019	105663.00	3289.44	347572484.00	
Mar' 2019	130020.00	3361.92	437117291.20	
Total	337918.00		1117651108.00	
Weighted average landed cost of coal				**3307.46**

133. Accordingly, the weighted average price of coal of **Rs. 3307.46/ MT** (with out considering transit and handling losses) is worked out by considering the weighted average rate of preceeding three month's in this order.

134. Regulation 38.2 of the Regulations, 2020 provides that while determining the weighted average price of fuel, no fuel price escalation shall be provided during the tariff period. Therefore, the preceding three months weighted average rate of coal of Rs 3307.46 /MT is considered for entire control period in this order.

Landed Cost of secondary fuel oil:

135. The petitioner claimed weighted average landed cost of secondary fuel oil of Rs. 50,956.36/KL for FY 2019-20 based on the landed cost of fuel oil purchased in the month of January' 2019 to March 2019.

136. Vide letter dated 26th September' 2020, the Commission asked details regarding wt. average rate of secondary fuel oil which is mentioned as below:

While computing the weighted average rate of Secondary fuel oil, the petitioner has considered the LDO purchased during preceding three months. However, Regulation 19.1 of the Tariff Regulations, 2020 provides that the landed cost of secondary fuel oil for tariff determination shall be based on actual weighted average cost of secondary fuel of the three preceding months.

In view of the above, the petitioner is required to file the landed price of secondary fuel oil purchased during three preceding months in accordance with the provisions under the Generation Tariff Regulations, 2020. The petitioner is also required to explain the reasons for not considering rate of furnace oil. Supporting documents (Bills/invoices) in respect of price of oil purchased be filed by the petitioner in this regard.

137. By affidavit dated 07th November' 2020, the petitioner submitted the following:

Landed price of secondary fuel oil (LDO) for the period from January 2019 to March 2019 along with the breakup is as follows:

Breakup of landed cost of secondary fuel oil

Month	***Received Cost (Rs.)***	***Freight Cost (Rs.)***	***Total landed Cost (Rs.)***
January 2019	*4726785.00*	*489301.00*	*5216086.00*
February 2019	*6727085.41*	*632199.34*	*7359284.75*
March 2019	*5707129.47*	*536345.72*	*6243475.19*

With regard to the reasons for not considering the furnace oil, the Petitioner submits that the DPR of the Petitioner's Plant recommended to use either LDO or FO.

However, the Petitioner has considered LDO as the main secondary fuel oil considering that the same is cost effective when it comes to fuel handling as FO requires constant heating thereby increasing auxiliary consumption. Also there are other operational issues with FO as the sulphur content of FO is very high and during cold start use of FO may delay boiler light up.Further, the supporting documents in respect of price of LDO are attached as Annexure-12.

138. In view of above, the weighted average rate of secondary fuel for preceding three months is considered by the Commission as Rs 50,956.36/KL based on the details filed by the petitioner as given below.

Table 31: Wt. Average landed rate of secondary fuel oil (Rs/KL)

Month	LDO Receipt (KL)	Total landed Cost (Rs.)	Cost (Rs. /KL)	Weighted average % consumption
January'2019	109.00	5216086.00	47854.00	29.51%
February'2019	140.83	7359284.75	52255.40	38.13%
March' 2019	119.48	6243475.19	52255.40	32.35%
Weighted Average Cost for the period of three months (Rs. /KL)				**50956.36**

139. Regulation 38.2 of the Regulations, 2020 provides that while determining the weighted average price of fuel, no fuel price escalation shall be provided during the tariff period. Therefore, the preceding three months weighted average rate of secondary fuel of Rs 50,956.36 /KL is considered for entire control period in this order.

140. Accordingly, the Energy Charges for the control period of FY 2019-20 to FY 2023-24 are worked out as given below:

Table 32: Energy Charges determined in this order

Particular	Unit	FY 2019-20 to FY 2023-24
Capacity	MW	600
NAPAF	%	85%
Gross Station Heat Rate	kCal/kWh	2348.85
Sp. Fuel Oil Consumption	ml/kWh	0.50
Aux. Energy Consumption	%	6.25%
Transit Loss	%	0.80

Weighted average GCV of Oil	kCal/ltr.	10000.00
Weighted average GCV of Coal	kCal/kg	3436.39
Weighted Average landed Price of Coal	Rs./MT	3307.46
Weighted Average landed Price of Oil	Rs/ KL	50956.36
Heat Contributed from HFO	kCal/kWh	5.00
Heat Contributed from Coal	kCal/kWh	2343.85
Specific Coal Consumption	kg/kWh	0.682
Sp. Coal Consumption including Transit Loss	kg/kWh	0.688
Rate of Energy Charge from Coal	Rs./kWh	2.274
Rate of energy charges from oil	Rs./kWh	0.025
Rate of Energy Charge	Rs./kWh	2.300
Rate of Energy Charge from at ex bus	**Rs./kWh**	**2.453**

141. The aforesaid energy charges has been worked out for working capital purpose. The base rate of the energy charges shall however be subject to month to month adjustment based on actual fuel price and actual GCV of coal on received basis. The recovery of energy charges shall be made in accordance with Regulations 43 of MPERC (Terms and Conditions for determination of Generation Tariff) Regulations, 2020.

Other Charges

142. In the subject petition, the petitioner has prayed for the following 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 the beneficiaries.*

143. Regarding the Application fee, publication expenses and other statutory charges, Regulation 65 of MPERC (Terms and Conditions for determination of generation tariff) Regulations, 2020, provides as under:

"*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*."

144. In view of the above, the petitioner is allowed to recover the fee paid to MPERC and publication expenses as per Regulation 65.1 (i) of MPERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2020 on submission of documentary evidence.

145. Regarding the Electricity duty, cess and water charges, Regulation 65.2 of MPERC (Terms and Conditions for determination of Generation Tariff) Regulations, 2020, provides as under:

"65.2 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 the each beneficiaries in proportion to their schedule dispatch during the month."

146. The petitioner is also allowed to recover the electricity duty on plant auxiliary consumption, Energy Development Cess on energy supplied to MPPMCL and water charges paid to Water Resources Department, Government of MP as per Regulation 65.2 of MPERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2020 on submission of documentary evidence.

Implementation of the order

147. The generation tariff under the Multi-Year Tariff framework for the control period from FY 2019-20 to FY 2023-24 is determined under MPERC (Terms and Conditions

forDetermination of Generation Tariff) Regulation' 2020. The petitioner is directed to file true-up petitions for FY 2019-20 based on the Annual Audited Accounts within 60 days from the date of issue of this order.

148. The Commission directs that the generation tariff determined in this order shall be applicable from 1st April' 2019 and will continue to be operative till 31st March' 2024, under Multi Year Tariff Principles. The difference between the billing done in accordance with Regulation 7.11 of the Tariff Regulations, 2020 for the period starting from 01.04.2019 and the tariff determined in this order shall be done in accordance to second proviso of the Regulation 7.11 of the Regulations, 2020 in six equal monthly installments.

149. The petitioner must take steps to implement this order after giving seven (7) days' public notice in accordance to Regulation 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 its amendments and must also provide information to the Commission in support of having complied with this order.

150. With the above directions, this Petition No. 47 of 2020 is disposed of.

(Shashi Bhushan Pathak)	**(Mukul Dhariwal)**	**(S.P.S Parihar)**
Member	**Member**	**Chairman**

Date: 8th May' 2021
Place: Bhopal

Annexure-I

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

MPPMCL Comment:

1. The Petitioner had filed True-up Petition No. 26 of 2019 for FY 2017-18. The Hon'ble Commission carried out truing –up exercise & passed the order dated 04.01.2020. The Capital Cost of the project as on 31.03.2018 admitted by this Hon'ble Commission vide the order dated 04.012020 is Rs.3933.59 Crores only. Thereafter, the petitioner had filed True- up petition no. 27 of 2020 praying for approval of Additional Capital Expenditure of Rs. 18.82 crores for the period FY 2018-19. The Petition is pending before this Commission. Therefore, it is respectfully prayed that the cost of the project as admitted by this Hon'ble Commission as on 31.03.2018 i.e. Rs. 3933.59 crores, may kindly be considered as opening capital cost for determination of the Tariff for the current Tariff Period.

Petitioner's Response

The averments made by MPPMCL are matter of facts except to the prayer made by MPPMCL to consider the capital cost of Rs.3933.59 Crore for determination of tariff for the current tariff period and therefore merits no response from the Petitioner. With regard to prayer of MPPMCL to consider approved capital cost as on 31.03.2018 as opening cost for FY 2019-20 without considering any capitalization for the period FY 2018-19 on the premise that the True Up Petition for FY 2018-19 is pending before the Hon'ble Commission is without merit and thus liable to be rejected. The Petitioner submits that Hon'ble Commission may please consider the capitalization approved for FY 2018-19 to arrive at the Opening Capital Cost for FY 2019-20 and in case of delay in finalization of true up for FY 2018-19 by Hon'ble Commission the Petitioner humbly requests the Hon'ble Commission to consider the opening capital cost of Rs. 3952.40 Crore as on 1.04.2019 as claimed by the Petitioner considering that the same shall be subject to True up.

Observation:

The Commission issued the true-up order for FY 2018-19 dated on 05th January' 2021 in Petition No 27 of 2020. To work out the opening capital cost as on 1st April' 2019, the Commission has considered the closing Gross Fixed Assets of Rs

3952.18 Crores as on 31st March' 2019 as admitted in last true up as a base figure of capital cost in this order in accordance to the Regulations, 2020.

MPPMCL Comment

2. The Answering Respondent opposes all claims which are not permissible under Tariff Regulations 2020 and/ or which are claimed again, despite having been previously rejected by this Hon'ble Commission, in earlier Tariff Petitions.

Petitioner's Response

The averments made by MPPMCL are denied and not admitted as the same are too vague without any specific mention of provisions under which the Respondent opposes the claims made by the Petitioner. Further, the Respondent also failed to mention the claims which were earlier rejected by the Hon'ble Commission and thus merit no specific response.

Observation:

The subject MYT petition has been examined by the Commission in accordance with the principles, methodology and the norms specified in the MPERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2020.

MPPMCL Comment

3. It is humbly submitted that in the present Petition, the petitioner has considered the following Additional Capital Expenditures for working out the Annual Capacity Charges for this Multi Year Tariff Period-

(i) **FY 2018-19**– The petitioner for the purpose of determination of tariff for the current tariff period has considered Addl. Capitalization of Rs. 18.82 crores claimed in the true-up petition no 26 of 2019 for FY 2018-19 and accordingly considered opening capital cost of the project as on 01.04.2019 as Rs. 3952.40 crores only. In this regard, it is respectfully submitted that the aforesaid true –up petition is still pending before this Hon'ble Commission and as per the provisions of Regulation 6.2 of MPERC Generation Tariff Regulation' 2020, this claimed amount cannot be considered for the purpose of determination of the Tariff, until the same has been admitted by this Hon'ble Commission. Therefore, the Gross Fixed Assets of the project Rs. 3933.59 crores as on 31.03.2018 admitted by this Hon'ble Commission vide order dated 04.01.2020 has to be considered as opening Gross Fixed Assets as on 01.04.2019 for the purpose of determination of the Tariff for the current Tariff Period.

(ii) **FY 2019-24**– As per the Tariff Regulation 2015, the cut –off date of the project is 31.03.2019. The Petitioner had filed a petition no. 19 of 2019 before this Hon'ble Commission praying for extension of cut –off date by two years i. e. up to 31.03.2021. The prayer was rejected by this Hon'ble Commission vide order dated 30.05.2019. Therefore, as per the provisions of Regulation 27 of MPERC Tariff Regulations'2020 ,the petitioner is only entitled for Additional Capitalization claims which are included under the original scope of work and are permitted after cut- off date.

Despite this, the petitioner under para 8.13 of the petition, has considered the Additional Capitalization of Rs. 182.09 crores towards the work which are not completed within the cut-off date. The Petitioner has given alleged reasons for time overrun, which are denied and disputed. The reasons alluded for time overrun are not attributable to the Respondent and cannot be termed as uncontrollable. The same could have been mitigated with better project planning and management. It is respectfully submitted that this claim is not admissible under the provisions of Tariff Regulations 2020 and therefore shall not be allowed.

Beside this, the petitioner under para 8.13 of the petition has considered projection of Additional Capital Expenditures as under-

- Additional Capitalization of Rs. 130.52 crores towards discharge of liabilities for works executed prior to the cut –off date,
- Additional Capitalization of Rs. 5.70 crores towards the execution of deferred works related to ash handling system & ash silo,
- Additional Capitalization of Rs. 17.25 crores towards raising of ash dyke.

In this regard, it is submitted that, due to delay in execution of aforesaid works, there must be some additional expenditure. It is therefore prayed to the Hon'ble Commission to prudently check the claim of the petitioner and only allow the reasonable additional capitalization which are permitted under the provisions of Regulations 2020.

Petitioner Response:

In reply to the averments made along with the sub-Paras (i) to (ii) by MPPMCL, the Petitioner submits the sub-Para wise reply as follows:

(i) *The averments made by MPPMCL are mere repetition of its submission made in Para 3 and are not admitted for the reasons as submitted in Para 2 above and are not repeated for the sake of brevity.*

(ii) *The averments made by MPPMCL are denied and not admitted as the averments made by the Respondent with regard to claim of additional capitalization are erroneous and is a result of erroneous interpretation of Hon'ble Commission's Order dated 30.05.2019.The Respondent has erroneously stated that the prayer for extension of cut-off date by two years in Petition No. 19 of 2019 was rejected by the Hon'ble Commission vide its Order dated 30.05.2019 whereas, the Petitioner has already referred the outcome of the Order dated 30.05.2019 in Para 8.6 of the instant Petition. The Petitioner would like to re-emphasise the same and therefore the relevant ruling in Hon'ble Commission's Order dated 30.05.2019 is reproduced below;*

> *"7. From the aforesaid provisions under MPERC (Terms and Conditions for determination of Generation Tariff) Regulations, 2015, it is observed that for considering the actual additional capitalization beyond cut-off date of the project, detailed examination of actual capital expenditure of each work beyond cut-off date and the reasons for delay in capitalization of all such works beyond cut-off date shall be required by the Commission in terms of Regulation 4.1(l) and 20.2 of MPERC Tariff Regulations, 2015. Hence, the subject petition cannot be examined and decided by the Commission at this stage. Therefore, the petitioner is directed to approach the Commission with actual additional capitalization of all works beyond cut-off date as per the Annual Audited Accounts along with all details and documents in terms of aforesaid Regulations while filing the true-up petition for respective financial year."*

As mentioned above, Hon'ble Commission in the above Order had not rejected the prayer of the Petitioner instead had directed the Petitioner to approach the Commission with details of additional Capitalisation beyond the Cut-Off date. Further, the MPERC Tariff Regulations, 2020 requires the Petitioner to project the additional capitalization for the control period. Therefore, in compliance to the *above directive and the MPERC Tariff Regulations, 2020 the Petitioner has projected the additional capitalization.*

Therefore, it can be inferred that the Respondent's basic arguments stems out of erroneous interpretation of Hon'ble Commission's ruling and thus liable to be rejected. The Respondent has further alleged that the reasons for time overrun submitted by the Petitioner are not uncontrollable just because the reasons are not attributable to the Respondent. This is also erroneous as the reasons specified by the Petitioner for delay in asset capitalisation which were part of Original Scope of Work were not in control of the Petitioner and thus Uncontrollable. The Petitioner therefore requests the Hon'ble Commission to admit the additional capitalization as claimed by the Petitioner in the instant Petition.

Further, with regard to averment made by the Respondent in the last para that due to delay in capitalisation of works, the Petitioner would have incurred additional expenditure is without any specifics and too vague to merit any response.

Observation:

The Commission has considered the opening figure of capital cost of the project same as admitted by the Commission in its last true-up order for FY 2018-19 issued on 05th January' 2021 in petition No. 27 of 2020 in accordance to provisions under Regulations, 2020.

The additional capitalization filed by the petitioner during the control period is required to be scrutinized on several counts specified in the Regulations 2020. Based on the information made available by the petitioner, this exercise shall be carried out while undertaking true-up exercise for the respective year based on Annual Audited Accounts and other requisite details in this regard in light of the provisions under Regulations, 2020.

MPPMCL Comment

4. It is respectfully submitted that, as per formula provided under Regulation 43.2 of Tariff Regulations 2020, the Energy Charge Rate depends on the CVPF & LPPF of primary fuel and CVSF &LPSFi of Secondary fuel. Regulation 44.2 of the Tariff

Regulations 2020 has the provisions regarding Landed cost of coal for any month as under –

" 44.2 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: "

From the above, it may kindly be seen that the various components of landed cost of coal such as transportation cost, loading, unloading & handling charges have no norms /ceiling limits. The break up or sub -components of the transportation cost are also not specified under the Regulations. On account of this, Generators are free to charge any amount under Transportation cost. Different Generator are charging, different sub-components under Transportation cost. There is also considerable variations, in the Transportation cost of coal per MT/ per km charged by the different Generators. The similar is the case with loading, unloading and handling charges. As such, there is no prudent check on the landed cost of coal. It is therefore, requested to the Hon'ble Commission to specify /define sub-heads /norms / ceiling limits on Transportation cost / Loading unloading & handling charges to have prudent check on the aforesaid cost.

The other factor which results in huge increase in Energy Charge Rate (ECR) is Weighted Average Gross calorific value of coal as received (CVPF). Regulation 3(30) defines the "GCV as received" as under-

*" '**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/Section1)-1964:*

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

In this regard, it is submitted that there is a considerable difference (sometimes upto 20 %) in the “GCV as billed” by the coal companies and ‘GCV as received’. Resulting in considerable increase in the Energy charge Rate. Therefore, it is requested to the Commission to specify some ceiling norms for loss of GCV between the “GCV as Billed” & “GCV as received”.

It is respectfully prayed to the Hon’ble Commission to consider all the above submissions made by the answering respondent, while arriving / approving Energy Charge rate.

5. <u>Electricity Duty/ Cess on Auxiliary Energy Consumption:</u>

Regulation 65.2 of the Tariff Regulation 2020 have the provisions regarding applicability of ED/EDC on scheduled Energy & Auxiliary Power Consumption. As per clause 65.2, ED Cess on Auxiliary Consumption is to be trued up by the Hon’ble Commission on actual basis whereas as per proviso under regulation 65.2, Electricity Duty is applied on normative auxiliary consumption and there is no truing up by the Hon’ble Commission.

In this regard, it is submitted that during certain months, the actual auxiliary consumption is less than the normative auxiliary consumption and accordingly the Generator deposits ED to the Government calculated as per actual auxiliary consumption, whereas charge higher amount based on normative auxiliary consumption. It is therefore, prayed to the Hon’ble Commission to limit allowable EDC/ ED on auxiliary consumption to normative/actual whichever is lower.

Petitioner’s Response on point No. 4&5

In reply to the averments made above by MPPMCL, the Petitioner submits that the averments made by MPPMCL does not pertain to the submissions made by the Petitioner in the instant Petition and can be best interpreted as an attempt to suggest amendments to the current Regulations. Therefore, the averments made by the Respondent are not relevant, not admitted and merits no response from the Petitioner.

Observation on point No. 4&5

The Commission sought several details and documents relevant to Landed Cost of Coal like detailed break-up of various cost components alongwith supporting documents like copy of the bills/invoices and copies of bills raised by the petitioner to MPPMCL towards Energy Charges. For GCV of coal "as received", the Commission also sought copy of laboratory test report of coal and other relevant details/documents. The landed cost and GCV of coal are only allowed after prudence check with respect to the documents submitted by the petitioner and in accordance with the provisions under MPERC (Terms and Conditions for determination of Generation Tariff) Regulations, 2020.

Further, Regulation 65 of the MPERC (Terms and Conditions for determination of Generation Tariff) Regulations, 2020 provides as under,

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

1. *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:*
2. *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.*
3. *SLDC Charges and Transmission Charges as determined by the Commission shall be considered as expenses, if payable by the generating stations.*
4. *RLDC/NLDC charges as determined by the Central Commission shall also be considered as expenses, if payable by the generating station.*
5. *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 actual*."

Accordingly, the statutory charges have been considered in accordance to Regulation 65 of MPERC (Terms and Conditions for determination of Generation Tariff) Regulations, 2020 on submission of documentary evidence.

Annexure-II

Petitioner’s Response on the comments offered by the Stakeholder along with the observations:

Stakeholder Comment

There has been a delay in filing the instant MYT Petition. Petitioner be directed to provide the audited accounts of the financial year 2019-2020 based on actual income and expenditure, consequent to which the tariff of financial year of 2019-2020 be considered as final order.

The Tariff period for referenced petition tariff period is for control period 2019-20 to 2023-24 –It is humbly requested that tariff for FY 2019-20 to be the final tariff order as fixed in order passed for 2016-17 to 2018-19

Petitioner’s Response

In reply to the averments made by the Stakeholders, the Petitioner submits that MPERC Tariff Regulations, 2020 mandates Petitioner to file MYT Petition for entire Control Period and in compliance to the same the Petition has been filed by the Petitioner.The delay in filing of the MYT Petition was due to a number of reasons which were beyond the control of the Petitioner. The onset of the COVID-19 Pandemic delayed the finalization of the Multi Year Tariff Petition. It is further submitted that Petitioner in compliance to the MPERC Regulations have issued Notice in Public seeking suggestions on MYT Petition and therefore carrying out truing up and revising the data for FY 2019-20 on actual basis will unnecessarily delay the Petition as fresh comments will need to be sought and responded to. The Petitioner therefore humbly requests the Hon’ble Commission to determine the Tariff for the Control Period on the basis of the Petition filed. It is further submitted that the Petitioner is already in process of preparing the Truing up Petition for FY 2019-20 which shall be filed subsequently.

Observation:

The Commission issued MPERC (Terms and Conditions for determination of Generation Tariff) Regulations, 2020 on 20th February’ 2020 which were notified in Madhya Pradesh Gazette on 28th February’ 2020. In terms of Regulation 6.2 of the Regulations, 2020, a Generating Company has to make an application for determination of Multi-Year Tariff within 60 days from the date of the notification of the Regulations.

Considering the difficulties being faced by the generating companies in filing their MYT Petitions on account of the lockdown imposed across the country due to COVID-19 pandemic, the Commission vide its Order dated 06.05.2020 extended the timeline for filing the MYT Petition till 30.06.2020. The subject petition has been filed on 8th July' 2020 hence, there is no substantial delay in filing the subject petition.

In this order, the Commission has determined the multi-year tariff for the control period FY 2019-20 to FY 2023-24 under the MYT framework in accordance to the provisions under Regulations, 2020. The true-up of tariff shall be carried out on year-to-year basis, based on the Annual Audited Accounts for respective year of the control period.

Stakeholder Comment:

The Petitioner had filed True-up Petition No. 26 of 2019 for FY 2017-18. The Hon'ble Commission carried out truing –up exercise & passed the order dated 04.01.2020. The Capital Cost of the project as on 31.03.2018 admitted by this Hon'ble Commission vide the order dated 04.012020 is Rs. 3933.59 Crores only. Thereafter, the petitioner had filed True- up petition no. 27 of 2020 praying for approval of Additional Capital Expenditure of Rs. 18.82 crores for the period FY 2018-19. It was requested not to admit this additional capitalization. Therefore, it is respectfully prayed that the cost of the project as admitted by this Hon'ble Commission as on 31.03.2018 i.e. Rs. 3933.59 crores, may kindly be considered as opening capital cost for determination of the Tariff for the current Tariff Period.

Petitioner's Response

The averments made by the Stakeholders in the Para 2 does not merit any response from the Petitioner as the Petition for True up for FY 2018-19 (Petition No. 27 of 2020) has been disposed of by the Hon'ble Commission vide its Order dated 05.01.2021 and therefore approved capitalization for FY 2018-19 may kindly be considered.

Observation:

To work out the opening capital cost as on 1st April' 2019, the Commission has considered the closing Gross Fixed Assets of Rs 3952.18 Crores as on 31st March' 2019 as admitted in last true up order dated 05th January' 2021 for FY 2018-19 in Petition No 27 of 2020 as a base figure of capital cost in the order in accordance with the provisions under Regulations, 2020.

Stakeholder Comment

It is humbly requested from the Hon'ble Commission that the claimed additional capitalization in the Control period should be disallowed as it is claimed after the cut-off date.

Petitioner’s Response

The averments made by the Stakeholders are not admitted except to the extent of facts stated as they are devoid of any merit. The Petitioner humbly submits that it has claimed the additional capitalization in line with the MPERC Tariff Regulations, 2020 after the cut-off date for the works which are in Original Scope of Works and could not be completed before cut-off date owing to the reasons as submitted in the instant Petition. It is further submitted that the Commission in Para 7 of its Order in Petition No. 19 of 2019 has provided the Petitioner liberty to approach the Hon’ble Commission on actual basis and therefore the inference drawn by the Stakeholder that the current claim is in contravention to the Hon’ble Commission’s direction is incorrect and therefore liable to be rejected.

Observation

The additional capitalization filed by the petitioner during the control period is required to be scrutinized on several counts specified in the Regulations 2020. Based on the information made available by the petitioner, this exercise shall be carried out while undertaking true-up exercise for the respective year based on Annual Audited Accounts and other requisite details in this regard.

Stakeholder Comment

For establishment of Emission Control System (ECS)/Fuel Gas desulphurization (“FGD”) direction be issued for verbatim compliance of 0.37 Crore/per megawatt and in absence of the same no amount be approved for additional capitalization.

Petitioner’s Response

In reply to the averments made by Stakeholders, the Petitioner submits that the request of the Stakeholders to direct the Petitioner to execute the FGD at an amount Rs. 0.37 Crore/MW is misleading as the same refers to an indicative figure determined by CEA towards base capex cost for limestone based FGD and does not include the other essential costs viz. opportunity cost, plant specific cost towards ducting and electricity, IDC and IEDC etc. and therefore is not admissible. The Petitioner, in line with the MPERC Tariff Regulations, 2020, and, as already submitted in the instant Petition in Para 8.16 to Para 8.18 shall approach the Hon’ble Commission separately for approval of the same.

Observation:

Additional Capitalization towards installation Emission Control System (ECS)/Fuel Gas desulphurization ("FGD") shall be scrutinized in true-up petition for respective the respective year of the control period based on the Annual Audited Accounts in light of the provisions under Regulations, 2020.

Stakeholder Comment

MPERC (Terms Conditions for determination of Generation Tariff, 2020) was notified by Hon'ble Commission on 20.02.2020 before the outbreak of novel Coronavirus ("Covid-19") and the same may be amended by exercising its inherent powers under Regulation 68.2 of the Tariff Regulations, 2020.

Petitioner's Response

The Stakeholders have requested the Hon'ble Commission to invoke its inherent powers as provided in Regulation 68.2 of MPERC Tariff Regulations, 2020 to amend the Regulations on the premise that the Regulations were notified prior to the Pandemic. In view of the request made by the Stakeholders, the Petitioner would like to submit that the request does not relate to the current tariff proceedings and hence be rejected. The Petitioner however would like to submit that the norms and Regulations have been framed by the Hon'ble Commission considering the past actuals and best practices and with a long term perspective and therefore merit no changes as any frequent changes in the norms will only lead to Regulatory uncertainty and lower Investor's confidence. The Petitioner therefore humbly requests the Hon'ble Commission to reject the same.

Observation

In this MYT order, the Commission has determined Annual Capacity Charges and Energy Charges based on the methodology and norms specified in MPERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2020.

Stakeholder Comment

The maximum limit of Return on Equity ("RoE") in the present Petition be set on 10%**.**

Petitioner's Response

The Stakeholders have referred to the direction by GoI to NTPC and PowerGrid (GoI undertakings) to offer a Rebate of about 20-25% on billed amounts and also referred to ruling of Hon'ble CSERC to reduce the RoE for the State Utilities viz. CSPGCL, CSPTCL, *CSLDC and CSPDCL (State Government Undertakings) and has sought RoE to be reduced to maximum of 10%. In this regard, the Petitioner submits that the request of Stakeholders is against the provisions of the MPERC Tarif Regulations, 2020 and therefore liable to be rejected. It is further stated that GoI Orders pertains to government undertaking/PSUs and it rightfully do not mention private companies to offer rebate and therefore the contention raised by the Stakeholder has no merit. It is further to be noted that the Utilities referred by the Stakeholders being Government Undertakings have the leverage to be bailed out in case of default of any obligations whereas the same is not possible with the Petitioner. In view of the above, the averments made by the Stakeholders are not admissible and does not merits any response from the Petitioner.*

Observation

Base Rate of Return on Equity considered is in accordance with the MPERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2020.

Stakeholder Comment:

In respect to the increment of Operation and Maintenance expenses, the said expenses be considered similar to the State of Chhattisgarh and the Operation and Maintenance expenses be kept at the same level of 2018-2019. The actual expenses for Operation and Maintenance as incurred by the Petitioner in the previous year be approved for the Petitioner.

Petitioner's Response

The Stakeholders have referred to the decision taken by Central/State Governments to not increase the salaries or curtail DA of its employees and also referred to the ruling of Hon'ble CSERC to utilize the actual CPI and WPI indices while truing up for FY 2017-18 and FY 2018-19in case of State Utilities viz. CSPGCL, CSPTCL, CSLDC and CSPDCL. (State Government Undertakings). It is be noted that as per MPERC Tariff Regulations, 2020 the Utilities are entitled to Normative O&M Expenses which are not subject to true up indicating that the gain or loss on account of the O&M Expenses has to be borne by the Petitioner. In contrast to the submission of the stakeholder that the expenses incurred by the Gencos against salaries have come down during COVID-19, it is submitted that the management had to incur extra expenditure to incentivize employees as well as contractual staff to stop them from migrating to their native place and ensure sustainable generation. In view of the above, the averments made by the Stakeholders are not admissible and does not merits any response from the Petitioner.

Observation:

Operation & Maintenance Expenses has worked out based on the norms for O&M expenses provided in the MPERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2020.

Stakeholder Comment

Due date for raising the bill as envisaged under the PPA, i.e. 30 may be suitably taken into account for the calculation of interest on Working capital as per the Tariff regulations, 2020, i.e. 45 days of Receivables and it may be proportionately reduced in public interest.

Petitioner's Response

In reply to the averments made by Stakeholders, the Petitioner submits that the Stakeholder has missed out on the aspect that the Petitioner has to incur all the generation related cost before even raising the bill and 30 nos. of days are provided for payment of the bills and therefore the suggestions of the Stakeholder is devoid of any merit and liable to be rejected.

Observation

Receivables equivalent to 45 days of capacity charges and energy charges for sale of electricity calculated on the normative annual plant availability factor is considered in accordance with the Regulations, 2020.

Stakeholder Comment

Working capital Regulation covers Cost of coal towards stock, if applicable, for 15 days for pit-head generating stations and 30 days for non-pit-head generating stations in MPERC Tariff Regulations, 2015 whereas in CERC, 2019 Regulation, it covers Cost of coal towards stock, if applicable, for 10 days for pit-head generating stations and 20 days for non-pit-head generating stations. The Commission can amend this working capital Regulation as per CERC so that it doesn't burden the consumers of the State.

Petitioner's Response

The averments made by the Stakeholders are a result of erroneous interpretation of Regulations and completely fails to factor in the State specific conditions which has resulted in making such differentiation in the norms. However, as the matter do not pertain to the current tariff petition hence merit no response from the Petitioner.

Observation

Cost of coal for working capital is considered in accordance to the provisions under MPERC (Terms and Conditions for determination of Generation Tariff) Regulations, 2020.

Stakeholder Comment

It is seen that the various components of landed cost of coal such as transportation cost, loading, unloading & handling charges have no norms /ceiling limits. The break up or sub -components of the transportation cost are also not specified under the Regulations. Three preeceding month details needs to be submitted by the petitioner as per the Tariff Regulations. It is therefore, requested to the Hon'ble Commission to direct the petitioner to specify these details to have prudent check on the aforesaid cost.

Petitioner's Response

In reply to the averments made by the Stakeholders, the Petitioner submits that all requisite details as sought by the Hon'ble Commission have been submitted to the Hon'ble Commission vide its Reply dated 05.11.2020 to the preliminary information gaps on the instant Petition communicated vide letter dated 26.09.2020. The Petitioner further submits that the copy of the same is available on the website of the Petitioner.

Observation:

The Commission sought several details and documents relevant to Landed Cost of Coal like detailed break-up of various cost components alongwith supporting documents like copy of the bills/invoices and copies of bills raised by the petitioner to MPPMCL towards Energy Charges. For GCV of coal "as received", the Commission also sought copy of laboratory test report of coal and other relevant details/documents. The landed cost and GCV of coal are only allowed after prudence check with respect to the documents submitted by the petitioner and in accordance with the provisions under MPERC (Terms and Conditions for determination of Generation Tariff) Regulations, 2020.

Stakeholder Comment

After long wait, operationalization of the Jabalpur-Gondia broad-gauge line in November 2020 is started and also public transport is started from January' 2021. Jhabua Power Station is the only station in MP which is located near Binaiki Railways Station which will benefit in reducing transportation charges by 47 Km and congestion will also reduce which will help in transportation of coal smoothly. It is requested from the Commission that rate of coal should be calculated from November instead of Jan, Feb and March and petitioner should be directed to use this railway line for the coal transportation of SECL from Korba Region.

Petitioner's Response

In reply to the averments made by the Stakeholders, while the submission made by the stakeholder with regard to operationalization of the Jabalpur-Gondia broad-gauge line in November 2020 is true, it is submitted that the contentions with regard to possible reduction in transportation cost is wrong, since the transportation band (as considered by Indian Railway for determining the cost) of 500-600 Kms does not change. Besides, the coal rakes are yet to be transported through this route till date.

Observation

Landed Cost of Coal is worked out in accordance with the Tariff Regulations, 2020 after prudence check.

Stakeholder Comment

Other income from sale of Fly Ash to cement industries & ash bricks plants is not disclosed by the petitioner. It is request from the Commission to direct the petitioner to furnish the same.

Petitioner's Response

In reply to the averments made by the Stakeholders, with regard to the purported income from sale of Fly Ash to cement industries & ash bricks plants is baseless since all the Fly Ash is provided to the end users free of cost. Infact, in some occasions certain extra amount is being incurred by the Petitioner to facilitate utilization of Fly Ash.

Observation:

The Commission has provisionally considered the non- tariff income as filed by the petitioner additional submission in response on the queries raised by the Commission, which is subject to true-up based on Annual Audited Accounts of each year of the control period.

Stakeholder Comment

Even after 5 years of COD, Railway Line till Binaiki has not been operationalized. It is requested from the Commission to quash the COD of Jhabua Power Station so that it can be in the public interest. notifications from Indian Railways

Petitioner's Response

The averments made by the Stakeholders are denied except to the extent of facts stated as they are baseless and are devoid of any merit. The Petitioner submits that the Railway Track till Binaiki has been operationalized by Indian Railways since June 2017 and only the railway line from Binaiki to the Plant was delayed on account of uncontrollable factors not in the control of Petitioner. It is further submitted that the Petitioner from time to time has appraised the reasons for such delay to the Hon'ble Commission vide its various submissions. Further, the Petitioner is pleased to inform that notwithstanding the severe financial stress and the ongoing CIRP Process, the petitioner has been able to complete all related works (including overhead electrification) of the railway siding in the months of November 2020. The following notifications from Indian Railways in this regard are attached herewith

a. *Private Siding Notification dated 21st August 2020 for Jhabua Power attached as Annexure-A*
b. *EIG Certification dated 27th November 2020 for completion of Overhead Electrification attached as Annexure-B.*

Accordingly, the coal is being presently directly unloaded at the Plant premises without any requirement of Road transport. In view of the above, the averments made by the Stakeholders do not serve any purpose considering that necessary infrastructure is already operational.

Observation

The expenses of coal transportation through road are considered only to the extent of corresponding rail transportation. However, the petitioner has confirmed that the necessary infrastructure related to railway line has been operationalized and the required notifications from the Railways Department has also been submitted.

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