Draft

Chhattisgarh State Electricity Regulatory Commission
Irrigation Colony, Shanti Nagar, Raipur
Raipur, 9th September, 2025

No. D24/CSERC/2025.-- In exercise of powers conferred under Section 61 and 62 read with Section 181(2) and Section 32 (3) of the Electricity Act, 2003 and all other powers enabling it in this behalf, the Chhattisgarh State Electricity Regulatory Commission hereby makes the following regulations:

Draft Chhattisgarh State Electricity Regulatory Commission (Terms and Conditions for determination of Multi-Year Tariff) Regulations, 2025

Chapter 1

PRELIMINARY

1. SHORT TITLE AND COMMENCEMENT:

(i) These Regulations may be called the Chhattisgarh State Electricity Regulatory Commission (Terms and Conditions for determination of Multi-Year Tariff) Regulations, 2025.

(ii) These Regulations shall be applicable for determination of tariff under Section 62 and for fees and charges of SLDC as per Section 32 (3) of the Act for the financial year 2026-27 to financial year 2029-30, and will remain in effect until these Regulations are superseded by new Regulations.

(iii) These Regulations shall extend to the whole of Chhattisgarh.

2. SCOPE AND EXTENT OF APPLICATION:

2.1. These Regulations shall apply to the following persons operating in the State of Chhattisgarh for determination of expected revenue from Tariff and charges and the methodology and procedure for determination of expected revenue from Tariff and charges:

(a) State Transmission Utility (STU);

(b) All generating stations supplying power directly or through State trading licensee(s) to distribution licensees of the State under long term agreement except generating stations which are subject to the jurisdiction of the Central Commission and also such renewable energy generating stations located in the State whose tariff is decided by the Commission under relevant Regulations and orders:

Provided that these Regulations shall also apply in all cases where a generating company has the arrangement for supply of coal from the integrated mine(s) allocated to it, for one or more of its specified end use generating stations, whose tariff is required to be determined by the Commission under Section 62 of the Act read with Section 86 thereof.

(c) All intra-State transmission licensee(s);

(d) All distribution licensee(s); and

(e) State Load Despatch Centre (SLDC):

Provided that in absence of any provision in these Regulations, the Commission shall be guided by norms specified under Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024 for such period as decided by Commission.

2.2. These Regulations will not apply to

i. Stand-alone generators, bulk consumers and captive users:

Provided that, the stand-alone generators or any generating stations covered under Section 63 and excursing as Ancillary services who avail services of SLDC for scheduling, energy metering or accounting for the purpose of supply of its power to a licensee and/or consumers or Renewable Energy Certificates or any other such purposes as may be mandated by the Commission from time to time shall be required to pay fee and charges as specified under these Regulations.

ii. Generating Stations and Transmission System whose tariff has been discovered through a transparent process of competitive bidding in accordance with the competitive bidding guidelines notified by the Central Government and adopted by the Commission under Section 63 of the Act after prudence check.

2.3. All proceedings under these Regulations shall be governed by the CSERC (Conduct of Business) Regulations, 2009 and amendment or enactments thereon**.**

3. DEFINITIONS: In this Regulation, unless the context otherwise requires,-

3.1. **"Accounting Statement"** means for each year, the following statements, namely-

balance sheet, profit and loss account and cash flow statement prepared in accordance with the form or requirement contained in the Companies Act, duly certified by the statutory auditors;

reconciliation statement, duly certified by the Chartered Accountant, showing the reconciliation between the total expenses, revenue, assets and liabilities, of the entity as a Company and the expenses, revenue, assets and liabilities, separately for each business regulated by the Commission and other/unregulated business operations:

Provided that, in case separate Accounting Statements are not submitted for each licenced Business in accordance with the licence conditions and for each regulated Business for the financial year 2026-27 onwards, the Petitions filed by the Generating Company or Licensee or SLDC, may be rejected by the Commission after giving the Petitioner a reasonable opportunity of being heard:

Provided further that, till the SLDC is not separately established as a State agency, separate books of accounts for SLDC as separate unit under Chhattisgarh State Power Transmission Company Limited (CSPTCL) shall be maintained and certified by the CSPTCL;

3.2. **"Act**" means the Electricity Act, 2003 (36 of 2003) or any amendments made to the same or any succeeding enactment thereof;

3.3. **"Additional capitalization"** means the capital expenditure incurred or projected to be incurred, after the date of commercial operation of the project and admitted by the Commission after prudence check, subject to provisions of Regulation 19;

3.4. **"Aggregate Revenue Requirement" or "ARR"** means the costs pertaining to the licensed and / or regulated business, which are permitted, in accordance with this Regulation, to be recovered from the tariffs and charges determined by the Commission;

3.5. **"Allocation Matrix",** shall comprise of elements as specified in Chapter 6 of this Regulation;

3.6. **"Annual Target Quantity" or 'ATQ'** in respect of an integrated mine(s) means the quantity of coal to be extracted during a year from such integrated mine(s) corresponding to 85% of the quantity specified in the Mining Plan:

Provided that, in case the integrated mine(s) of coal is ready for supply of coal as per the Mining Plan but is prevented due to reasons not attributable to the generating

company, the Commission may relax the Annual Target Quantity.

3.7. **"Applicant"** means a licensee or a generating company who has made a petition for determination of tariff or a petition for true up in accordance with this Regulation and the Act;

3.8. **"Auditor"** means an auditor appointed by a generating company or a transmission licensee or a distribution licensee or the SLDC, in accordance with the provisions of Section 139 or Section 148 of the Companies Act, 2013, or any other law for the time being in force;

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

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

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

3.10. **"Auxiliary Energy Consumption for emission control system" or "AUXe"** in relation to a period in case of coal based thermal generating station means the quantum of energy consumed by auxiliary equipment of the emission control system of the coal based thermal generating station in addition to the auxiliary energy consumption under the main clause of this Regulation (AUX); however the AUXe shall not be considered for the purpose of computation of ECR and its impact on the energy charge shall be dealt through supplementary tariff by way of ECR;

3.11. **"Auxiliary Energy Consumption in Sub-station" or "AUXs"** in relation to a period in case of sub-station means the quantum of energy consumed for lighting arrangements, battery charging and auxiliary equipment of the sub-station including consumption in control room of the sub-station excluding energy consumed in housing colony;

3.12. **"Base Rate of Late Payment Surcharge"** means the marginal cost of funds based on

lending rate for one year of the State Bank of India, as applicable on the 1st April of the financial year in which the period lies, plus five percent and in the absence of marginal cost of funds based lending rate, any other arrangement that substitutes it, which the Central Government may, by notification, in the Official Gazette, specify:

Provided that, if the period of default lies in two or more financial years, the Base Rate of Late Payment Surcharge shall be calculated separately for the periods falling in different years;

3.13. **"Battery Energy Storage Systems"** or **"BESS Project"** shall mean the system(s)/projects utilizing methods and technologies such as electrochemical batteries (Lead Acid, Li-ion, solid state batteries, flow batteries, etc.), providing a facility that can store chemical energy and deliver the stored energy in the form of electricity, including but not limited to ancillary facilities (grid support., for example);

3.14. **"Beneficiary"**

(a) In relation to a **generating station** means the person buying power generated by such station on payment of annual fixed charges and / or energy charges;

(b) In relation to **transmission system** means long-term and / or medium-term open access customers as defined in Chhattisgarh State Electricity Regulatory Commission (Intra-State Open Access in Chhattisgarh) Regulations, 2011, as amended from time to time, and includes distribution licensee(s) who have transmission service agreement with the STU / transmission licensee;

(c) In relation to the **Distribution Wires Business**, the supply Company or licensee or consumer, as the case may be;

(d) In relation to the **Retail Supply Business**, the consumers;

(e) In relation to the **SLDC**, generating company or licensee or open access consumer, who utilise the Intra-State Transmission system for transmission of electricity and / or utilise the distribution system of a licensee in the State, as the case may be, for wheeling of electricity and / or avail the services of the SLDC relating to scheduling and real-time grid operations, State energy accounting, operation of pool account, etc.;

3.15. **"Capital Cost"** means the capital cost as defined in Regulation **19** in respect of generating station or transmission or distribution system as the case may be and Regulation **55** in respect of integrated mine(s);

3.16. **"Capital Investment Plan"** shall comprise elements as specified in Regulation 7;

3.17. **"Change in Law"** means occurrence of any of the following events:

(1) the enactment, bringing into effect, adoption, promulgation, amendment, modification or repeal of Indian law; or

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

(3) change in interpretation of Indian law by a competent court, Tribunal or Indian Governmental Instrumentality, which is the final authority under law for such interpretation; or

(4) change by any competent statutory authority, in any condition or covenant of any consent or clearance or, approval or licence available or obtained for the project.

(5) coming into force or change in any bilateral or multilateral agreement or treaty between the Government of India and any other Sovereign Government having implication for the generating station or the licensees or SLDC regulated under these Regulations;

3.18. **"Commission"** means the Chhattisgarh State Electricity Regulatory Commission referred to in sub-section (1) of Section 82 of the Act;

3.19. **"Control Period"** means a multi-year period fixed by the Commission, from 1st April 2026 and up to 31st March 2030**;**

3.20. **"Cut-off Date"** means the last day of the financial year closing after thirty-six months from the date of commercial operation of the project except in case of integrated mine(s)**;**

3.21. **"Date of Commencement of Production"** in respect of integrated mine(s) means the date of touching of coal, as the case may be, as declared by the generating company;

3.22. **"Date of Commercial Operation" or "COD" means**

(i) in relation to a unit or block of the thermal generating station, the date declared by the generating company after demonstrating the maximum continuous rating (MCR) or the installed capacity (IC) through a successful trial run after due notice to the beneficiaries, from 00:00 hour of which scheduling process as per the Indian Electricity Grid Code (IEGC) / CG State Grid Code and amended from time to time is fully implemented, and in relation to the generating station as a whole, the date of commercial operation of the last unit or the block of the generating station;

(ii) COD in respect of an emission control system means the date of putting the emission control system into use and environmental standards, wherein "emission control system" means a set of equipment or devices required to be installed in coal based thermal generating station or unit thereof to meet the revised emission

standards;

(iii) The date of commercial operation in case of integrated mine(s), shall mean the earliest of —

a) the first date of the year succeeding the year in which 25% of the Peak Rated Capacity as per the Mining Plan is achieved; or
b) the first date of the year succeeding the year in which the value of production estimated in accordance with these Regulations, exceeds total expenditure up to that year; or
c) the date of two years from the date of commencement of production:

Provided that, on earliest occurrence of any of the events under sub-clauses (a) to (c) above, the generating company shall declare the date of commercial operation of the integrated mine(s) under the relevant sub-clause with one-week prior intimation to the beneficiaries of the end-use or associated generating station(s):

Provided further that, in case the integrated mine(s) is ready for commercial operation but is prevented from declaration of the date of commercial operation for reasons not attributable to the generating company or its suppliers or contractors or the Mine Developer and Operator, the Commission, on an application made by the generating company, may approve such other date as the date of commercial operation as may be considered appropriate after considering the relevant reasons that prevented the declaration of the date of commercial operation under any of the sub-clauses of Clause (v) of this Regulation:

Provided also that, in cases wherein the proposed COD is on or after 01.04.2026, generating company seeking the approval of the date of commercial operation under the preceding proviso shall give prior notice of one month to the beneficiaries of the end-use or associated generating station(s) of the integrated mine(s) regarding the date of commercial operation;

(iv) in relation to a unit of hydro generating station, the date declared by the generating company from 00:00 hour of which, after due notice to the beneficiaries, scheduling process in accordance with the Indian Electricity Grid Code (IEGC) / Chhattisgarh State Grid Code is fully implemented, and in relation to the generating station as a whole, the date declared by the generating company after demonstrating peaking capability corresponding to installed capacity of the generating station through a successful trial run, after due notice to the beneficiaries.

Note

1. In case the hydro generating station with pondage or storage is not able to demonstrate peaking capability corresponding to the installed capacity for the reasons of insufficient reservoir or pond level, the date of commercial operation of the last unit of the generating station shall be considered as the date of commercial operation of the generating station as a whole, provided that it will be mandatory for such hydro generating station to demonstrate peaking capability equivalent to installed capacity of the generating unit or the generating station as and when full reservoir /pond level is achieved;

2. In case of purely run-of-river hydro generating station, if the unit or the generating station is declared under commercial operation during lean inflow period when the water is not sufficient for such demonstration, it shall be mandatory for such hydro generating station or unit to demonstrate peaking capability equivalent to installed capacity as and when sufficient inflow is available;

(v) In relation to the transmission system, the date declared by the STU / transmission licensee from 00:00 hour of which an element of the transmission system is in regular service after successful charging and trial operation for transmitting electricity and communication signal from sending end to receiving end:

Provided that, where the transmission line or substation is dedicated for evacuation of power from a particular generating station, the generating company and transmission licensee shall endeavour to commission the generating station and the transmission system simultaneously as far as practicable:

Provided further that, the date shall be the first day of a calendar month and its availability shall be accounted for, from that date:

Provided also that, in case an element of the transmission system is ready for regular service but is prevented from providing such service for reasons not attributable to the transmission licensee, its suppliers or contractors, the Commission may approve the date of commercial operation prior to the element coming into regular service;

(vi) Date of commercial operation in relation to a communication system or element thereof shall mean the date declared by the transmission licensee from 00:00 hour of which a communication system or element is put into service after completion of site acceptance test including transfer of voice and data to respective control centre as certified by the respective State Load Dispatch Centre;

(vii) In relation to a distribution system, means the date of charging electric lines or substations to its declared voltage level:

Provided that, in cases where line(s)/substation(s) are declared ready for charging but the licensee is not able to charge for reasons not attributable to the licensee, "date of operation" in respect of such line(s)/substation(s) shall be reckoned as seven days after the line(s)/substations(s) being declared ready for charging;

3.23. **"Day"** means the 24-hour period starting at 00:00 hour;

3.24. **"De-capitalisation"** for the purpose of the tariff under these Regulations, means reduction in Gross Fixed Assets of the project corresponding to the removal/deletion of assets as admitted by the Commission;

3.25. **"Declared Capacity" or "DC"** in relation to a generating station means, the capability to deliver ex-bus electricity in MW declared by such generating station in relation to any time-block of the day or whole of the day, duly taking into account the availability of fuel or water, and subject to further qualification in the relevant Regulation;

3.26. **''De-Commissioning''** means removal from service of a generating station or a unit thereof or transmission system including communication system or element thereof or Load Despatch Centre equipment including communication system or element thereof or distribution system or element thereof, after it is certified by the Central Electricity Authority or any other authorized agency, either on its own or on an application made by the project developer or the beneficiaries or both, that the project cannot be operated due to non-performance of the assets on account of technological obsolescence or uneconomic operation or a combination of these factors;

3.27. **"Design Energy" in case of hydro** generating station, means the quantum of energy, which can be generated in a 90% dependable year with 95% installed capacity of the hydro generating station;

3.28. **"Distribution Wire Business"** means the business of operating and maintaining a distribution system for conveyance of electricity in the area of supply of the distribution licensee;

3.29. **"ERC"** means expected revenue from tariff and charges that a licensee is permitted to recover;

3.30. **"Escrow account"** in reference to the Integrated mine means the account for deposit and withdrawal of mine closure expenses of integrated mine(s), maintained in accordance with the guidelines issued by the Coal Controller, Ministry of Coal, Government of India;

3.31. **"Existing Generating Station"** means a generating station declared under commercial operation on a date prior to 01.04.2026;

3.32. **"Existing Project"** means the project declared under commercial operation on a date prior to 01.04.2026;

3.33. **"Expenditure Incurred"** means the fund, whether equity or debt or grant or Consumer Contribution or a combination thereof, actually deployed and paid in cash or cash equivalent, for creation or acquisition of a useful asset and does not include commitments or liabilities for which no payment has been released:

Provided that, any subsequent payment for creation or acquisition of the assets shall be considered as expenditure incurred from the date of its release;

3.34. **"Extended Life"** means the life of a generating station or unit thereof or transmission system or element thereof beyond the period of useful or operational life, as may be determined by the Commission on case-to-case basis;

3.35. **"Fees"** means the one-time or annual fixed payments collected by the SLDC on its behalf or any other account as specified by the Commission from time to time;

3.36. **"Force Majeure"** means the events or circumstances or combination of events or circumstances, which is beyond the control of the intra-State user involved, which they could not foresee or with reasonable amount of diligence could not have foreseen or which could not be prevented, and which substantially affects the performance of the Parties such as but not limited to:

(i) acts of God, including lightning, fire and explosion, floods, volcanic eruption, landslide, cyclone, geological surprises, droughts, earthquakes, epidemics, lockdown; or

(ii) any act of war, invasion, armed conflict or act of a foreign enemy, blockade, embargo, revolution, riot, insurrection, terrorist or military action; or

(iii) strikes and industrial disturbances having a State-wide or extensive impact in the area of supply of a Licensee, but excluding strikes and industrial disturbances in the Licensee's own organization;

(iv) grid failure not attributable to agencies involved;

3.37. **"Gross Calorific Value" or "GCV"** in relation to a thermal generating station means the heat produced in kcal by complete combustion of one kilogram of solid fuel or one litre of liquid fuel or one standard cubic meter of gaseous fuel, as the case may be;

3.38. **"Gross Station Heat Rate" or "SHR"** means the heat energy input in kcal required to

generate one kWh of electrical energy at generator terminals of a thermal generating station;

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

3.40. **"Infirm Power"** means electricity injected into the grid prior to the commercial operation of a unit(s) of the generating station;

3.41. **"Input Price"** means the price of coal sourced from the integrated mines at which the coal is transferred to the generating station for the purpose of computing the energy charges for generation and supply of electricity to the beneficiaries and determined in accordance to these Regulations;

3.42. **"Installed Capacity" or "IC"** means the capacity of the generating station reckoned at the generator terminals as may be approved by the Commission from time to time subject to maximum ceiling limit of the summation of the name plate capacities of all the units of the generating station;

3.43. **"Integrated Mine"** means the captive mine (allocated for use in one or more identified generating station) or basket mine (allocated to a generating company for use in any of its generating stations) or both, being developed by the generating company for supply of coal to one or more specified end use generating stations for generation and sale of electricity to the beneficiaries;

3.44. **"Intra-State buyer"** means a distribution licensee or electricity trader or bulk consumer or captive user receiving power through open access by using intra-State transmission system and / or distribution system including such system when it is used in conjunction with inter-State transmission system and whose scheduling, metering and energy accounting is coordinated by the SLDC;

3.45. **"Intra-State entity"** means such persons whose scheduling, metering and energy accounting is coordinated by the SLDC;

3.46. **"Intra-State market operation function"** includes functions of scheduling, despatch, metering, data collection, energy accounting and settlement, transmission loss calculation and apportionment, operation of pool account and congestion charge account, administering ancillary services, information dissemination and any other functions assigned to the SLDC by the Act or by Commission's Regulations and orders;

3.47. **"Intra-State seller"** means a generating station including captive generating plant or

distribution licensee or electricity trader supplying power through open access by using intra-State transmission system and/or distribution system including such system when it is used in conjunction with inter-State transmission system and whose scheduling, metering and energy accounting is coordinated by SLDC;

3.48. **"Intra-State user"** means a person whose electrical plant is connected to the State grid at voltage level of 33 KV and above such as a generating company including captive generating plant or transmission licensee (other than CTU and STU) or distribution licensee or bulk consumer including captive user;

3.49. **"Landed Fuel Cost"** means the total cost of coal (including biomass in case of co-firing), lignite or the gas delivered at the unloading point of the generating station and shall include the base price or input price, washery charges wherever applicable, transportation cost (overseas or inland or both) and handling cost, charges for third party sampling, and applicable statutory charges, and excluding demurrage charges incurred on imported coal, if any;

3.50. **"Loading Point"** in respect of integrated mine(s) means the location of railway siding or silo or the coal handling plant or such other arrangements like conveyor belt, whichever is nearest to the mine, for dispatch of coal, as the case may be;

3.51. **"Long-term"** means a period exceeding 7 years;

3.52. **"Maximum Continuous Rating" or "MCR"** in relation to a unit of the thermal generating station means the maximum continuous output at the generator terminals, guaranteed by the manufacturer at rated parameters, with water or steam injection (if applicable) and corrected to 50 Hz grid frequency and specified site conditions;

3.53. **"Medium-Term"** means any period exceeding 1 year and up to 7 years;

3.54. **"Mine Infrastructure"** shall include assets of the integrated mine(s) such as tangible assets used for mining operations, being civil works, workshops, immovable winning equipment, foundations, embankments, pavements, electrical systems, communication systems, relief centres, site administrative offices, fixed installations, handling arrangements, crushing and conveying systems, railway sidings, pits, shafts, inclines, underground transport systems, hauling systems (except movable equipment unless the same is embedded in land for permanent beneficial enjoyment thereof), land demarcated for afforestation and land for rehabilitation and resettlement (R&R) of persons affected by mining operations under the relevant law;

3.55. **"Mining Plan" or "Mine Plan"** in respect of integrated mine(s) means a plan prepared in accordance with the provisions of the Mineral Concession Rules, 1960, as amended from time to time and approved under clause (b) of sub-section (2) of section 5 of the

Mines and Minerals (Development and Rehabilitation) Act, 1957 by the Central Government or by the State Government, as the case may be;

3.56. **"New Generating Station"** means the station achieving COD on or anticipated to be achieving COD on or after 1.4.2026;

3.57. **"Normative Annual Plant Availability Factor" or "NAPAF"** in relation to a generating station means the availability factor specified in Regulation **43** for thermal generating station and in Regulation **44** for hydro generating station;

3.58. **"Operation and Maintenance Expenses" or "O&M expenses"** means the expenditure on operation and maintenance of the project, or part thereof, and includes the expenditure on manpower expenses, repairs and maintenance spares, consumables, insurance, and general overheads;

For the purpose of this Regulation, O&M expense is the total of the HR and M&G expenses, which in turn have been dealt in the relevant Regulations:

Provided that, for integrated mine(s), the O&M Expenses shall not include the mining charge paid to the Mine Developer and Operator, if any, engaged by the generating company and the mine closure expenses;

3.59. **"Original Project Cost"** means the capital expenditure incurred by the generating company or the transmission licensee / STU or the distribution licensee, as the case may be, within the original scope of the project up to the cut-off date as admitted by the Commission;

3.60. **"Peak Rated Capacity" in respect of integrated mine(s)** means the peak rated capacity of the mine, as specified in the Mining Plan;

3.61. **"Pit Head Generating Station"** means a generating station having dedicated transportation system for transportation of coal from mines up to the generating station without involving any public transportation system;

3.62. **"Plant Availability Factor (PAF)"** in relation to a generating station for any period means the average of the daily declared capacities (DCs) for all the days during that period expressed as a percentage of the installed capacity in MW reduced by the normative auxiliary energy consumption;

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

N

$$PLF = 10000 \times \Sigma SGi / \{N \times IC \times (l00\text{-}AUXn)\}\%$$
$$i=1$$

Where,

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

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

N = Number of time blocks during the period, and

AUXn = Normative Auxiliary Energy Consumption as percentage of gross energy generation:

Provided that upon commissioning of the emission control systems or element thereof, the PLF shall be computed as under:

$$PLF = 10000 \times \sum_{i=1}^{N} SGi / \{N \times IC \times (l00\text{-}AUXn\text{-}AUXen)\}\%$$

Where,

AUXen = Normative Auxiliary Energy Consumption for the Emission Control System or its element thereof which has been put to use, as percentage of gross energy generation;

3.64. **"Project"** means a generating station including integrated coal mines or the transmission system or the distribution system, as the case may be, and in case of a hydro generating station includes all components of generating facility, such as dam, intake water conductor system, power generating station and generating units of the scheme, as apportioned to power generation;

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

3.66. **"Rated Voltage"** means the manufacturer's design voltage at which the transmission system is designed to operate and includes such lower voltage at which any transmission line is charged or for the time being charged, in consultation with beneficiary;

3.67. **"Regulated Business"** means the functions and activities which the licensee is required to undertake, in terms of the licence granted by the Commission or as a deemed licensee under the Act; and the generating company in terms of the provisions of the Act and the Regulations notified by the Commission;

3.68. **"Retail Supply Business"** means the business of sale of electricity by a distribution licensee to its consumers in accordance with terms of licence;

3.69. **"Retail Supply Tariff"** is the rate charged by the distribution licensee for supply to consumer and includes charges for wheeling and retail supply services;

3.70. **"Run-of-River Generating Station"** means a hydro generating station which does not have upstream pondage or submergence;

3.71. "**Run–of-River Generating Station With Pondage"** means a hydro generating station with sufficient pondage for meeting the diurnal variation of power demand;

3.72. **"Scheduled Commercial Operation Date" or "SCOD"** shall mean the date(s) of commercial operation of a generating station or generating unit or block thereof or transmission system or element thereof as indicated in the CIP or as agreed in power purchase agreement or transmission service agreement as the case may be, whichever is earlier;

3.73. **"Scheduled Energy"** means the quantum of energy scheduled by the concerned Load Despatch Centre to be injected into the grid by a generating station for a given time period;

3.74. **"Scheduled Generation" or "SG"** at any time or for any period or time-block means schedule of generation in MW or MWh ex-bus, given by the State Load Dispatch Centre;

3.75. **"Scheme"** means the facilities and equipment associated with and installed at generating station/ transmission system / distribution system (s) / the SLDC and also includes but not limited to the following, namely:-

a. computer systems, hardware and software,
b. auxiliary power supply system comprising Uninterrupted Power Supply, Diesel Generating Set(s) and DC power system,
c. general telephone, fax and other off line communication system,
d. other infrastructure facilities, such as air-conditioning, fire-fighting and construction and renovation of buildings,
e. any innovative schemes R&D projects and pilot projects for better system operation, such as Synchrophasors, System Protection Scheme,
f. Back-up control centres for SLDC,
g. Surveillance Camera System, and
h. Cyber Security System;

3.76. **"Short-Term"** means any period exceeding 1 month and up to 1 year;

3.77. **"SLDC charges**" means recurring and monthly payments to be collected by SLDC;

3.78. **"Start Date or Zero Date"** means the date indicated in the Investment Approval for commencement of implementation of the project and where no date has been indicated, the date of investment approval shall be deemed to be Start Date or Zero Date;

3.79. "**State Load Despatch Centre" or "SLDC"** means the centre established under subsection (1) of section 31 of the Act;

3.80. **"State Pool Account"** means the State accounts for payments regarding deviation charges or Reactive Energy Exchanges (Reactive Energy Account) or any other such Accounts, which may be operated by SLDC from time to time as per the Regulations or directions of the Commission;

3.81. **"State system operation function"** includes monitoring of grid operations, supervision and control over the intra-State transmission system, real-time operations for grid control and dispatch, system restoration following grid disturbances, compiling and furnishing data pertaining to system operation, congestion management, black start coordination and any other function(s) assigned to the SLDC by the Act and / or by the Commission's regulations and / or orders;

3.82. **"Storage Type Generating Station"** means a hydro generating station associated with large storage capacity to enable variation in generation of electricity according to demand;

3.83. "**Transmission Service Agreement (TSA)"** means the agreement, contract, memorandum of understanding, or any such covenant, entered into between the transmission licensee / STU and the beneficiary for the operational phase of the transmission system;

3.84. **"Transmission System"** means a line or a group of lines with or without associated sub-station, and includes equipment associated with transmission lines and sub-stations;

3.85. **"Trial Run" or "Trial Operation"** in relation to a generating station or a transmission system or an element thereof shall be as specified in the CERC (Terms and Conditions of Tariff) Regulations, 2024and its amendments/ enactments thereof;

3.86. **"Unit"** in relation to a thermal generating station means steam generator, turbine-generator and auxiliaries; and in relation to a hydro generating station means turbine-generator and its auxiliaries;

3.87. **"Useful Life"** in relation to a unit of a generating station, transmission and distribution

system from the COD shall mean the following, namely:-

(a)	Coal/lignite-based thermal generating station	25 years
(b)	Gas/Liquid fuel-based thermal generating station	25 years
(c)	AC and DC sub-station	25 years
(d)	Gas Insulated Sub-station	25 years
(e)	Hydro generating station including pumped storage hydro generating stations	40 years
(f)	Transmission line or distribution line	35 years
(g)	Optical Ground Wire (OPGW)	15 years
(h)	IT system, SCADA and Communication system excluding OPGW	7 years
(i)	Integrated mine	As per the Mining Plan:

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

3.88. **"Wheeling"** means the operation whereby the transmission system or distribution system and associated facilities of a transmission licensee or distribution licensee, as the case may be, are used by another person for the conveyance of electricity on payment of charges to be determined under Section 62 of the Act;

3.89. **"Year"** means the financial year ending on 31st March,

(a) "**Current Year"** means the year in which the statement of annual accounts or application for determination of tariff is filed;

(b) **"Ensuing Year"** means the year next following the current year; and

(c) **"Previous Year"** means the year immediately preceding the current year.

3.90. The words and expressions used in the Regulation and not defined herein but defined in the Act or Rules notified by the Central / State Government under Section 176 / 181 of the Act or other Regulations notified by the Commission shall have the meaning assigned to them under the Act, Rules and other Regulations notified by the Commission, provided that when a word or phrase is used by the Commission in a specific context, the meaning applicable in that specific context, shall prevail and the generic definition given above may not be applicable.

Chapter 2

GENERAL PRINCIPLES

4. MYT FRAMEWORK

4.1. The Commission in specifying this Regulation is guided by the principles contained in Sections 61 and 62 of the Act, the National Electricity Policy and the Tariff Policy notified by the Central Government for the determination of tariff for the generating stations in the State, transmission licensee/ STU, distribution licensee, Section 32 (3) of the Act for determination of fees and charges for State Load Dispatch Centre (SLDC), and the CERC (Terms and Conditions of Tariff) Regulations, 2024:

Provided that the Commission may, either on suo-motu basis or upon application made to it by a generating company or STU/ transmission licensee or distribution licensee or SLDC, for the reasons to be recorded in writing, exempt the determination of tariff under the Multi-Year Tariff framework for such period as may be contained in the Order granting such an exemption and such tariff shall be determined as per the direction of the Commission.

4.2. The Multi-Year Tariff framework shall be based on the following elements for determination of Aggregate Revenue Requirement and expected revenue from tariff and charges for generating company, STU/ transmission licensee, SLDC, distribution wheeling business and retail supply business:

(a) Approval of capital investment plan for a period not less than the Control Period before the start of the Control Period;

(b) Mechanism for Truing up;

(c) Mechanism for pass through of uncontrollable items;

(d) Mechanism for sharing of gains or losses on account of controllable items;

(e) Determination of separate ARR and tariff & charges for each year of the control period;

(f) Determination of input price of coal from integrated coal mine.

5. PROCEDURE FOR FILING PETITION

5.1. The Multi-Year Tariff Petition shall be filed by the generating company, STU/ transmission licensee, SLDC and distribution licensee as per the timelines specified in these Regulations and in compliance with the principles for determination of ARR as

specified in these Regulations, in such form as may be prescribed by the Commission from time to time.

5.2. The generating company, STU/ transmission licensee and SLDC shall file the MYT application by 30th November 2025 in accordance with Regulation **5.7**(a)(i), while the yearly true-up Petition shall be filed by 30th November of current year in accordance with Regulation **5.7**(b)(i).

5.3. The distribution licensee shall file MYT Petition by 30th November 2025 in accordance with Regulation **5.7** (a)(ii), while the yearly true-up Petition shall be filed by 30th November of current year in accordance with Regulation **5.7**(b) (ii).

5.4. The petitioner shall also submit a statement showing status of compliance to directives issued by the Commission in its previous orders, along with its MYT Petition and/or yearly true-up Petition, as applicable.

5.5. All the filings by any licensee should also be in conformity with the provisions of the CSERC (License) Regulations, 2004, its amendment(s) and the conditions of licence. The MYT filing shall be in such form and in such manner as may be prescribed by the Commission from time to time.

5.6. Every application for determination of tariff for each year or for continuation of previously determined tariff for each year shall be accompanied by a fee as specified in the CSERC (Fees and Charges) Regulations, 2009, as amended from time to time. The Commission may seek clarification and additional information on the application and the applicant shall provide clarifications and additional information on or before the date stipulated by the Commission.

5.7. The filing for the Control Period under this Regulation shall be as under:

(a) MYT Petition shall comprise:

i. For Generation, Transmission and SLDC business –

1. Truing up for previous year;
2. Multi-Year Aggregate Revenue Requirement for each year of the entire Control Period;
3. Application for determination of tariff and fees and charges for each year of the entire Control Period;

ii. For Distribution Wire business and Retail Supply business –

1. Truing up for previous year;
2. Multi-Year Aggregate Revenue Requirement for each year of the entire

Control Period;

3. Revenue from retail sale of power at existing tariffs and charges and projected revenue gap/surplus for the first year of the Control Period;
4. Application for retail tariff proposal along with proposed category-wise Tariff or Fees and Charges for the first year of the Control Period.

In case books of account of the Distribution Wire Business and Retail Supply Business are not segregated, its Aggregate Revenue Requirement shall be apportioned between the Distribution Wires Business and Retail Supply Business in accordance with the Allocation Matrix specified in Regulation 80.

(b) After the first year of the Control Period and onwards, the yearly true up petition shall comprise:

i. For Generation, Transmission, and SLDC business - Truing up for preceding year(s).

Provided that, the STU/transmission licensee shall also file proposal for determination of transmission charges for the ensuing year for the short-term open access customers along with true-up Petition:

Provided further that, the SLDC shall also file proposal for determination of System Operation Charges (SOC) and Market Operation Charges (MOC) for the ensuing year along with the true-up Petition.

ii. For Distribution Wire and Retail Supply Business

1. The truing up petition for preceding year(s);
2. Revised category-wise sales projections for the ensuing year;
3. Revised power purchase quantum/cost (if any), with details thereof, for the ensuing year;
4. Revised Aggregate Revenue Requirement for the ensuing year on account of revision in the power purchase cost;
5. Projected revenue from existing tariffs and charges for the ensuing year;
6. Projected cumulative revenue gap/surplus for the ensuing year;
7. Application for re-determination of ARR for the ensuing year along-with retail tariff proposal for meeting the revised Aggregate Revenue Requirement for the ensuing year, along with the cumulative revenue gap/surplus after true-up of previous year.

(c) The generating company shall submit generating station-wise performance data along with the true-up Petition.

(d) True up for any period shall be governed by the provisions of the Regulations under

which the tariff for that year was determined:

Provided that, if the Petition is not filed within the specified timelines and/or data sought by the Commission for processing the Petition is not submitted within the stipulated time, then the carrying cost, if any, due to consequential delay, shall not be allowed to the Generating Company or Transmission Licensee or Distribution Licensees or SLDC, as the case may be.

(e) The Commission shall also consider the true up petition for the previous years where the truing-up has been done on the basis of provisional accounts.

5.8. A generating company may make a Petition for determination of provisional tariff in advance of the anticipated Date of Commercial Operation of unit or stage or generating station as a whole, or for the emission control systems, as the case may be, based on the capital expenditure actually incurred up to the date of making the Petition or a date prior to making of the Petition, duly audited and/or certified by the statutory auditors/Chartered Accountant/Cost Accountant and the provisional tariff shall be applicable from the date of commercial operation of such Unit or Stage or Generating station , as the case may be.

5.9. The generating company shall file separate generating station-wise petition for supplementary tariff for emission control systems.

5.10. In respect of Integrated mine, the generating company shall file separate mine-wise Petition for determination of input price of coal from such mine.

5.11. A generating company shall make a fresh Petition in accordance with these Regulations, for determination of final tariff / supplementary tariff based on actual capital expenditure incurred up to the date of commercial operation of the Generating Station, or for the emission control systems, as the case may be, for which provisional tariff is approved, based on Annual Audited accounts duly certified by the statutory auditors.

5.12. Any difference in provisional tariff and the final tariff (the expression tariff includes the supplementary tariff) determined by the Commission and not attributable to the Generating Company may be adjusted at the time of determination of final tariff for the following year or as directed by the Commission.

6. DISPOSAL OF PETITION

6.1. The Commission shall process the Multi-Year Tariff Petition of the applicants in accordance with these Regulations read with the CSERC (Conduct of Business) Regulations 2009, as amended from time to time.

6.2. Copies of the Tariff Petition filed by Generation Company, STU/ transmission licensee,

distribution licensee and SLDC shall be made available for sale on payment of charges at the Commission's office and in such offices of the applicant as directed by the Commission.

6.3. The Tariff Petition shall also be uploaded on the Petitioner's website and the Commission's website in downloadable format for easy accessibility to all stakeholders.

6.4. The Commission shall hold proceedings on the ARR and expected ERC proposed by the applicant on the basis of prevailing and proposed tariff, and shall hear such persons as the Commission considers appropriate, before deciding on such proposals.

6.5. The generation company, STU/ transmission licensee, distribution licensee, and SLDC shall publish the summary/gist of the proposals, as approved by the Commission for publication, highlighting the salient features of the Petition that are of interest to various stakeholders, in at least three newspapers, two in Hindi and one in English, having wide circulation in the State or in the area of the Petitioner:

Provided that minimum 21 days' time shall be given for filing suggestion/ objections by the stakeholders.

6.6. The Petitioner shall publish the gist of the order including the approved tariffs, in at least three daily newspapers, two in Hindi and one in English, having wide circulation in its area of supply:

Provided that such tariff shall take effect from the date as may be stipulated by the Commission in the relevant Tariff Order.

6.7. The Commission shall, within seven days of making the order, send a copy of the Order to the State Government, the Central Electricity Authority and the concerned generating company / licensee/ SLDC.

7. CAPITAL INVESTMENT PLAN

7.1. The generating company, STU/ transmission licensee, SLDC, and distribution licensee shall file the capital investment plan for approval of the Commission by 31st October 2025.

7.2. The capital investment plan shall cover the entire Control Period, with separate details for each year of the Control Period.

7.3. The capital investment plan may be in respect of new generation projects or transmission/ distribution schemes (for lines, sub stations, bays, etc.) or system operation for capacity addition/ enhancement or renovation of existing capacities on

completion of useful life or work required for compliance of law or expenditure incurred to comply with revised emission standards or deferred execution of work included in original scope or efficiency improvement or such works, which may be expedient for operation of the system:

(a) The capital investment plan shall show separately, on-going projects that will spill over into the Control Period, and such new projects (along with justification) which will commence in the Control Period but may be completed within or beyond the Control Period.

(b) The capital investment plan shall contain the scheme details, item-wise break-up of capital cost, justification for the work, capitalization schedule, capital structure, cost-benefit analysis, and approval of the competent authority for the schemes, as applicable.

(c) In addition to above:

i. The generating company shall submit the power sale arrangement in respect of new projects.

ii. For renovation and modernisation schemes of power plants and all schemes meant for efficiency gain of power plants which have completed useful life, the generating company shall submit a petition containing the cost-benefit analysis and expected performance targets along with RLA study report;

iii. The transmission licensee shall submit the power evacuation plan and system strengthening plan in respect of future load forecast by the distribution licensee;

iv. The distribution licensee shall submit the sales forecast, load forecast, power procurement plan, and proposed measures to ensure 24x7 quality supply;

v. The distribution licensee shall submit a plan for installation of meters at all connections, to bring transparency in billing, to reduce distribution loss and to improve consumer services.

7.4. The Commission shall approve the capital investment plan after considering cost benefit analysis and also prudence check and after giving due opportunity to all the stakeholders to offer views/ suggestions/ objections and holding a hearing on the proposed plan and after taking into consideration the objections/ suggestions so received and any additional information provided by the applicant.

7.5. The Commission shall approve the capital investment plan before issuing the Tariff Order in accordance with these Regulations and shall consider the impact of approved capital investment plan in the Tariff Order.

7.6. To meet any urgent requirements, the generating company, STU/ transmission licensee, distribution licensee and SLDC may request the Commission for amendment in the approved capital investment plan or may file additional CIP, as the case may be.

7.7. The licensee or the generating company, as the case may be, in case, where urgent action is required to mitigate threat to life and property take up urgent work, subject to prior intimation of the nature of urgency, brief about the proposed work and cost estimate. In such cases, ex-post facto approval of the Commission may be obtained.

8. SPECIFIC TRAJECTORY FOR CERTAIN VARIABLES

8.1. The Commission may stipulate the trajectory for 'controllable' variables in the Tariff Order.

9. DETERMINATION OF TARIFF

9.1. Notwithstanding anything contained in this Regulation, the Commission shall at all times have the authority, either on suo-motu basis or on a Petition filed by the applicant, to determine the tariff, including terms and conditions thereof, of any generating company or STU/ transmission licensee or distribution licensee or SLDC.

9.2. Tariff in respect of a generating station may be determined for the whole of the generating station or a stage or unit or block of the generating station, and tariff for the transmission system may be determined for the whole of the transmission system or any part of the transmission system.

9.3. The retail supply tariff, wheeling charges and miscellaneous charges for the distribution licensee shall be determined by the Commission for whole of the distribution system.

9.4. The Commission shall determine the tariff and input price and fees and charges for:

(a) Generation of electricity, in accordance with Chapter-4 of these Regulations;

(b) Coal and lignite from integrated mine, in accordance with Chapter-5 of these Regulations;

(c) Transmission of electricity, in accordance with Chapter-6 of these Regulations;

(d) Distribution Wheeling Business, in accordance with Chapter-7 of these Regulations;

(e) Retail Supply Business, in accordance with Chapter-8 of these Regulations; and

(f) SLDC, in accordance with Chapter-9 of these Regulations;

(g) Battery Energy Storage Systems, in accordance with Chapter-10 of these

Regulations

10. TRUING-UP

10.1. The generating company or STU/ transmission licensee or distribution licensee or SLDC, as the case may be, shall be subject to truing up of controllable and uncontrollable items defined as per Regulation **11** during the Control Period in accordance with these Regulations.

10.2. The generating company, the STU/transmission licensee, the distribution licensee and SLDC shall file an application each year during the Control Period for truing up within the time limit as specified in these Regulations:

Provided that, the generating company or STU/transmission licensee or distribution licensee or SLDC, as the case may be, shall submit to the Commission data and information in such form as may be prescribed by the Commission, together with the Audited Accounts duly certified by the Auditor, extracts of books of account and such other details as the Commission may require to assess the reasons for and extent of any variation in financial performance from the approved forecast.

10.3. In case the audited accounts are not available, then the provisional truing up shall be done on the basis of un-audited/ provisional account and such truing up shall be subject to further final truing up, as soon as the audited accounts are made available.

10.4. The scope of the truing up shall consist of comparison of the performance of the generating company or STU/ transmission licensee or distribution licensee or SLDC with the approved forecast and shall include following:

(a) A comparison of the audited performance of the applicant for the previous financial year(s) with the approved forecast for such previous financial year(s), subject to the prudence check including sharing of gains/losses on account of controllable factors and pass-through of impact of all uncontrollable factors;

(b) Review of compliance to directives issued by the Commission from time to time;

(c) Any other relevant details.

10.5. The net financial impact of true-ups in case of generation company or STU/ transmission licensee or distribution licensee shall be accounted for as per the provisions of Regulation 12 and Regulation 13 considering the factors like inflation, natural calamity, etc., by the Commission, and shall be passed through on annual basis.

10.6. In case of SLDC, where after the truing up, the fee and charges recovered if exceeds/ falls short of the amount approved by the Commission under these Regulations, the excess amount so recovered or shortfall to be recovered, as the case may be, shall be adjusted while determining the fee and charges for the next year or as decided by the Commission.

10.7. Truing up of preceding year(s), prior to commencement of this Control Period, shall be governed as per applicable Regulations/Orders under which the Tariff Order has been passed.

11. CONTROLLABLE AND UN-CONTROLLABLE FACTORS

11.1. For the purpose of these Regulations, the term "uncontrollable factors" shall comprise the following factors, but not limited to, which were beyond the control of the applicant, and could not be mitigated by the applicant:

(a) Force Majeure events;

(b) Change in law;

(c) Judicial pronouncements;

(d) Fuel prices;

(e) Sales mix;

(f) quantum of Sales;

(g) power purchase rate;

(h) Cost on account of inflation;

(i) Human Resource (HR) Expenses;

(j) All Taxes, including Income Tax, cess and Statutory levies; and

(k) Any other expenses as admitted by Commission.

11.2. For the purpose of these Regulations, the term "Controllable factors" shall comprise the following:

(a) Capitalization on account of cost overruns in the implementation of a project not attributable to an approved change in scope of such project, change in statutory levies, or circumstances beyond control of the generating company or the licensee, as the case may be;

(b) Generation performance parameters like Plant Availability Factor, Station Heat Rate, Auxiliary consumption, etc;

(c) Energy losses computed in accordance with Regulation 98;

(d) Maintenance & General (M&G) expenses;

(e) Failure to meet the standards specified in the Standards of Performance Regulations, except where exempted;

(f) Interest on working capital;

(g) Variation in Wires Availability and Supply Availability.

12. MECHANISM FOR PASS THROUGH OF GAINS OR LOSSES ON ACCOUNT OF UNCONTROLLABLE FACTORS

The aggregate net gains / losses to the generating company or STU/ transmission licensee or distribution licensee or SLDC on account of uncontrollable items shall be passed on to beneficiaries/consumers through the Aggregate Revenue Requirement for the ensuing year or as may be prescribed in the Order of the Commission passed under these Regulations.

13. MECHANISM FOR SHARING OF GAINS OR LOSSES ON ACCOUNT OF CONTROLLABLE FACTORS

13.1. The mechanism for sharing of aggregate net gain on account of over-achievement with reference to the norms specified in these Regulations or targets set in Tariff Order for efficiency linked controllable items and energy losses computed in accordance with Regulation **98** shall be passed on to the beneficiary / consumer(s) and retained in the ratio of 2:1 by the generating company, licensee or SLDC, as the case may be:

Provided that, in the case of generating stations supplying their entire generation to the distribution licensees of the State, the gains shall be shared in the ratio of 1:1 between the generating stations and the distribution licensees.

13.2. The mechanism for sharing of aggregate net loss on account of under achievement in reference to the norms specified in these Regulations or targets set in Tariff Order for efficiency linked controllable items and energy losses computed in accordance with Regulation **98** shall be passed on to the beneficiary / consumer(s) and retained in the ratio of 1:2 by the generating company, licensee or SLDC, as the case may be:

Provided that, in the case of generating stations supplying its entire generation to the distribution licensees of the State, the losses shall be shared in the ratio of 1:1 between the generating stations and the distribution licensees.

14. TARIFF ORDER

Based on the Petitioner's filings, the Commission may accept the Petition, with such modifications and / or such conditions as may be deemed just and appropriate and pass Orders as per the Act.

15. ADHERENCE TO TARIFF ORDER

15.1. All Tariff Orders passed under these Regulations shall be in force till issue of next Tariff Order.

15.2. No tariff or part of any tariff may be ordinarily amended, more frequently than once in any financial year, except adjustment on account of fuel cost and power purchase based on Fuel and Power Purchase Adjustment Surcharge (FPPAS) formula approved by the Commission.

16. SUBSIDY MECHANISM

16.1. The Commission shall determine the full-cost tariff applicable for each consumer category without considering any subsidy committed by the State Government.

16.2. If the State Government decides to subsidize any consumer or class of consumers, it shall release subsidy in advance, as per the provisions of Section 65 of the Act, to compensate the licensee.

16.3. The accounting of the subsidy payable under Section 65 of the Act shall be done by the distribution licensee, in accordance with the Standard Operating Procedures issued by the Central Government, in this regard.

16.4. A quarterly report shall be issued by the Commission for each distribution licensee in its jurisdiction, giving findings whether demands for subsidy were raised by the distribution licensee in the relevant quarter based on accounts of the energy consumed by the subsidised category and consumer category-wise per unit subsidy declared by the State Government, the actual payment of subsidy in accordance with Section 65 of the Act and the gap in subsidy due and paid as well as other relevant details.

16.5. The quarterly report shall be submitted by the distribution licensee within thirty days from end date of the respective quarter and the Commission shall examine the report, and issue it with corrections, if any, in accordance with Regulation 16.4, within thirty days of the submission.

16.6. In case the subsidy has not been paid in advance, then the Commission shall issue Order

for implementation of tariff without subsidy, in accordance with the provisions of Section 65 of the Act.

16.7. If subsidy accounting and the raising bills for subsidy is not found in accordance with the Act or Rules or Regulations issued there under, the Commission shall take appropriate action against the concerned officers of the distribution licensee for non-compliance as per provisions of the Act.

Chapter 3

FINANCIAL PRINCIPLES

17. FINANCIAL PRUDENCE

17.1. The generating company or licensee or SLDC shall manage its finances in an optimum and prudent manner.

17.2. In determining the ARR and Tariff of the generating company or licensee or SLDC, the Commission shall assess the financial prudence exercised with regard to the following factors:

(a) revenue;

(b) revenue expenditure;

(c) capital expenditure:

Provided that, the Commission may disallow a part of the Aggregate Revenue Requirement, as an efficiency measure, if it finds the exercise of such prudence to have been deficient.

17.3. The financial prudence with respect to revenue shall be assessed in terms of the following parameters:

(a) whether category-wise sales projections are based on realistic estimates, and adequate justification has been provided for any anomalous increase in sales projected by the distribution licensee;

(b) whether projected generation is based on realistic estimates, and adequate justification has been provided for any anomalous increase in generation projected by the generating company;

(c) billing efficiency measured as a percentage of the units billed by the generating company or licensee to the total units injected into the transmission or distribution system, as the case may be;

(d) collection efficiency measured as a percentage of the amount collected by the generating company or licensee to the total amount billed;

(e) reduction in arrears receivable from beneficiaries/consumers;

(f) percentage of metered consumers and metered consumption out of the total, in the case of distribution licensee;

(g) percentage of bills raised on the basis of assessed consumption out of the total number of bills raised by the distribution licensee;

(h) whether revenue collected is in line with the projections made in the Petition and approved by the Commission.

17.4. The financial prudence with respect to revenue expenditure shall be assessed in terms of the following parameters:

(a) monitoring of the revenue expenditure as against the revenue earned, such that the expenses and payment obligations of the generating company or licensee to other entities are met in a timely manner;

(b) mechanism put in place for monitoring adherence to the approved revenue expenditure, including schedule of interest payments for long-term loans and working capital;

(c) transparent method of power procurement, with the objective of optimising the power purchase expenses;

(d) optimum purchase of power considering factors such as requirement of power, Merit Order Despatch, potential for earning additional net revenue based on the differential between the rate for purchase of power from different sources and the market rate for sale of surplus power, if any:

Provided that, in case the excess of revenue expenditure over the revenue earned exceeds 5%, the generating company or licensee shall submit detailed justification for the mismatch along with its Petition for True-up, including a comparison of the revenue expenditure and revenue estimated in the Petition with the amounts approved by the Commission and with the actual amount of revenue expenditure and revenue, under key heads:

Provided further that, the generating company or licensee shall submit a detailed cash flow statement for the respective Business showing the various sources of revenue, the actual amount of cash collected against the amount billed to different consumer categories for sale of electricity, the comparison of the actual revenue expenditure and

capital expenditure with the projected and approved revenue expenditure and capital expenditure:

Provided also that, in case its payment obligations to other entities are not regularly met, the generating company or licensee shall provide justification for such shortfall with reference to its cash flow statement:

17.5. The financial prudence with respect to capital expenditure shall be assessed in terms of the following parameters:

(a) whether projected capital expenditure and capitalisation are based on realistic estimates, and adequate justification has been provided for any anomalous increase in capital expenditure and capitalisation projected by the generating company or licensee;

(b) mechanism put in place for monitoring the physical progress of projects with respect to their original schedule;

(c) optimum drawal of loans in accordance with the physical progress of the capital expenditure schemes, and efficient utilisation of such loans;

(d) in case the actual capital expenditure or capitalisation exceeds 10% of that approved by the Commission, the generating company or licensee shall submit detailed justification for such excess along with its Petition for True-up;

(e) in case any scheme has not been commenced during the year despite the Commission's approval, detailed justification shall be submitted along with the Petition for True-up.

18. DEBT-EQUITY RATIO

18.1. For new projects, the debt-equity ratio of 70:30 as on date of commercial operation shall be considered:

Provided that 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 further that where equity actually deployed is less than 30% of the capital cost, actual equity shall be considered for determination of tariff.

Explanation – The premium, if any, raised by the generating company or the transmission licensee or the distribution licensee, as the case may be, while issuing share capital and investment of internal resources created out of its free reserve, for the funding of the project, shall be reckoned as paid up capital for the purpose of computing return on equity, provided such premium amount and internal resources are actually

utilized for meeting the capital expenditure of the generating station or the transmission system or the distribution system.

18.2. The equity invested in foreign currency shall be designated in Indian rupees on the date of each investment.

18.3. Any consumer contribution/deposit work/grant obtained for the execution of the project shall not be considered as a part of capital structure for the purpose of computation of normative debt-equity ratio.

18.4. In case of the generating station and the licensee declared under commercial operation prior to 01.04.2026, debt-equity ratio allowed by the Commission for determination of tariff for the period ending 31.3.2026 shall be considered.

18.5. Any expenditure incurred or projected to be incurred on or after 01.04.2026 as may be admitted by the Commission as additional capital expenditure for determination of tariff, including renovation and modernisation expenditure for life extension, installation of emission control systems, for development and commissioning of integrated mines shall be serviced in the manner specified in these Regulations.

18.6. In case of transmission licensee or distribution licensee, the cost of project and accordingly debt-equity ratio may be calculated considering the whole network of transmission or distribution system of the licensee, as the case may be, in place of individual line or project.

18.7. For SLDC business, the actual debt: equity ratio appearing in the books of accounts as on the date of transfer shall be considered for the opening capital cost of SLDC:

Provided that till SLDC is operated by a Government Company or any authority or corporation established or constituted by or under any State Act, the debt-equity ratio in the books of accounts of the STU shall be considered.

19. CAPITAL COST AND CAPITAL STRUCTURE

19.1. Capital cost for a project shall include:

(a) the expenditure incurred or projected to be incurred, including interest during construction, incidental expenses during construction and financing charges, any gain or loss on account of foreign exchange risk variation during construction on the loan, up to the date of commercial operation of the project, as admitted by the Commission, after prudence check;

(b) Interest during construction (IDC)

i. Interest during construction shall be computed corresponding to the loan from the date of infusion of debt funds, and after taking into account the prudent phasing of funds up to SCOD.

ii. In case of additional costs on account of IDC due to delay in achieving the SCOD, the generating company or STU/ transmission licensee or distribution licensee or SLDC as the case may be, shall be required to furnish detailed justification with supporting documents for such delay including prudent phasing of funds:

Provided that, if the delay is attributable entirely to the generating company or STU/ transmission licensee or the distribution licensee or SLDC as the case may be, IDC may be entirely disallowed after due prudence check:

Provided further that, if the delay is not attributable to the generating company or STU/ transmission licensee or the distribution licensee or SLDC as the case may be, and is due to uncontrollable factors as specified in Regulation 11, IDC may be allowed after due prudence check:

Provided also that, only IDC on actual loan may be allowed beyond the COD to the extent, the delay is found beyond the control of generating company or the transmission licensee or distribution licensee or SLDC, as the case may be, after due prudence and taking into account prudent phasing of funds.

(c) Incidental Expenditure during Construction (IEDC):

i. Incidental expenditure during construction shall be computed from the zero date and after taking into account pre-operative expenses up to SCOD:

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

ii. In case of additional costs on account of IEDC due to delay in achieving the SCOD, the generating company or STU/ transmission licensee or distribution licensee or SLDC as the case may be, shall be required to furnish detailed justification with supporting documents for such delay including the details of incidental expenditure during the period of delay

and liquidated damages recovered or recoverable corresponding to the delay:

Provided that, if the delay is attributable entirely to the generating company or STU/ transmission licensee or distribution licensee or SLDC as the case may be, IEDC may be entirely disallowed after due prudence check:

Provided further that, if the delay is not attributable to the generating company or STU/ transmission licensee or distribution licensee or SLDC as the case may be, and is due to uncontrollable factors as specified in Regulation 11, IEDC may be allowed after due prudence check:

Provided also that, where the delay is attributable to an agency or contractor or supplier engaged by the generating company or STU/ transmission licensee or distribution licensee or SLDC, the liquidated damages recovered from such agency or contractor or supplier shall be taken into account for computation of capital cost.

(d) in case of SLDC business, the capital cost appearing in the books of accounts of SLDC/STU as on the date of transfer along with the approved CAPEX plan for the Control Period shall be the basis for determination of charges.

(e) capitalized initial spares subject to the ceiling rates specified in Regulation 18.6; and

(f) additional capital expenditure determined under Regulation 20:

Provided that, the assets forming part of the project, but not put to use or not in use, shall be excluded from the capital cost.

19.2. In case the time over-run beyond SCOD is not admissible after due prudence, the increase of capital cost on account of cost variation corresponding to the period of time over-run may be excluded from capitalization irrespective of price variation provisions in the contracts with supplier or contractor of the generating company or STU/ transmission licensee or distribution licensee or SLDC.

19.3. The capital cost of the concerned asset/s shall be considered after deducting the amount of accumulated depreciation computed for the period the assets remain unutilised, for the purpose of tariff determination, in the following instances:

(a) The asset/s have become part of the asset base of the regulated business after lapse of time with respect to the COD of the asset;

(b) If the asset has not been put to use for the regulated business after COD.

19.4. The capital cost for the emission control systems as well as the integrated mines, except for deviations specifically provided in these Regulations, shall generally follow the same principles as laid down in the Regulation 18.1.

19.5. The capital cost admitted by the Commission after prudence check shall form the basis for determination of tariff:

Provided that, prudence check may include scrutiny of project cost of the capital expenditure, financing plan, IDC and IEDC, use of efficient technology, cost over-run and time over-run, and such other matters as may be considered appropriate by the Commission for determination of tariff:

Provided further that, where the actual capital cost is lower than the approved capital cost, the actual capital cost shall be considered for tariff determination:

Provided also that, any escalation in capital cost over and above the approved capital cost may be considered by the Commission subject to prudence check or independently vetted by the Commission:

Provided also that, in case the site of a hydro generating station is awarded to a developer by a State Government by following a transparent process of bidding, any expenditure incurred or committed to be incurred by the project developer for getting the project site allotted shall not be included in the capital cost:

Provided also that, the capital cost in case of such hydro generating station shall include:

(a) cost of approved rehabilitation and resettlement (R&R) plan of the project in conformity with R&R package as approved; and

(b) cost of the developer's contribution towards any scheme approved by the State Government in the affected area:

Provided also that, where the long-term power purchase agreement entered into between the generating company and the beneficiaries or the transmission service agreement entered into between the transmission licensee and the beneficiary, as the case may be, provide for ceiling of actual expenditure, lower of such ceiling and the capital expenditure as admitted by the Commission shall be take into consideration for determination of tariff.

19.6. The capital cost may also include capitalized initial spares as a percentage of the plant and machinery cost, subject to following ceiling norms:

i. Generating Station (s)

i. Coal-based/lignite-fired thermal generating stations - 4.00%

Provided that as and when the emission control systems are installed, or an integrated mine is commissioned, additional initial spares at the same rate as given above shall be allowable separately.

ii. Hydro generating stations - 4.00%

ii. Transmission system or Distribution system

i. Transmission or distribution line - 1.00%

ii. Transmission or distribution substation - 4.00%

iii. Series/parallel compensation devices and HVDC Station - 4.00%

iv. Gas insulated sub-station - 3.50%

v. Communication system - 3.50%:

19.7. Any expenditure on replacement, renovation and modernisation or extension of life of old fixed assets, as applicable to generating company, transmission licensee and distribution licensee, shall be considered after writing off the GFA of such replaced assets from the original capital cost and the accumulated depreciation on the asset from the total accumulated depreciation:

Provided that, the amount of insurance proceeds received, if any, towards damage to any asset requiring its replacement shall be first adjusted towards outstanding actual or normative loan; and the balance amount, if any, shall be utilised to reduce the capital cost of such replaced asset, and any further balance amount shall be considered as Non-Tariff Income.

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

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

19.9. The average capital cost during a year shall be computed as average of opening and closing gross fixed assets for the year:

Provided that, for the new generating station or unit, the capital cost shall be charged on pro-rata basis during the year for the asset declared under commercial operation and for subsequent years, the capital cost shall be computed on the average asset base.

19.10. The impact of revaluation of assets shall be permitted provided it does not result in increase in Tariff of the generating company or licensee:

Provided that, any benefit from such revaluation shall be passed on to the beneficiaries of the generating company or licensee, at the time of tariff determination or truing-up, as the case may be.

20. ADDITIONAL CAPITALIZATION

20.1. The capital expenditure incurred or projected to be incurred, on the following counts within the original scope of work, after the date of commercial operation and up to the cut-off date may be admitted by the Commission, subject to prudence check:

i. Un-discharged liabilities to the extent of discharge of such liabilities by actual payments;

ii. Works deferred for execution;

iii. Procurement of initial capital spares within the original scope of work, subject to the provisions of Regulation 18.6;

iv. Liabilities to meet award of arbitration or for compliance of the order or decree of a court or any statutory authority;

v. Change in law or compliance of any laws; and

vi. Force Majeure.

20.2. The capital expenditure incurred on the following counts after the cut-off date may, in its discretion, be admitted by the Commission, subject to prudence check:

i. Liabilities to meet award of arbitration or for compliance of the order or decree of a court or any statutory authority;

ii. Liability for works admitted by the Commission to the extent of discharge of such liabilities by actual payments; and

iii. Change in law or compliance of any laws;

iv. Force Majeure;

v. Deferred works relating to ash pond or ash handling system or raising of ash dyke;

vi. Capital Investment for water conservation works including Usage of water from sewage treatment plant in thermal generating station.

vii. Need for higher security and safety of the plant in line with approvals accorded by the Central Commission;

viii. In case of hydro generating stations, any investment which has become necessary on account of damage caused by natural calamities (but not due to flooding of power house attributable to the negligence of the generating company) including due to geological reasons after adjusting for proceeds from any insurance scheme, and investment of more than Rs. 1 Crore, which is considered indispensable by the Commission for running the generating station; and

ix. In case of transmission /distribution system any additional investment on items such as relays, control and instrumentation, computer system, power line carrier communication, DC batteries, replacement of switchyard equipment due to increase of fault level, emergency restoration system, insulators cleaning infrastructure, replacement of damaged equipment not covered by insurance and any other investment more than Rs. 1 Crore, which has become necessary for successful and efficient operation of transmission/ distribution system;

x. Any investment of more than Rs. 30 lakh of capital nature or spares, which is considered indispensable by the Commission for running the thermal generating station:

Provided that the generating company or licensee shall submit the details of such capitalisation at the time of true-up and the Commission may allow the same after prudence check:

Provided further that, any expenditure on acquiring the minor items or the assets like tools and tackles, furniture, air-conditioners, voltage stabilizers, refrigerators, coolers, fans, heat convectors, computer, mattresses, carpets, etc., brought after the cut-off date shall not be considered for additional capitalization for determination of tariff and/or fees and charges as the case maybe.

20.3. 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, equity, debt, and 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 is necessary on account of change in law or compliance of 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:

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

20.4. Pass-through of costs associated with assets created by the generating company, licensee or SLDC, shall be subject to the following conditions:

a. the asset has been created in accordance with the capital investment plan approved by the Commission;

b. the asset has been procured in competitive and transparent manner;

c. the asset is geo-tagged and properly recorded in Fixed Asset Register.

21. In-principle approval in specific circumstances: The generating company or the licensee planning any additional capitalization, which otherwise meets the qualifying criteria for consideration as additional capitalization under these Regulations, however, the cost and time projections may not be possible beforehand for the uncontrollable reasons beyond the control of the generating company or the licensee, as the case may be, may file Petition for in-principle approval for incurring such expenditure after prior notice to the beneficiaries or the long-term customers, as the case may be, along with underlying assumptions, and justification for such expenditure.

22. RENOVATION AND MODERNISATION

22.1. The generating company intending to undertake renovation and modernisation of the generating station or Unit for the purpose of extension of life beyond the Useful Life of the generating station or a Unit thereof, shall make an application before the Commission for approval of the proposal with a Detailed Project Report giving complete scope, justification, cost-benefit analysis, estimated life extension from a reference date, financial package, phasing of expenditure, schedule of completion,

reference price level, estimated completion cost including foreign exchange component, if any, specific Board approval, and any other information considered to be relevant by the generating company or the transmission licensee or the distribution licensee:

Provided that, the generating company making the application for renovation and modernisation shall not be eligible for Special Allowance under Regulation 23 for that particular generating station or Unit:

Provided further that, the generating company intending to undertake renovation and modernisation shall seek the consent of the beneficiary/ies for such renovation and modernisation and submit the response of the beneficiary/ies along with the Petition.

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

22.3. Any expenditure incurred or projected to be incurred on renovation and modernisation shall be treated in line with the provisions under Regulation 18.7.

23. SPECIAL ALLOWANCE FOR COAL-BASED THERMAL GENERATING STATIONS

23.1. In case the generating station decides to operate any of its coal-based thermal generating unit(s), which has completed Useful Life without investment in Renovation and Modernisation, and meets the operational performance benchmark in accordance with the norms specified in these Regulations, then such generating station shall be eligible for annual Special Allowance @ Rs. 10.75 lakh/ MW/ year as compensation for meeting the requirement of expenses towards any additional capital expenditure covered in Regulations 20 and 22, except for capital expenditure arising out of change in law, award of arbitration or for compliance of the directions or order of any statutory authority, or order or decree of any court of law, and force majeure, after completion of 25 years from the date of commercial operation of the generating station or a unit thereof:

Provided that, no upward revision of the capital cost shall be allowed and the applicable operational norms shall not be relaxed but the Special Allowance shall be included in the annual fixed cost:

Provided further that, a maximum of fifty percent of Special Allowance may be allowed at the time of tariff determination, with the generating company having the liberty to claim the balance fifty percent of Special Allowance at the time of true-up for the respective year:

Provided also that, the Special Allowance may be carried over from one year to another within the Control Period, depending on the status of capital works:

Provided also that, Special Allowance shall not be available for a generating station or Unit thereof for which Renovation and Modernisation has been undertaken and the expenditure has been admitted by the Commission before the commencement of these Regulations, or for a generating station or Unit, which is in a depleted condition or operating under relaxed operational and performance norms.

23.2. In the event of grant of Special Allowance by the Commission, the expenditure incurred or utilized from Special Allowance shall be maintained separately by the generating station, and details of same shall be submitted to the Commission at the time of filing of tariff petitions/true-up petitions.

24. CONSUMER CONTRIBUTION, DEPOSIT WORK AND GRANT

24.1. The following nature of work carried out by the generation company, STU/transmission licensee or distribution licensee shall be classified under this category:

(a) All type of works funded fully or partly by Consumers(s);

(b) All capital works implemented by utilizing grants received from the State and/or Central Governments, etc;

(c) Work funded by any other grant of similar nature and such amount received without any obligation to return the same and with no interest costs attached to such subvention:

Provided that, in case of part funding, the treatment shall be limited to the extent of funds deposited by Consumer (s).

24.2. Principles for treatment of the expenses on such capital expenditure shall be as follows:

(a) O&M expenses as specified in these Regulations shall be allowed;

(b) Depreciation, Return on Equity, and Interest on normative loan shall not be allowed.

25. RETURN ON EQUITY

25.1. Return on equity shall be computed in rupee terms on the equity base determined in accordance with Regulation 18 at the rate of 15.5% for generating company, transmission licensee, distribution wires business, and SLDC.

25.2. Return on equity shall be computed in rupee terms on the equity base determined in accordance with Regulation 18 at the rate of 16.0% for retail supply business.

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

25.4. In case the generation company or licensee or SLDC claims Return on Equity at a rate lower than the normative rate specified above for any particular year, then such claim for lower Return on Equity shall be unconditional:

Provided that, such claim for lower Return on Equity shall be allowed subject to the condition that the reduction in Return on Equity shall be foregone permanently for that year and shall not be allowed to be recouped at the time of true-up.

26. INTEREST AND FINANCE CHARGES ON LOAN CAPITAL

26.1. The debt arrived at in the manner indicated in Regulation 18 shall be considered as gross normative loan for calculation of interest on loan.

26.2. The normative loan outstanding as on 01.04.2026 shall be worked out by deducting, the cumulative repayment as admitted by the Commission up to 31.03.2026, from the gross normative loan.

26.3. The repayment of loan for the year of the tariff period shall be deemed to be equal to the depreciation allowed for that year.

26.4. Notwithstanding any moratorium period availed by the generating company or the licensee, as the case may be, 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.

26.5. The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio at the beginning of each year applicable to the project:

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 or the licensee, as the case may be, does not have actual loan, then the weighted average rate of interest of the generating

company or the licensee as a whole shall be considered:

Provided also that, in case the generating company or licensee does not have actual loan portfolio as a whole, the rate of interest shall be considered on normative basis and shall be equal to the Marginal Cost of Fund based Lending Rate (MCLR - one year tenor) of State Bank of India as applicable on 1st April of the relevant financial year:

Provided also that, in case of new generating station or the licensee commencing its operation after the date of effectiveness of this Regulation, and which does not have actual loan portfolio, the rate of interest shall be considered on normative basis and shall be equal to the Marginal Cost of Fund based Lending Rate (MCLR - one year tenor) of State Bank of India as applicable on 1st April of the relevant financial year:

Provided also that, at the time of true-up, the interest rate shall be the weighted average rate of interest for the year under consideration.

26.6. The interest on loan shall be calculated on the average of opening and closing normative loan of the year.

26.7. The interest amount as per Regulation **26.6** shall exclude interest on loan amount, normative or otherwise, to the extent of capital cost funded by consumer contribution, grants or deposit works carried out by generating company, transmission licensee, SLDC or distribution licensee, as the case may be.

26.8. The generating company or SLDC or the licensee, as the case may be, shall make every effort to re-finance the loan as long as it results in net savings on interest and in that event, the costs associated with such re-financing shall be borne by the beneficiaries and the net savings shall be shared between the beneficiaries and the generating company or the STU or the transmission licensee or the distribution licensee, as the case may be, in the ratio of 2:1:

Provided that, in case of SLDC, this provision shall be applicable only to those intra-State entities who are availing services of SLDC on long-term basis:

Provided further that, re-finance shall not be done if it results in net increase in interest cost or is subject to any adverse terms and conditions leading to additional cost:

Provided also that, the net savings in interest shall be computed after factoring all the terms and conditions, and based on the weighted average rate of interest of actual portfolio of loans taken from Banks and Financial Institutions recognised by the Reserve Bank of India, before and after re-financing of loans.

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

26.10. In case of licensee, the interest paid on security deposit to the consumers shall not be allowed as a part of Aggregate Revenue Requirement, and the licensee shall bear the interest liability on consumer security deposit.

27. DEPRECIATION

27.1. The value base for the purpose of depreciation shall be the capital cost of the asset as admitted by the Commission:

Provided that, the capital cost shall not include funds from grant or consumer contribution received for funding of fixed asset as specified in Regulation 23.

27.2. The salvage value of the asset except for IT equipment and software shall be considered as 10% and depreciation shall be allowed up to maximum of 90% of the capital cost of the asset:

Provided that, the salvage value for IT equipment and Software shall be considered as NIL and 100% value of the assets shall be considered depreciable:

27.3. Land other than the land held under lease and the land for reservoir in case of hydro generating station and the land for ash-bund for thermal power stations shall not be a depreciable asset and its cost shall be excluded from the capital cost while computing depreciable value of the asset:

Provided that, subject to specific provisions, the land for integrated mine shall also be considered for depreciation.

27.4. Depreciation for existing assets commissioned before 31.03.2026 shall be calculated annually based on Straight Line Method and at rates as specified in **Appendix-I** to these Regulations:

Provided that, the generating company or licensee or SLDC shall ensure that once the individual asset is depreciated to the extent of seventy percent or actual debt component, whichever is higher, remaining depreciable value as on 31st March of the year closing shall be spread over the balance Useful Life of the asset:

Provided further that, the generating company or licensee or SLDC shall submit all such details or documentary evidence as may be required, to substantiate the above claims.

27.5. In case of existing projects, the balance depreciable value as on 01.04.2026 shall be worked out by deducting the cumulative depreciation as admitted by the Commission up to 31.03.2026 from the gross depreciable value of the assets.

27.6. Depreciation for new assets commissioned on or after 01.04.2026 shall be calculated annually based on Straight Line Method and at rates as specified in **Appendix-II** to these Regulations:

Provided that, the generating company or licensee or SLDC shall ensure that once the individual asset is depreciated to the extent of seventy percent or actual debt component, whichever is higher, remaining depreciable value as on 31st March of the year closing shall be spread over the balance Useful Life of the asset:

Provided further that, the generating company or licensee or SLDC shall submit all such details or documentary evidence as may be required, to substantiate the above claims.

27.7. The generating company or licensee or SLDC shall submit the depreciation computations separately for assets added up to March 31, 2026 and assets added on or after April 1, 2026.

27.8. Any depreciation disallowed on account of lower availability of the generating station or unit or transmission system, as the case may be, shall not be allowed to be recovered at a later stage during the Useful Life or the Extended Life.

27.9. Depreciation allowed for each year of the Control Period from FY 2026-27 to FY 2029-30 shall be deemed to be equal to the loan repayment, up to the ceiling of seventy percent of asset cost or actual debt component used for funding such asset in case the debt funding is higher than seventy percent of the asset cost.

27.10. In cases where additional capital investment is approved by the Commission for a plant at the end of its useful life or after its useful life is already over, the recoverable depreciation in respect of additional capital investment, shall be spread over the balance projected Operational Life or fifteen years, whichever is lower, in case of generation company, and spread over the balance projected Operational Life or ten years, whichever is lower, in case of licensee, after prudence check by the Commission.

27.11. Until a Government company or any authority or corporation is notified for operating the SLDC, the depreciation shall be calculated as applicable for the STU under these Regulations:

Provided that, the balance depreciable value as on the date of transfer for the SLDC shall be worked out by deducting the cumulative depreciation from the gross depreciable value of the assets appearing in the books of accounts of the SLDC as on the date of transfer.

27.12. Depreciation shall be chargeable from the first year of commercial operation and shall be computed on the average asset base during the year:

Provided that, for the new generating station or unit, assets of transmission licensee or assets of distribution licensee or SLDC, as the case may be, the depreciation on such new assets shall be charged on day-wise pro-rata basis during the first year the asset has been declared under commercial operation:

Provided further that, for subsequent years, the depreciation shall be computed on the average asset base during the year.

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

Provided that, the remaining depreciable value as on 31st March of the year closing in which, the emission control system is depreciated to the extent of seventy percent, shall be spread over the balance Operational Life of generating station:

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

Provided also that, in case the date of operation of the emission control system is subsequent to the date of completion of Useful Life of generating station, depreciation of emission control system shall be computed annually from the date of operation of such emission control system based on the straight-line method, with a salvage value of 10% and recovered over ten years or a period mutually agreed by the generating company and the beneficiary/ies, whichever is higher.

28. INTEREST ON WORKING CAPITAL

28.1. The normative working capital shall comprise:

(a) For coal-based thermal generating stations:

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

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

iii. Cost of secondary fuel oil for one month 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; plus

iv. Normative O&M expenses for 15 days; plus

v. Maintenance spares @ 20% of M&G expenses specified in Regulation 41.5.ii.1; plus

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

Provided further that, upon COD of the emission control systems the following component shall be considered additionally:

a. Cost of limestone or reagent towards stock for 20 days corresponding to the normative annual plant availability factor; plus

b. Advance payment for 30 days towards cost of reagent for generation corresponding to the normative annual plant availability factor; plus

c. Receivables equivalent to 45 days of supplementary capacity charges and supplementary energy charges for sale of electricity calculated on the normative annual plant availability factor; plus

d. Normative O&M expenses in respect of emission control system for 7 days; plus

e. Maintenance spares @ 20% of O&M expenses in respect of emission control system.

(b) For Hydro generating station:

i. Normative O&M expenses for 15 days; plus

ii. Maintenance spares @ 20% of Maintenance and General expenses specified in Regulation 41.5.ii or 41.5.iv as the case may be; plus

iii. Receivables equivalent to 45 days of annual fixed cost.

(c) For Transmission business:

i. Normative O&M expenses for 15 days; plus

ii. Maintenance spares @ 20% of Maintenance and General expenses specified in Regulation 73.5.i; plus

iii. Receivables equivalent to 45 days of Transmission Charges.

(d) For Distribution Wheeling Business:

i. Normative O&M expenses for 15 days; plus

ii. Maintenance spares @ 20% of Maintenance and General expenses specified in Regulation 83.4.i; plus

iii. One (1) month equivalent of the revenue from charges for use of Distribution Wires at the prevailing tariff;

(e) For Retail Supply of Electricity:

i. Normative O&M expenses for 15 days; plus

ii. Maintenance spares @ 20% of Maintenance and General expenses specified in Regulation 92.6.ii; plus

iii. Receivables equivalent to 15 days of the revenue from sale of electricity at the prevailing tariffs within state;

(f) For SLDC business:

i. Normative O&M expenses for 15 days; plus

ii. Maintenance spares @ 20% of Maintenance and General expenses specified in Regulation 102.5.ii; plus

iii. Receivables equivalent to 45 days of system operation charges and market operation charges as approved by the Commission.

28.2. At the time of true-up, the working capital requirement for generating company, licensee, and SLDC shall be computed based on the revised normative values of the various components of working capital approved after true-up:

Provided that, at the time of true-Up, the receivables for the computation of working capital requirement of the generating company, STU/transmission licensee, distribution wheeling business, and SLDC will be determined equivalent to 45 days of actual revenue billed and the receivables for the computation of working capital requirement of the retail supply business will be determined equivalent to 15 days of actual revenue billed.

28.3. The cost of fuel in cases covered under sub-clause (a) of Regulation 28.1 shall be based on the landed cost incurred taking into account normative transit and handling losses by the generating company and gross calorific value of the fuel as per latest available actual data for the three months and no fuel price escalation projection shall be considered during the tariff period.

28.4. Interest on working capital shall be estimated at the rate equal to the Marginal Cost of Fund based Lending Rate (MCLR - one year tenor) of State Bank of India plus 200

basis points prevailing on 30th September of current financial year:

Provided that, during truing-up, the interest on working capital shall be computed at the average actual sanctioned rate of interest during the year.

28.5. At the time of truing-up, the variation between the normative interest on normative working capital and the actual interest on actual working capital incurred by the generating company, licensee and SLDC, shall be shared in accordance with Regulation 13 of these Regulations.

28.6. Notwithstanding the provisions of these Regulations, the receivables to be considered for computation of working capital for the generating company, STU/transmission licensee and SLDC, shall be considered for such number of days as may be prescribed in the Rules, related to payment of surcharge, notified by the Central or State Government under Section 176 or Section 180, as the case may be, in accordance with the Act.

29. TAX ON INCOME

29.1. Any tax paid against income/services from sale of energy or under other sources or Non-Tariff Income which are considered in ARR, shall be passed through tariff at actuals, subject to prudence check.

29.2. Tax on any income stream other than the core business shall not be a pass-through component in tariff and tax on such other income shall be borne by the generating company or licensee or SLDC as the case may be.

29.3. Income Tax on late payment surcharge earned by the generating company or licensee or SLDC shall not be allowed as pass-through in the tariff.

29.4. Any refund of Income Tax received by the generating company or licensee or SLDC shall be passed through at the time of true-up for the year under consideration.

30. REBATE

For payment of bills of the generating company, STU/ transmission licensee and SLDC through letter of credit or otherwise, a rebate of 1% of the paid amount corresponding to current bill shall be allowed if payment is made within 7 days of presentation of bills by the generating company or STU/ transmission licensee or SLDC, as the case may be.

31. LATE PAYMENT SURCHARGE

31.1. In case the payment of any bill for charges payable under these Regulations is delayed by a beneficiary/ intra-State entity beyond a period of 45 days from the date of billing, a late payment surcharge at the base rate for the period for the first month of default on

outstanding amount, shall be levied by the generating company or the STU/transmission licensee or the SLDC/ system operator:

Provided that, at the time of true-up, the late payment surcharge paid received by the beneficiary/licensee shall not be considered as an expense/ revenue, as the case may be.

31.2. Late Payment Surcharge from retail consumers shall be recoverable as per the relevant provisions of applicable Tariff Order.

31.3. The rate of Late Payment Surcharge for the successive months of default shall increase by 0.5 percent for every month of delay, provided that the Late Payment Surcharge shall not be more than three percent higher than the base rate at any time:

Provided that, the rate at which Late Payment Surcharge shall be payable, shall not be higher than the rate of Late Payment Surcharge specified in the agreement, if any:

Provided further that, unless otherwise notified by the competent Government under the rule making powers conferred by the Act for the State-owned generating stations the payment security mechanism shall be as decided by the State Government and till such mechanism is decided by the State Government, unless otherwise directed to, the State-owned generating stations shall not regulate power supply to the State Distribution Company.

31.4. All payments by a Distribution Licensee to a Generating Company for power procured from it or by a user of a transmission system to a Transmission Licensee shall be first adjusted towards Late Payment Surcharge and thereafter, towards monthly charges, starting from the longest overdue bill.

31.5. In case the Distribution Licensee has communicated, in writing, to the Generating Company or Transmission Licensee, as the case may be, the outstanding dues and number of instalments in which, the outstanding dues would be paid, within thirty days of the notification of the Late Payment Surcharge Rules, 2022, the following conditions shall be applicable:

(a) The Distribution Licensee may make payment in a month more than the equated monthly instalment for the month;

(b) The payment of instalment shall be done to all the concerned Generating Companies and Transmission Licensees, as the case may be, on pro-rata basis, depending upon the proportion of their individual outstanding dues.

31.6. Notwithstanding anything contained in Regulation 30.1, if the Distribution Licensee agrees to payment of the arrears due as per the instalment fixed under the Late Payment Surcharge Rules, 2022, and makes timely payment of these instalments, then the Late

Payment Surcharge shall not be payable on the outstanding dues.

31.7. In case of delay in payment of an instalment under Regulation 30.1, Late Payment Surcharge shall be payable on the entire outstanding dues as on the date of notification of the Late Payment Surcharge Rules, 2022.

31.8. All the bills payable by a Distribution Licensee to a Generating Company or a Transmission Company shall be time-tagged with respect to the date and time of submission of the bill and the payment made by the Distribution Licensee shall be adjusted first against the oldest bill and then to the second oldest bill and so on, so as to ensure that payment against a bill is not adjusted unless and until all bills older than it have been paid for:

Provided that, any adjustment towards Late Payment Surcharge shall be done in the manner as specified in Regulation 30.4.

31.9. The provisions and methodologies not specified in these Regulations shall be in accordance with Late Payment Surcharge Rules, 2022.

31.10. If the Central Government or the State Government amends the prevailing Rule or makes any new Rule under the Section 176 or Section 180, as the case may be, of the Electricity Act, 2003 related to late payment surcharge, to the extent, scope and applicability prescribed under such Rules, the provisions of such Rule shall prevail notwithstanding the provisions of these Regulations.

32. FOREIGN EXCHANGE RATE VARIATION

32.1. The generating company or the transmission licensee or the distribution licensee or SLDC, as the case may be, may hedge foreign exchange exposure in respect of the interest on foreign currency loan and repayment of foreign loan acquired for the generating station or the transmission or distribution system, in part or full at the discretion of the generating company or licensee or SLDC.

32.2. The generating company or licensee or SLDC, as the case may be, shall recover the cost of hedging of foreign exchange rate variation corresponding to the normative foreign debt, in the relevant year on year-to-year basis as expenses in the period in which it arises from the beneficiary/ies, and extra rupee liability corresponding to such foreign exchange rate variation shall not be allowed against the hedged foreign debt.

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

33. CARRYING COST OR HOLDING COST

The Commission shall compute carrying cost/ holding cost, as the case may be, for a particular year at the rate equal to the actual interest rate allowed for computation of Interest on Working Capital at the time of true-up for the said year:

Provided that the same rate of interest shall be considered for the current year and ensuing year, while computing the carrying/holding cost to be recovered in the ensuing year"

34. BILLING AND PAYMENT OF CHARGES

34.1. Bills shall be raised for capacity charge and energy charge on monthly basis by the generating company and the transmission licensee/STU and SLDC in accordance with these Regulations and payments shall be made by the beneficiaries directly to the generating company/transmission licensee/STU/SLDC, as the case may be.

34.2. Transmission charges corresponding to any plant capacity for which a beneficiary has not been identified and contracted, shall be paid by the concerned generating company.

34.3. The billing and recovery of fees and charges of SLDC business shall be as defined in Chapter 9 of these Regulations.

34.4. The billing to the retail consumers shall be done in accordance with the provisions specified in the prevailing Chhattisgarh Supply Code Regulations and amendments thereon.

35. PENSION FUND

35.1. The contribution to the Pension and Gratuity Trust Fund shall be allowed by the Commission on the basis of actuarial analysis, expected pension outflow for the State Power Companies and availability of funds with the Pension Trust at the time of determination of MYT / ARR for each year of the Control Period.

35.2. The pension outflow shall be met from the Pension and Gratuity Trust Fund.

35.3. Contribution to the Pension and Gratuity Trust Fund as approved by the Commission shall be recoverable as specified in these Regulations.

35.4. Till the time SLDC is administered by STU, SLDC's share of the Pension and Gratuity Trust Fund shall be met by the STU on pro-rata basis:

Provided that, for the purpose of ratio determination, the employee strength of SLDC and STU as on 1st April of the preceding year shall be considered.

Chapter 4

GENERATION

36. PETITION FOR DETERMINATION OF GENERATION TARIFF

36.1. A generating company is required to file a Petition for determination of tariff for supply of electricity directly or through State trading licensee(s) to distribution licensees of the State under long term agreement in accordance with the provisions of these Regulations.

36.2. A generating company shall be allowed to bundle power from renewable energy sources.

37. COMPONENTS OF TARIFF

37.1. The tariff for supply of electricity from a thermal generating station shall comprise two parts, namely, capacity charge for recovery of annual fixed cost consisting of the components specified in Regulation **38**, and energy charge for recovery of fuel cost.

37.2. The tariff for supply of electricity from a hydro generating station shall comprise composite capacity charge and energy charge to be derived in the manner specified in Regulation **46**, and shall consist of the components specified in Regulation **38**.

38. ANNUAL FIXED COST

38.1. The annual fixed cost (AFC) of a generating station shall consist of the following components:

(1) Return on equity;

(2) Interest and finance charges;

(3) Depreciation;

(4) Interest on working capital;

(5) O&M expenses:

a. HR expenses;

(i) Employee expenses;

(ii) Impact of Pay revision;

(iii) Manpower deployed on outsourcing basis;

b. M&G expenses;

(6) Pension & Gratuity fund contribution;

Less:

(7) Non-Tariff Income

(8) Income from other business, to the extent specified in Regulation **Error! Reference source not found.**.

NOTE:

1. The SLDC charges shall be recovered in accordance with fees and charges determined in accordance with provisions of Chapter 9 of these Regulations;

2. Pension & Gratuity Fund Contribution shall be recoverable in equal monthly instalments as may be determined by the Commission in the Tariff Order;

3. The water charges, statutory taxes, duties and cess actually paid, shall be pass through;

4. The Electricity (Timely Recovery of Costs due to Change in Law) Rules, 2021 notified by Central Government as amended from time to time, shall be applicable to generating company:

Provided that, in case of any event of Change in Law arising out of amendment or repeal of any law made after the determination of tariff under Section 62 or 63 of the Act, the generating company, being the affected party shall be at liberty to approach the Commission for one-time approval of formats and procedures for invoking recovery of the impacted amount (fixed / recurring amount) under the Electricity (Timely Recovery of Costs due to Change in Law) Rules, 2021 as may be amended from time to time:

Provided further that, subsequent recovery shall be in accordance with the Rules:

Provided also that, Depreciation, Interest and finance charges on Loan Capital, Interest on Working Capital, and Return on Equity for Thermal and Hydro Generating Stations shall be allowed in accordance with the provisions specified in Chapter 3 of these Regulations.

39. CAPITAL COST

39.1. The capital cost shall be allowed as provided in Regulations **19**, 19 and 20 of these Regulations.

40. SALE OF INFIRM POWER

40.1. Tariff for sale of infirm power shall be as determined by the Commission from time to time:

Provided that any revenue earned by the generating company from supply of infirm power in excess of the normative fuel expenses, shall be adjusted in the capital cost.

41. CALCULATION OF ANNUAL FIXED CHARGES

41.1. Return On Equity

The generating company shall be allowed a ROE as specified in Regulation 25 of these Regulations.

41.2. Interest On Loan Capital

The generating company shall be allowed interest and finance charges on loan capital as specified in Regulation 26 of these Regulations.

41.3. Depreciation

The generating company shall be permitted to recover depreciation on the value of fixed assets as specified in Regulation 27 of this Regulation.

41.4. Interest On Working Capital

The generating company shall be allowed interest on the estimated level of working capital requirement, as specified in Regulation 28 of these Regulations.

41.5. Operation And Maintenance (O&M) Expenses

i. Human Resource (HR) Expenses

a) HR expenses for the generating company shall comprise:
   (i) employee cost;
   (ii) impact of Pay revision;
   (iii) manpower deployed on outsourcing basis.

b) The Commission shall stipulate a separate trajectory for each of the components of HR expenses for the Control Period for all existing generating stations.

c) The HR expenses includes employee cost, impact of pay revision arrears, all expenses towards manpower deployed on outsourcing basis, pension fund contribution, and any other expenses of non-recurring nature related to HR.

d) The HR expenses for the base year, i.e., FY 2025-26, shall be derived on the basis of the normalized average of the actual HR expenses excluding Pension and Gratuity Trust Fund contribution, impact of pay revision arrears and any other expenses of non-recurring nature, available in the accounts for the previous five (5) years immediately preceding the base year, i.e., FY 2025-26, subject to prudence check by the Commission.

e) The normalization of HR expenses shall be done by applying last five-year average increase in Consumer Price Index Industrial Worker (CPI (IW)) on year-to-year basis.

f) The average of normalized net present value for FY 2020-21 to FY 2024-25, shall then be used to project base year value for FY 2025-26.

g) The projected base year value shall be escalated by the above inflation rate to estimate the HR expenses (excluding impact of Pension and Gratuity Trust Fund contribution and pay revision and any other expenses of non-recurring nature, if any) for each year of the Control Period.

h) At the time of true up, the HR expenses shall be considered at actual and shall not be subjected to gain/loss mechanism:

Provided that during the true-up, actual cash outflow on impact of pay revision (including arrears) and Pension and Gratuity Trust Fund contribution shall be allowed as per accounts, subject to prudence check and any other factor considered appropriate by the Commission.

i) CPI (IW) (all India) shall be as per Labour Bureau, Government of India {Base Year: 2016=100}.

ii. Maintenance & General (M&G) Expenses

41.5.ii.1. Thermal Generating Station:

a) Maintenance and General (M&G) expenses for the generating company shall comprise:
   i) Administrative and General (A&G) expenses;
   ii) Repair and Maintenance (R&M) expenses.

b) The year-wise normative M&G expenses for the Control Period with annual escalation of 5.25%, are as under:

(Rs. Lakh/MW)

Year	200/210/250 MW Series	300/330/350 MW Series	500 MW Series	600 MW Series	800 MW & above
FY 2026-27	*23.13*	*19.24*	*15.36*	*14.57*	*13.11*
FY 2027-28	*24.35*	*20.25*	*16.17*	*15.34*	*13.80*
FY 2028-29	*25.62*	*21.32*	*17.02*	*16.15*	*14.53*
FY 2029-30	*26.97*	*22.44*	*17.91*	*16.99*	*15.29*

c) At the time of true up, the A&G expenses and R&M expenses shall be considered after taking into account the actual inflation on the basis of 40% weightage for WPI and 60% weightage for CPI on year-to-year basis.

d) The O&M expenses on account of emission control system in coal based thermal generating station shall be 2% of the admitted capital expenditure (excluding IDC and IEDC) as on its date of commercial operation, which shall be escalated annually @5.25% during the Control Period subject to true up as above.

e) The additional M&G expenses incurred due to any change/compliance of law or any direction by statutory authority including but not limited to expenses on ash utilization (not covered in additional capitalisation) shall be pass through over and above the M&G expenses allowed in the Tariff Order.

f) Wholesale Price Index numbers of all commodities shall be as per Office of Economic Advisor, Ministry of Commerce & Industry, Government of India {Base Year: 2011-12 Series}.

g) Consumer Price Index for Industrial Workers (all India) shall be as per Labour Bureau, Government of India {Base Year: 2016=100}.

h) Water charges shall be pass through in tariff on actual reimbursement basis.

41.5.ii.2. For Existing Hydro Generating Stations

a) Maintenance & General (M&G) expenses for the generating company shall include:

(i) Administrative and General (A&G) expenses;

(ii) Repair and Maintenance (R&M) expenses.

b) The Commission shall stipulate a separate trajectory for each of the components of M&G expenses, viz., R&M expenses and A&G expenses, for the Control Period.

c) The A&G expenses and R&M expenses for the base year, i.e., FY 2025-26, shall be derived on the basis of the normalized average of the actual A&G expenses (excluding water charges) and R&M expenses, respectively, available in the accounts for the previous five (5) years immediately preceding the base year, i.e., FY 2025-26, subject to prudence check by the Commission:

Provided that, for the plants that have not completed 5 years preceding the base year, the O&M expenses shall be allowed in the same manner as applicable for the new hydel plants:

Provided further that, any other expense of non-recurring nature shall be excluded while determining normalized average for the previous five (5) years.

d) The normalization of A&G expenses and R&M expenses shall be estimated by applying last five-year average increase in Wholesale Price Index (WPI) on year-to-year basis.

e) The average of normalized net present value for FY 2020-21 to FY 2024-25, shall then be used to project base year value for FY 2025-26.

f) The base year value so arrived, shall be escalated by the above inflation rate to estimate the A&G expenses and R&M expenses for each year of the Control Period.

g) At the time of true up, the A&G expenses and R&M expenses shall be considered after taking into account the actual inflation instead of projected inflation for that period:

Provided that, water charges shall be pass through in tariff on reimbursement basis.

h) The additional M&G expenses incurred due to any change in law or a direction by any statutory authority shall be pass through over and above the M&G expenses allowed in the Tariff Order.

iii. For New Thermal Generating Stations:

The O&M expenses allowable, comprising HR expenses and M&G expenses, shall be equal to 90% of the normative O&M expenses specified in the CERC (Terms and Conditions of Tariff) Regulations, 2024:

Provided that, for the purpose of working capital computation or any other consideration, as the case may be, the ratio of HR expenses and M&G expenses shall be considered as 40:60:

Provided further that, norm for FY 2029-30 which is not specified in the CERC (Terms and Conditions of Tariff) Regulations, 2024, shall be derived by escalation factor @ 5.25% per annum on the norm specified for FY 2028-29 of the said Regulations.

iv. For New Hydro Generating Stations:

a) O&M expenses for the first year of operation will be 1.25% of the original project cost excluding cost of R&R works.

b) The O&M expenses for each year of the Control Period shall be determined by escalating the base year expenses determined above for the first year of operation, at the escalation factor provided in Regulation 41.5.ii.2.

v. Maintenance spares valued up to Rs. 15 lakh shall be considered under normative M&G expenses.

vi. Maintenance spares exceeding Rs. 15 lakh shall only be considered for reimbursement at the time of truing up with appropriate justification for incurring the same and substantiating that the same is not claimed as a part of additional capitalisation or consumption of stores and spares and renovation and modernization:

Provided that, reimbursement of maintenance spares shall be allowed only after the normative M&G is exhausted:

Provided further that, the reimbursement shall not be applicable in case of plants availing special allowance or the plants, which have not completed minimum ten years from COD.

42. NON-TARIFF INCOME

42.1. Any income incidental to the business of the generating company derived from sources, including but not limited to the disposal of assets, income from investments, rents, disposed value of scrap/assets after adjusting their depreciated value and cost of sale/decommissioning/dismantling, etc., rental income for using assets which includes receipts against advertisements, interest on advances to suppliers/contractors, income from sale of ash/rejected coal, income generated from sale of gypsum or other by-products and any other miscellaneous receipts but other than income from sale of energy, shall constitute the Non-Tariff Income of the generating company.

42.2. The amount of Non-Tariff Income relating to the generation business as approved by the Commission shall be deducted for determining the Annual Fixed Cost of the generation station:

Provided that, the generation company shall submit full details of its forecast of Non-Tariff Income to the Commission in such form as may be stipulated by the Commission from time to time:

Provided further that the generating company shall submit full details of actual component-wise Non-Tariff Income during each year of the Control Period to the Commission along with its true-up Petition:

Provided also that, Non-Tariff Income for the integrated mine shall be considered as per provisions of Chapter 5 of these Regulations.

43. NORMS OF OPERATION FOR THERMAL GENERATING STATION

43.1. Normative Annual Plant Availability Factor (NAPAF) for recovery of fixed charges:-

a) All thermal generating stations except HTPS - 85%

b) For Hasdeo Thermal Power Station Korba (HTPS), the NAPAF shall be as follows:

FY	2026-27	2027-28	2028-29	2029-30
HTPS	76.5%	76.5%	76.5%	76.5%

Provided that for the purpose of sharing of gains, no gains shall be allowed to be retained by CSPGCL for HTPS for NAPAF below 80%.

43.2. Normative Annual Plant Load Factor (NAPLF) for Incentive:-

a) All thermal generating stations except HTPS - 85%

b) For Hasdeo Thermal Power Station Korba (HTPS) - 80%:

43.3. Gross Station Heat Rate

A. Existing Thermal Generating Station

(a) Existing Coal -based Thermal Generating Stations, other than HTPS:

200/210/250 MW Sets	300 MW/500 MW Sets (sub-critical)
2415 kcal/kWh	2375 kcal/kWh

(b) For Hasdeo Thermal Power Station (4 x 210 MW), the Gross Station Heat Rate shall be 2650 kcal/kWh

Note 1:

In respect of 300 MW and above Units , where the boiler feed pumps are electrically operated, the gross station heat rate shall be 40 kcal/kWh lower than the gross station heat rate specified above.

Note 2:

For the generating stations having combination of 200/210/250/300 MW sets and 500 MW and above sets, the normative gross station heat rate shall be the weighted average gross station heat rate of the combinations.

B. New coal-based thermal generating station achieving COD on or after 01.04.2026 and any existing generating station for which norms of operation have not been finalized by the Commission for determination of tariff

For 200 – 300 MW sets: 1.05 x Design Heat Rate (kcal/kWh)

For 500 MW sets and above: 1.045 x Design Heat Rate (kcal/kWh)

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

Provided that, the design heat rate shall not exceed the following maximum design unit heat rates depending upon the pressure and temperature ratings of the units:

Pressure Rating (kg/cm^2)	**150**	**170**	**170**	**247**	**247**	**260**	**270**	**270**
SHT/RHT (0C)	535/535	537/537	537/565	537/565	565/593	593/593	593/593	600/600
Type of BFP	Electrical Driven	Turbine Driven	Turbine Driven	Turbine Driven	Turbine Driven	Turbine Driven	Turbine Driven	Turbine Driven
Max Turbine Cycle Heat rate (kcal/kWh)	1955	1950	1935	1900	1850	1814	1810	1800
Min. Boiler Efficiency								
Sub-Bituminous Indian Coal	0.86	0.86	0.86	0.86	0.86	0.86	0.865	0.865
Bituminous Imported Coal	0.89	0.89	0.89	0.89	0.89	0.895	0.895	0.895
Max Design Unit Heat Rate (kcal/kWh)								
Sub-Bituminous Indian Coal	2273	2267	2250	2209	2151	2109	2092	2081
Bituminous Imported Coal	2197	2191	2174	2135	2079	2027	2022	2011

Provided further that, in case design turbine cycle heat rate and boiler efficiency are better than these values, the same shall be considered for calculation of design unit heat rate:

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

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

Provided also that, where the boiler efficiency is lower than 0.86 for Sub-bituminous Indian coal and 0.89 for bituminous imported coal, the same shall be considered as 0.86 and 0.89 for Sub-bituminous Indian coal and bituminous imported coal, respectively, for computation of station heat rate.

Note: In respect of Units where the boiler feed pumps are electrically operated, the maximum design unit heat rate shall be 40 kcal/kWh lower than the maximum design unit heat rate specified above with turbine driven boiler feed pump.

43.4. Secondary Fuel Oil Consumption

Coal-based generating stations, except HTPS: 0.50 ml/kWh

For HTPS: 0.80 ml/kWh

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

43.5. Auxiliary Energy Consumption

(a) Coal-based generating stations except HTPS:

Sl.	**Generating Station**	**With Natural Draught cooling tower or without cooling tower**
(i)	200/250 MW series	8.50%
(ii)	300/500 MW and above	
	Steam driven boiler feed pumps	5.25%
	Electrically driven boiler feed pumps	8.00%

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

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

Type of Dry Cooling System	**(% of gross generation)**
Direct cooling air cooled condensers with mechanical draft fans	1.0%
Indirect cooling system employing jet condensers with pressure recovery turbine and natural draft tower	0.5%

(b) For HTPS: 9.70%.

(c) Norms of Auxiliary energy consumption for emission control system (AUX_{en}) of thermal generating stations:

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

Provided that, where the technology is installed with "Gas to Gas" heater, AUX_{en} specified above shall be increased by 0.2% of gross generation.

43.6. Transit and handling losses

a) Transit and handling losses for coal based generating stations except DSPM for the Control Period, as a percentage of quantity of indigenous coal dispatched by the coal supply company during the month shall be as given below:

(i) Pit head generating stations : 0.20%;

(ii) Non-pit head generating stations : 0.80%:

Provided that, for DSPM transit and handling losses is capped at 0.20%:

Provided further that, the above norms shall be applicable for domestic coal and/or washed coal, and in case of imported coal, the normative transit and handling losses shall be 0.20%:

Provided also that, in the case of pit-head stations, if coal is procured from sources other than the pit-head mines, which is transported to the generating station through rail, transit and handling losses applicable for non-pit head stations shall apply:

Provided also that, the normative transit and handling losses shall be 1.00% for non-pit head multi-modal transportation of coal up to the generating station (using two or more than modes of transport involving multiple trans-shipments):

Provided also that, for the procurement of coal on delivery basis, no transit and handling loss shall be allowed.

b) In case of integrated mines, the transit and handling loss shall be decided on case-to-case basis, subject to prudence check.

43.7. In the event of backing down instruction by SLDC to such generators supplying total net power to DISCOMs of the State, the Station Heat Rate and Auxiliary Energy Consumption shall be reviewed in accordance with relevant provision of the Chhattisgarh Electricity Grid Code:

Provided that, in the absence of norms in the Chhattisgarh Electricity Grid Code, the Station Heat Rate and Auxiliary Energy Consumption shall be determined by adopting the Regulations notified by CERC.

43.8. Norms for consumption of reagent

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

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

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

Where,

S = Sulphur content in percentage,

LP = Limestone Purity in percentage,

SHR = Normative Gross Station Heat Rate, in kcal per kWh;

CVPF = Weighted average gross calorific value of coal as received, in kcal per kg for coal based thermal generating stations as per Regulation 45.6:

Provided that, value of K shall be equivalent to (35.2 x Design SO_2 Removal Efficiency/96%) for Units to comply with SO_2 emission norm of 100/200 mg/Nm^3 or (26.8 x Design SO_2 Removal Efficiency/73%) for Units to comply with SO_2 emission norm of 600 mg/Nm^3:

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

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

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

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

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

Where,

S = Sulphur content in percentage,

LP = Limestone Purity in percentage,

SHR = Normative Gross Station Heat Rate, in kcal per kWh,

CVPF = Weighted average gross calorific value of coal as received, in kcal per kg for coal based thermal generating stations as per Regulation 45.6;

(e) **For Sea Water based Flue Gas Desulphurisation (FGD) system:** The reagent used in sea water based Flue Gas Desulphurisation (FGD) system shall be NIL.

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

(a) **For Selective Non-Catalytic Reduction (SNCR) System:** The specific urea consumption of SNCR system shall be 1.2 g/kWh at 100% purity of urea;

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

44. NORMS OF OPERATION FOR HYDRO GENERATING STATION

44.1. For the purpose of tariff determination, the gross generation shall be considered equal to approved Design Energy for the plant.

44.2. For the purpose of tariff determination, a further allowance may be made by the Commission in respect of gross generation as compared to design energy under special circumstances, e.g., abnormal silt problem or other operating conditions, and known plant limitations.

44.3. In case of a new hydro-electric project the developer shall have the option of approaching the Commission in advance for fixation of NAPAF based on the principles

specified in the CERC (Terms and Conditions of Tariff) Regulations, 2024.

44.4. Auxiliary Energy Consumption (AUX)

Type of Station	Installed Capacity above 200 MW	Installed Capacity up to 200 MW
Surface		
Rotating Excitation	0.7%	0.7%
Static	1.0%	1.2%
Underground		
Rotating Excitation	0.9%	0.9%
Static	1.2%	1.3%

45. COMPUTATION AND PAYMENT OF CAPACITY CHARGE AND ENERGY CHARGE FOR THERMAL GENERATING STATIONS

45.1. The fixed cost of a thermal generating station shall be computed on annual basis, based on norms specified under these Regulations, and recovered on monthly basis under capacity charge. The total capacity charge payable for a generating station shall be shared by its beneficiaries as per their respective percentage share/ allocation in the capacity of the generating station.

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

CC1 = (AFC/12) x (PAF1 / NAPAF) subject to a ceiling of (AFC/12)

CC2 = {(AFC/6) x (PAF2 / NAPAF) subject to a ceiling of (AFC/6)} – CC_1

CC3 = {(AFC/4) x (PAF3 / NAPAF) subject to a ceiling of (AFC/4)} – (CC1 + CC2)

CC4 = {(AFC/3) x (PAF4 / NAPAF) subject to a ceiling of (AFC/3)} – (CC1+ CC2+ CC3)

CC5 = {(AFC x 5/12) x (PAF5 / NAPAF) subject to a ceiling of (AFC x 5/12)} – (CC1+ CC2+ CC3+ CC4)

CC6 = {(AFC/2) x (PAF6 / NAPAF) subject to a ceiling of (AFC/2)} – (CC1+ CC2+ CC3+ CC4+ CC5)

CC7 = {(AFC x 7/12) x (PAF7 / NAPAF) subject to a ceiling of (AFC x 7/12)} – (CC1+ CC2+ CC3+ CC4+ CC5+ CC6)

CC8 = {(AFC x 2/3) x (PAF8 / NAPAF) subject to a ceiling of (AFC x 2/3)} –

(CC1+ CC2+ CC3+ CC4+ CC5+ CC6+ CC7)

CC9 = {(AFC x 3/4) x (PAF9 / NAPAF) subject to a ceiling of (AFC x 3/4)} – (CC1+ CC2+ CC3+ CC4+ CC5+ CC6+ CC7+ CC8)

CC10 = {(AFC x 5/6) x (PAF10 / NAPAF) subject to a ceiling of (AFC x 5/6)} – (CC1+ CC2+ CC3+ CC4+ CC5+ CC6+ CC7+ CC8+ CC9)

CC11 = {(AFC x 11/12) x (PAF11 / NAPAF) subject to a ceiling of (AFC x 11/12)} – (CC1+ CC2+ CC3+ CC4+ CC5+ CC6+ CC7+ CC8+ CC9+ CC10)

CC12 = {(AFC) x (PAFY / NAPAF) subject to a ceiling of (AFC)} – (CC1+ CC2+ CC3+ CC4+ CC5+ CC6+ CC7+ CC8+ CC9+ CC10+ CC11)]:

Provided that, in case of generating station or unit thereof as the case may be, under shutdown due to Renovation and Modernisation, the generating company shall be allowed to recover part of AFC, which shall include O&M expenses and interest on loan only.

Where,

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

NAPAF = Normative annual plant availability factor in percentage,

PAF_M = Plant availability factor achieved up to the end of m^{th} month, in percent,

PAFY = Plant availability factor achieved during the year, in percent,

CC_1, CC_2, CC_3, CC_4, CC_5, CC_6, CC_7, CC_8, CC_9, CC_{10}, CC_{11} and CC_{12} are the capacity charges of 1^{st}, 2^{nd}, 3^{rd}, 4^{th}, 5^{th}, 6^{th}, 7^{th}, 8^{th}, 9^{th}, 10^{th}, 11^{th} and 12^{th} month, respectively.

45.3. The PAFM and PAFY shall be computed in accordance with the following formula:

$$\text{PAFM or PAFY} = 10000 \times \sum_{i=1}^{N} DC_i / \{ N \times IC \times (100 - AUXn - AUXen) \} \%$$

Where,

AUXn = Normative auxiliary energy consumption as percentage of gross generation,

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

DC_i = Average declared capacity (in ex-bus MW), subject to clause below, for the i^{th} day of the period, i.e., the month or the year as the case may be, as certified by the SLDC after the day is over,

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

N = Number of days during the period, i.e., the month or the year as the case may be.

Note:

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

45.4. In case of fuel shortage in a thermal generating station, the generating company supplying total power to distribution licensee of the State, may propose to deliver a higher MW during peak-load hours by saving fuel during off-peak hours:

Provided that the SLDC may then specify a pragmatic day-ahead schedule for the generating station to optimally utilize its MW and energy capability, in consultation with the beneficiaries:

Provided further that DC_i in such an event shall be taken to be equal to the maximum peak-hour ex- power plant MW schedule specified by the SLDC for that day.

45.5. Generating station or Unit thereof shall be paid an additional charge at a flat rate of 60 paise/kWh for ex-bus scheduled energy corresponding to scheduled generation in excess of ex-bus energy corresponding to Normative Annual Plant Load Factor (NAPLF) as specified in Regulation 43.2.

45.6. The energy charge shall cover the fuel cost (primary fuel as well as secondary fuel), 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. 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.}

Energy charge rate (ECR) in Rupees per kWh on ex-power plant basis shall be determined up to three decimal places in accordance with the following formulae for coal-based stations:

$$ECR = [\{(GHR – SFC \times CVSF) \times LPPF / CVPF\} + SFC \times LPSF_i] \times 100 / (100 – AUX)$$

Where,

AUX = Normative auxiliary energy consumption in percentage.

CVPF

(a) Gross calorific value of primary fuel as received at generating station, in kcal per kg, per litre or per standard cubic meter, as applicable after prudence check:

Provided that, where arrangements for taking samples on 'as received' basis is not in place, GCV of coal as received may be computed from GCV of coal 'as billed'.

Adjustment for total moisture shall be computed as per the following formula:

$$\frac{GCV \times (1-TM)}{(1-IM)}$$

Where, GCV = Gross calorific value of coal,
TM = Total Moisture,

IM = Inherent Moisture;

(b) Weighted average gross calorific value of coal as received, in kcal per kg for coal-based stations less 85 kcal/kg on account of variation during storage at generating station:

(c) In case of blending of fuel received through different sources, the weighted average gross calorific value of primary fuel shall be arrived in proportion to blending ratio;

CVSF = Calorific value of secondary fuel, in kcal per ml,

ECR = Energy Charge Rate, in Rupees per kWh sent out,

GHR = Normative Gross Station Heat Rate, in kcal per kWh,

LPPF = Weighted average landed price of primary fuel, in Rupees per kg, per litre or per standard cubic meter, as applicable, during the month:

Provided that, in case of blending of fuel from different sources, the weighted average, landed cost of the primary fuel shall be arrived by considering the blending ratio,

SFC= Normative Specific Fuel Oil Consumption, in ml per kWh,

$LPSF_i$= Weighted Average Landed Price of Secondary Fuel in Rs./ml considered initially.

45.7. Secondary fuel cost though part of variable cost, shall not be part of Variable Cost Adjustment (VCA) formula:

Provided that the impact on account of secondary fuel oil cost shall be addressed at the time of true up.

45.8. The landed cost incurred by the generating company on secondary fuel oil shall be taken based on actual weighted average price of the three preceding months and in the absence

of landed costs for the three preceding months, latest procurement price for the generating station, before the start of the year.

45.9. The generating company, with prior approval of the Commission, shall be permitted to have flexibility in utilization of domestic coal and other resources for reducing the cost of power generation, in accordance with the methodology prescribed by the Ministry of Power, Government of India, for use of transferred coal for efficient utilisation of domestic coal.

45.10. The landed cost of fuel for the month shall include price of fuel or input price, washery charges wherever applicable corresponding to the grade and quality of fuel, inclusive of royalty, taxes and duties as applicable, transportation cost by conveyer / rail / road or any other means, and in case of coal, shall be arrived at after considering normative transit and handling losses as specified in Regulation **43.6**:

Provided that, in case of primary fuel procured through transparent competitive bidding process, the lowest rate discovered through such bidding shall be considered as the landed cost of fuel, after adjustment on account of quantity and quality:

Provided further that, in case of coal-fired thermal generating station, the Gross Calorific Value of primary fuel shall be considered on the basis of certificate/test report issued by reputed third-party agency after prudence check:

Provided also that, the expenses towards the third-party testing shall be reimbursed by the beneficiaries.

45.11. The monthly variation in fuel and other expenses shall be recoverable as per the mechanism detailed in Regulation 93 of these Regulations.

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

45.13. Total supplementary energy charge payable to the generating company shall be:

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

Supplementary ECR for coal and lignite based thermal generating stations:

Supplementary ECR = $(\Delta ECR) + [(SRC \times LPR / 10)/(100-(AUX_n + AUX_{en}))]$ Where,

(ΔECR) = Difference between ECR with revised auxiliary energy consumption with emission control system equivalent to (AUX_n + AUX_{en}) and ECR with normative auxiliary energy consumption as specified in these Regulations,

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

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

46. COMPUTATION AND PAYMENT OF CAPACITY CHARGE AND ENERGY CHARGE FOR HYDRO GENERATING STATIONS

The tariff for supply of electricity from a hydro generating station shall comprise composite capacity charge and energy charge to be derived in the manner as specified in CERC (Terms and Conditions of Tariff) Regulations, 2024:

Provided that the tariff for State-owned hydro plant shall be single-part tariff:

Provided further that the hydro generating stations shall be treated as 'must run' power station.

47. SHARING OF CDM BENEFITS

The proceeds of carbon credit from approved emission reduction projects under Clean Development Mechanism (CDM) shall be shared in the following manner, namely-

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

(b) For the second year, the share of the beneficiaries shall be 10%, which shall be progressively increased by 10% every year till it reaches 50%, whereafter the proceeds shall be shared in equal proportion by the generating company or the transmission system, as the case may be, and the beneficiaries.

48. DEVIATION CHARGES

Variation between actual net injection and scheduled net injection for the generating stations, and variations between actual net drawal and scheduled net drawal for the beneficiaries shall be treated as their respective deviations and charges for such deviations shall be settled in accordance with CSERC (Intra state Availability Based Tariff and Deviation Settlement Mechanism) Regulations, 2016:

Provided that, in absence of any provision in these Regulations, the Commission shall

adopt norms notified under CERC (Deviation Settlement Mechanism and Related matters) Regulations, 2014, as amended from time to time, for such period as decided by the Commission:

Provided further that, sharing of gains and losses on account of deviation charges applicable to generating company supplying power to State-owned distribution licensee shall be permitted at the time of True-up as per Regulation 13 of these Regulations:

Provided also that, actual net deviation of every generating station and beneficiary shall be metered at its periphery through special energy meters (SEMs) installed by the transmission licensee / STU/ distribution licensee, and computed in MWh for each 15-minute time block by SLDC.

Chapter 5

DETERMINATION OF INPUT PRICE OF COAL AND LIGNITE FROM INTEGRATED MINE

49. Input Price of coal and lignite for energy charge

49.1. Where the generating company has the arrangement for supply of coal or lignite from the integrated mine(s) allocated to it, for use in one or more of its generating stations as end use, partially or fully, the energy charge component of tariff of the generating station shall be determined based on the input price of coal or lignite, as the case may be, from such integrated mines determined in accordance with these Regulations.

49.2. The generating company shall, after the date of commercial operation of the integrated mine(s), till the input price of coal is determined by the Commission under these Regulations, adopt the notified price of Coal India Limited commensurate with the grade of the coal from the integrated mine(s) or the estimated price available in the investment approval, whichever is lower, as the input price of coal for the generating station:

Provided that, the difference between the input price of coal determined under these Regulations and the input price of coal so adopted prior to such determination, for the quantity of coal billed, shall be adjusted in accordance with Regulation 49.4.

49.3. The generating company shall, after the date of commercial operation of the integrated mine(s), till the input price of lignite is determined by the Commission under these Regulations, fix the input price of lignite for the generating station at the last available pooled lignite price as determined by the Commission for transfer price of lignite or the estimated price available in the investment approval, whichever is lower:

Provided that, the difference between the input price of lignite determined under these Regulations and the input price of lignite so fixed prior to such determination, for the quantity of lignite billed, shall be adjusted in accordance with Regulation 49.4.

49.4. In case of excess or short recovery of input price under Regulation 49.2 of this Regulation, the generating company shall refund the excess amount or recover the shortfall amount, as the case may be, with simple interest at the rate equal to the rate allowed for computation of Interest on Working Capital Loan for the said year in instalments as may be decided by the Commission:

Provided that, such interest shall be payable till the date of issuance of the Order and no interest shall be allowed or levied during the period of instalments:

Provided further that, in case there is a delay in filing the Petition for determination of input price as per the timelines specified under Regulation 5.10 of these Regulations, no carrying cost shall be allowed to the generating company or the mining company for such delay and in such cases the carrying cost at the simple interest rate of 1-year SBI MCLR plus 100 basis points shall be allowed from the date of filing of the Petition.

50. Supply of Coal or Lignite prior to the Date of Commercial Operation of Integrated Mine

The input price for supply of coal or lignite from the integrated mine(s) prior to the date of commercial operation shall be the estimated price available in the investment approval, or the notified price of Coal India Limited for the corresponding grade of coal supplied to the power sector, whichever is lower:

Provided that, any revenue earned from supply of coal or lignite prior to the date of commercial operation of the integrated mine(s) shall be applied in adjusting the capital cost of the said integrated mine(s).

51. The input price of coal from the integrated mine(s) of the generating station(s) for the Control Period from FY 2026-27 to FY 2029-30 shall be trued up yearly for:

a) the capital expenditure including additional capital expenditure incurred as allowed by the Commission;

b) the capital expenditure including additional capital expenditure incurred on account of Force Majeure and Change in Law;

c) the capital expenditure including additional capital expenditure incurred to mitigate threat to life and property;

c) The O&M expenses in accordance with applicable provisions of these Regulations:

Provided that after truing up, if the input price already recovered exceeds or falls short of the input price approved by the Commission under these Regulations, the excess or the shortfall amount shall be refunded or recovered, as the case may be, by the generating company along with simple interest at the rate equal to the rate as allowed for computation of Interest on Working Capital for the said year, in instalments as may be decided by the Commission:

Provided further that, the generating company shall refund such excess amount or recover the shortfall amount from the beneficiaries based on scheduled energy.

52. Input Price of coal or lignite

52.1. Input price of coal or lignite from the integrated mine(s) shall be determined based on the following components:

I) Run of Mine (ROM) Cost; and

II) Additional charges:

a. crushing charges;

b. transportation charge within the mine up to the washery end or coal handling plant associated with the integrated mine, as the case may be;

c. handling charges at mine end;

d. washing charges; and

e. transportation charges beyond the washery end or coal handling plant, as the case may be, and up to the loading point:

Provided that, in cases where the transportation is in two stages, i.e., from mine to the storage yard and from the storage yard to the plant, the transportation charge shall be cumulative for both stages:

Provided further that, one or more components of additional charges may be applicable in case of the integrated mine(s), based on the scope and nature of the mining activities:

Provided also that, the input price of lignite shall be computed based on Run of Mine (ROM) Cost based on the technology such as bucket excavator-conveyor or belt-spreader or its combination and handling charges, if any.

52.2. Statutory Charges, as applicable, shall be allowed at actuals, subject to prudence check.

53. Run of Mine (ROM) Cost

53.1. Run of Mine Cost of coal in case of integrated mine(s) allocated through auction route under Coal Mines (Special Provisions) Act, 2015 shall be worked out as under:

ROM Cost = (Quoted Price of coal) + (Fixed Reserve Price)

Where,

(i) Quoted Price of coal is the Final Price Offer of coal in respect of the concerned coal block or mine, along with subsequent escalation, if any, as provided in the Coal Mine Development and Production Agreement:

Provided that, additional premium, if any, quoted by the generating company during auction shall not be considered in the Run of Mine Cost;

(ii) Fixed Reserve Price is the fixed reserve price per tonne along with subsequent escalation, if any, as provided in the Coal Mine Development and Production Agreement: and

(iii) Capital cost under Regulation 55 and additional capital expenditure under Regulation 56 shall not be admissible for the purpose of ROM cost in respect of integrated mine(s) allocated through the auction route.

53.2. Run of Mine Cost of coal in case of integrated mine allocated through allotment route under Coal Mines (Special Provisions) Act, 2015 shall be worked out as under:

ROM Cost = [(Annual Extraction Cost / ATQ or actual production, whichever is higher) + Mining Charge] + (Fixed Reserve Price);

Where,

(i) Annual Extraction Cost is the cost of extraction of coal as computed in accordance with Regulation 57 of these Regulations;

(ii) Mining Charge is the charge per tonne of coal paid by the generating company to the Mine Developer and Operator engaged by the generating company for mining, wherever applicable; and

(iii) Fixed Reserve Price is the fixed reserve price per tonne along with subsequent escalation, if any, as provided in the Coal Mine Development and Production Agreement.

53.3. Run of Mine Cost of lignite in case of integrated mine for lignite shall be worked out as under:

ROM Cost = [(Annual Extraction Cost / ATQ or actual production, whichever is higher) + Mining Charge];

Where,

(i) Annual Extraction Cost is the cost of extraction of lignite as computed in accordance with Regulation 57 of these Regulations;

(ii) Mining Charge is the charge per tonne of lignite paid by the generating company to the Mine Developer and Operator engaged by the generating company for mining, wherever applicable.

53.4. The generating company shall adhere to the Mining Plan for extraction of coal or lignite on an annual basis and shall submit a certificate to that effect from the Coal Controller or the competent authority:

Provided that, deviations from the Mining Plan shall be considered only if such deviations have been approved by the Coal Controller or the revised Mining Plan has been approved by the competent authority.

53.5. Run of Mine Cost of coal and lignite shall be worked out in terms of Rupees per tonne.

54. Additional Charges

54.1. Where crushing or transportation or handling or washing are undertaken by the generating company without engaging Mine Developer and Operator or an agency other than Mine Developer and Operator, additional charges shall be worked out as under:

(i) Crushing Charges = Annual Crushing Cost/Quantity;
(ii) Transportation Charges= Annual Transportation Cost/Quantity:

Provided that, separate transportation charges, as applicable, shall be considered from mine up to washery end or coal handling plant associated with the integrated mine(s) and beyond washery end or coal handling plant associated with the integrated mine(s) and up to the loading point, as the case may be:

Provided further that, in cases where the transportation is in two stages, i.e., from mine to the storage yard and from the storage yard to the plant, the transportation charge shall be cumulative for both stages:

Provided also that, in such cases, the transportation cost per tonne would be computed for the two stages separately and then the cumulative impact shall be considered.

(iii) Handling charges = Annual Handling Cost/Quantity; and
(iv) Washing Charges = Annual Washing Cost/Quantity.

Where,

(a) Annual Crushing Cost, Annual Transportation Cost, Annual Handling Cost and Annual Washing Cost shall be worked out on the basis of the following components, for which the generating company shall submit the capital cost separately:

i) Depreciation;

ii) Interest on Working Capital;

iii) Interest on Loan;

iv) Return on Equity;

v) O&M Expenses, excluding mining charge;

a. HR Expenses

b. M&G Expenses;

vi) Statutory charges, if applicable.

(b) Quantity shall be the quantity of coal or lignite in tonne crushed or transported or handled or washed, as the case may be, during the year duly certified by the Auditor/ Chartered Accountant/Cost Accountant.

54.2. Where crushing, transportation, handling or washing are within the scope of the Mine Developer and Operator engaged by the generating company, no additional charges shall be admitted, as the same shall be recovered through Mining Charge of the Mine Developer and Operator.

54.3. Where crushing, transportation, handling or washing are undertaken by the generating company by engaging an agency other than Mine Developer and Operator, the annual charges of such agencies shall be considered as part of the O&M Expenses, provided that the charges have been discovered through a transparent competitive bidding process.

54.4. Where crushing charges, transportation charges, handling charges, and washing charges have been mutually agreed without resorting to competitive bidding process, the same shall be admitted by the Commission after prudence check, considering charges of Coal India Limited or similarly placed coal mines or any other reference charges.

54.5. The crushing charges, transportation charges, handling charges, and washing charges shall be worked out in terms of Rupees per tonne.

55. Capital Cost

55.1. The capital expenditure incurred, including IDC and IEDC, duly certified by the Chartered Accountant, for development of the integrated mine(s) up to the date of commercial operation, shall be admitted by the Commission after prudence check for arriving at the capital cost.

55.2. Capital expenditure incurred on infrastructure for crushing, transportation, handling, washing and other mining activities required for mining operations shall be arrived at separately in accordance with these Regulations:

Provided that, where crushing, transportation, handling or washing are undertaken by the generating company, the expenditure incurred on infrastructure of these components shall be capitalized:

Provided further that, where mine development and operation, with or without any component of crushing, transportation, handling or washing are undertaken by the generating company by engaging Mine Developer and Operator or an agency other than Mine Developer and Operator, the capital expenditure incurred by Mine Developer and Operator or such agency shall not be capitalised by the generating company and shall not be considered for the determination of input price.

55.3. The capital expenditure shall be determined by considering, but not limited to, the Mining Plan, detailed project report, mine closure plan, cost audit report and such other details as deemed fit by the Commission.

55.4. In case of integrated mine(s), which have declared the date of commercial operation prior to 1.4.2026, the capital expenditure allowed by the Commission for the period ending 31.3.2026 as per provisions of the CSERC MYT Regulations, 2021, shall form the basis for computation of input price.

56. Additional Capital Expenditure

56.1. The capital expenditure, in respect of the integrated mine(s), incurred or projected to be incurred after the date of commercial operation and up to the date of achieving the Peak Rated Capacity may be admitted by the Commission, subject to prudence check and shall be capitalized in the respective year of the Control Period as additional capital expenditure corresponding to the Annual Target Quantity of the year as specified in the Mining Plan or actual extraction in that year, whichever is higher, on following counts:

(a) expenditure incurred on activities as per the Mining Plan;

(b) expenditure for works deferred for execution and un-discharged liabilities recognized for works executed prior to date of commercial operation;

(c) expenditure for works required to be carried out for complying with directions or orders of any statutory authorities;

(d) liabilities arising out of compliance of order or decree of any court of law or award of arbitration;

(e) expenditure for procurement and development of land as per the Mining Plan;

(f) expenditure for procurement of additional heavy earth moving machineries for replacement, on completion of their Useful Life; and

(g) liabilities due to Change in Law or Force Majeure events:

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

Provided further that, the generating company shall prepare guidelines for procurement and replacement of heavy mining equipment such as Heavy Earth Moving Machineries and share the same with the beneficiary/ies and submit it to the Commission along with its Petition.

56.2. The expenditure, in respect of the integrated mine(s), incurred or projected to be incurred after the date of achieving the Peak Rated Capacity may be admitted by the Commission subject to prudence check, and shall be capitalized as Additional Capital Expenditure, corresponding to the Annual Target Quantity of the respective years as specified in the Mining Plan, on following counts:

(a) expenditure incurred on activities, if any, as per Mining Plan;

(b) expenditure for works required to be carried out for complying with directions or order of any statutory authority;

(c) liabilities arising out of compliance of order or decree of any court of law or award of arbitration;

(d) expenditure for procurement and development of land as per the Mining Plan; and

(e) liabilities due to Change in Law or Force Majeure events:

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

56.3. The expenditure on the following counts shall not be considered as additional capital expenditure for the purpose of these Regulations:

a) expenditure incurred but not capitalized as the assets have not been put in service (capital work in progress);

b) mine closure expenses;

c) expenditure on works not covered under Mining Plan, unless covered under sub-clause (g) of Regulation 56.1 or sub-clause (e) of Regulation 56.2 of these Regulations;

d) expenditure on replacement due to obsolescence of assets on account of completion of the useful life or due to obsolescence of technology, if the original cost of such assets have not been de-capitalised from the gross fixed assets.

56.4. The generating company undertaking any additional capitalization in integrated mine(s) on account of above counts, may, after intimating the beneficiary/ies, file Petition for

in-principle approval for incurring such expenditure, along with underlying assumptions, estimates and justification for such expenditure.

57. Annual Extraction Cost

57.1. The Annual Extraction Cost of integrated mine(s)shall consist of the following components:

(1) Depreciation;

(2) Interest on Loan;

(3) Return on Equity;

(4) O&M Expenses, excluding mining charge;

a. HR expenses
b. M&G Expenses

(5) Interest on Working Capital;

(6) Mine closure expenses, if not included in mining charge; and

(7) Statutory charges, if applicable.

58. Capital Structure, Return on Equity and Interest on Loan

58.1. For integrated mine(s), debt-equity ratio as on the date of commercial operation and as on the date of achieving Peak Rated Capacity shall be considered in the manner as specified under Regulation 18 of these Regulations.

58.2. For integrated mine(s), debt-equity ratio for additional capital expenditure admitted by the Commission under these Regulations shall be considered in the manner as specified under Regulation 58.1 of these Regulations.

58.3. Return on equity shall be computed in the manner specified in Regulation 25 of these Regulations at the base rate of 14%.

58.4. Interest on loan, including normative loan, if any, shall be arrived at by considering the weighted average rate of interest calculated on the basis of actual loan portfolio, in accordance with Regulation 26 of these Regulations.

59. Depreciation

59.1. Depreciation in respect of integrated mine(s) shall be computed from the date of commercial operation by applying Straight Line Method.

59.2. The value base for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission:

Provided that,

i) freehold land or assets purchased from grant shall not be considered as depreciable assets and their cost shall be excluded from the capital cost while computing depreciable value of the assets;

ii) where the allotment of freehold land is conditional and is required to be returned, the cost of such land shall be part of value base for the purpose of depreciation, subject to prudence check by the Commission; and

iii) leasehold land shall be amortized over the lease period or remaining life of the integrated mine(s), whichever is lower.

59.3. The salvage value of an asset shall be considered as 5% of the capital cost of the asset:

Provided that the salvage value shall be:

i) zero for IT equipment and software;

ii) zero for intangible assets towards mining/surface rights, associated statutory payments and R&R works;

iii) zero or as agreed by the generating company with the State Government for land; and

iv) as notified by the Ministry of Corporate Affairs under the Companies Act, 2013 for specialized mining equipment.

59.4. Depreciation in respect of integrated mine(s) shall be arrived at annually by applying depreciation rates or on the basis of expected Useful Life specified in **Appendix III** of these Regulations:

Provided that, specialized mining equipment shall be depreciated as per the useful life and depreciation rate as notified by the Ministry of Corporate Affairs under the Companies Act, 2013.

60. Operation and Maintenance (O&M) Expenses

60.1. The normative O&M expenses in respect of integrated mine(s) of coal or lignite, shall be allowed based on the projected O&M Expenses for each year of the Control Period, subject to prudence check by the Commission:

Provided that, the O&M expenses allowed under this clause shall be trued up yearly based on actual expenses.

60.2. The normative O&M expenses for the Control Period ending on 31st March 2026 in respect of the integrated mine(s) of coal or lignite commissioned on or before 31st

March 2026, shall be allowed based on the O&M expenses allowed by the Commission for FY 2025-26 and escalated at the rate of 5.25% per annum.

60.3. Where the development and operation of the integrated mine(s) is undertaken by the generating company by engaging Mine Developer and Operator, the Mining Charge of such Mine Developer and Operator shall not be included in O&M Expenses under Regulation 60.1:

Provided that, if any additional liability arises on the generating company due to any change in law, which is not a pass through for the mine developer, the same shall be passed through as additional O&M charges to the generating company.

60.4. Where an agency other than Mine Developer and Operator is engaged by the generating company, through a transparent competitive bidding process, for crushing or transportation or handling or washing or any combination thereof, the annual charges of such agency shall be considered as part of O&M Expenses under Regulation 60.1, subject to prudence check by the Commission.

61. Interest on Working Capital

61.1. The working capital of the integrated mine(s) of coal shall cover:

(i) Input cost of coal stock for 7 days of production corresponding to the Annual Target Quantity for the relevant year; plus

(ii) Consumption of stores and spares including explosives, lubricants and fuel @ 15% of O&M expenses, excluding mining charge of Mine Developer and Operator and annual charges of the agency other than Mine Developer and Operator, engaged by the generating company; plus

(iii) O&M expenses for 15 days, excluding mining charge of Mine Developer and Operator and annual charges of the agency other than Mine Developer and Operator, engaged by the generating company.

61.2. The working capital of the integrated mine(s) of lignite shall cover:

(i) Input cost of lignite stock for 7 days of production corresponding to the Annual Target Quantity for the relevant year; plus

(ii) Consumption of stores and spares including explosives, lubricants and fuel @ 20% of O&M expenses, excluding mining charge of Mine Developer and Operator and annual charges of the agency other than Mine Developer and Operator, engaged by the generating company; plus

(iii) O&M expenses for 15 days, excluding mining charge of Mine Developer and Operator and annual charges of the agency other than Mine Developer and Operator, engaged by the generating company.

61.3. The rate of interest for working capital shall be determined in accordance with Regulation 28.5 of these Regulations:

Provided that, truing up shall be done as per Regulation 28.5 of these Regulations.

62. Mine Closure Expenses

62.1. Where the mine closure is undertaken by the generating company, the amount deposited in the Escrow account as per the Mining Plan, after adjusting interest earned, if any, on the said deposits, shall be admitted as Mine Closure Expenses:

Provided that,

a) the amount deposited in the Escrow account as per the Mining Plan prior to the Date of Commercial Operation of the integrated mine(s) shall be indicated separately and shall be recovered over the useful life of the integrated mine(s) in the form of annuity linked to the borrowing rate;

b) the amount deposited in the Escrow account as per the Mining Plan or any expenditure incurred towards mine closure shall be excluded from the capital cost for computing input price;

c) where the expenditure incurred towards mine closure falls short of or is in excess of the reimbursement received from the Escrow account during the Control Period from FY 2026-27 to FY 2029-30, the shortfall or excess shall be carried forward to the subsequent years for adjustments.

62.2. The amount towards mine closure shall be deposited in the Escrow account as per the Mining Plan and shall be recovered as part of input price irrespective of the expenditure incurred towards mine closure during any of the years of the Control Period.

62.3. Where mine closure is within the scope of Mine Developer and Operator engaged by the generating company and mine closure expenses are part of the Mining Charge of Mine Developer and Operator, the mine closure expenses shall be met out of the Mining Charge and no mine closure expenses shall be admissible to the generating company separately:

Provided that,

a) the amount deposited in the Escrow account by the Mine Developer and Operator or by the generating company and any amount received from the Escrow account against expenditure incurred towards mine closure shall not be considered for computing input price; and

b) the difference between the borrowing cost arrived at by considering the weighted average rate of interest calculated on the basis of actual loan portfolio in accordance with the methodology specified in Regulation 24 of these Regulations, and the amount deposited in Escrow account and the interest received from Escrow account in a year, shall be adjusted in the input price of coal or lignite of the respective year, as part of mine closure expenses, on case-to-case basis.

62.4. Where the mine closure is within the scope of Mine Developer and Operator engaged by the generating company only for a part of useful life of the integrated mine(s), and the generating company undertakes the mine closure for the balance useful life, the treatment of mine closure during the period undertaken by the generating company shall be in accordance with Regulation 62.1 and mine closure during the period undertaken by the Mine Developer and Operator shall be in accordance with Regulation 62.3:

Provided that, the treatment of mine closure at the end of useful life of the integrated mine(s) shall be decided by the Commission on case-to-case basis.

62.5. The mine closure expenses worked out in accordance with this Regulation shall not applicable in case of the integrated mine(s) allocated through auction route under Coal Mines (Special Provisions) Act, 2015.

63. Determination of Input Price

63.1. The input price of coal or lignite shall be determined as under:

Input Price = [ROM Cost + Additional charges]

63.2. The credit arising on account of adjustment due to shortfall in overburden removal, GCV Adjustment, and Non-tariff Income, if any, shall be dealt separately in the manner specified in these Regulations.

63.3. Statutory Charges, as applicable, shall be allowed, subject to prudence check.

64. Recovery of Input Charges

64.1. The input charges of coal or lignite shall be recovered as under:

Input Charges = [Input Price x Quantity of coal or lignite supplied] + Statutory charges, as applicable:

64.2. The generating company, in case of integrated mine(s) allocated through auction route under Coal Mines (Special Provisions) Act, 2015, shall work out the comparative energy charge rate based on the input price of coal and notified price of Coal India Limited for the commensurate grade of coal for every month from the date of commercial operation of integrated mine(s) and share the same with beneficiary(ies).

Provided that,

a) If the energy charge rate based on the input price of coal or lignite exceeds 20% of the energy charge rate based on the notified price of Coal India Limited for the commensurate grade of coal in a month, prior consent of the beneficiary(ies) shall be required to be obtained by the generating company:

b) where such consents of beneficiaries are not available, the input price of coal from such integrated mine(s) shall be so fixed that the energy charge rate based on the input price of coal from integrated mine(s) does not exceed by more than 20% of the energy charge rate based on the notified price of Coal India Limited for the commensurate grade of coal in a month;

c) the energy charge rate based on the input price of coal does not lead to a higher energy charge rate throughout the tenure of the power purchase agreement than that, which would have been obtained as per terms and conditions of the existing power purchase agreement.

65. Adjustment on account of Shortfall of Overburden Removal (OB Adjustment)

65.1. The generating company shall remove overburden as specified in the Mining Plan.

65.2. In case of shortfall of overburden removal during a year, the generating company shall be allowed to adjust such shortfall against excess of overburden removal, if any, during the subsequent three years.

65.3. In case of excess of overburden removal during a year, the generating company shall be allowed to carry forward such excess for adjustment against the shortfall, if any, during the subsequent three years.

65.4. Where the shortfall of overburden removal of any year is not made good by the generating company in accordance with Regulation 65.2, the adjustment on account of shortfall of overburden removal (OB Adjustment) for that year shall be worked out as under:

OB Adjustment = [Factor of adjustment for shortfall of overburden removal during the year] x [Mining Charge during the year + O&M expenses during the year]

Where,

i) Factor of adjustment for shortfall of overburden removal during the year shall be computed as under:

(Actual quantity of coal or lignite extracted during the year x Annual Stripping Ratio as per Mining Plan) - (Actual quantity of overburden removed during the year/ Annual Stripping Ratio as per Mining Plan)]/ (Annual Target Quantity);

ii) Annual Stripping ratio is the ratio of volume of overburden to be removed for one unit of coal or lignite as specified in the Mining Plan;

iii) Mining Charge is the charge per tonne of coal or lignite paid by the generating company to the Mine Developer and Operator engaged by the generating company for mining, wherever applicable;

iv) Mining Charge and O&M expenses shall be in terms of Rupees per tonne corresponding to the Annual Target Quantity.

65.5. The provisions of this Regulation regarding adjustment on account of shortfall of overburden removal shall not be applicable in case of the integrated mine(s) allocated through auction route under Coal Mines (Special Provisions) Act, 2015.

66. Adjustment on account of shortfall in GCV (GCV Adjustment)

66.1. In case the weighted average GCV of coal extracted from the integrated mine(s) in a year is higher than the declared GCV of coal for such mine(s), no GCV adjustment shall be allowed.

66.2. In case the weighted average GCV of coal extracted from the integrated mine(s) in a year is lower than the declared GCV of coal of such mine(s), the GCV adjustment in that year shall be worked out as under:

(a) Where the integrated mine(s) are allocated through auction route under Coal Mines (Special Provisions) Act, 2015:

GCV Adjustment = (Quoted Price of coal + Fixed Reserve Price) X [(Declared GCV of coal – Weighted Average GCV of coal extracted in the year)/(Declared GCV of coal)]

Where,

i) Quoted Price of coal is the Final Price Offer of coal in respect of the concerned coal Block or Mine, along with subsequent escalation, if any, as provided in the Coal Mine Development and Production Agreement:

Provided that additional premium, if any, quoted by the generating company in auction, shall not be considered; and

ii) Declared GCV of coal shall be the GCV of coal as specified or quoted in the auction.

(b) Where the integrated mine(s) are allocated through allotment route under Coal Mines (Special Provisions) Act, 2015:

GCV Adjustment = [(Annual Extraction Cost/ATQ) + (Mining Charge)] X [(Declared GCV of coal – Weighted Average GCV of coal extracted in the year)/(Declared GCV of coal)]

Where,

i) Annual Extraction Cost is the cost of extraction of coal as computed in accordance with Regulation 57 of these Regulations;

ii) Mining Charge is the charge per tonne of coal paid by the generating company to the Mine Developer and Operator engaged by the generating company for mining, wherever applicable; and

iii) Declared GCV of coal shall be the average GCV as per the Mining Plan or as approved by the Coal Controller or by the authority designated by the Government.

67. Adjustment on account of Non-Tariff Income (NTI Adjustment)

67.1. Adjustment on account of Non-Tariff Income (NTI Adjustment) for any year, such as income from sale of washery rejects in case of integrated mine of coal and profit, if any, from supply of coal to the Coal India Limited or merchant sale of coal as allowed under the Coal Mines (Special Provisions) Act, 2015, shall be worked out as under:

NTI Adjustment = (All Non-tariff income earned during the year)/(Actual quantity of coal or lignite extracted during the year)

67.2. The adjustment on account of Non-Tariff Income worked out in accordance with this

Regulation shall not be applicable in case of the integrated mine(s) allocated through auction route under Coal Mines (Special Provisions) Act, 2015.

68. Credit Adjustment Note

(1) The credit arising on account of OB Adjustment, GCV Adjustment and NTI Adjustment shall be dealt through Credit Adjustment Note for any year.

(2) The Credit Adjustment Note shall be issued in favour of the specified end use generating stations on account of OB Adjustment, GCV Adjustment or NTI Adjustment, as the case may be, for that year as under:

(i) OB Adjustment for the year x Quantity of coal or lignite supplied in that year;

(ii) GCV Adjustment for the year x Quantity of coal or lignite supplied in that year; and

(iii) NTI Adjustment in the year x Quantity of coal or lignite supplied in that year.

(3) The amount in Credit Adjustment Note shall be adjusted against the charges of coal or lignite supplied after the date of issue of Credit Adjustment Note.

(4) The integrated mine(s) shall prepare an annual reconciliation statement of such adjustment and furnish the same to all the end use plants and also publish the same on its website.

69. Quality Measurement

The quality of coal or lignite supplied from the integrated mine(s) shall be measured at the loading point or receiving plant end if so agreed by the generating company and Mine Developer and Operator, through third party sampling as per the guidelines and procedure specified by the Ministry of Coal Government of India and records of such measurement of quality of coal shall be made available to the beneficiaries on demand.

70. Special Provision

Provisions of Chapters 3 and 4 of these Regulations shall not be applicable in case of integrated mine(s), except to the extent specifically provided for or referred to in this Chapter 5:

Provided that, the financial parameters required for determination of input price of coal or lignite from integrated mine(s), if not specifically provided for or referred to in this Chapter,

shall be considered as per provisions of these Regulations as applicable to the coal or lignite based generating stations.

Chapter 6

TRANSMISSION

71. COMPONENTS OF TARIFF

71.1. The **Annual Transmission Charges for each year of the Control Period** shall provide for the recovery of the Aggregate Revenue Requirement of the transmission licensee / STU for the respective financial year of the Control Period, reduced by the amount of Non-Tariff Income and income from other business, as approved by the Commission.

71.2. The Annual Transmission Charges of the transmission licensee shall be determined by the Commission on the basis of an application for determination of Aggregate Revenue Requirement made by the transmission licensee in accordance with Chapter 2 of these Regulations.

72. CAPITAL INVESTMENT PLAN

72.1. The transmission licensee shall submit a capital investment plan in the manner specified in Chapter 2 of these Regulations.

72.2. All new Intra-State transmission system costing above a threshold limit of Rs. 250 Crore and meeting other conditions as laid out below shall be developed through Tariff Based Competitive Bidding (TBCB) and the Transmission Tariff shall be adopted by the Commission under Section 63 of the Electricity Act 2003 after prudence check, in accordance with the relevant Guidelines (and its amendments) issued by the Ministry of Power, Government of India:

Provided that the entire Intra-State independent transmission system including any upstream/downstream project shall be designed as single project for inviting bids for development of project through Tariff Based Competitive Bidding.

72.3. In case the STU intends to develop any Intra-State Transmission System above the threshold limit through 'cost plus' approach due to some specific reasons such as project being of strategic importance or critical nature or Project may lead to ownership or interface issues, STU shall obtain prior approval of the Commission for the same.

73. COMPUTATION OF ANNUAL CHARGES FOR INTRA-STATE TRANSMISSION NETWORK

73.1. The Aggregate Revenue Requirement of transmission licensee shall comprise the following components, viz.

(1) Return on Equity (ROE);
(2) Interest and finance charges;
(3) Depreciation;
(4) Operation and Maintenance (O&M) expenses;
    a. HR expenses
        (i) Employee expenses;
        (ii) Impact of Pay revision;
        (iii) Manpower deployed on outsourcing basis;
    b. Maintenance & General expenses;
(5) Pension & Gratuity Trust Fund contribution;
(6) Interest on working capital;

Less:

(1) Non-Tariff Income;
(2) Income from other business, to the extent specified in Regulation 74 of these Regulations.

NOTE:

1. The Statutory taxes, cess and Duties shall be recoverable on reimbursement basis, as per actual.
2. The charges for auxiliary energy consumption in the sub-station shall be borne by the transmission licensee/ STU and shall be recoverable on reimbursement basis, as per actual.
3. Pension & Gratuity Trust Fund contribution shall be recoverable in equal monthly instalments as may be determined by the Commission in the Tariff Order.
4. The Electricity (Timely Recovery of Costs due to Change in Law) Rules, 2021 notified by the Central Government as amended from time to time, shall be applicable to the transmission licensee:

   Provided that, in case of any event in change of law arising out of amendment or repeal of any law made after the determination of tariff under Section 62 or 63 of the Act, the transmission licensee, being the affected party shall be at liberty to approach the Commission for one time approval of formats and procedures for invoking recovery of the impacted amount (fixed / recurring amount) under the Electricity (Timely Recovery of Costs due to Change in Law) Rules, 2021 as may be amended from time to time:

   Provided further that the subsequent recovery shall be in accordance to the Rules.

73.2. Return on Equity

The transmission licensee shall be allowed a ROE as specified in Regulation 25 of these Regulations.

73.3. Interest on Loan Capital

The transmission licensee shall be allowed interest and finance charges on loan capital as specified in Regulation 26 of these Regulations.

73.4. Depreciation

The transmission licensee shall be permitted to recover depreciation on the value of fixed assets as specified in Regulation 27 of these Regulations**.**

73.5. Operation And Maintenance (O&M) Expenses

i. Human Resource (HR) Expenses

(a) HR expenses shall include:

(i) employee costs;

(ii) impact of Pay revision;

(iii) manpower deployed on outsourcing basis;

(b) The Commission shall stipulate a separate trajectory for each of the components of HR expenses for the Control Period.

(c) The HR expenses includes employee cost, impact of pay revision arrears, all expenses towards manpower deployed on outsourcing basis, Pension & Gratuity Trust Fund contribution, and any other expense of non-recurring nature related to HR.

(d) The HR expenses for the base year, i.e., FY 2025-26, shall be derived on the basis of the normalized average of the actual HR expenses excluding Pension & Gratuity Trust Fund contribution, impact of pay revision arrears, and any other expense of non-recurring nature, available in the accounts for the previous five (5) years immediately preceding the base year FY 2025-26, subject to prudence check by the Commission.

(e) The normalization of HR expenses shall be done by applying last five-year average increase in Consumer Price Index Industrial Worker (CPI (IW)) on year-to-year basis.

(f) The average of normalized net present value for FY 2020-21 to FY 2024-25, shall then be used to project base year value for FY 2025-26. The projected base year

value shall be escalated by the above inflation rate to estimate the HR expense (excluding impact of pension fund contribution and pay revision and any other expense of non-recurring nature, if any) for each year of the Control Period.

(g) At the time of true up, the HR expenses shall be considered at actual and shall not be subjected to gain/loss mechanism.

(h) During the true-up, actual cash outflow on impact of pay revision (including arrears) and Pension & Gratuity Trust Fund contribution shall be allowed as per accounts, subject to prudence check and any other factor considered appropriate by the Commission.

(i) CPI (IW) (all India) shall be as per Labour Bureau, Government of India {Base Year: 2016=100}.

ii. Maintenance & General (M&G) Expenses

(a) Maintenance & General (M&G) expenses shall comprise:

(i) Administrative and General (A&G) expenses;

(ii) Repair and Maintenance (R&M) expenses

(b) The Commission shall stipulate a separate trajectory for M&G expenses i.e., A&G expenses and R&M expenses for the Control Period.

(c) The A&G expenses (excluding expenses towards outsourcing manpower, if any) for the base year, i.e., FY 2025-26, shall be derived on the basis of the normalized average of the actual A&G expenses (excluding expenses towards outsourcing manpower if any) available in the accounts for the previous five (5) years immediately preceding the base year FY 2025-26, subject to prudence check by the Commission:

Provided that, any other expense of non-recurring nature shall be excluded while determining normalized average for the previous five (5) years.

(d) The normalization of A&G expenses shall be done by applying last five-year average increase/decrease in inflation to be considered on the basis of 40% weightage of WPI and 60% weightage of CPI on year-to-year basis.

(e) The average of normalized net present value for FY 2020-21 to FY 2024-25, shall then be used to project base year value for FY 2025-26.

(f) The projected base year value shall be escalated by the above inflation rate to estimate the A&G expenses for each year of the Control Period.

(g) R&M expenses for the first year of the Control Period shall be calculated as a percentage (as per the norm decided in the Tariff Order) of opening Gross Fixed Assets.

(h) For arriving at the R&M expenses for subsequent years of the Control Period, projected WPI rate shall be applied on the estimated R&M expenses of first year.

(i) Wholesale Price Index numbers of all commodities shall be as per Office of Economic Advisor, Ministry of Commerce & Industry, Government of India {Base Year: 2011-12 Series}

(j) Consumer Price Index for Industrial Workers (all India) shall be as per Labour Bureau, Government of India {Base Year: 2016=100}.

(k) At the time of true up, the A&G expenses and R&M expenses shall be considered after taking into account the actual inflation instead of projected inflation for that period.

iii. Any additional O&M expenses incurred due to additional capital investment or any change in law or any direction by any statutory authority shall be pass-through over and above the O&M expenses allowed in the Tariff Order, after prudence check by the Commission.

73.6. Interest on working capital

The transmission licensee shall be allowed interest on the normative working capital requirement, as specified in Regulation 28 of these Regulations.

73.7. Non-Tariff Income

i. Any income being incidental to the business of the transmission licensee derived from sources, including but not limited to the disposal of assets, income from investments, rents, disposed value of scrap/assets after adjusting its depreciated value of scrap/asset, rental income for using assets which includes receipts against advertisements, interest on advances to suppliers/contractors and any other miscellaneous receipts shall constitute the Non-Tariff Income.

ii. The amount of Non-Tariff Income relating to the transmission business as approved by the Commission shall be deducted from the Aggregate Revenue Requirement in determining annual transmission charges of the transmission licensee:

Provided that, the transmission licensee shall submit full details of his forecast of Non-Tariff Income to the Commission along with its application for determination of Aggregate Revenue Requirement:

Provided further that the transmission licensee shall submit full details of actual component-wise Non-Tariff Income during each year of the Control Period to the Commission along with its true-up Petition.

74. INCOME FROM OTHER BUSINESS

Where the transmission licensee has engaged in any other business, the income earned by using the assets of the transmission licensee shall be shared between licensee and the beneficiary in the following manner:

a) Amount equal to two-third of the income from such other business shall be deducted from the Aggregate Revenue Requirement of the licensee in determining the transmission charges;

b) Amount equal to one-third of income from such other business shall be retained by the licensee to meet the expenditure on Research & Development for improving efficiency.

75. SHARING OF CHARGES FOR INTRA-STATE TRANSMISSION NETWORK

The fixed cost of the transmission system shall be computed on annual basis, in accordance with norms contained in these Regulations, aggregated as appropriate, and recovered on monthly basis as transmission charge from the beneficiaries as per the methodology specified in the applicable Open Access Regulations.

76. TRANSMISSION SYSTEM LOSS

76.1. The energy loss in transmission system of the transmission licensee, as determined by the State Load Dispatch Centre and approved by the Commission, shall be borne by the Transmission System Users in proportion to their use of the intra-State Transmission System:

Provided that the quantum of the energy consumed by the auxiliary system of a transmission sub-station and station transformer losses within the sub-station shall not be considered as transmission loss.

76.2. Transmission loss levels shall be calculated as the difference between the sum of net energy injected into the transmission system from CTU and all other energy injected into the transmission system (X) at different interface points and the sum of energy transmitted to distribution licensee(s) at 33 kV outgoing feeder of all EHV sub-stations, and retail and/or open access consumer(s) connected with transmission system (Y).

76.3. Transmission losses shall be expressed as a percentage of the total energy injected into the transmission system, in accordance with the following formula:

$$\text{Transmission loss (\%)} = \frac{(X - Y) \times 100}{X}$$

77. ENERGY LOSS FOR OPEN ACCESS CUSTOMER

For usage of transmission system by any open access customer(s), recovery of energy loss shall be allowed at the rate equivalent to transmission loss approved by the Commission for the respective Financial Year of the Control Period in the Tariff Order.

Chapter 7

DISTRIBUTION WHEELING BUSINESS

78. APPLICABILITY

The Regulations contained in this Chapter shall apply to the determination of tariff payable for usage of distribution wires of a distribution licensee.

79. COMPONENTS OF AGGREGATE REVENUE REQUIREMENT FOR DISTRIBUTION WHEELING BUSINESS

The wheeling charges for distribution wheeling business of the distribution licensee shall provide for the recovery of the ARR, as provided in Regulation 85 of these Regulations, and shall comprise the following:

(1) Return on Equity (ROE);
(2) Interest and finance charges;
(3) Depreciation;
(4) O&M expenses
  (a) HR expenses
    (i) Employee expenses;
    (ii) Impact of Pay revision;
    (iii) Manpower deployed on outsourcing basis;
  (b) Maintenance & General expenses;
(5) Pension & Gratuity Trust Fund contribution
(6) Interest on working capital;

Less:

(1) Non-Tariff Income;

(2) Income from Other Business, to the extent specified in Regulation 84 of these Regulations.

NOTE:

1. The Statutory Taxes, cess and Duties shall be recoverable on reimbursement basis, as per actual.

2. The charges for auxiliary energy consumption in the licensee's sub-station shall be considered as expenses for the purpose of computation of ARR.

3. Pension & Gratuity Trust Fund contribution shall be recoverable in equal monthly instalments as may be determined by the Commission in the Tariff Order:

Provided that, the wheeling charges of the distribution licensee shall be determined by the Commission on the basis of Petition for determination of tariff made by the distribution licensee in accordance with Chapter 2 of these Regulations:

Provided further that, the wheeling charges may be denominated in terms of Rupees/kWh, for the purpose of recovery from the distribution system user, or any such denomination, as stipulated by the Commission from time to time.

80. ALLOCATION MATRIX

80.1. The distribution licensee shall segregate its accounts into wheeling business and retail supply business.

80.2. The wheeling charges of the distribution licensee shall be determined by the Commission on the basis of segregated accounts of distribution wires business:

Provided that, where the distribution licensee is not able to submit separate accounts for distribution wheeling business and retail supply business, the Commission shall consider the following allocation matrix for allocating the expenses of the distribution licensee between the distribution wheeling business and retail supply business:

Particulars	**Distribution Wheeling Business** (%)	**Retail Supply Business (%)**
Power Purchase Expenses	-	100
Inter-State Transmission Charges	-	100
Intra-State Transmission Charges	-	100
O&M Expenses:		
HR expenses	65	35
M&G Expenses		
(i) R&M expenses	90	10
(ii) A&G expenses	90	10
Depreciation	90	10
Interest on Long-term Loan Capital	90	10
Interest on Working Capital	10	90

Particulars	Distribution Wheeling Business (%)	Retail Supply Business (%)
Contribution to Pension and Gratuity Fund	65	35
Provision for bad and doubtful debts	10	90
Return on Equity	90	10
Income Tax	90	10

81. CAPITAL INVESTMENT PLAN

The distribution licensee shall submit a capital investment plan in the manner specified in Chapter 2 of these Regulations.

82. CAPITAL COST

The capital cost shall be considered as provided in Chapter 3 of these Regulations.

83. CALCULATION OF AGGREGATE REVENUE REQUIREMENT

83.1. Return on Equity

The distribution licensee shall be allowed a ROE for distribution wheeling business, as specified in Regulation 25 of these Regulations.

83.2. Interest on Loan Capital

Interest on loan capital shall be computed in accordance with Regulation 26 of these Regulations.

83.3. Depreciation

Depreciation on the assets of distribution licensee shall be computed in the manner specified in Regulation 27 of these Regulations.

83.4. Operation And Maintenance (O&M) Expenses

i. Human Resource (HR) Expenses

(a) HR expenses shall comprise:
   (i) employee costs;
   (ii) impact of Pay revision;
   (iii) manpower deployed on outsourcing basis;

(b) The Commission shall stipulate a separate trajectory for each of the components of HR expenses for the Control Period.

(c) The HR expenses includes employee cost, impact of pay revision arrears, all expenses towards manpower deployed on outsourcing basis, pension fund contribution, and any other expense of non-recurring nature related to HR.

(d) The HR expenses for the base year, i.e., FY 2025-26, shall be derived on the basis of the normalized average of the actual HR expenses excluding Pension & Gratuity Trust Fund contribution, impact of pay revision arrears, and any other expense of non-recurring nature, available in the accounts for the previous five (5) years immediately preceding the base year FY 2025-26, subject to prudence check by the Commission.

(e) The normalization of HR expenses shall be done by applying last five-year average increase in Consumer Price Index Industrial Worker (CPI (IW)) on year-to-year basis.

(f) The average of normalized net present value for FY 2020-21 to FY 2024-25, shall then be used to project base year value for FY 2025-26.

(g) The projected base year value shall be escalated by the above inflation rate to estimate the HR expenses (excluding impact of pension fund contribution and pay revision and any other expense of non-recurring nature, if any) for each year of the Control Period.

(h) At the time of true up, the HR expenses shall be considered at actual and shall not be subjected to gain/loss mechanism.

(i) During the true-up, actual cash outflow on impact of pay revision (including arrears) and Pension & Gratuity Trust Fund contribution shall be allowed as per accounts, subject to prudence check and any other factor considered appropriate by the Commission.

(j) CPI (IW) (all India) shall be as per Labour Bureau, Government of India {Base Year: 2016=100}.

ii. Maintenance and General (M&G) Expenses

(a) Maintenance and General (M&G) expenses shall comprise:

(i) Administrative and General (A&G) expenses;

(ii) Repair and Maintenance (R&M) expenses

(b) The Commission shall stipulate a separate trajectory for each of the components of M&G expenses viz., A&G expenses and R&M expenses for the Control Period.

(c) The A&G expenses (excluding expenses towards outsourcing manpower) (A&G) and R&M expenses (excluding expenses towards outsourcing manpower) (R&M) for the base year, i.e., FY 2025-26, shall be derived on the basis of the normalized average of the actual A&G expenses (excluding expenses towards outsourcing manpower) and R&M expenses (excluding expenses towards outsourcing manpower), respectively, available in the accounts for the previous five (5) years immediately preceding the base year FY 2025-26, subject to prudence check by the Commission:

Provided that, any other expense of non-recurring nature shall also be excluded while determining normalized average for the previous five (5) years.

(d) The normalization of R&M expenses shall be done by applying last five-year average increase/decrease in Wholesale Price Index (WPI) of all commodities on year-to-year basis.

(e) The average of normalized net present value for FY 2020-21 to FY 2024-25, shall then be used to project base year value for FY 2025-26.

(f) Normalization of A&G expenses shall be done by applying last five-year average increase/decrease in Inflation to be considered on the basis of 40% weightage of WPI and 60% weightage of CPI on year-to-year basis.

(g) The average of normalized net present value for FY 2020-21 to FY 2024-25, shall then be used to project base year value for FY 2025-26.

(h) The projected base year value shall be escalated by the above inflation rate to estimate the A&G expenses and R&M expenses for each year of the Control Period.

(i) Wholesale Price Index numbers of all commodities shall be as per Office of Economic Advisor, Ministry of Commerce & Industry, Government of India {Base Year: 2011-12 Series}.

(j) Consumer Price Index for Industrial Workers (all India) shall be as per Labour Bureau, Government of India {Base Year: 2016=100}.

(k) At the time of true up, the normative A&G expenses and R&M expenses shall be considered after taking into account the actual inflation instead of projected inflation for that period.

iii. Additional O&M expenses incurred due to additional capital investment or any change in law or any direction by any statutory authority shall be pass through over and above the O&M charges allowed in the Tariff Order, after prudence check by the Commission.

83.5. Interest on Working Capital

Interest on working capital shall be allowed in accordance with Regulation 28 of these Regulations.

83.6. Non-Tariff Income

i. Any income incidental to the business of the distribution licensee earned from other sources, including but not limited to the disposal of assets, income from investments, rents, disposed value of scrap/assets after adjusting its depreciated value of scrap/asset, rental income for using assets, which includes receipts against advertisements, interest on advances to suppliers/contractors, open access charges, parallel operation charges penalties and any other miscellaneous receipts but other than income from sale of energy, shall constitute the Non-Tariff Income.

ii. The amount of Non-Tariff Income relating to the distribution wheeling business as approved by the Commission shall be deducted from the Aggregate Revenue Requirement in determining the wheeling charges of distribution wires business of the distribution licensee:

Provided that, the distribution licensee shall submit full details of his forecast of Non-Tariff Income to the Commission along with its application for determination of Aggregate Revenue Requirement:

Provided further that, the distribution licensee shall submit full details of actual component-wise Non-Tariff Income during each year of the Control Period to the Commission along with its true-up Petition.

84. INCOME FROM OTHER BUSINESS

Where the distribution licensee has engaged in any other business (excluding trading of electricity), the income earned by using the assets of the distribution licensee shall be shared between licensee and beneficiary in following manner:

a) Amount equal to two-third of the income from such other business shall be deducted from the Aggregate Revenue Requirement in determining the wheeling charges of distribution wires business of the distribution licensee.

b) Amount equal to one-third of income from such other business shall be retained by licensee to meet the expenditure on Research & Development for improving efficiency.

85. DETERMINATION OF WHEELING CHARGES

85.1. The Commission shall determine the wheeling charge for wheeling business of the distribution licensee in its Order passed under Section 62 of the Act.

85.2. Notwithstanding anything contained in these Regulations, the wheeling charges applicable to open access customers shall be computed and applied at relevant voltage level(s):

Provided that the wheeling charges payable by open access customers (other than the retail consumers getting electricity supply from the same distribution licensee), shall be governed as per applicable Open Access Regulations:

Provided further that, the charges paid by such open access customers shall be used to reduce the Aggregate Revenue Requirement of the retail supply business in accordance with the Regulations in Chapter 8.

86. WHEELING LOSSES

The distribution wires business shall be allowed to recover, in kind, the approved target level of wheeling losses arising from the operation of the distribution system as stipulated in the respective Tariff Order.

Chapter 8

RETAIL SUPPLY BUSINESS

87. APPLICABILITY

The Regulations in this Chapter shall apply to determination of tariff for retail supply of electricity by a distribution licensee to its consumers.

88. COMPONENTS OF TARIFF

88.1. The ARR for retail supply business of the distribution licensee for each year of the Control Period shall comprise the following:

(1) Power purchase costs;

(2) Transmission and SLDC charges;

(3) O&M expense

a) HR expenses

(i) Employee expenses;

(ii) Impact of Pay revision;

(iii) Manpower deployed on outsourcing basis;

b) M&G expense;

(4) Pension & Gratuity Trust Fund contribution;

(5) Depreciation;

(6) Interest and finance charges;

(7) Interest on working capital;

(8) Return on equity;

(9) Provision for bad and doubtful debts;

Less:

(10) Non-Tariff Income;

(11) Income from other business, to the extent specified in Regulation 96 of these Regulations;

(12) Revenue on account of open access / wheeling charges;

(13) Revenue from sale of surplus power (other than retail consumers):

Provided that, the receipt of revenue on account of cross-subsidy surcharge shall be considered only at the time of truing up exercise based on actual receipts as per accounts.

88.2. The tariff for retail supply by a distribution licensee shall be determined by the Commission on the basis of segregated accounts or allocation matrix, as the case may be, in accordance with Regulation **80** of these Regulations.

89. CAPITAL INVESTMENT PLAN

The distribution licensee shall submit a capital investment plan in the manner specified in Chapter 2 of these Regulations.

90. CAPITAL COST

The capital cost shall be allowed as provided in Chapter 3 of these Regulations.

91. SALES FORECAST

91.1. The licensee shall submit forecast of restricted demand (in MW) and unrestricted demand (in MW) and total sale of electricity (in MU) for different categories of consumers in its area of supply, for each year of the Control Period:

Provided that the forecasts for category-wise sale of electricity shall generally be projected on the basis of Compounded Annual Growth Rate (CAGR) and/or any other prudent method.

91.2. The sales forecast for unmetered consumer categories, if any, shall be subject to prudence check by the Commission.

91.3. The Commission shall examine the forecasts by considering growth in energy demand, increase in number of consumers, change in pattern of consumption, loss trajectory of previous years and any other relevant factor, which the Commission may consider appropriate for approval of the projected sales for computing the ARR and expected revenue from charges.

92. CALCULATION OF AGGREGATE REVENUE REQUIREMENT

92.1. Return on Equity

The distribution licensee shall be allowed ROE, as specified in Regulation 25 of these Regulations.

92.2. Interest on Loan Capital

Interest on loan capital shall be computed in accordance with Regulation 26 of these Regulations.

92.3. Depreciation

Depreciation on the assets of distribution licensee shall be computed in the manner specified in Regulation 27 of these Regulations.

92.4. Power purchase Cost

i. The distribution licensee shall be permitted to recover power purchase cost as approved by the Commission.

ii. Approved retail sales shall be grossed up by normative level of intra-State transmission losses and distribution losses as per approved loss trajectory for the purpose of assessing the quantum of energy required for sale to the retail consumers.

iii. At the time of true up, the deviation charges, if any, shall be considered for arriving at the power purchase cost, and revenue from sale of surplus power shall be accounted separately.

iv. The monthly Fuel and Power Purchase Adjustment Surcharge (FPPAS) shall be recoverable as per the mechanism detailed in Regulation 93 of these Regulations.

92.5. Transmission charges and SLDC charges

The distribution licensee shall also be allowed to recover the following expenses at the approved level:

(a) Intra-State transmission charges

(b) Inter-State transmission charges

(c) charges for intervening transmission facilities;

(d) wheeling charges for use of distribution system of other distribution licensee(s), if any; and

(e) fees and charges payable to the RLDC and SLDC as may be determined by the appropriate Commission.

92.6. Operation and Maintenance (O&M) expenses

i. Human Resource (HR) expenses

HR expenses for retail supply business shall be allowed in the same manner as specified in Regulation 83.4.i of these Regulations for the distribution wires business.

ii. Maintenance and General (M&G) expenses

Maintenance and General (M&G) expenses for retail supply business shall be allowed

in the same manner as specified in Regulation 83.4.ii of these Regulations for the distribution wires business.

92.7. Interest on Working Capital

Interest on working capital shall be allowed in accordance with Regulation 28 of these Regulations.

92.8. Bad debts written off

The Commission may allow bad debts written off, as approved by the Competent Authority, as a pass through in the Aggregate Revenue Requirement, based on the trend of write off of bad debts in the previous years, subject to prudence check:

Provided that, the Commission shall true-up the bad debts written off in the ARR based on the actual write off of bad debts excluding delayed payment surcharge waived off, if any, during the year, subject to prudence check:

Provided further that, if subsequent to the write off of a particular bad debt, revenue is realized from such bad debts, the same shall be included as an uncontrollable item under the Non-Tariff Income in the year in which such revenue is realized.

93. FUEL AND POWER PURCHASE ADJUSTMENT SURCHARGE (FPPAS)

93.1. Amount on account of variation in actual Energy Charge of n^{th} month (due to variation in the Landed price of Coal and Gross Calorific Value of primary fuel on the basis of certificate / test report issued by reputed third party agency after prudence check etc.) vis-à-vis Energy Charge of n^{th} month as approved in tariff order shall be determined on monthly basis by generating stations, which are situated within the State and supplying power to distribution licensee of the State and the same shall be recovered through regular monthly bills issued for $(n+2)^{th}$ month as a line item namely fuel and other expenses.

Example –A generating company supplying power to distribution licensee shall raise the FCA for the month of April as a line item in the regular monthly bill in the month of July for the power supplied during the month of June:

Provided that, for generating stations who do not supply their entire power generation to the distribution licensees of the State, variation in energy charge rate due to variation in fuel price shall be trued-up annually.

93.2. The FCA shall be calculated by the generating company for each of its thermal stations separately for each month based on the following formula:

FCA in Rs. = Scheduled energy (ex-bus) for the month x difference in monthly Energy Charge Rate (ECR),

Where,

Difference in monthly ECR = ECR (M) - ECR (T)

Where,

ECR (T): ECR approved for the particular plant in the Tariff Order,

ECR (M) = Computed ECR for the particular plant for the particular month as per formula given below:

ECR(M) = {(GHR-SFC x CVSF) x LPPF/CVPF} x 100/(100-AUX)

Where,

AUX = Normative auxiliary energy consumption in percentage,

CVPF = Gross calorific value of primary fuel as received in kcal per kg,

CVSF = Calorific value of secondary fuel as considered in the Tariff Order, in kcal per ml,

GHR = Normative Gross Station Heat Rate allowed in the Tariff Order, in kcal per kWh'

LPPF = Actual weighted average landed price of primary fuel, in Rupees per kg,

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

93.3. The generating company shall work out the ECR on the basis of normative GSHR, normative auxiliary consumption, normative specific secondary fuel oil consumption, weighted average GCV of the coal as received and secondary fuel oil as indicated in the tariff order and actual landed price of the primary fuel (LPPF):

Provided that, if any additional claim is raised by the generating company at the time of true up the same shall have to be supported by reasons recorded in writing and shall be subject to prudence check:

Provided further that, for the reasons uncontrollable for the generating company, including but not limited to non-availability of all the certified test reports for a month, generating company shall issue provisional fuel and other expenses charge for that month based on the available reports, and the final bill shall be prepared and differential amount shall be claimed in the month next to the month in which last such report is received.

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

Provided that, where the energy charge rate based on weighted average price of fuel upon use of alternative source of fuel supply exceeds 20% of base energy charge rate as approved by the Commission, in that event, use of alternative source of fuel supply shall be considered after prior consultation with beneficiary and approval of the Commission.

93.5. Fuel and Power Purchase Adjustment Surcharge (FPPAS) means the increase in cost of power supplied to consumers, due to change in Fuel cost, power purchase cost and transmission charges with reference to cost of supply approved by the Commission:

Provided that, FCA bill received from a generating company / station along with the power sale bill for a particular month shall be considered as power purchase cost of the distribution company for that month only.

For example – If a distribution company is purchasing power from a generating company on long-term basis and the generating company based on the procedure detailed by the Commission claims FCA for the prior period along with the energy bill for the month of 'April', then for the purpose of the computation of FPPAS, the distribution company shall consider such FCA as part of power purchase cost of the month of 'April' only.

93.6. FPPAS shall be calculated and billed to consumers automatically, without going through regulatory approval process, on a monthly basis according to the formula specified in these Regulations, subject to true up on an annual basis, as decided by the Commission:

Provided that the automatic pass through shall be adjusted for monthly billing in accordance with these Regulations.

93.7. FPPAS shall be computed and charged by the distribution licensee, in $(n+2)^{th}$ month, on the basis of actual variation in cost of fuel and power purchase and Transmission Charges for the power procured during the n^{th} month and shall be recoverable from the consumers on their energy charge of n^{th} month.

For example - the FPPAS on account of changes in tariff for power supplied during the month of April of any financial year shall be computed and billed in the month of June

of the same financial year for the energy charge of April month:

Provided that, in case the distribution licensee fails to compute and charge FPPAS within this time line, except in case of any force majeure condition, its right for recovery of costs on account of FPPAS shall be forfeited and in such cases, the right to recover the FPPAS determined during true-up shall also be forfeited.

93.8. The distribution licensee may decide FPPAS or a part thereof, to be carried forward to the subsequent month in order to avoid any tariff shock to consumers, but the carry forward of FPPAS shall not exceed a maximum duration of two months and such carry forward shall only be applicable, if the total FPPAS for a billing month, including any carry forward of FPPAS over the previous month exceeds twenty per cent of variable component of approved tariff.

93.9. The carry forward shall be recovered within one year or before the next tariff cycle, whichever is earlier, and the money recovered through FPPAS shall first be accounted towards the oldest carry forward portion of the FPPAS followed by the subsequent month.

93.10. In case of carry forward of FPPAS, the carrying cost at the rate of State Bank of India Marginal cost of Funds-based lending Rate (1-year) plus one hundred and fifty basis points shall be allowed till the same is recovered through tariff and this carrying cost shall be trued up in the year under consideration.

93.11. Depending upon quantum of FPPAS, the automatic pass through shall be adjusted in such a manner that,

(i) If FPPAS $\leq$ 5%, 100% cost recoverable of computed FPPAS shall be levied by distribution licensee automatically using the formula.

(ii) If FPPAS>5%, 5% FPPAS shall be recoverable automatically as per 93.11 (i) above, and 90% of the balance FPPAS shall be recoverable automatically using the formula, and the differential claim shall be recoverable after approval by the Commission during true up.

93.12. The revenue recovered on account of pass through of FPPAS by the distribution licensee shall be trued up along with true up of the ARR.

93.13. In case of excess / under recovery for the year against the FPPAS, the same shall be recovered from/by the distribution licensee at the time of true up along with its carrying cost.

93.14. The distribution licensee shall submit such details, in the stipulated formats, of the variation between expenses incurred and the fuel and power purchase adjustment

surcharge recovered, and the detailed computations and supporting documents, as required by the Commission, during true up of the ARR.

93.15. To ensure smooth implementation of the fuel and power purchase adjustment surcharge mechanism and its recovery, the distribution licensee shall ensure that the licensee billing system is updated to take this into account and a unified billing system shall be implemented to ensure that there is a uniform billing system irrespective of the billing and metering vendor through interoperability or use of open source software as available.

93.16. The licensee shall publish all details including the fuel and power purchase adjustment surcharge formula, calculation of monthly fuel and power purchase adjustment surcharge, and recovery of fuel and power purchase adjustment surcharge on its website and archive the same through a dedicated web address.

93.17. Computation of Fuel and Power Purchase Adjustment Surcharge:

Formula:

$$\text{Monthly FPPAS for } n^{th} \text{ Month (\%)} = \frac{(A-B)*C + (D-E)}{\{Z * (1- \text{Distribution losses in\%}/100)\} * ABR}$$

Where,

$(N+2)^{th}$ month means the month in which billing of fuel and power purchase adjustment surcharge component is done. This fuel and power purchase adjustment surcharge is due to changes in tariff for the power supplied in $(n)^{th}$ month,

A is total units procured in $(n)^{th}$ Month (in kWh) from all Sources including long-term, medium-term and short-term power purchases (to be taken from the bills issued to distribution licensees),

B is bulk sale (inter-State sale) of power from all sources in $(n)^{th}$ month (in kWh) (to be taken from provisional accounts to be issued by SLDC by the 10^{th} day of each month and made available on SLDC website),

C is incremental Average Power Purchase Cost = Actual average Power Purchase Cost (PPC) including water charges, statutory taxes, duties and cess actually paid, from all sources in $(n)^{th}$ month (Rs./ kWh) (computed) – Projected average Power Purchase Cost (PPC) from all sources (Rs./ kWh) (from Tariff Order),

D = Actual inter-State and intra-State Transmission Charges in the $(n)^{th}$ month, (from the bills raised by Transcos to Discom) (in Rs),

E = Base Transmission Charges for $(n)^{th}$ month (Approved Transmission Charges/12) (in Rs),

Z = [{Actual Power purchased from all the sources outside the State in $(n)^{th}$ Month (in kWh) x (1 – inter-State transmission losses in % /100) + Power purchased from all the sources within the State (in kWh)-B} x (1 – intra-State losses in %)]/100 in kWh,

ABR = Average Billing Rate for the year (to be taken from the Tariff Order in Rs/kWh),

Distribution Losses (in %) = Target Distribution Losses (from Tariff Order),

Inter-State transmission losses (in %) (as per Tariff Order),

Intra-State transmission losses (in %) (as per Tariff Order).

93.18. The Power Purchase Cost shall exclude any charges on account of Deviation Settlement Mechanism.

93.19. Other charges, which include Ancillary Services and Security Constrained Economic Despatch, shall not be included in FPPAS and shall be adjusted through the true-up approved by the Commission.

94. NON-TARIFF INCOME

94.1. Any income being incidental to the business of the distribution licensee derived from sources, including but not limited to the disposal of assets, income from investments, rents, disposed value of scrap/assets after adjusting its depreciated value of scrap/asset, rental income for using assets which includes receipts against advertisements, interest on advances to suppliers/ contractors, parallel operation charges, and any other miscellaneous receipts but other than income from sale of energy, shall constitute the Non-Tariff Income.

94.2. The distribution licensee shall submit full details of its forecast of Non-Tariff Income to the Commission along with its application for determination of Aggregate Revenue Requirement:

Provided that, the distribution licensee shall submit full details of actual component-wise Non-Tariff Income during each year of the Control Period to the Commission along with its true-up Petition.

95. BANKING OF ENERGY

Charges for banking of energy shall be permitted as stipulated in the respective Tariff Order.

96. INCOME FROM OTHER BUSINESS

Where the distribution licensee has engaged in any other business, which excludes income from trading of electricity, the income earned by using the assets of distribution licensee from such business shall be shared between distribution licensee and beneficiaries as detailed below:

a) Amount equal to two-third of the income from such other business shall be deducted from the Aggregate Revenue Requirement for the retail supply tariff:

b) Amount equal to one-third of income from such other business shall be retained by the distribution licensee.

97. RECEIPTS ON ACCOUNT OF CROSS-SUBSIDY SURCHARGE

The amount received by the distribution licensee by way of cross-subsidy surcharge, as approved by the Commission in accordance with the Chhattisgarh State Electricity Regulatory Commission (Connectivity and Intra-State Open Access) Regulations, 2011, as applicable and as amended from time to time, shall be deducted from the Aggregate Revenue Requirement in calculating the tariff for retail supply of electricity by such distribution licensee, at the time of truing up.

98. ENERGY LOSSES FOR DISTRIBUTION SYSTEM

98.1. The energy loss for 33 kV and below voltage level, shall be computed as per relevant provision(s) of the State Grid Code 2011 as amended from time to time.

98.2. The difference between the energy injected at 33 kV voltage level and the sum of energy sold to all its consumers (retail and open access), at voltage level 33 kV and below, shall be the energy loss for the 33 kV and below system:

Provided that, the same shall be considered for the gain/ loss at the time of true up, which shall be quantified on the basis of Average Power Purchase Cost and shared between the distribution licensee and consumers, in the following manner:

i) Two third of the gains shall be passed on to the consumers in tariff and rest shall be retained by the distribution licensee.

ii) Two-third of the losses shall be borne by the distribution licensee and rest shall be borne by the consumers.

98.3. Energy sold shall be the sum of metered sales and assessed unmetered sales, if any, based on prudence check by the Commission.

98.4. Energy Loss trajectory for distribution licensee shall be as stipulated by the Commission in the Tariff Order.

99. Determination of Retail Supply Tariff

99.1. The Commission may categorize consumers on the basis of their load factor, power factor, voltage, total consumption of electricity during any specified period or the time at which the supply is required or the geographical position of any area, the nature of supply and the purpose for which the supply is required.

99.2. Cost reflective retail supply tariff shall be determined for different consumer categories, and including unrecovered revenue gaps of previous years to the extent proposed to be recovered.

99.3. The Commission shall endeavour to gradually reduce the cross-subsidy between consumer categories with respect to the Cost of Supply in accordance with the provisions of the Act.

99.4. While determining the cost reflective tariff for different categories, the Grants and Consumer Contributions received shall be considered against the respective voltage levels for which such funds have been received.

99.5. While determining the cost reflective tariff for different categories, the Commission may also allocate the power purchased from different sources to different categories and/or voltages as appropriate.

Chapter 9

SLDC BUSINESS

100. ANNUAL CHARGES

100.1. Annual charges of SLDC shall be collected in the form of system operation charges and market operation charges.

100.2. The annual SLDC charges shall be levied and collected only from the intra-State entities availing long-term and medium-term services of SLDC other than stand-alone generators, short-term open access customers, bulk consumers and captive users.

101. CAPITAL INVESTMENT PLAN

The SLDC shall submit a Capital Investment Plan in the manner specified in Chapter 2 of these Regulations.

102. COMPONENTS OF TARIFF

102.1. The annual SLDC charges shall consist of the following components:-

1) Return on equity;
2) Interest on loan capital;
3) Depreciation;
4) O&M expenses:
    a) HR expenses
        (i) Employee expenses;
        (ii) Impact of Pay revision;
        (iii) Manpower deployed on outsourcing basis;
    b) M&G expenses:
5) Pension & Gratuity Trust Fund contribution
6) Interest on working capital.

NOTE:

Pension & Gratuity Trust Fund contribution shall be recoverable in equal monthly instalments as may be determined by the Commission in the Tariff Order.

102.2. Return on Equity

The SLDC shall be allowed a ROE as specified in Regulation 25 of these Regulations.

102.3. Interest on Loan Capital

The SLDC shall be allowed Interest and Finance Charges on loan capital as specified in Regulation 26 of these Regulations.

102.4. Depreciation

The SLDC shall be permitted to recover depreciation on the value of fixed assets as specified in Regulation 27 of these Regulations.

102.5. Operation And Maintenance (O&M) Expenses

i. Human Resource (HR) Expenses

(a) HR expenses shall comprise:
  (i) employee costs;
  (ii) impact of Pay revision;
  (iii) manpower deployed on outsourcing basis;

(b) The Commission shall stipulate a separate trajectory for each of the components of HR expenses for the Control Period.

(c) The HR expenses includes employee cost, impact of pay revision arrears, all expenses towards manpower deployed on outsourcing basis, pension fund contribution, and any other expense of non-recurring nature related to HR.

(d) The HR expenses for the base year, i.e., FY 2025-26, shall be derived on the basis of the normalized average of the actual HR expenses excluding Pension & Gratuity Trust Fund contribution, impact of pay revision arrears, and any other expense of non-recurring nature, available in the accounts for the previous five (5) years immediately preceding the base year FY 2025-26, subject to prudence check by the Commission.

(e) The normalization of HR expenses shall be done by applying last five-year average increase in Consumer Price Index Industrial Worker (CPI (IW)) on year to year basis.

(f) The average of normalized net present value for FY 2020-21 to FY 2024-25, shall then be used to project base year value for FY 2025-26.

(g) The projected base year value shall be escalated by the above inflation rate to estimate the HR expense (excluding impact of Pension & Gratuity Trust Fund contribution, and pay revision and any other expense of non-recurring nature, if any) for each year of the Control Period.

(h) At the time of true up, the HR expenses shall be considered at actual and shall not be subjected to gain/loss mechanism:

Provided that, during the true-up, actual cash outflow on impact of pay revision (including arrears) and Pension & Gratuity Trust Fund contribution shall be

allowed as per accounts, subject to prudence check and any other factor considered appropriate by the Commission.

(i) CPI (IW) (all India) shall be as per Labour Bureau, Government of India {Base Year: 2016=100}.

ii. Maintenance & General (M&G) Expenses

(a) Maintenance & General (M&G) expenses shall comprise:

(i) Administrative and General (A&G) expenses;

(ii) Repair and Maintenance (R&M) expenses.

(b) The Commission shall stipulate a separate trajectory for each of the components of M&G expenses, viz., A&G expenses and R&M expenses for the Control Period:

Provided that, additional O&M expenses incurred due to additional capital investment or any change in law or any direction by any statutory authority shall be pass through over and above the O&M expenses allowed in the Tariff Order, after prudence check by the Commission.

(c) The A&G expenses (excluding expenses towards outsourcing manpower) (A&G) and R&M expenses (excluding expenses towards outsourcing manpower) (R&M) for the base year, i.e., FY 2025-26, shall be derived on the basis of the normalized average of the actual A&G expenses (excluding expenses towards outsourcing manpower) and R&M expenses (excluding expenses towards outsourcing manpower), respectively, available in the accounts for the previous five (5) years immediately preceding the base year FY 2025-26, subject to prudence check by the Commission:

Provided that, any other expense of non-recurring nature shall be excluded while determining normalized average for the previous five (5) years.

(d) The normalization of R&M expenses shall be done by applying last five-year average increase/decrease in Wholesale Price Index (WPI) of all commodities on year-to-year basis.

(e) The average of normalized net present value for FY 2020-21 to FY 2024-25, shall then be used to project base year value for FY 2025-26.

(f) Normalization of A&G expenses shall be done by applying last five-year average increase/decrease in Inflation to be considered on the basis of 40% weightage of WPI and 60% weightage of CPI respectively on year-to-year basis.

(g) The average of normalized net present value for FY 2020-21 to FY 2024-25, shall then be used to project base year value for FY 2025-26.

(h) The projected base year value shall be escalated by the above inflation rate to estimate the A&G expenses and R&M expenses for each year of the control period.

(i) Wholesale Price Index numbers of all commodities shall be as per Office of Economic Advisor, Ministry of Commerce & Industry, Government of India {Base Year: 2011-12 Series}.

(j) Consumer Price Index for Industrial Workers (all India) shall be as per Labour Bureau, Government of India {Base Year: 2016=100}.

(k) At the time of true up, the A&G expenses and R&M expenses shall be considered after taking into account the actual inflation instead of projected inflation for that period.

102.6. Interest on working capital

The SLDC shall be allowed interest on the normative working capital requirement, as specified in Regulation 28 of these Regulations.

103. LEVY OF FEES AND CHARGES

103.1. Collection

a) SLDC shall collect the fees and charges, as determined under these Regulations.

b) SLDC shall levy and collect registration fees from the generating companies and licensees as specified in these Regulation:

Provided that, registration fees shall not be levied and collected from those to whom these Regulations do not apply as per Regulation 2.

c) SLDC shall be permitted to levy and collect fees and charges from the generating companies, licensees, and Power Exchanges as specified in any other Regulations.

103.2. Allocation and apportionment of components of annual charges to system operation function and market operation function:

a) Annual charges towards State system operation function shall comprise 80% of the annual charges.

b) Annual charges towards intra-State market operation function shall comprise the balance 20% of annual charges.

c) The ratio of allocation of annual charges to system operation charges and market operation charges may be reviewed and decided by the Commission from time to time.

103.3. Levy of System Operation Charges (SOC) and Market Operation Charges (MOC)

System operation charges and market operation charges as specified in Regulation 103.4 and Regulation 103.5, respectively, of these Regulations, shall be determined by adding up the allocated and/or apportioned amounts of various components of the annual charges.

103.4. Levy of System Operation Charges

a) The System Operation Charges shall be collected as per the norms given below:-

i. Intra-State transmission licensee(s) (other than STU): 10% of System Operation Charges;

ii. Intra-State sellers (excluding renewable energy-based power generating plants): 45% of System Operation Charges;

iii. Intra-State buyers (excluding bulk consumers and captive users): 45% of System Operation Charges:

Provided that, if intra-State transmission licensee(s) (other than STU) is not availing the services of SLDC, the system operation charges shall be collected from the intra-State buyers and intra-State sellers as per the norms given below:-

i. Intra-State sellers: (excluding renewable energy-based power generating plant): 50% of System Operation Charges;

ii. Intra-State buyers: (excluding bulk consumers and captive users): 50% of System Operation Charges.

b) The System Operation Charges shall be levied on the intra-State transmission licensees (other than STU) on the basis of the ckt. km of the lines owned by them as on the last day of the month prior to the billing month.

c) The System Operation Charges from the intra-State sellers shall be collected in proportion to their contracted capacity, for use of State transmission system.

d) The System Operation Charges from the intra-State buyers shall be collected in proportion to their contracted capacities, for use of State transmission system.

Note: The above provisions shall not be applicable to the renewable energy-based power generating plant, bulk consumers and captive users. Further, these charges shall also not be applicable to the other intra-State buyers and intra-State

sellers for the quantum of power procured or power sold through the short-term open access route.

103.5. Levy of Market Operation Charges

The Market Operation Charges shall be collected equally from all the intra-State sellers and intra-State buyers irrespective of their contracted capacity:

Provided that, if the intra-State seller is a generating company, it shall pay the charges generating station-wise.

Note: The above provisions shall not be applicable to the renewable energy-based power generating plant, bulk consumers, and captive users. Further this charge shall also not be applicable to the other intra-State buyers and intra-State sellers procuring or selling power through the short-term open access route only.

103.6. Fee and Charges for other Open Access Customers

a) The fee and charges for short-term open access customers (intra-State buyers and intra-State sellers) not covered above shall be as per the fee and charges specified by Central Commission from time to time (i.e., for intra-State entity availing short-term inter-State open access).

b) SLDC shall maintain separate account for the revenue earned from short-term open access customers.

c) Such charges collected from short-term open access customers shall be treated as 'miscellaneous income' of SLDC.

103.7. Levy of Registration fees

a) All Renewable and conventional generating companies and licensees (excluding those covered in Regulation 2.2 of these Regulations), and all drawee entities intending to get connected to the intra-State transmission system or distribution system, shall register themselves with the SLDC before synchronisation by filing application in the format specified as **Appendix-VII** to these Regulations.

b) The registration will be valid for the period of ten years and thereafter renewal of registration shall be done in the manner as specified above and on payment of fees and charges as decided by the Commission:

Provided that, the registration of all generating companies and licensees already registered with the SLDC will be valid for the period of ten years from the date of registration.

Note: Transfer/change of ownership needs to be registered afresh in accordance with

Regulation 103.7(a).

c) The application for registration for power generating plant (including captive generating plant) shall be accompanied by fees of Rs 10 lakh for installed capacity of 50 MW and above, or Rs 5 lakh for installed capacity below 50 MW:

Provided that, renewable energy-based grid connected power generating plant shall be required to register their power generating stations with SLDC on payment of Registration Charges based on installed capacity as under:

Installed capacity up to 100 kW:	Rs. 1,000
Installed capacity above 100 kW up to 500 kW:	Rs. 5,000
Installed capacity above 500 kW up to 1 MW:	Rs. 10,000
Installed capacity above 1 MW up to 20 MW:	Rs. 2,00,000
Installed capacity above 20 MW up to 50 MW:	Rs. 4,00,000
Installed capacity above 50 MW:	Rs. 5,00,000

Provided further that, the renewable energy-based power generating company shall have to submit a certificate of eligibility as a renewable energy generating plant duly certified by the State Nodal agency, i.e., Chhattisgarh Renewable Energy Development Agency (CREDA):

Provided also that, the stand-alone generators who avail services of SLDC for energy metering or accounting for the purpose of RE Certificates or any other such purposes as may be mandated by the Commission from time to time, shall also be required to get registered with the SLDC:

Provided also that, the fee in such cases shall be Rs. 1 lakh irrespective of the installed capacity of the plant:

Provided also that the Registration Fees for all drawee entities shall be as per fee structure specified for different drawal capacity for Renewable Energy and conventional generating stations.

d) The registration fees for all licensees intending to avail services of SLDC shall be Rs. 10 lakh.

e) In case of default in payment of registration fees by the generating companies (including captive generating plant) and licensees, the SLDC may make a reference to the Commission.

f) The SLDC, after scrutinizing the application and after being satisfied with correctness of the information furnished in the application, shall register the

applicant in its register duly intimating the applicant about its acceptance.

g) The registration fees are non-refundable.

h) In case the generating station enhances its capacity from less than 50 MW to 50 MW or above, a differential amount of Rs. 5 lakh shall be payable.

i) SLDC shall maintain a list of all registered generating companies and licensees on its website.

j) The SLDC shall file consolidated information about the generating station and licensees connected to the intra-State transmission network and distribution network and being monitored / serviced by it, to the Commission every year by end of April every year.

k) The SLDC shall dispose all applications for registration within 30 days:

Provided that, in case of delay in processing or refusal, SLDC shall intimate the applicant with the valid reasons regarding the same, within 5 working days of completion of above time limit.

Note: All generating companies and licensees shall be required to register at SLDC. These shall be generating plants, captive generating plants, licensees directly connected to State grid, and stand-alone generating plants who avail the services of SLDC for REC and other intra-State entities.

104. BILLING AND OTHER MISCELLANEOUS PROVISIONS

104.1. Billing and Payment

Bills shall be raised for the system operation charge and market operation charge on monthly basis by the SLDC in accordance with these Regulations, and payments shall be made by the respective intra-State entities directly to the SLDC.

104.2. Persistent default in payment of SLDC fee and charges would be brought to the notice of the Commission.

Chapter 10

BATTERY ENERGY STORAGE SYSTEMS

105. APPLICABILITY

105.1. The Regulations specified in this Part shall apply to the determination of Tariff for Battery Energy Storage Systems.

105.2. The Commission shall be guided by the terms and conditions contained in this Chapter in determining the tariff for BESS, in the following cases:

a. where the existing Generating company or Transmission Licensee is engaged in the business of Energy Storage of Electricity;

b. where the Energy Storage System Developer (ESSD) has contractual arrangement with existing Generating Company or Transmission Licensee or Distribution Licensee or MSLDC for providing Energy Storage Services to such Utility;

c. where the Distribution Licensee is engaged in the business of Energy of Storage of electricity, in determining the conversion price at which off-peak electricity is converted into peak electricity by the Energy Storage business of the Distribution Licensee to its Retail Supply business;

d. where such Tariff is pursuant to a power purchase agreement or arrangement entered into subsequent to the date of coming into effect of these Regulations; or

e. where such Tariff is pursuant to a power purchase agreement or arrangement entered into prior to the date of coming into effect of these Regulations, and the Commission has approved such agreement or arrangement, and the agreement or arrangement envisages that the Tariff shall be based on the Tariff Regulations prevailing at that time.

106. PETITION FOR DETERMINATION OF BESS TARIFF

106.1. Tariff in respect of BESS under these Regulations may be determined Stage-wise, Unit-wise or for the whole BESS:

Provided that the terms and conditions for determination of Tariff for BESS specified in this Chapter shall apply in like manner to Stages or Units or the BESS, as the case may be.

106.2. Where the Tariff is being determined for a Stage or Unit of a BESS, the ESSD shall adopt a reasonable basis for allocation of capital cost relating to common facilities and allocation of joint and common costs across all Stages or Units, as the case may be:

Provided that the ESSD shall maintain an Allocation Statement providing the basis for allocation of such costs, which shall be duly audited and certified by the statutory auditors and submit such audited and certified statement to the Commission along with the Petition for determination of Tariff.

106.3. The ESSD shall file the Petition for determination of provisional Tariff for new ESS, at least six months prior to the anticipated date of commercial operation of ESS Unit or Stage or System as a whole, as the case may be.

106.4. The ESSD shall file a Petition for determination of provisional Tariff for new ESS based on capital expenditure incurred and projected to be incurred up to the date of commercial operation and additional capital expenditure incurred, duly certified by the statutory auditors:

Provided that the Petition shall contain details of underlying assumptions for the projected capital cost and additional capital cost, wherever applicable.

106.5. In the case of new projects, the ESSD may be allowed provisional Tariff by the Commission from the anticipated date of commercial operation, based on the projected capital expenditure, subject to prudence check.

106.6. If the date of commercial operation is likely to be delayed beyond six months from the date of issue of the order approving the provisional Tariff, the ESSD may submit a Petition for seeking extension of the validity of the applicability of the provisional Tariff, giving details of the present status of completion and justification for the delay in project completion, which may be considered by the Commission after necessary prudence check.

106.7. The ESSD shall file the Petition for determination of final Tariff for ESS within six months from the date of commercial operation of Energy Storage Unit or Stage or System as a whole, as the case may be, based on the audited capital expenditure and capitalisation as on the date of commercial operation:

Provided that in case of more than one Unit in the ESS, such Petition shall be filed for each Unit as and when such Unit achieves COD and without waiting for the COD of the entire Station.

106.8. The final Tariff determination for the new ESS shall be done by the Commission based

on prudence check of the audited capital expenditure and capitalisation as on the date of commercial operation.

106.9. Where the actual Capital Cost incurred on year-to-year basis is less than the Capital Cost approved for determination of provisional Tariff by the Commission, by five percent or more, the ESSD shall refund to the Beneficiaries the excess Tariff realised corresponding to excess Capital Cost, along with interest at the Base Rate, as prevalent on the first day of April of the respective Year, plus 150 basis points.

106.10. Where the actual Capital Cost incurred on year-to-year basis is more than the Capital Cost approved for determination of provisional Tariff by the Commission, by five percent or more, the ESSD shall, subject to the approval of the Commission, recover from the Beneficiaries the shortfall in Tariff corresponding to such decrease in Capital Cost, along with interest at the Base Rate, as prevalent on the first day of April of the respective Year, plus 150 basis points.

106.11. The Petition for tariff determination for BESS shall include the details like:

a. Capital Cost of BESS
b. Availability of BESS
c. Conversion Efficiency or Design Round trip Efficiency of the BESS
d. Other technical parameters such as depth of discharge, deration factors, etc.
e. No of Cycles during the useful life
f. Useful life of BESS. Useful life of Battery System and Useful life of Balance of system separately
g. Operation and Maintenance Expenses
h. Design parameters of number of hours of Charging and number of hours of Discharging during 24-hour cycle
i. Charging power arrangement for charging of BESS
j. Rate of charge per minute (Maximum/Minimum) and
k. Rate of discharge per minute (Maximum/Minimum).

107. OPERATING PARAMETERS FOR BESS

107.1. Round-trip Efficiency of BESS shall be minimum 75% for each monthly operating period.

$$\text{Monthly Round Trip Efficiency of BESS} = \frac{\text{(Monthly Energy Discharged) x 100}}{\text{(Monthly Energy consumed for charging)}}$$

107.2. The Normative annual availability of the BESS shall be 95%

Annual Availability of BESS = Mean of the system availabilities of all time blocks during the year in which Beneficiary has scheduled power for charging/discharging the BESS.

Availability in a time block = $\frac{\text{Actual Injection or Drawal } MU_i \text{ (A)}}{\text{Scheduled Injection or Drawal } MU_i \text{ (B)}} \times 100$

Where,

i refers to the i^{th} time-block (15 minutes) in the year where MU_i (B)≠ 0;

MU_i(A)= Agreed Despatch Schedule between Licensee or Beneficiary and BESSD, which shall be finally sent to MSLDC for Charging/Discharging in the i^{th} time block, in MU;

MU_i(B)= Despatch Schedule provided by Distribution Licensee or Beneficiary to BESSD for Charging/Discharging in the i^{th} time block, in MU;

Normative Depth of Discharge for BESS shall be 90%;

Battery pack performance degradation shall be considered as 1% per year;

Average Ramp Rate for BESS shall be 75% of rated capacity/minute.

108. COMPONENTS OF TARIFF OF BESS

108.1. The Tariff for BESS shall comprise two parts, namely, Capacity Charge and Incentive for Cycle Efficiency above Design Cycle Efficiency.

108.2. The Annual Fixed Charges shall comprise the following components:

a. Operation & Maintenance Expenses;
b. Depreciation;
c. Interest on Loan Capital;
d. Interest on Working Capital;
e. Return on Equity Capital;

Less:

f. Non-Tariff Income.

108.3. Return on Equity

Return on equity shall be computed in rupee terms on the equity base determined in accordance with Regulation 18 at the rate of 16.0% for BESS.

108.4. Interest on Loan Capital

The BESS shall be allowed Interest and Finance Charges on loan capital as specified in Regulation 26 of these Regulations.

108.5. Depreciation

The BESS shall be permitted to recover depreciation on the value of fixed assets as specified in Regulation 27 of these Regulations:

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

Provided further that, Useful life of Battery Pack shall be 12 Years whereas Useful Life balance of system shall be 25 years.

108.6. Operation and Maintenance (O&M) Expenses

The normative O&M expenses in respect of BESS shall be allowed at the rate of one percent of the capital cost as on date of commercial operation, subject to prudence check by the Commission:

Provided that, the O&M expenses allowed under this clause shall be trued up yearly based on actual expenses, and the variation between actual and normative O&M expenses shall be shared in accordance with Regulation 13 of these Regulations.

108.7. Interest on Working Capital

a. The normative working capital for BESS shall comprise:
   i. Normative O&M expenses for 45 days; plus
   ii. Maintenance spares @ 20% of normative O&M expenses; plus
   iii. Receivables equivalent to 45 days of annual fixed cost.
b. Interest on working capital shall be estimated at the rate equal to the Marginal Cost of Fund based Lending Rate (MCLR - one year tenor) of State Bank of India plus 200 basis points prevailing on 30th September of current financial year:
   Provided that, during truing-up, the interest on working capital shall be computed at the average actual sanctioned rate of interest during the year.

108.8. Computation and Payment of Capacity Charges

a. The fixed cost of BESS achieving COD after April 1, 2026 shall be computed on annual basis, based on norms specified under these Regulations, and recovered on monthly basis as Capacity Charge.

b. The Capacity Charge shall be payable by the Beneficiaries in proportion to their respective allocation in the saleable capacity of the BESS:

$$\text{Monthly BESS Availability} = \frac{\Sigma \text{ Actual Injection or Drawal MWh (i)(A)} \times 100}{\Sigma \text{ Scheduled Injection or Drawal MWh (i)(B)}}$$

Where,

(i) refers to the ith time-block (15 minutes) in the month where MWh (i) (B)≠ 0;

MWh (i)(A) = Agreed Despatch Schedule between Licensee or Beneficiary and BESS which shall be finally sent to CSLDC for Charging/Discharging in the i^{th} time block in MU;

MWh (i)(B) = Despatch Schedule provided by Distribution Licensee or Beneficiary to BESS for Charging/Discharging in the i^{th} time block, in MU;

Annual Availability of BESS = Mean of the system availabilities of all time blocks during the year in which Beneficiary has scheduled power for charging/discharging the BESS;

The Normative annual availability of the BESS shall be 95%.

c. **Monthly Capacity Charge payment for BESS linked to Monthly Availability Factor shall be payable as per following formula**:

CC1=(AFC)x (1/12) x (E$AFM1$ / $NAEAF$)

CC2=(AFC)x (1/6) x (E$AFM2$ / $NAEAF$) subject to ceiling of {(AFC)x (1/6)} – {CC_1}

CC3=(AFC)x (1/4) x (E$AFM3$ / $NAEAF$) subject to ceiling of {(AFC)x (1/4)} – {$CC_1 + CC_2$}

CC4=(AFC)x (1/3) x (E$AFM4$ / $NAEAF$) subject to ceiling of {(AFC)x (1/3)} – {$CC_1 + CC_2 + CC_3$}

CC5=(AFC)x (5/12) x (E$AFM5$ / $NAEAF$) subject to ceiling of {(AFC)x (5/12)} – {$CC_1 + CC_2 + CC_3 + CC_4$}

CC6=(AFC)x (1/2) x (E$AFM6$ / $NAEAF$) subject to ceiling of {(AFC)x (1/2)} – {$CC_1 + CC_2 + CC_3 + CC_4 + CC_5$}

CC7=(AFC)x (7/12) x (E$AFM7$ / $NAEAF$) subject to ceiling of {(AFC)x (7/12)} – {$CC_1 + CC_2 + CC_3 + CC_4 + CC_5 + CC_6$}

CC8=(AFC)x (2/3) x (E$AFM8$ / $NAEAF$) subject to ceiling of {(AFC)x (2/3)} – {$CC_1 + CC_2 + CC_3 + CC_4 + CC_5 + CC_6 + CC_7$}

CC9=(AFC)x (3/4) x (E$AFM9$ / NAEAF) subject to ceiling of {(AFC)x (3/4)} – {CC_1 + CC_2+ CC_3+ CC_4+ CC_5+ CC_6+ CC_7+ CC_8}

CC10=(AFC)x (5/6) x (E$AFM10$ / NAEAF) subject to ceiling of {(AFC)x (5/6)} – {CC_1 + CC_2+ CC_3+ CC_4+ CC_5+ CC_6+ CC_7+ CC_8+ CC_9}

CC11=(AFC)x (11/12) x (E$AFM11$ / NAEAF) subject to ceiling of {(AFC)x (11/12)} – {CC_1 + CC_2+ CC_3+ CC_4+ CC_5+ CC_6+ CC_7+ CC_8+ CC_9+ CC_{10}}

CC12=(AFC)x (E$AFM11$ / NAEAF) subject to ceiling of {(AFC) – {CC_1 + CC_2+ CC_3+ CC_4+ CC_5+ CC_6+ CC_7+ CC_8+ CC_9+ CC_{10}+ CC_{11}}

Where,

CCn= Capacity Charge for the Month (n);

AFC = Annual Fixed Cost;

EAFMn = Monthly BESS Availability Factor achieved during nth Month;

NAEAF= Normative Annual BESS Availability Factor:

Provided that, the Availability of BESS shall be considered in both Charging and Discharging mode for the computation of Capacity Charge as specified above.

Provided further that, there would be adjustment at the end of the year based on actual generation and actual energy consumed by the BESS during the year.

d. Incentive for Cycle Efficiency Above Normative Cycle Efficiency

i. Incentive for Cycle Efficiency above Normative Cycle Efficiency shall be payable by every Beneficiary for the total energy scheduled to be supplied to the Beneficiary in excess of the 75% of the energy consumed, at a flat rate equal to the 20 paise per kWh on ex bus basis:

Provided that in case the energy generated in a month is less than the 75% of the energy consumed for the month, then the Incentive payable by the Beneficiaries shall be zero.

ii. In case of BESS, the quantum of electricity required for charging the batteries shall be arranged by the Beneficiary/ies duly taking into account the transmission losses and distribution losses up to the bus bar of the BESS system, and in return, Beneficiaries shall be entitled to energy during peak hours equivalent to 75% of the energy utilized in charging the Batteries and the BESS shall be under obligation to supply such quantum of electricity during peak hours.

109. BILLING AND PAYMENT OF CHARGES

The Billing and Payment of Capacity Charges and Incentives for BESS, shall be done on a monthly basis.

Chapter 11

SUBMISSION OF INFORMATION AND CALCULATION OF EXPECTED REVENUE FROM TARIFF AND CHARGES

110. FILING OF THE EXPECTED REVENUE FROM TARIFFS AND CHARGES

110.1. Every utility who opts for determination of tariff under Section 62 by the Commission, shall be required to file expected revenue from tariff and charges in the prescribed formats as per due procedure.

110.2. The licensee or the generating company, if intending to meet the gap or a portion of the gap, through revision in tariff for charges shall have to file appropriate Petition with the Commission requesting for revision in category-wise tariff and charges to be applicable for the ensuing financial year.

110.3. The generating company or the licensee or SLDC, in case of non-availability of prior period audited figures, may submit data as per provisional accounts:

Provided that, in such case, it shall utilize the verified and validated data of computerized billing/ financial accounting system (subject to availability of such system), after incorporating appropriate annual corrections with explanatory notes.

111. DISPLAY OF INFORMATION AND DATA VERIFICATION

111.1. Application fees

Notwithstanding anything contained in the prevailing CSERC (Fees and Charges) Regulations, the generating company or the licensee or SLDC, while submitting the information under these Regulations, shall not be required to pay any fees to the Commission.

111.2. Display of information

The information received in the formats from the generating companies or the licensees or SLDC shall be posted on the website of the Commission / generator / licensee / SLDC.

Chapter 12

MISCELLANEOUS PROVISIONS

112. CEILING NORMS FOR OPERATION

Norms of operation specified in these Regulations are the ceiling norms and shall not preclude the generating company or the transmission licensee or the distribution licensee, as the case may be, and the beneficiaries and the long-term transmission customers from adopting / practicing improved norms of operation.

113. APPLICATION FEE, PUBLICATION EXPENSES, LICENCE FEE AND OTHER STATUTORY EXPENSES

The application filing fee, expenses incurred on publication of notices for approval of tariff, Licence Fees, and other statutory expenses including expenses incurred on Ombudsman's office shall be allowed to be recovered at actuals by the generating company or the transmission licensee/ STU or the distribution licensee, as the case may be, separately through the A&G expenses, without any sharing of gains and losses:
Provided that all necessary details shall be submitted along with the Petition for true-up of expenses and revenue for any particular year

114. POWER TO RELAX

The Commission, for reasons to be recorded in writing, may relax any of the provisions of these Regulations on its own motion or on an application made before it by an interested person.

115. SAVINGS

115.1. Nothing in these Regulations shall be deemed to limit or otherwise impede the inherent power of the Commission to revise/review and make such orders as may be necessary, in the absence of sufficient data, to meet ends of justice or to prevent abuse of the process followed by the Commission.

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

116. POWER TO REMOVE DIFFICULTIES

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

By order of the Commission
Secretary

Appendix-I

Depreciation Schedule

Sl. No.	Asset Particulars	Depreciation Rate (SLM)
A	Land under full ownership	0.00%
B	Land Under Lease	
A	For investment in the land	3.34%
B	For cost of clearing the site	3.34%
C	Land for reservoir in case of hydro generating station	3.34%
C	Assets purchased new	
A	Plant & Machinery in generating stations	
(i)	Hydro electric	5.28%
(ii)	Steam electric NHRB & waste heat recovery boilers	5.28%
(iii)	Diesel electric and gas plant	5.28%
B	Cooling towers & circulating water systems	5.28%
C	Hydraulic works forming part of the Hydro-generating stations	
(i)	Dams, Spillways, Weirs, Canals, Reinforced concrete flumes and siphons	5.28%
(ii)	Reinforced concrete pipelines and surge tanks, steel pipelines, sluice gates, steel surge tanks, hydraulic control valves and hydraulic works	5.28%
D	Building & Civil Engineering works	
(i)	Offices and showrooms	3.34%
(ii)	Containing plant and equipment (incl. thermal or hydro)	3.34%
(iii)	Temporary erections such as wooden structures	100.00%
(iv)	Kutcha roads	100.00%
(v)	Road other than Kutcha Road	3.34%
(vi)	Others	3.34%
E	Transformers, Kiosk, sub-station equipment & other fixed apparatus (including plant foundation)	

Sl. No.	Asset Particulars	Depreciation Rate (SLM)
(i)	Transformers including foundations having rating of 100 kVA and over	5.28%
(ii)	Other	5.28%
F	Switchgear including cable connections	5.28%
G	Lightning arrestor	
(i)	Station type	5.28%
(ii)	Pole type	5.28%
(iii)	Synchronous condenser	5.28%
H	Batteries	9.50%
(i)	Underground cable including joint boxes and disconnected boxes	5.28%
(ii)	Cable duct system	5.28%
I	Overhead lines including cable support systems	
(i)	Lines on fabricated steel operating at terminal voltages higher than 66 kV	5.28%
(ii)	Lines on steel supports operating at terminal voltages higher than 13.2 kV but not exceeding 66 kV	5.28%
(iii)	Lines on steel on reinforced concrete support	5.28%
(iv)	Lines on treated wood support	5.28%
J	Meters	5.28%
K	Self-propelled vehicles	9.50%
L	Air Conditioning Plants	
(i)	Static	5.28%
(ii)	Portable	9.50%
m. (i)	Office furniture and furnishing	6.33%
(ii)	Office equipment	6.33%
(iii)	Internal wiring including fittings and apparatus	6.33%

Sl. No.	Asset Particulars	Depreciation Rate (SLM)
(iv)	Street Light fittings	5.28%
N	Apparatus let on hire	
(i)	Other than motors	9.50%
(ii)	Motors	6.33%
O	Communication equipment	
(i)	Radio and high frequency carrier system	15.00%
(ii)	Telephone lines and telephones	15.00%
(iii)	Fibre Optic/OPGW	6.33%
P	I.T. equipment including Software, UNMS, URTDSM, EMS, Cyber Security System, REMC, WAMS, SCADA System	15.00%
Q	Any other assets not covered above	5.28%

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

Appendix-II

Depreciation Schedule for New Projects

Sl. No.	Asset Particulars	Depreciation Rate (SLM)
A	Land under full ownership	0.00%
B	Land Under Lease	
A	For investment in the land	3.34%
B	For cost of clearing the site	3.34%
C	Land for reservoir in case of hydro generating station	3.34%
C	Assets purchased new	
A	Plant & Machinery in generating stations	
(i)	Hydro electric	4.22%
(ii)	Steam electric NHRB & waste heat recovery boilers	4.22%
(iii)	Diesel electric and gas plant	4.22%
B	Cooling towers & circulating water systems	4.22%
C	Hydraulic works forming part of the Hydro-generating stations	
(i)	Dams, Spillways, Weirs, Canals, Reinforced concrete flumes and siphons	4.22%
(ii)	Reinforced concrete pipelines and surge tanks, steel pipelines, sluice gates, steel surge tanks, hydraulic control valves and hydraulic works	4.22%
D	Building & Civil Engineering works	
(i)	Offices and showrooms	3.34%
(ii)	Containing plant and equipment (incl. thermal or hydro)	3.34%
(iii)	Temporary erections such as wooden structures	100.00%
(iv)	Kutcha roads	100.00%
(v)	Road other than Kutcha Road	3.34%
(vi)	Others	3.34%
E	Transformers, Kiosk, sub-station equipment & other fixed apparatus (including plant foundation)	

Sl. No.	Asset Particulars	Depreciation Rate (SLM)
(i)	Transformers including foundations having rating of 100 kVA and over	4.22%
(ii)	Other	4.22%
F	Switchgear including cable connections	4.22%
G	Lightning arrestor	
(i)	Station type	4.22%
(ii)	Pole type	4.22%
(iii)	Synchronous condenser	4.22%
H	Batteries	9.50%
(i)	Underground cable including joint boxes and disconnected boxes	4.22%
(ii)	Cable duct system	4.22%
I	Overhead lines including cable support systems	
(i)	Lines on fabricated steel operating at terminal voltages higher than 66 kV	4.22%
(ii)	Lines on steel supports operating at terminal voltages higher than 13.2 kV but not exceeding 66 kV	4.22%
(iii)	Lines on steel on reinforced concrete support	4.22%
(iv)	Lines on treated wood support	4.22%
J	Meters	4.22%
K	Self-propelled vehicles	9.50%
L	Air Conditioning Plants	
(i)	Static	4.22%
(ii)	Portable	9.50%
m. (i)	Office furniture and furnishing	6.33%
(ii)	Office equipment	6.33%
(iii)	Internal wiring including fittings and apparatus	6.33%

Sl. No.	Asset Particulars	Depreciation Rate (SLM)
(iv)	Street Light fittings	4.22%
N	Apparatus let on hire	
(i)	Other than motors	9.50%
(ii)	Motors	6.33%
O	Communication equipment	
(i)	Radio and high frequency carrier system	15.00%
(ii)	Telephone lines and telephones	15.00%
(iii)	Fibre Optic/OPGW	6.33%
P	I.T. equipment including Software, UNMS, URTDSM, EMS, Cyber Security System, REMC, WAMS, SCADA System	15.00%
Q	Any other assets not covered above	4.22%

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

Appendix III

DEPRECIATION SCHEDULE FOR INTEGRATED MINE			
Sr No	**Asset Particulars**	**Life in Years**	**Depreciation Rate**
1	Land Freehold@	999	999
2	Land Leasehold	&&&	&&&
3	Temporary erections	1	95%
4	Heavy Earth Moving Machinery (HEMM)$	8	12%
5	Roads, bridges, culverts, helipads	25	4%
6	Main Plant Buildings	30	3%
7	Machinery other than HEMM	15	6%
8	Water Supply, Drainage and sewerage	15	6%
9	Furniture and Fixtures	15	6%
10	Office equipment/s other than computers	15	6%
11	Hospital equipment(s)	15	6%
12	EDP, WP machines, SATCOM & communication		6%
13	Equipment	15	6%
14	Electrical installations	15	6%
15	Self-propelled vehicles	10	10%
16	Computers, Software	3	32%
17	Laboratory & workshop equipment	15	6%
18	Mine Development Expenses	20 or life of mine, whichever is lower	5%
19	Evaluation and Exploration#	20 or life of mine, whichever is lower	5%
20	Others not covered above	15	6%
*	* Salvage Value shall be other than 5% for following assets - a. IT Equipment, software Zero (0) b. Zero or as agreed with state Government in case of land c. For specialized mining equipment as specified by Ministry of Corporate affairs d. Mine Development expenses, Evaluation and Exploration Zero (0)		*
@	Petitioner to submit if the Freehold Land is attached with any conditions for return. If yes, to submit the conditions and period after which the land is to be returned. In such case the land shall be depreciable based on such details.		
&&&	To be filled by Petitioner, least of lease agreement/mine life/right to use period		

DEPRECIATION SCHEDULE FOR INTEGRATED MINE			
Sr No	**Asset Particulars**	**Life in Years**	**Depreciation Rate**
$	List of individual HEMM with cost of each HEMM be provided separately		
#	In generic sense Mine Development Expenditure is the expenditure incurred to bring the mine in usable condition after ensuring the economic viability and decision is taken by Mine Owner to develop the mine. While filling under this head details to the extent feasible are to be given separately. Evaluation and exploration expenditure is generally the expenditure incurred associated with finding the mineral by carrying out topographical, geological, geochemical and geophysical studies, exploratory drilling, trenching, sampling, expenditure for activities in relation to evaluation of technical feasibility and commercial viability, acquisition of rights to explore etc. While filling under this head details to the extent feasible are to be given separately.		

Appendix-IV

Computation of Q_{pp} and Q_{RS} (MU)			
S No	**Particulars**		
1	Quantum of actual power purchased from CSPGCL thermal power stations	Q_1	
2	Quantum of actual power purchased from CSPGCL hydro power stations	Q_2	
3	Quantum of actual power purchased from CSPGCL renewable power stations	Q_3	
4	Quantum of scheduled power purchased from CGS	Q_4	
5	PGCIL actual average losses for the bi-monthly period	L_1	
6	Quantum of scheduled power purchased from CGS at State periphery	$Q_5 = Q_4 \times (1- L_1)$	
7	Quantum of actual power purchased from renewable energy sources (IPPs and CGPs)	Q_6	
8	Quantum of actual short-term power purchased from State IPPs and CGPs	Q_7	
9	Quantum of scheduled short term purchased through inter-state route	Q_8	
10	Quantum of scheduled short term purchased through inter-state route at the State Periphery	$Q_9 = Q_8 \times (1- L_1)$	
11	Quantum of power purchased from Other Sources (if any)	Q_{10}	
12	Total quantum of power purchased	$Q_{pp} = Q_1 + Q_2 + Q_3 + Q_5 + Q_6 + Q_7 + Q_9 + Q_{10}$	
13	Normative transmission and distribution losses as specified in the Tariff Order	L	

Computation of Q_{pp} and Q_{RS} (MU)			
S No	**Particulars**		
13	Quantum of power scheduled for interstate sale	Q_{PT}	
14	Quantum of power purchased for sale to retail consumers of the State	$Q_{RS} = Q_{pp} - Q_{PT}$	

Appendix-V

Computation of Change in Power Purchase Cost (CHPP)

First bi-monthly period										
	Name of CGS	First month								
		PAF_M	NAPAF	AFC	Scheduled energy in month (MU) (SE1)	Capacity charge in month Rs "A1"	Energy charge Rate (Rs/kwh)	Energy charge Rs "B1"	Taxes Rc "C1"	Total Rs X1= A1+B1+ C1
	NTPC Korba									
	NTPC Sipat									
	NSPCL									
	Total thermal									
	Nuclear									
	Hydel									
	Total from all sources									

First bi-monthly period										
	Name of CGS	Second month								
		PAFM	NAPAF	AFC	Scheduled energy in month (MU) (SE2)	Capacity charge in month Rs "A2"	Energy charge Rate (Rs/kwh)	Energy charge Rs . "B2"	Taxes Rs "C2"	Total Rs X1= A2+B2 + C2
	NTPC Korba									
	NTPC Sipat									
	NSPCL									
	Total thermal									
	Nuclear									
	Hydel									
	Total from all sources									

Computation of CHPP

Scheduled energy for the bi-monthly period (SE1 + SE2)	MU	Q_{CGS}		
Average rate of PP cost as per Tariff Order	Rs/kwh	R_{PP1}		
Actual average rate of PP cost purchased during adjustment period	Rs /kwh	$R_{PP2}= (X1 + X2) / Q_{CGS}$		
CHPP	Rs	$CHPP = Q_{CGS} \times (R_{PP2}- R_{PP1})$		

Appendix-VI

Computation of VCA charge			
Sl. No.	**Particulars**		
1	Change in Fuel Cost (CHFC)	Rs	
2	CHPP	Rs	
3	**Gross VCA (sub-total in Rs.)**	**Rs**	
4	Allowable VCA (in Rs)	Rs.	
5	**Allowable VCA (in Rs/kWh) = (CHFC +CHPP)/ Qpp x (1- L)**	**Rs/kWh**	

Appendix-VII

(In compliance with Regulation 103.7)

1. **Name of the entity (in bold letters):**
2. **Registered office address:**
3. **Area in which registration is sought:**
4. **Intra-State User category:**
   (i) Generating Station
   (ii) Captive generating plant
   (iii) Renewable generating plant
   (iv) Distribution licensee
   (v) Transmission licensee

5. **Intra-State User details (as on 31st March of last financial year for existing user and for subsequent change, if any.):**
   i. Category – Generating Station/Renewable generating plant/Captive generating plant
      a. Total installed capacity
      b. Maximum contracted capacity (MW) for using intra-State transmission system
      c. Purpose of inter-connection with State grid (please tick appropriate option)
         (i) For supply to State distribution licensee (long-term or medium-term or short-term)
         (ii) For supply to captive use (long-term or medium-term or short-term)
         (iii) For supply to bulk consumers (long-term or medium-term or short-term)
         (iv) For supply to other than the above (long-term or medium-term or short-term)

      d. Details of Connection to the intra-State transmission system:

Sl. No.	**Name of EHV S/s.**	**Voltage level (kV)**	**Whether Special Energy Meters (Main) installed at this location**

ii. Category – Transmission Licensee (intra – State)

a. Sub-stations:

Sl. No.	**Sub-station Name**	**Number of transformer**	**Total Transformation Capacity or Design MVA handling capacity if switching station**

b. Transmission lines:

Sl. No.	**Voltage level (kV)**	**Number of Transmission lines**	**Total Circuit-Kilometres**

6. Contact person(s) details for matters related to SLDC

i. Name:

ii. Designation:

iii. Landline Telephone No.:

iv. Mobile No.:

v. E-mail address:

vi. Postal address:

The above information is true to the best of my knowledge and belief.

Signature of Authorized Representative

Place: Name :

Date Designation :

Contact number :

*****