**Petition No. 01 of 2026**

**In the matter of:**

**Determination of ARR/Tariff of CSPGCL's Small/Mini Hydro plants for the period from FY 2026-27 to FY 2029-30.**

Chhattisgarh State Power Generation Company Limited (CSPGCL), Danaganiya, Raipur **... Petitioner**

**PRESENT** : **Vivek Ganodwale, Member (Law)**
: **Ajay Kumar Singh, Member (Tech)**

**ORDER**
**(Passed on 25/03/2026)**

Chhattisgarh State Power Generation Co. Ltd. (herein after referred as CSPGCL or petitioner) has filed this petition under Section 62 of the Electricity Act 2003, applying the terms and conditions as specified in the CSERC (Terms and conditions for determination of tariff for Renewable Energy sources) Regulations, 2025 (hereinafter referred as CSERC RE Tariff Regulations, 2025) for determination of ARR / tariff of CSPGCL's Small/Mini Hydro Plants for the period from FY 2026-27 to FY 2029-30.

**2.** Earlier, the Commission issued order on 14.03.2024 in petition No. 81 of 2023, wherein the tariff was approved and made applicable from 01.04.2024 till the issue of the next Tariff Order. Further, vide letter dated 04.12.2025, the Commission allowed CSPGCL to file petition for FY 26-27 onwards by 31st December 2025 with the provision for continuation of prevailing tariff till disposal of the petition.

**3.** In compliance to the RE Tariff Regulations, 2025 notified on 17.12.2025 and as per direction, CSPGCL has filed the petition on 31.12.2025, which has been registered as petition no 01 of 2026.

**4.** CSPGCL has submitted that in the past, Commission has determined the project specific tariff for its following renewable energy-based power plants:

**Table 1: Renewable Energy Based Plants of CSPGCL**

| Plant | MW | COD of Last Unit |
|---|---|---|
| Gangrel HEP (2.5 MW X 4) | 10.0 | 23.05.2005 |
| Sikasar HEP (3.5 MW X 2) | 7.0 | 03.09.2006 |
| Mini Hydro Korba (0.85 MW X 2) | 1.7 | 04.07.2009 |

**5.** In this petition, CSPGCL has prayed for continuation of determination of project specific tariff for the aforesaid plants for the period from FY 2026-27 to FY 2029-30.

**6.** In accordance with the provisions of the Regulations, CSPGCL invited objections / suggestion from the stakeholders vide public notice published in Haribhoomi, Patrika and Central Chronicle newspapers on 17.01.2026. The petition was made available on the website of the petitioner as well as the website of the Commission. Hard copies were also made available at both the offices and conducted public hearing on 17.02.2026, 18.02.2026, 19.02.2026 and 20.02.2026. No objections/ suggestions were received.

**7.** Technical Validation Session among the officers of the Commission and CSPGCL was held on 12.02.2026 to get clarity on the petition.

**8.** As per Regulation 10.1 of the CSERC RE Tariff Regulations, 2025, the tariff of small/mini hydro power plants shall be single part tariff consisting of the following fixed cost components:

a. Return on Equity
b. Interest on loan capital
c. Depreciation
d. Interest on working capital
e. Operation and maintenance expenses

**9.** Accordingly, the Commission has computed single part tariff consisting of the above fixed cost components for aforesaid small / mini hydro power plants.

**Parameters for tariff determination**

**10.** Regulation 8.2 of the CSERC RE Tariff Regulations, 2025 specifies that:

> *"Determination of Project specific tariff for generation of electricity from such renewable energy sources shall be in accordance with terms and conditions as stipulated under relevant provisions of the Regulations/orders:"*

Accordingly, in the instant petition, for determination of project-specific tariff for the petitioner's RE plants, the operational norms have been generally considered in accordance to the relevant provisions of CSERC RE Tariff Regulations, 2025 along with order dated 14.03.2024 issued in petition no. 81 of 2023, order dated 31.07.2021 issued in petition no. 16 of 2021 and order dated 09.07.2013 issued in petition no. 06 of 2013.

Individual parameters are dealt in subsequent paras.

**Capacity Utilization Factor:**

**CSPGCL's Submission**

**11.** CSPGCL submitted that the operational norms for its Hydro Plants have been deliberated in detail in the order dated 14.03.2024 in the petition no. 81 of 2023 read with previous order dated 31.07.2021 on the petition no. 16 of 2021. These orders are unchallenged and attained finality. The order dated 14.03.2024 is prevailing and there are no material changes. Therefore, CSPGCL requested that the norms as allowed in the aforesaid order may be continued for FY 2026-27 to FY 2029-30.

**12.** Accordingly, CSPGCL has proposed the CUF for FY 2026-27 to FY 2029-30 to be same as allowed in previous order.

**Commission's View**

**13.** As per Regulation 29.2 of the CSERC RE Tariff Regulations, 2025, the Commission will determine CUF on case-to-case basis. Relevant para is reproduced below:

> *"For project specific tariff, CUF shall be determined by the Commission on case-to-case basis."*

**14.** The Commission has gone through all the previous orders passed in respect of these plants since 2013. It is noted that the CUF norms adopted in the previous order dated 14.03.2024 in the petition no. 81 of 2023 are based on detailed reasoned and cogent analysis undertaken in various previous orders. It is noted that the CUF for SHP Gangrel is same as considered for any SHP having generic tariff. Further, the CUF for SHP Sikasar has been decided by the Commission after going through the DPR prepared in 2003, by IIT Roorkee, an eminent institute in the field of Hydro power Engineering and the fact that the plant was granted capital subsidy of Rs. 3 Crore by the MNRE for being pioneer in the field. At the same time, it is also noted that for Mini Hydro plant Korba, taking into account it's peculiar and specific nature, normative CUF has been considered higher than the generic CUF.

**15.** As previous orders issued for these plants, has attained finality and none of the enabling and encompassing conditions have undergone any change, therefore, it is prudent to be consistent in the approach as far as the normative parameters are concerned. Accordingly, the normative CUF considered in the previous settled order is adopted for the ensuing years too. The CUF as considered by the Commission are given in table below:

**Table 2: CUF as considered by the Commission**

| S.No. | Name of Plant | FY 26-27 | FY 27-28 | FY 28-29 | FY 29-30 |
|---|---|---|---|---|---|
| 1. | Gangrel SHP | 30% | 30% | 30% | 30% |
| 2. | Sikasar SHP | 20% | 20% | 20% | 20% |
| 3. | Mini Hydro Korba | 40% | 40% | 40% | 40% |

**Auxiliary Consumption**

**CSPGCL's Submission**

**16.** CSPGCL submitted that the instant Regulation is in deviation from the previous Regulation as regard auxiliary consumption for the hydropower projects. While CSPGCL has computed the ARR and tariff for SHP, Sikasar by considering the auxiliary consumption of 1% as provided in the Notified Regulations, it is constrained to pray for allowing auxiliary consumption of 1.5% for SHP Gangrel, as specified in the prevailing order.

**17.** CSPGCL submitted that the normative auxiliary consumption for the hydro projects as specified in the RE Regulations 2022 was 1.5%. The draft RE Regulations 2025 published for comments and suggestions also specified auxiliary consumption as 1.5%. Therefore, CSPGCL had no opportunity to bring out the facts about the infeasibility of 1% auxiliary consumption in respect of SHP Gangrel and pleaded for exception at that stage.

**18.** In the above context, in the petition CSPGCL submitted that the HEP Gangrel was the first SHP commissioned in the State (2004) and the two main auxiliaries alone consume more than 1.05% of gross generation and total AEC after taking into account the various auxiliaries reach 1.5%. In this regard, in response to data gap through the additional submission dated 11.02.2026, CSPGCL submitted a detailed list of unit specific must run Auxiliaries (Oil Pressure Unit (OPU), Cooling Water Pumps, Leak Off Pump and Excitation system) and the Common Plant Auxiliaries (such as Plant Air Compressors, Drainage Pumps, Plant Lighting system, AC & Ventilation System etc.). Name plate rating of each of the auxiliary has been submitted. Approximate power consumption for each of such essential auxiliary has also been submitted, taking into account the running hours and loading factor. It is submitted that even with conservative estimates, the loading of essential Auxiliaries alone reaches 1.47%. Apart from such essential auxiliaries, CSPGCL further submitted a list of other auxiliaries such as Blowers, OPU for MIV, EoT /DT cranes, Campus lighting, Fire pumps, Dewatering pumps, RO units, which need to be operated intermittently. It submitted that keeping in view the additional need-based power requirement for such auxiliaries, the prayer for 1.5% auxiliary consumption is just and prudent. CSPGCL also submitted that for an old plant without under-going any major revamp it is not possible to reduce the auxiliary consumption by 33% (i.e., reduction from 1.5% to 1%).

**19.** On the ground of infeasibility, CSPGCL pleaded for invocation of Regulation 79 related to "Deviation from Norms", Regulation 80 related to "Power to Relax" and Regulation 81 related to "Power to Remove Difficulties" and allowing continuation of 1.5% auxiliary consumption for SHP Gangrel.

**20.** Further, in the additional query raised by the Commission, CSPGCL has submitted the actual auxiliary consumption for Gangrel SHP for last ten years along with the gross generation for the period FY 2015-16 to FY 2024-25 and pleaded for 1.5% auxiliary consumption.

**21.** Regarding Mini Hydro Korba, CSPGCL submitted that auxiliary consumption for Mini Hydro Korba has also been considered 3% for the reasons already settled in the previous order dated 31.07.2021 in petition no 16 of 2021. It is clarified that in fact for Mini Hydro, due to its typical design, the actual auxiliary consumption is very low. As have been dealt in detail in the referred order, the 3% auxiliary consumption is not the energy consumption by the plant auxiliaries but basically accounts for dual transformation losses because the power is generated at 0.4 kV and billed at 220 kV. In this regard, CSPGCL also submitted that as per the PPA signed between CSPGCL & CSPDCL and approved by the Commission, the billing is done by 3% deduction on the energy recorded at the LV side. As the auxiliary consumption is considered as difference of the gross generation at the generator terminal and the net injection at the delivery point, the aforesaid 3% deduction is indicated as auxiliary consumption. The same is an undisputed settled position since long.

**22.** For SHP Sikasar, CSPGCL has considered and accepted the generic normative auxiliary consumption of 1% as specified in the prevailing RE Tariff Regulations.

**Commission's View**

**23.** The Commission has examined the submissions of CSPGCL. It is also noted that in the order dated 14.03.2024 issued in petition no. 81 of 2023, the approved auxiliary energy consumption norms for Sikasar SHP, Gangrel SHP and Korba Mini Hydro are 1.5%, 1.5% and 3.0% respectively.

**24.** Though in the previous orders SHP, Sikasar was allowed auxiliary energy consumption of 1.5%, in the instant petition CSPGCL has adopted the generic normative auxiliary energy consumption of 1% as specified in the RE Tariff Regulations 2025.

**25.** As regards the auxiliary consumption for Mini Hydro Korba, it is noted that 3% was approved for Mini Hydro Plant Korba after detail deliberation in the order dated 31.07.2021 issued in petition no. 16 of 2021. As the power generation and billing mechanism continues to be same, hence in light of the specific facts and circumstances, the Commission do not see any reason to deviate from the settled position and allows 3% auxiliary consumption for Mini Hydro Korba.

**26.** Further, as regards auxiliary consumption claim of 1.5% for HEP Gangrel against 1% as specified in RE Tariff Regulations, 2025, the Commission has noted the submissions of CSPGCL. Relevant Regulations 79, 80 and 81 of the CSERC RE Tariff Regulations, 2025 are reproduced below:

*"**79. Deviation from norms***

*Tariff for sale of electricity by the Generating Company may also be determined in deviation from the norms specified in these Regulations subject to the condition that the reasons for deviation from the norms specified under these Regulations shall be recorded in writing.*

***80. Power to Relax***

*The Commission may by general or special order, for reasons to be recorded in writing, and after giving an opportunity of hearing to the parties likely to be affected, may relax any of the provisions of these Regulations on its own motion or on an application made before it by an interested person.*

***81. Power to remove difficulties***

*If any difficulty arises in giving effect to these Regulations, the Commission may, of its own motion or otherwise, by an order and after giving a reasonable opportunity to those likely to be affected by such order, make such provisions, not inconsistent with these regulations, as may appear to be necessary for removing the difficulty."*

**27.** The Commission has examined exhaustive details of the unit specific and common auxiliaries for the SHP Gangrel as submitted by the petitioner. However, for the purpose of careful review of the normative auxiliary consumption, consideration of the actual data assumes significance. The latest actual ten years auxiliary consumption data as submitted by CSPGCL is reproduced:

**Table 3: Latest 10 years Gross Gen. & AEC for SHP Gangrel as submitted by CSPGCL**

| S. No. | Year | Gross Gen. (kWh) | Auxiliary Consumption (KWh) | AEC in Percentage |
|---|---|---|---|---|
| 1 | FY 15-16 | 17121483 | 267330 | 1.6% |
| 2 | FY 16-17 | 23929999 | 289290 | 1.2% |
| 3 | FY 17-18 | 13510012 | 226100 | 1.7% |
| 4 | FY 18-19 | 19598862 | 292400 | 1.5% |
| 5 | FY 19-20 | 19639277 | 286970 | 1.5% |
| 6 | FY 20-21 | 43348455 | 497050 | 1.1% |
| 7 | FY 21-22 | 14003518 | 213440 | 1.5% |
| 8 | FY 22-23 | 28288491 | 338410 | 1.2% |
| 9 | FY 23-24 | 22917452 | 308740 | 1.3% |
| 10 | FY 24-25 | 21576123 | 329400 | 1.5% |

**28.** From the above data it is noted that in the exceptional years (very high rains / discharges leading to high generation and low water levels/ discharges leading to low generation), there is substantial variation in the auxiliary consumption. For fixation of norms, practically such extremities need not to be factored.

**29.** Therefore, the Commission agrees that for determination of representative Central Tendencies which may be relied for determination of norms, in accordance to settled approach of "Statistical Analysis", the 'Median' of the data set is a better tool. The Median value of the data set is the mid value, when the data set is arranged in ascending/descending order in respect of the key data. In the instant case, as the data set relied is for 10 years, hence, there is no singular value. Accordingly, the average of the fifth and sixth value (after arranging the data set in descending order of auxiliary consumption) is taken. As for both the years, the auxiliary consumption is 1.5% (rounded off to the nearest decimal), the median also comes out to 1.5%. It is also noted that the Mode (the value which occurs maximum times in a data set) for the data set is also 1.5%. Out of the total 10 years, in four years, the auxiliary consumption was 1.5%. Not considering the 10% extremities on both sides, this represents 80% of the qualified data.

**30.** In view of the technical details of the auxiliaries and also the statistical analysis of the historical data, the Commission is of the opinion that SHP Gangrel is a fit case for exercise of the powers under Regulation 79 read with Regulations 80 and 81. Accordingly, the prayer of CSPGCL for 1.5% auxiliary consumption for Gangrel SHP is allowed.

The AEC as considered by the Commission is given in table below:

**Table 4: Approved Auxiliary Energy Consumption**

| S. No. | Name of Plant | FY 26-27 | FY 27-28 | FY 28-29 | FY 29-30 |
|---|---|---|---|---|---|
| 1. | Gangrel SHP | 1.5% | 1.5% | 1.5% | 1.5% |

| S. No. | Name of Plant | FY 26-27 | FY 27-28 | FY 28-29 | FY 29-30 |
|---|---|---|---|---|---|
| 2. | Sikasar SHP | 1.0% | 1.0% | 1.0% | 1.0% |
| 3. | Mini Hydro Korba | 3.0% | 3.0% | 3.0% | 3.0% |

**Capital Cost and Capital Structure**

**CSPGCL's Submission**

**31.** As in the previous Regulation, there was no provision for additional capitalisation, hence, in the present petition also, CSPGCL has considered capital cost and capital structure same as these were approved by the Commission in the last Tariff Order dated 14.03.2024.

**32.** Further, in reply dated 11.02.2026, to the query raised by the Commission, CSPGCL submitted details of two schemes related to Capital Investment Plan for SHP Gangrel and SHP Sikasar. As per submission, at SHP Gangrel, there are four units commissioned in 2004. The units have completed more than 20 years and there is an urgent need of a spare generator set so that any fault may be attended promptly. The cost of such procurement is estimated to be about Rs. 14 Crore. Further, at SHP Sikasar, the excitation system has become obsolete and is giving frequent problems. Replacement of outdated control and electronic system, with the modern digital excitation system is the only option for reliable operation of the plant. The cost of replacement of AVR is estimated to be Rs. 2.43 Crore. Both the proposals have received competent internal approval.

**33.** CSPGCL also submitted that at SHP Gangrel, the existing control and protection system relies on old electromagnetic relays posing a risk to reliable operation. As hydel plant is subject to intermittent operation, hence to safeguard equipment and maintain reliable operation, healthiness of protection system is crucial. CSPGCL submitted that the proposal for upgradation of the existing system at SHP Gangrel at estimated cost of about Rs. 3.10 Crore is in process.

**Commission's View**

**34.** Regulation 9.2 of the CSERC RE Tariff Regulations, 2025, stipulates

> *"A petition for determination of project specific tariff shall be accompanied by such fee as may be determined by relevant Regulations and shall be accompanied by*
>
> *i. Information in Forms……*
>
> *ii. Detailed Project Report outlining technical and operational details, site specific aspects, premise for capital cost and financing plan, etc.:*
>
> *Provided that, for the existing RE plants, the previous Tariff Order shall form the basis for capital cost and financing:*
>
> *Provided further that, for the State-owned generating plants that are supplying 100% power to the State Distribution Licensee, the Commission may allow additional capitalization of more than Rs. 20 lakh on account of change in law/compliance of law, obsolescence of technology, replacement after completion of useful life of an equipment/system, need for higher safety and security or any other reason as the Commission may deem fit after prudence check:*
>
> *Provided also that, such additional capitalization shall be considered by the Commission at the time of tariff determination for the next Control Period after successful completion of the said works without any advance loading or CIP approval."*

**35.** In view of the above, for the purpose of this order, the Capital Cost and Capital Structure as approved in the previous approved order has been adopted.

**36.** Regarding additional capitalisation plans submitted by the petitioner CSPGCL, the Commission notes that vide the second proviso to the same Regulation, the need for additional capital investments after a period of time has already been specified by the Commission. Principally, there is nothing against the additional capitalisation schemes submitted by CSPGCL. However, at the same time, the third proviso specifically provides that for the purpose of tariff determination, any such additional capitalisation shall be taken into consideration during the next tariff determination, only after completion of the schemes. As such, at this stage, only the closing Capital cost and capital structure as approved by the Commission in the Tariff order dated 14.03.2024 is applicable.

**37.** The Capital cost and Capital Structure for FY 2026-27 to FY 2029-30, as approved by Commission, is given in table below:

**Table 5: Approved Capital Cost and Capital Structure**

| Particulars | SHP Gangrel, Rs. Lakh | SHP Sikasar, Rs. Lakh | Mini Hydro Korba, Rs. Lakh |
|---|---|---|---|
| Opening Capital Cost | 4817.00 | 2614.00 | 1247.00 |
| Capital Grant/ Subsidy | 0.00 | 300.00 | 0.00 |
| Capital Cost (Excluding subsidy) | 4817.00 | 2314.00 | 1247.00 |
| Normative Equity @30% | 1445.10 | 694.20 | 374.10 |
| Normative Gross Debt@70% | 3371.90 | 1619.80 | 872.90 |

**Depreciation**

**CSPGCL's Submission**

**38.** CSPGCL submitted that it has computed depreciation in accordance with Regulation 16 of the CSERC RE Tariff Regulations 2025.

**39.** CSPGCL has considered accumulated depreciation up to 31st March 2025 as approved in order dated 14.03.2024. As tariff for FY 2025-26 is same as was specifically determined for FY 2024-25, the depreciation for FY 2025-26 has been considered same as determined for FY 2024-25. Depreciation as considered by CSPGCL is given in table below:

**Table 6: Accumulated Depreciation as submitted by CSPGCL**

| Particulars | SHP Gangrel, Rs. Lakh | SHP Sikasar, Rs. Lakh | Mini Hydro Korba, Rs. Lakh |
|---|---|---|---|
| Approved Accumulated Depreciation till FY 24-25 (a) | 3149.19 | 1631.26 | 1040.80 |
| Yearly Depreciation for FY 25-26 (b) | 59.31 | 21.49 | 3.40 |
| Total Accumulated Depreciation till FY 25-26 (a+b) | 3208.50 | 1652.75 | 1044.20 |

**40.** As regards the balance life of Mini Hydro Plant at Korba, CSPGCL submitted that the plant is a unique plant, which does not operate independently but runs on the discharge of old 4 x 210 MW HTPS plant. A hydro plant can operate only to the extent till the water source survives. In the instant case, once the HTPS plant will be de-commissioned, operation of mini hydro plant will naturally end. Such foreclosure is uncontrollable and unavoidable. CSPGCL has prayed to adopt same treatment for Mini Hydro plant which has been imparted to HTPS as far as recovery of fixed cost by way of depreciation is concerned. Accordingly, as extended life of HTPS is up to year 2030 only, CSPGCL has computed depreciation for Mini Hydel plant considering balance life up to FY 2029-30. CSPGCL has pleaded for such consideration being “Force majeure and uncontrollable condition”. Vide additional submission dated 12.03.2026, CSPGCL submitted that the early closure of the plant with the closure of old 210 MW units is a direct consequence of the change in law i.e., MoEF & CC notification dated 07.12.2015 which mandated closed cooling water cycles for thermal power plants resulting in no possibility of continuation of cooling water canal system for the future units and forcing closure of the Mini Hydro plant with the decommissioning of the 4 X 210 MW units.

**41.** Further, in reply to data gaps, CSPGCL has submitted the detailed data sheet containing the energy supplied and the amount billed for the period from Aug’2013 to Feb’2026 the total energy supplied was more than 83 MU and the billing was more than Rs. 28 Crore. CSPGCL further submits that if the tariff would have been determined at the generic normative CUF of 30% instead of the plant specific CUF of 40%, the billing for the same power would have been about 33% higher. Thus, the plant has already benefitted the consumers by more than Rs. 9 Crore. Thus, the determination of tariff on project specific basis, taking into account the special features of the project, have already yielded significant gain to the end beneficiaries and as such the prayer for accelerated depreciation is just and prudent.

**42.** Depreciation as submitted by the Petitioner is as under:

**Table 7: Depreciation as submitted by CSPGCL**

| S.No | Name of Plant | FY 26-27 | FY 27-28 | FY 28-29 | FY 29-30 |
|---|---|---|---|---|---|
| 1. | Gangrel SHP, Rs Lakh | 59.31 | 59.31 | 59.31 | 59.31 |
| 2. | Sikasar SHP, Rs Lakh | 21.49 | 21.49 | 21.49 | 21.49 |
| 3. | Mini Hydro Korba, Rs Lakh | 19.52 | 19.52 | 19.52 | 19.52 |

**Commission’s View**

**43.** Regulation 16 of the CSERC RE Tariff Regulations 2025 is reproduced below:

*“16.1 The value base for the purpose of depreciation shall be the Capital Cost of the asset admitted by the Commission.*

*16.2 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.*

*16.3 The depreciation rate for the first 15 years of the Tariff Period shall be 4.67% per annum and the remaining depreciation shall be spread over the remaining useful life of the project from 16th year onwards on ‘Straight Line Method’.*

*16.4 Depreciation shall be chargeable from the first year of commercial operation:*

*Provided that for determination of project specific tariff, in case of commercial operation of the project for part of the year, depreciation shall be computed on pro rata basis.*

*16.5 Depreciation shall not be allowed to the extent of grant or capital subsidy received for the project."*

**44.** As per Regulation 16, Capital Cost of the asset admitted by the Commission has to be considered for the purpose of computation of depreciation. In accordance with the regulation, salvage value of the asset shall be considered as 10% of the Capital Cost and depreciation shall be allowed up to maximum ceiling of 90% of the Capital Cost of the asset. The Commission has considered the same. Accumulated Depreciation as approved by the Commission is given in the Table below:

**Table 8: Approved Accumulated Depreciation**

| Particulars | SHP Gangrel, Rs. Lakh | SHP Sikasar, Rs. Lakh | Mini Hydro Korba, Rs. Lakh |
|---|---|---|---|
| Approved Accumulated Depreciation till FY 24-25 (a) | 3149.19 | 1631.26 | 1040.80 |
| Yearly Depreciation for FY 25-26 (b) | 59.31 | 21.49 | 3.40 |
| Total Accumulated Depreciation till FY 25-26 (a+b) | 3208.50 | 1652.75 | 1044.20 |

**45.** For Mini Hydro Korba, the CSPGCL submission of useful life of 21 years i.e., up to FY 2029-30 only has been given thorough consideration. The Commission is of the opinion that the contention of passing of the economic benefit due to higher than generic CUF and therefore justification of the lower than generic useful life does not hold significant force. The Regulations lay down a legal framework and such minor economic implications/ fall outs cannot dictate the way forward. They may at the best, play a supportive role.

**46.** At the same time, the impossibility of an event, particularly in light of the factors beyond control of the utility, including but not limited to change in law has definite force which need to be reckoned and appreciated in totality by all the stakeholders without any objection. In this respect, Commission finds sufficient force in CSPGCL's pleading regarding infeasibility of operation of 2 X 0.85 MW Korba West Mini Hydro plant after the closure of 4 X 210 MW HTPS units. As the closure of HTPS units in FY 2029-30 has already been acknowledged by the Commission, hence, for the purpose of depreciation, consideration of useful life of Mini Hydro Korba up to FY 2029-30 is a natural consequence and as such the prayer of the petitioner CSPGCL is granted.

**47.** In view of the above, depreciation as approved by the Commission is given in the table below:

**Table 9: Approved Depreciation**

| S.No. | Name of Plant | FY 26-27 | FY 27-28 | FY 28-29 | FY 29-30 |
|---|---|---|---|---|---|
| 1. | Gangrel SHP, Rs. Lakh | 59.31 | 59.31 | 59.31 | 59.31 |
| 2. | Sikasar SHP, Rs. Lakh | 21.49 | 21.49 | 21.49 | 21.49 |
| 3. | Mini Hydro Korba, Rs. Lakh | 19.52 | 19.52 | 19.52 | 19.52 |

**Interest on Loan Capital**

**CSPGCL's Submission**

**48.** CSPGCL has computed the interest charges in accordance to the Regulation 15 of the RE Tariff Regulation 2025.

**49.** Accordingly, as per settled methodology in the previous orders, CSPGCL has deducted the accumulated depreciation from the gross normative loan and yearly repayment has been considered equal to the depreciation computed for the year. CSPGCL has considered six months SBI MCLR (1 year Tenure) prevalent from

15.06.2025 to 14.12.2025. The average for the period was 8.8% and accordingly in accordance with CSERC RE Tariff Regulation 2025, interest on normative loan has been computed at normative interest rate of 10.80% for complete tariff period.

**Commission's View**

**50.** Regulation 15 of the RE Tariff Regulations, 2025 is reproduced below:

*"15.1 For the purpose of determination of tariff, loan/debt tenure of 15 years shall be considered.*

*15.2 The loans/debts arrived at in accordance with Regulation 14, shall be considered as gross normative loan for calculation of interest on loan:*

*Provided that, the normative loan outstanding as on April 1st of every year shall be worked out by deducting the cumulative repayment up to March 31st of previous year from the gross normative loan.*

*15.3 For the purpose of determination of tariff, the normative interest rate of two hundred (200) basis points above the average State Bank of India Marginal Cost of Funds based Lending Rate (MCLR) (one-year tenor) prevalent during the last available six months shall be considered.*

*15.4 Notwithstanding any moratorium period availed by the generating company, the repayment of loan shall be considered from the first year of commercial operation of the project and shall be equal to the annual depreciation allowed."*

**51.** Regulation 15.2 provide that normative loan outstanding as on April 1$^{st}$ of every financial year shall be worked out by deducting the cumulative repayment up to 31$^{st}$ March of previous financial year from the gross normative loan. Accordingly closing net normative loan as approved in previous order for FY 24-25 has been considered as opening net normative loan for FY 25-26. For opening net normative loan of FY 26-27 (closing net normative loan for FY 25-26), the Depreciation for the year FY 25-26 is deducted from the closing normative loan for FY 24-25. The opening normative loan for FY 26-27 is computed as under :-

**Table 10: Opening Net Loan for FY 26-27**

(In Rs. Lakh)

| S. No. | Particulars | Gangrel SHP, Rs Lakh | Sikasar SHP, Rs Lakh | Mini Hydro Korba, Rs Lakh |
|---|---|---|---|---|
| 1. | Gross Loan for FY 24-25 (Order dt 14.03.2024) | 3371.90 | 1619.80 | 872.90 |
| 2. | Accumulated Depreciation till FY 24-25 (same order) | 3149.19 | 1631.26 | 1040.80 |
| 3. | Closing Loan for FY 24-25 | 222.71 | 0.00 | 0.00 |
| 4 | Depreciation for FY 25-26 | 59.31 | 21.49 | 3.40 |
| 5 | Closing Loan for FY 25-26 | 163.40 | 0.00 | 0.00 |

**52.** As per CSERC RE Tariff Regulations, 2025, normative interest rate shall be two hundred (200) basis points above the average State Bank of India Marginal Cost of Funds based Lending Rate (MCLR) (one year tenor) prevalent during the last available six months. CSPGCL in the petition has considered the average SBI MCLR (one year tenor) for the period from 15.06.2025 to 15.12.2025. However, at present the interest data up to 14.03.2026 is readily available. Therefore, in this order data for the period 15.09.2025 to 14.03.2026 has been considered. The SBI MCLR details for last six months is given in table below:

**Table 11: Last 6 months SBI MCLR data**

| Effective Period | | | Interest Rate (%) | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | ON | 1M | 3M | 6M | 1Y | 2Y | 3Y |
| 15.09.2025 | _ | 14.10.2025 | 7.90 | 7.90 | 8.30 | 8.65 | 8.75 | 8.80 | 8.85 |
| 15.10.2025 | _ | 14.11.2025 | 7.90 | 7.90 | 8.30 | 8.65 | 8.75 | 8.80 | 8.85 |
| 15.11.2025 | _ | 14.12.2025 | 7.90 | 7.90 | 8.30 | 8.65 | 8.75 | 8.80 | 8.85 |
| 15.12.2025 | _ | 14.01.2025 | 7.85 | 7.85 | 8.25 | 8.60 | 8.70 | 8.75 | 8.80 |
| 15.01.2026 | _ | 14.02.2026 | 7.85 | 7.85 | 8.25 | 8.60 | 8.70 | 8.75 | 8.80 |
| 15.02.2026 | _ | 14.03.2026 | 7.85 | 7.85 | 8.25 | 8.60 | 8.70 | 8.75 | 8.80 |
| **Average** | | | | | | | 8.725 | | |

**Source: https://sbi.co.in/web/interest-rates/interest-rates/mclr-historical-data**

As tabulated above, the average applicable SBI MCLR (one year tenor) is 8.725%. Therefore, in accordance with the Regulations, effective normative interest rate of 10.725% has been considered for the entire tariff period. Interest on loan capital as approved by the Commission is given in the table below:

**Table 12: Approved Interest on Loan Capital**

**(In Rs. Lakh)**

| S.No. | Particulars | FY 26-27 | FY 27-28 | FY 28-29 | FY 29-30 |
|---|---|---|---|---|---|
| **A** | **Gangrel SHP** | | | | |
| 1. | Opening Net Loan | 163.40 | 104.10 | 44.79 | 0.00 |
| 2. | Addition (mid-year) | 0 | 0 | 0 | 0 |
| 3. | Repayment (mid year) | 59.31 | 59.31 | 59.31 | 0.00 |
| 4. | Closing Net Loan | 104.10 | 44.79 | 0.00 | 0.00 |
| 5. | Average Net Loan | 133.75 | 74.45 | 22.40 | 0.00 |
| 6. | Interest rate | 10.725% | 10.725% | 10.725% | 10.725% |
| 7. | Interest on Norm. Loan | 14.34 | 7.98 | 2.40 | 0.00 |
| **B** | **Sikasar SHP** | | | | |
| 1. | Opening Net Loan | 0.00 | 0.00 | 0.00 | 0.00 |
| 2. | Addition (mid-year) | 0.00 | 0.00 | 0.00 | 0.00 |
| 3. | Repayment (mid year) | 0.00 | 0.00 | 0.00 | 0.00 |
| 4. | Closing Net Loan | 0.00 | 0.00 | 0.00 | 0.00 |
| 5. | Average Net Loan | 0.00 | 0.00 | 0.00 | 0.00 |
| 6. | Interest rate | 10.725% | 10.725% | 10.725% | 10.725% |
| 7. | Interest on Norm. Loan | 0.00 | 0.00 | 0.00 | 0.00 |
| **C** | **Mini Hydro Korba** | | | | |
| 1. | Opening Net Loan | 0.00 | 0.00 | 0.00 | 0.00 |
| 2. | Addition (mid-year) | 0 | 0 | 0 | 0 |
| 3. | Repayment (mid year) | 0.00 | 0.00 | 0.00 | 0.00 |
| 4. | Closing Net Loan | 0.00 | 0.00 | 0.00 | 0.00 |
| 5. | Average Net Loan | 0.00 | 0.00 | 0.00 | 0.00 |
| 6. | Interest rate | 10.725% | 10.725% | 10.725% | 10.725% |
| 7. | Interest on Norm. Loan | 0.00 | 0.00 | 0.00 | 0.00 |

**Return on Equity**

**CSPGCL's Submission**

**53.** Petitioner has computed the Return on Equity in accordance to the Regulation 17 of CSERC RE Tariff Regulations, 2025. CSPGCL submitted that as it is covered in the first proviso to the Regulation 17.2, hence for the Small Hydro Plants, under consideration, the RoE is not grossed up and is claimed at the flat rate of 15%.

**Commission's View**

**54.** The Return on Equity is specified in Regulation 17 of the CSERC RE Tariff Regulations, 2025. The relevant provision is reproduced as under:

> *"17.1 The value base for the equity shall be 30% of the capital cost or actual equity (in case of project specific tariff determination) as determined under Regulation 14.*
>
> *17.2 The normative Return on Equity for renewable energy projects other than small hydro projects shall be 14%, and that for the small hydro projects shall be 15%, to be grossed up by latest available notified Minimum Alternate Tax (MAT) rate for the first 20 years of the Tariff Period and by the latest available notified Corporate Tax rate for the remaining Tariff Period:*
>
> *Provided that in respect of plants, for which actual income tax is allowed to be recovered separately for company as a whole through applicable MYT Regulations or Tariff Orders for conventional plants, the grossing up of MAT with Return on Equity shall not be applicable."*

**55.** Accordingly, the Commission has computed RoE at the rate of 15%. RoE as approved by the Commission is given in table below:

**Table 13: Return on Equity as approved by the Commission**

**(In Rs. Lakh)**

| S. No. | Name of Plant | FY 26-27 | FY 27-28 | FY 28-29 | FY 29-30 |
|---|---|---|---|---|---|
| 1. | Gangrel SHP | 216.77 | 216.77 | 216.77 | 216.77 |
| 2. | Sikasar SHP | 104.13 | 104.13 | 104.13 | 104.13 |
| 3. | Mini Hydro Korba | 56.12 | 56.12 | 56.12 | 56.12 |

**Interest on Working Capital**

**CSPGCL's Submission**

**56.** CSPGCL has computed normative interest on working capital in accordance to the Regulation 18 of CSERC RE Tariff Regulations 2025.

The MCLR has been computed in the same manner as detailed in the section related to the Interest on Loan.

**Commission's View**

**57.** The normative interest on working capital is specified in Regulation 18 of the CSERC RE Tariff Regulations, 2025. The Regulation specifies that:

*"18.1 The Working Capital requirement in respect of wind energy projects, small hydro power, solar PV, Floating Solar Projects, Solar thermal power projects, MSW Projects including RDF based projects, and Renewable Energy with Storage projects shall be computed as per following:*

*I. Operation & Maintenance expenses for one month;*

*II. Receivables equivalent to 45 days of energy charges for sale of electricity calculated on the normative PLF or CUF, as the case may be;*

*III. Maintenance spares @ 15% of operation and maintenance expense"*

Regarding the normative interest rate Regulation 18.4 specifies: -

*"18.4 Interest on Working Capital shall be at interest rate equivalent to the normative interest rate of three hundred twenty-five (325) basis points above the average State Bank of India MCLR (one-year tenor) prevalent during the last available six months for the determination of tariff."*

**58.** The Commission has computed Rate of IoWC in accordance with Regulation 18 of the CSERC RE Tariff Regulations 2025. Further, as detailed in the section related to the Interest on loan capital, The Commission has considered the average applicable SBI MCLR (one year tenor) as 8.725%. Therefore, in accordance with the Regulations, effective normative interest rate of 11.975% has been considered for the entire tariff period. Interest on Working Capital as approved by the Commission is given in the table below:

**Table 14: Approved Interest on Working Capital**

**(In Rs. Lakh)**

| S. No. | Particulars | FY 26-27 | FY 27-28 | FY 28-29 | FY 29-30 |
|---|---|---|---|---|---|
| **A** | **Gangrel SHP** | | | | |
| 1. | O&M Expenses - 1 Month | 31.06 | 32.69 | 34.40 | 36.21 |
| 2. | Maintenance Spares 15% of O&M | 55.90 | 58.84 | 61.93 | 65.18 |
| 3. | Receivable - 45 Days | 84.28 | 85.76 | 87.95 | 90.44 |
| 4. | Total Working capital | 171.24 | 177.29 | 184.28 | 191.83 |
| 5. | Working capital Interest rate | 11.975% | 11.975% | 11.975% | 11.975% |
| 6. | IOWC | 20.51 | 21.23 | 22.07 | 22.97 |
| **B** | **Sikasar SHP** | | | | |
| 1. | O&M Expenses - 1 Month | 21.74 | 22.88 | 24.08 | 25.35 |
| 2. | Maintenance Spares 15% of O&M | 39.13 | 41.19 | 43.35 | 45.63 |
| 3. | Receivable - 45 Days | 49.28 | 50.90 | 52.89 | 54.85 |
| 4. | Total Working capital | 110.15 | 114.97 | 120.33 | 125.82 |
| 5. | Working capital Interest rate | 11.975% | 11.975% | 11.975% | 11.975% |
| 6. | IOWC | 13.19 | 13.77 | 14.41 | 15.07 |
| **C** | **Mini Hydro Korba** | | | | |

| S. No. | Particulars | FY 26-27 | FY 27-28 | FY 28-29 | FY 29-30 |
|---|---|---|---|---|---|
| 1. | O&M Expenses - 1 Month | 6.22 | 6.55 | 6.89 | 7.26 |
| 2. | Maintenance Spares 15% of O&M | 11.20 | 11.79 | 12.41 | 13.06 |
| 3. | Receivable - 45 Days | 19.07 | 19.52 | 20.11 | 20.67 |
| 4. | Total Working capital | 36.50 | 37.86 | 39.41 | 40.98 |
| 5. | Working capital Interest rate | 11.975% | 11.975% | 11.975% | 11.975% |
| 6. | IOWC | 4.37 | 4.53 | 4.72 | 4.91 |

**Operation and Maintenance Expenses**

**CSPGCL's Submission**

**59.** CSPGCL has computed the O&M expenses in accordance to the Regulation 19 read with Regulation 31.1. Annual escalation @5.25% has been considered in accordance to Regulation 19.3 & 31.2. O&M expenses as submitted by the Petitioner are given in table below:

**Table 15: O&M Expenses as submitted by CSPGCL**

**(In Rs. Lakh)**

| S.No. | Name of Plant | FY 26-27 | FY 27-28 | FY 28-29 | FY 29-30 |
|---|---|---|---|---|---|
| 1. | Gangrel SHP | 372.69 | 392.26 | 412.85 | 434.52 |
| 2. | Sikasar SHP | 260.88 | 274.58 | 288.99 | 304.17 |
| 3. | Mini Hydro Korba | 74.68 | 78.60 | 82.73 | 87.07 |

**Commission's View**

**60.** Regulation 19 of the RE Tariff Regulations, 2025 specifies as follows:

*"19.1 Operation and Maintenance or O&M expenses shall comprise repair and maintenance (R&M) expenses, establishment including employee expenses, and administrative and general expenses including insurance.*

*19.2 O&M expenses shall be determined for the Tariff Period based on normative O&M expenses specified by the Commission in these Regulations for the first Year of Control Period.*

*19.3 Normative O&M expenses allowed during first year of the Control Period (i.e., FY 2025-26) under these Regulations shall be escalated at the rate of 5.25% per annum over the Tariff Period."*

**61.** Further, Regulation 31.1 of the CSERC RE Tariff Regulations, 2025 stipulates the Normative O&M expenses for FY 25-26. Regulation 31.2 of the CSERC RE Tariff Regulations, 2025 stipulates that normative O&M expenses allowed under the Regulations shall be escalated by applying rate of 5.25% per annum for the Tariff Period for the purpose of determination of tariff. After applying the normative inflation of 5.25%, over the normative O&M expenses provided in Regulation 31.1, the normative O&M expenses for FY 26-27 is tabulated as under:

**Table 16: Normative O&M Expenses**

**(In Rs. Lakh)**

| Project Size | O&M Expense (Rs. Lakh/ MW) |
|---|---|
| Up to 5 MW | 43.931 |
| Above 5 MW and upto 10 MW | 37.269 |
| Above 10 MW and up to 25 MW | 31.817 |

**62.** Accordingly, O&M expenses as approved by the Commission are given in the Table below:

**Table 17: O&M Expenses as approved by the Commission**

(In Rs. Lakh)

| S.No. | Name of Plant | FY 26-27 | FY 27-28 | FY 28-29 | FY 29-30 |
|---|---|---|---|---|---|
| 1. | Gangrel SHP | 372.69 | 392.26 | 412.85 | 434.52 |
| 2. | Sikasar SHP | 260.88 | 274.58 | 288.99 | 304.17 |
| 3. | Mini Hydro Korba | 74.68 | 78.60 | 82.73 | 87.07 |

**Statutory Charges:**

**CSPGCL's Submission**

**63.** Regulation 24 of the CSERC RE Tariff Regulations 2025 stipulates:

"24.1 *Tariff determined under these Regulations shall be exclusive of cess and duties on generation, auxiliary consumption and sale of electricity as may be levied by the appropriate Government:*

*Provided that, the cess and duties levied by the appropriate Government shall be allowed as pass through on actual incurred basis.*

*24.2 In case of hydro projects, water charges as levied by the State Government shall not be included in the tariff. It is to be paid separately and shall be pass through on actual incurred basis."*

CSPGCL submitted that this is expressly allowed by the Commission in the order dated 14.03.2024 and has prayed for continuation of the same.

**Commission's View**

**64.** Regulation 24.1 of the CSERC RE Tariff Regulations 2025 provides that tariff determined under these regulations shall be exclusive of cess and duties on generation, auxiliary consumption and sale of electricity as may be levied by the appropriate Government. Also, the cess and duties levied by the appropriate Government shall be allowed as pass through on actual basis. Water charges as levied by the State Government shall not be included in the tariff. It is to be paid separately and shall be pass-through on actual incurred basis.

**Petition filing fee and advertisement expenses:**

**CSPGCL's Submission**

**65.** CSPGCL has prayed to allow recovery of petition filing fee and advertisement expenses separately as a pass through.

**Commission's View**

**66.** Taking inspiration from the first proviso to the Regulation 17.2 which deals with the pass through of income tax on RoE, the Commission notes that the petitioner CSPGCL also own and operate conventional plants for which the tariff is determined by the

Commission as per the provisions of applicable MYT Regulations. Leave is granted to the petitioner CSPGCL for claiming petition filing fee and the advertisement expenses in aggregate manner through the petition filed for the conventional plants.

**Tariff for CSPGCL's Small/Mini Hydro Plants**

**67.** Based on the above, the Commission has determined the tariff for Sikasar SHP, Gangrel SHP and Korba Small/Mini HEPs of the CSPGCL. The summary of ARR/ Tariff as submitted by the Petitioner is shown below:

**Table 18: ARR/ Tariff as submitted by the Petitioner**

| S.No. | Particulars | FY 26-27 | FY 27-28 | FY 28-29 | FY 29-30 |
|---|---|---|---|---|---|
| A | **Gangrel SHP** | | | | |
| 1. | Total ARR, Rs in Lakh | 683.84 | 697.73 | 713.55 | 733.71 |
| 2. | Tariff, Rs. per kWh | **2.642** | **2.688** | **2.757** | **2.834** |
| B | **Sikasar SHP** | | | | |
| 1. | Total ARR, Rs in Lakh | 399.78 | 414.06 | 429.12 | 444.95 |
| 2. | Tariff, Rs. per kWh | **3.293** | **3.401** | **3.534** | **3.665** |
| A | **Mini Hydro Korba** | | | | |
| 1. | Total ARR, Rs in Lakh | 154.72 | 158.81 | 163.12 | 167.65 |
| 2. | Tariff, Rs per kWh | **2.678** | **2.741** | **2.823** | **2.902** |

**68.** The summary of the ARR/Tariff for the period from FY 2026-27 to FY 2029-30 as approved by the Commission is shown in the table below:

**Table 19: ARR/ Tariff as approved by the Commission**

| S.No. | Particulars | FY 26-27 | FY 27-28 | FY 28-29 | FY 29-30 |
|---|---|---|---|---|---|
| **SHP Gangrel** | | | | | |
| 1. | O&M Expense, Rs in Lakh | 372.69 | 392.26 | 412.85 | 434.52 |
| 2. | Depreciation, Rs in | 59.31 | 59.31 | 59.31 | 59.31 |

| S.No. | Particulars | FY 26-27 | FY 27-28 | FY 28-29 | FY 29-30 |
|---|---|---|---|---|---|
| | Lakh | | | | |
| 3. | Interest on Loan, Rs in Lakh | 14.34 | 7.98 | 2.40 | 0.00 |
| 4. | Interest on Working Capital, Rs in Lakh | 20.51 | 21.23 | 22.07 | 22.97 |
| 5. | Return on Equity, Rs in Lakh | 216.77 | 216.77 | 216.77 | 216.77 |
| 6. | Total Fixed Cost, Rs in Lakh | 683.61 | 697.54 | 713.39 | 733.57 |
| 7. | **Total ARR, Rs in Lakh** | **683.61** | **697.54** | **713.39** | **733.57** |
| 8. | Net Generation (MU) | 25.89 | 25.96 | 25.89 | 25.89 |
| 9. | **Tariff, Rs. per kWh** | **2.641** | **2.687** | **2.756** | **2.834** |
| | **SHP Sikasar** | | | | |
| 1. | O&M Expense, Rs in Lakh | 260.88 | 274.58 | 288.99 | 304.17 |
| 2. | Depreciation, Rs in Lakh | 21.49 | 21.49 | 21.49 | 21.49 |
| 3. | Interest on Loan, Rs in Lakh | 0.00 | 0.00 | 0.00 | 0.00 |
| 4. | Interest on Working Capital, Rs in Lakh | 13.19 | 13.77 | 14.41 | 15.07 |
| 5. | Return on Equity, Rs in Lakh | 104.13 | 104.13 | 104.13 | 104.13 |
| 6. | Total Fixed Cost, Rs in Lakh | 399.70 | 413.97 | 429.03 | 444.86 |
| 7. | **Total ARR, Rs in Lakh** | **399.70** | **413.97** | **429.03** | **444.86** |
| 8. | Net Generation (MU) | 12.14 | 12.17 | 12.14 | 12.14 |
| 9. | **Tariff, Rs. per kWh** | **3.292** | **3.400** | **3.534** | **3.664** |
| | **Mini Hydro Korba** | | | | |
| 1. | O&M Expense, Rs in Lakh | 74.68 | 78.60 | 82.73 | 87.07 |
| 2. | Depreciation, Rs in Lakh | 19.52 | 19.52 | 19.52 | 19.52 |

| S.No. | Particulars | FY 26-27 | FY 27-28 | FY 28-29 | FY 29-30 |
|---|---|---|---|---|---|
| 3. | Interest on Loan, Rs in Lakh | 0.00 | 0.00 | 0.00 | 0.00 |
| 4. | Interest on Working Capital, Rs in Lakh | 4.37 | 4.53 | 4.72 | 4.91 |
| 5. | Return on Equity, Rs in Lakh | 56.12 | 56.12 | 56.12 | 56.12 |
| 6. | Total Fixed Cost, Rs in Lakh | 154.69 | 158.78 | 163.09 | 167.62 |
| 7. | **Total ARR, Rs in Lakh** | **154.69** | **158.78** | **163.09** | **167.62** |
| 8. | Net Generation (MU) | 5.78 | 5.79 | 5.78 | 5.78 |
| 9. | **Tariff, Rs. per kWh** | **2.677** | **2.740** | **2.823** | **2.901** |

**69.** The tariff approved in this order is applicable from April 1, 2026 and will remain in force till March 31, 2030 or the issue of the next Tariff Order whichever is later.

**70.** The Commission directs the petitioner CSPGCL to take appropriate steps to implement this Tariff Order.

We order accordingly.

**Sd/-**
**(Ajay Kumar Singh)**
**Member (Tech)**

**Sd/-**
**(Vivek Ganodwale)**
**Member (Law)**