

MADHYA PRADESH ELECTRICITY REGULATORY COMMISSION

5th Floor, "Metro Plaza", Bittan Market, Bhopal - 462 016



Petition No. 56 of 2024

PRESENT:

Gopal Srivastava, Member (Law)
Prashant Chaturvedi, Member

IN THE MATTER OF:

Determination of Multi-Year Tariff for MPPGCL's Thermal and Hydel Power Stations for the control period FY 2024-25 to FY 2028-29 under MPERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2024.

AND IN THE MATTER OF:

M/s M.P. Power Generating Company Ltd., Jabalpur

PETITIONER

Versus

- 1. M.P. Power Management Company Ltd., Jabalpur**
- 2. M. P. Power Transmission Co. Ltd., Jabalpur**
- 3. Rajasthan Rajya Vidyut Prasaran Nigam Ltd., Jaipur**
- 4. Uttar Pradesh Power Corporation Ltd., Lucknow**
- 5. MSEB (Holding Co) & Maharashtra State Transmission Co. Ltd., Mumbai**

RESPONDENTS

ORDER**(Passed on this day of 4th March, 2025)**

1. Madhya Pradesh Power Generating Company Ltd. (hereinafter called “the petitioner” or “MPPGCL”) filed the subject petition for determination of Multi Year Tariff (MYT) for its Thermal and Hydro Power Stations for the control period from 1st April, 2024 to 31st March, 2029 under MPERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2024. The subject petition has been filed under Section 62 and 86(1) (a) of the Electricity Act, 2003.
2. Madhya Pradesh Electricity Regulatory Commission (hereinafter referred to as “the Commission or MPERC”) issued MPERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2024 {RG-(V) of 2024} (hereinafter referred to as “the Regulations, 2024”) for the control period i.e. FY 2024-25 to FY 2028-29, which were notified in the Madhya Pradesh Gazette on 5th July, 2024. Subject MYT Petition has been filed based on the provisions under aforesaid Regulations.
3. The details of the power stations/houses covered in the subject MYT petition are as given below:

Table 1: Details of the Power Stations

S. No	Power Stations	Installed Capacity (MW)	Year of Commissioning
Thermal Power Stations			
1	ATPS PH III	1X210=210 MW	10.09.2009
2	*STPS (Sarni) PH II & III	1X200+3X210=830 MW	1980-84
3	STPS (Sarni) PH IV	2X250=500 MW	16.03.2014
4	SGTPS (Birsinghpur) PH I&II	4X210=840 MW	1993 to 1999
5	SGTPS (Birsinghpur) PH III	1X500=500 MW	28.08.2008
6	SSTPS (Khandwa) PH I	2X600=1200 MW	28.12.2014
7	SSTPS (Khandwa) PH-II	2x660=1320 MW	28.03.2019
Hydro Power Stations			
8	Gandhi Sagar HPS	5X23=115 MW	1960 to 1996
9	Pench HPS	2X80=160 MW	1986-87
10	Rajghat HPS	3X15=45 MW	1998-99
11	Bargi HPS	2X45 90 MW	1988 & 1992

S. No	Power Stations	Installed Capacity (MW)	Year of Commissioning
12A	Bansagar PH I HPS	3X105=315 MW	1991 to 1992
12B	Bansagar PH II HPS	2X15=30 MW	1997-98
12C	Bansagar PH III HPS	3X20=60 MW	2001-02
13	Bansagar PH IV HPS	2X10 =20 MW	2006-07
14	Madhikheda HPS	3X20=60 MW	2006-07
15	Birsinghpur HPS	1X20=20 MW	1991-92

*Board of MPPGCL has accorded approval for decommissioning of units of STPS PH I & II. GoMP, vide letter dated 7th November, 2024 has also given approval for retirement/decommissioning of these units.

4. The petitioner is a wholly owned company of Government of M.P engaged in generation of electricity in the State of Madhya Pradesh. It is a successor entity of erstwhile Madhya Pradesh State Electricity Board (MPSEB).
5. MP Power Management Company Ltd “hereinafter referred to as Respondent No. 1 or MPPMCL) is the holding company of all three DISCOMS within the state of Madhya Pradesh. MPPMCL is entitled to undertake transition of bulk sale and purchase of electricity on behalf of distribution licenses, viz MP discoms.
6. M.P. Power Transmission Company Ltd. (MPPTCL), Jabalpur, (hereinafter referred as Respondent No. 2) is a government owned company responsible for bulk power transmission at high voltage within the state of M.P.
7. Rajasthan Rajya Vidyut Prasaran Nigam Ltd. (RRVPL), Jaipur, (hereinafter referred as Respondent No. 3) has 50% share in Gandhi Sagar Hydro Power Station operated by MPPGCL. At the same time, MPPGCL has 50% share in the Ranapratap Sagar Hydro Power Station and Jawahar Sagar Hydro Power Station operated by the Respondent No. 3.
8. Uttar Pradesh Power Corporation Ltd , Lucknow (hereinafter referred as Respondent No. 4 or UPPCL) has 40.32% share in Rajghat Hydro Power Station and MSEB (Holding Co) & Maharashtra State Transmission Co. Ltd, Mumbai (hereinafter referred as Respondent No. 5) has 33.3% share in Pench Hydro Power Station operated by MPPGCL.

9. The Petitioner in the subject petition has broadly submitted the following:
- i GoMP vide its notification dated 03.06.2006 has provided that MP Tradeco, now MP Power Management Company Ltd. (MPPMCL), shall purchase entire power from MPPGCL at the tariff to be determined by MPERC.*
 - ii MPPGCL entered into Power Purchase Agreements (PPAs) with MP Tradeco (now MPPMCL) on 29.11.2006 for existing power stations and on 04.01.2011 for new Thermal Power Stations. Further, the first amendment to the Power Purchase Agreement (PPA) dated 29.11.2006 towards Purchase of Power from then existing and ongoing Thermal and Hydel Units of M. P. Power Generating Company Limited, has been signed on 18.07.2017 at Jabalpur. This First Amendment in Agreement provides term period till retirement/ decommissioning of all Thermal and Hydel Power Stations of MPPGCL listed in the agreement. PPAs for new power stations have also been amended from time to time. These PPAs provide that the tariff payable by MPPMCL to MPPGCL and terms & conditions related thereto shall be as determined by the State Commission.*
 - iii The Commission has notified MPERC (Terms & Conditions for Determination of Generation Tariff) Regulations, 2024 {RG-26 (V) of 2024} on 05.07.2024. This regulation is based on multiyear tariff principles and has incorporated norms of operation for control period FY 2024-25 to FY 2028-29. Accordingly, this petition for determination of Multi Year generation tariff of power stations being operated by MPPGCL for FY 2024-25 to FY 2028-29 has been prepared.*
 - iv The PH-2 & 3 , STPS Sarni (830MW) has already completed its useful life & operational life. Presently, the Units of this power station have been kept under Forced Outage condition since FY 2021-22. MPPGCL has approached Energy Department, Government of Madhya Pradesh for its retirement / De-commissioning. The approval of Government of Madhya Pradesh is still awaited. Therefore, in the instant petition the tariff of STPS PH-2&3, Sarni has been considered on Normative Parameters. **If de-commissioning is approved by Government of Madhya Pradesh, MPPGCL shall suitably intimate the Commission for its exclusion from Multi Year Tariff.***

- v *In the instant petition, MPPGCL has considered the Opening Gross Block, Normative Loans and Equity amount as per MPERC last Trueup Tariff Order for FY 2022-23, dated 07.03.2024 issued in petition NO. 71 of 2023.*

- vi *The Commission in MPERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2024, Regulation 6.3, has allowed the Thermal and Hydel Power Stations to submit the estimated Additional Capital Expenditure for the respective years of Tariff period FY 2024-25 to FY 2028-29. MPPGCL has identified few capital works to be taken up for better performance of the Power Stations for providing reliable and continuous generation as per norms. Accordingly, the names of identified schemes/ systems/ items to be taken up for execution in different years of the tariff period FY 2024-25 to FY 2028-29 and proposed for Additional Capital expenditure at respective power stations are being submitted for consideration please.*

*However, as per the directive of the Commission mentioned in MYT order dated 19.05.2021 passed in Petition No. 53 of 2020, MPPGCL shall claim Additional Capital expenditure on the basis of actual audited expenses captured and capitalized in Books of Account at the time of True up for the respective Years for the respective Power Stations. Hence, **no claim on account of proposed Additional Capitalization has been considered in this petition.***

- vii *At present, expenditure towards Pension & Terminal benefits of all the Companies, i.e., unbundled entities of MPSEB are being allowed in the MYT/ True up of Transmission Licensee, i.e., MPPTCL on 'pay as you go' principle, subject to true-up in each year on availability of actual figures. Accordingly, MPPGCL has not claimed these expenses in this Multi Year Tariff petition. However, in future, in case of change in Law or in case of any order of Government of MP in this regard, the same shall be claimed by MPPGCL, accordingly.*

- viii *In the instant petition the projected Other Charges namely MPERC Fees, Water Charges, Rent Rate & Taxes, Security Expenses and Expenses towards Fly Ash Utilization and Transportation, for FY 2024-25 to FY 2028-29 have been considered. MPPGCL humbly requests the Commission to kindly permit the same.*

The expenses towards the duties, levies payable to the Government, EL encashment, Arrears paid to Employees if any, Publication Expenses, Other Statutory Charges, etc., levied by various authorities on the petitioner in accordance with the Acts, Rules, Regulations, Law, etc **shall be claimed separately by MPPGCL on actuals at the time of True up of respective years.**

10. With the above submissions, the power station wise Annual Capacity (fixed) charges and Energy (variable) charges filed by the petitioner for the control period FY 2024-25 to FY 2028-29 are as given below:

Table 2: Power Station Wise Fixed and Energy Charge Filed in the petition

Name of Power House	Annual Capacity (Fixed) Cost (Amount in Rs. Crore)					Energy Charges Rate (Rs./Unit)
	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 25 to FY 29
ATPS PH-3	167.71	166.75	166.44	166.56	167.35	2.097
STPS PH-2&3	465.60	481.26	497.75	515.09	533.37	3.607
STPS PH-4	614.90	608.76	603.25	598.34	594.24	3.079
SGTPS- PH 1&2	544.83	569.90	583.23	598.76	615.92	2.889
SGTPS PH-3	309.59	309.37	311.75	316.95	323.42	2.613
SSTPP PH-1	1237.15	1216.28	1196.27	1177.16	1159.15	3.317
SSTPS PH-2	1352.89	1335.90	1319.84	1304.69	1290.54	3.068
Total Thermal	4692.67	4688.22	4678.53	4677.54	4684.00	
Gandhi Sagar	17.14	18.03	18.98	19.98	21.03	
Pench	30.98	32.00	33.09	34.29	35.57	
Rajghat	12.60	12.87	13.15	13.47	13.81	
Bargi	18.66	19.29	19.96	20.69	21.46	
Bansagar PH-1,2&3	132.97	134.95	137.23	139.68	142.57	
Bansagar PH-4	10.04	10.14	10.26	10.38	10.52	
Birsinghpur	5.95	6.07	6.21	6.35	6.51	
Madhikheda	19.95	20.04	20.17	20.33	20.57	
Total Hydel	248.30	253.40	259.05	265.17	272.04	
Total	4940.97	4941.62	4937.58	4942.71	4956.04	

11. The element wise Annual Capacity (Fixed) Charges, Variable (Energy charges) and other charges filed by the petitioner for the control period FY 2024-25 to FY 2028-29 are as given below:

Table 3: Element-Wise Annual Capacity (Fixed) Charges and Energy Charges Filed in the petition: (Rs in Crore)

	Particulars	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Energy Charges	Coal & Sec. Oil Cost (A)	11015.78	11015.78	11015.78	11045.78	11015.78
Annual Capacity Charges	Return on Equity	829.12	829.12	829.12	829.12	829.12
	Depreciation	999.02	987.22	978.18	970.64	964.38
	Interest on Loan	714.62	616.67	520.73	427.19	334.49
	O&M Expenses	1758.63	1851.23	1948.71	2051.33	2159.35
	Interest on Working Capital	474.64	477.84	481.30	484.90	489.17
	Special Allowance	164.93	179.53	179.53	179.53	179.53
	Total (B)	4940.97	4941.62	4937.58	4942.71	4956.04
	Other Charges (C)	616.87	599.56	596.22	525.10	537.42
	Total (B+C)	5557.84	5541.18	5533.80	5467.81	5493.45

12. The break-up of other charges filed by the petitioner are as given below:

Table 4: Other Charges Filed: (Rs in Crore)

Other Charges	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
MPERC Fees	1.26	3.16	3.16	3.16	3.16
Water Charges	188.74	197.04	205.60	214.44	223.56
Rent. Rates & Taxes	2.98	3.14	3.30	3.47	3.66
Fly Ash Transportation & utilization expenditure	389.02	356.87	342.16	259.19	259.19
Security expenses	34.86	39.35	42.00	44.84	47.85
Total	616.87	599.56	596.22	525.10	537.42

13. With the above submissions, the petitioner prayed the following:

- a. Determine the generation tariff of power stations of MPPGCL for FY 2024-25 to FY 2028-29.
- b. Permit additional recovery on actual payment basis, on account of MPERC Fees, Water Charges, Rent Rate & Taxes, Security Expenses and Expenses towards Fly Ash Utilization and Transportation etc., as per MPERC (Terms and Conditions for Determination of Generation Tariff) (Revision-V) Regulations, 2024.

- c. *Permit recovery of Special Allowance for STPS PH-2&3, Sarni and SGTPS PH-1&2, Birsinghpur for FY 2024-25 to FY 2028-29.*
- d. *Permit other charges understated / not considered in this petition at a later stage, if required.*
- e. *Take note of estimated/projected asset additions during FY 2024-25 to FY 2028-29 as submitted herein, in accordance with MPERC (Terms and Conditions for Determination of Generation Tariff) (Revision-V) Regulations, 2024.*

Procedural History

14. Motion hearing in the subject matter was held on 22nd October, 2024 wherein the petition was admitted and the petitioner was directed to serve copies of the petition to all Respondents. The respondents were also asked to file their responses on the petition within two weeks, thereafter. The petitioner was asked to file rejoinder within two weeks, thereafter.
15. Vide Commission's letter dated 30th October, 2024, the information gaps and requirement of additional details/documents were communicated to the petitioner seeking its comprehensive reply on the same with all the supporting documents by 25th November, 2024.
16. By affidavit dated 25th November, 2024, the petitioner filed its partial response on the issues communicated to it by the Commission. By affidavit dated 4th December, 2024, the petitioner filed its reply on the balance issues.
17. The public notices inviting comments/objections/suggestions from stakeholders was published on 14th December, 2024, in the following newspapers:
 - a) Raj Express, Gwalior (Hindi)
 - b) Danik Bhaskar, Bhopal (Hindi)
 - c) Nai Dunia, Indore (Hindi)
 - d) Patrika, Jabalpur (Hindi)
 - e) Free Press, Bhopal (English)
18. Last date for offering comments/objections/suggestions was 4th January, 2025. No comments/objections/suggestions from any stakeholder were received in this matter.

19. By affidavit dated 24th December, 2024, Respondent No. 1 (M.P. Power Management Co. Ltd.) filed its response/comment on the subject MYT petition.
20. By affidavit dated 10th January, 2025, the petitioner filed rejoinder on the response filed by the Respondent No. 1. The petitioner's reply on each comment filed by the Respondent No.1 along with the observations is annexed as Annexure- I of this Order.
21. Public hearing in the subject petition was held on 21st January, 2025 through video conferencing, wherein the representatives of the petitioner and Respondent No. 1 were present. In the public hearing no stakeholder was present.

Disclaimer for Rounding

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

Base Opening figures

23. Section 61 of the Electricity Act, 2003 provides that the terms and conditions for determination of tariff, applicable to Generating Companies shall be guided by the principles and methodology specified by Central Commission. Previous Multi Year Generation Tariff Regulations of MPERC for the control period from FY 2019-20 to 2023-24 were aligned with the CERC tariff Regulations, 2019 and the same ended on 31.03.2024. After issuance of CERC (Terms and Conditions of Tariff) Regulations, 2024 on 15.03.2024 for the new control period FY 2024-25 to FY 2028-29, MPERC started process for framing MYT Regulations for the new control period, i.e. FY 2024-25 to FY 2028-29 and the same were notified in the Madhya Pradesh Gazette on 5th July, 2024.
24. As per Regulation 6.3 of aforesaid MPERC Regulations, 2024, the generating companies were required to file the MYT petition within 90 days (i.e. by 3rd October, 2024) from the date of notification of Regulations, 2024 as under:

In case of an existing generating station or unit thereof, the application for determination of Multi-year Tariff shall be made by the generating company in dully filled formats as per Annexure-I with these Regulations

within a period of 90 days from the date of notification of these Regulations or as directed by the Commission whichever is earlier, based on admitted capital cost including additional capital expenditure already admitted in last true-up order of the period 2024-29 in accordance with these Regulations:

25. It is pertinent to mention that as per Regulation 9.7 of the last MYT Regulations, 2020, the generating companies are required to file true up petition for each Financial Year by 15th November of next Financial Year. As such, it was obvious that the MYT petitions will come up before true-up petitions for FY 2023-24 and that at the time of filing MYT petition on or before 3rd October, 2024, the true up petition for FY 2023-24 could not be processed.
26. Further, first proviso of Regulation 7.4 of the aforesaid MPERC Regulation, 2024 provides that in case of an existing project, **the application shall be based on admitted capital cost including any additional capitalization already admitted in last true-up order** and estimated additional capital expenditure for the respective years of the tariff period FY 2024-25 to FY 2028-29. Last true-up order issued by the Commission in this matter is for the FY 2022-23.
27. In view of the above provisions under the Regulations, 2024, the generating companies were required to file MYT petition based on capital cost admitted by the Commission including additional capitalization already admitted in last true-up order issued by the Commission for FY 2022-23. Thus, in this MYT order, the Commission has considered the base opening figures of capital cost and funding as on 1st April 2023, already admitted in last true-up order i.e. for FY 2022-23. The additional capitalization, if any for FY 2023-24 onwards shall be considered by the Commission only after prudence check in light of to the provisions under the relevant Regulations and impact of the same shall be passed on to the generating companies with carrying cost in six equal monthly installments in accordance to the Regulations.

Decommissioning of units of STPS PH 2&3:

28. In the subject petition, the petitioner submitted that generating units of STPS PH 2&3 have completed its useful life and all four units of this power station have been kept under forced outage since FY 2021-22. BOD of MPPGCL has accorded approval for retirement/de-commissioning of these units, however, the approval of Government of Madhya Pradesh for retirement/de-commissioning of

these units is awaited. It is further submitted that as and when decommissioning of these units is approved by GoMP, MPPGCL shall intimate the Commission for its exclusion from Multi Year Tariff.

29. Subsequently, vide letter dated 10th January, 2025, the petitioner has informed that the Energy department, Government of Madhya Pradesh has accorded approval on 7th November, 2024 for retirement/ de-commissioning of Unit No. 7, 8, 9 and 10 of STPS PH 2&3 (3x210MW + 200MW =830 MW) from 30th September, 2024. Copy of the same has also been submitted by MPPGCL.

In view of the above, while determining the Multi-Year Tariff for the control period FY 2024-25 to FY 2028-29, the Commission has not considered these units of STPS PH- 2&3 in this Order.

Capital Cost

Petitioner's submission:

30. The petitioner has filed power station-wise Opening Gross Fixed Assets (GFA) as on 1st April, 2024 based on the Closing Gross Fixed Assets as on 31st March, 2023 as approved by the Commission in its last true up Order dated 7th March, 2024 for FY 2022-23 in P. No.71 of 2023. The Petitioner also submitted that the Annual Statement of Accounts of MPPGCL for FY 2023-24 is under finalization, therefore, MPPGCL in this Multi Year Tariff petition has not considered any Asset addition or deletion in FY 2023-24.

Provisions in Regulations:

31. With regard to capital cost of the existing project, Regulation 6.3 of the Regulations, 2024 provides that the petition for determination of Multi-year Tariff shall be made by the generating company based on admitted capital cost including additional capital expenditure already admitted in last true-up order of the Commission and estimated additional capital expenditure for the respective years of the control period.

32. Regulation 7.4, 18.3 & 18.4 of the Regulations, 2024 further provides as under:

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

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

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

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

- (i) The capital cost admitted by the Commission prior to 1.4.2024 duly trued up by excluding liability, if any;*
- (ii) Additional capitalization and de-capitalization for the respective year of tariff as determined in accordance with these Regulations;*
- (iii) Capital expenditure on account of renovation and modernization as admitted by the Commission in accordance with these Regulations;*
- (iv) Capital expenditure on account of ash disposal and utilization, including handling and transportation facility;*
- (v) Capital expenditure incurred towards railway infrastructure and its augmentation for transportation of coal up to the receiving end of generating station but does not include the transportation cost and any other cost paid to the railway;*
- (vi) Capital expenditure on account of biomass handling equipment and facilities, for cofiring;*
- (vii) Capital cost incurred by a thermal generating station, on account of implementation of the norms under Perform, Achieve and Trade (PAT) scheme of Government of India shall be considered by the Commission subject to sharing of benefits accrued under the PAT scheme with the beneficiaries;*
- (viii) Expenditure required to enable flexible operation of the generating station at lower loads; and*
- (ix) Expenditure on account of Change in Law and Force Majeure events.”*

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

- (i) Cost of approved rehabilitation and resettlement (R&R) plan of the project in conformity with National R&R Policy and R&R package as approved; and
- (ii) Cost of the developer's 10% contribution towards Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) and Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY) project in the affected area.
- (iii) For uninterrupted and timely development of Hydro Projects, expenditure incurred towards developing local infrastructure in the vicinity of the power plant not exceeding Rs. 10 lakh/MW shall be considered as part of the Capital cost, and in case the same work is covered under budgetary support provided by the Government of India, the funding of such works shall be adjusted on receipt of such funds:

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

Commission's Analysis:

- 33. With regard to capital cost of the project, Regulation 6.3 of the Regulations, 2024 provides that in case of an existing generating station or unit thereof, the Petition for determination of Multi-year tariff shall be made by the generating company based on admitted capital cost including additional capital expenditure already admitted in last true up order of the Commission and estimated additional capital expenditure for the respective years for the control period in accordance with the Regulations, 2024. Further, Regulation 7.4 of the Regulations, 2024 provides that for existing projects, the MYT Petition shall be based on admitted capital cost including any additional capitalization already admitted in the last True up order and estimated additional capital expenditure for the respective years of the tariff period FY 2024-25 to FY 2028-29.
- 34. Regarding the capital cost, vide Commission's letter dated 30th October, 2024, the petitioner was asked to explain the basis of power station-wise capital cost claimed in subject petition in light of Regulation 7.4 of the Regulations, 2024.
- 35. In response to above, by affidavit dated 25th November, 2024, the petitioner submitted that, since the Annual Statement of Accounts of MPPGCL for FY 2023-24 were under finalization at the time of filing of the subject MYT Petition, therefore, MPPGCL in this Multi Year Tariff Petition has not considered any asset additions or deletions in FY 2023-24 and that the Power Station-wise Closing

Gross Blocks of FY 2022-23, as approved by the Commission in the last True up Order dated 07.03.2024 for FY 2022-23 (in Petition No. 71/2023), were considered as the Opening Gross Blocks for FY 2024-25 for the respective Power Stations.

36. The Commission issued the last True-up Order for FY 2022-23 for MPPGCL's thermal and hydro power stations on 7th March, 2024 based on the Annual Audited Accounts for FY 2022-23. The capital cost as on 31st march, 2023 considered by the Commission for its thermal and hydro power stations in the aforesaid true-up order is as given below:

Table 5: Capital cost admitted by the Commission as on 31.03.2023 (Rs in Crore)

S. No	Power Stations	Capital cost as on 31.03.2023 admitted by the Commission in last true-up order dated 7.03.2024
1	ATPS PH-3	1132.52
2	STPS PH-4	3276.58
3	SGTPS PH-1&2	2208.07
4	SGTPS PH-3	2049.95
5	SSTPP PH-1	7328.49
6	SSTPP PH-2	6761.07
7	Gandhi Sagar	11.14
8	Pench	119.44
9	Rajghat	107.43
10	Bargi	92.48
11	Bansagar PH-1,2&3	1175.45
12	Bansagar PH-4	116.85
13	Birsinghpur	218.16
14	Madhikheda	53.15
	Total (Thermal + Hydel)	24650.78

Note :- Units of STPS PH 2&3 retired/de-commissioned, hence, not considered in this order.

37. Further, petitioner has submitted that it has not filed any asset addition or deletion during FY 2023-24. Accordingly, to work out the opening capital cost as on 1st April, 2024, the Commission has considered the aforesaid power station wise Closing Capital Cost as on 31.03.2023 as admitted in the last true-up order for FY 2022-23 issued on 7th March, 2024 in Petition No 71 of 2023 as the base opening figure of capital cost as on 01.04.2024 in this Order in terms of Regulation 18.3 of the Regulations, 2024.

Additional Capitalization

38. Regarding the additional capitalization during the control period of FY 2024-25 to FY 2028-29, the petitioner submitted the following:

MPPGCL shall claim Additional Capital expenditure, on the basis of actual audited expenses captured and capitalized in Books of Account at the time of True up for the respective Years for the respective Power Stations. Hence, no claim on account of proposed Additional Capitalization has been considered here. The additional capital expenditures shall be claimed in accordance with the Regulations 23, 24, 25 and 26, MPPGCL shall submit supporting documents towards year wise Power Station wise actual additional capitalization for carrying out prudence check by Commission in True up for the respective Years.

39. As mentioned above, the petitioner has not claimed any projected additional capitalization for control period, therefore, power station-wise Opening Capital Cost as on 1st April, 2024 as considered by the Commission in this Order shall remain unchanged during the control period of FY 2024-25 to FY 2028-29 in this Order.

Debt-Equity ratio and Funding Status

Petitioner's submission:

40. Regarding the Equity balance during the control period, the Petitioner broadly submitted the following:

The Commission has issued True up order for FY 2022-23 on 07.03.2024. The Annual Statement of Accounts of MPPGCL for FY 2023-24 is under finalization. Therefore, MPPGCL in this Multi Year Tariff Petition has not considered any asset addition or deletion in FY 2023-24 and the Normative Equity Closing Balance of FY 2022-23, as approved in the True up Order dated 07.03.2024 for FY 2022-23, is considered as the Normative Equity Opening Balance for FY 2023-24 and also as the Normative Equity Opening Balance for FY 2024-25, for the respective power station.

41. Regarding the Loan balance during the control period, the Petitioner broadly submitted the following:

The Commission has issued True up order for FY 2022-23 on 07.03.2024. The Annual Statement of Accounts of MPPGCL for FY 2023-24 is under finalization. Therefore, MPPGCL in this Multi Year Tariff Petition has not considered any Asset addition or deletion in FY 2023-24 and the Normative Loan Closing Balance of FY 2022-23, as approved in the True up Order dated 07.03.2024 for FY 2022-23, is considered as the Normative Loan Opening Balance for FY 2023-24, for the respective power station. For arriving at the Closing Balance of Normative Loan for FY 2023-24, the Principal Repayment equal to Depreciation has been considered and accordingly the Closing Balance of Normative Loan for FY 2023-24 has been determined, which has become the Normative Loan Opening Balance for FY 2024-25.

Provisions in Regulations:

42. With regard to funding of the existing project, Regulation 31 of the Regulations, 2024 provides as under:

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

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

Commission's Analysis

Equity and Loan as on 1st April, 2024

43. Regarding the funding of existing projects, Regulation 31.3 of the Regulations, 2024 provides that "in case of generating station declared under Commercial Operation prior to 1st April, 2024, the debt equity ratio allowed by the Commission for determination of tariff for the period ending 31st March, 2024 shall be considered.
44. The Commission in its last true-up order dated 7th March, 2024 for FY 2022-23 had allowed the power station-wise equity and loan balances as on 31st March, 2023, and same have been considered as opening balances of loan & equity as on 1st April, 2023.

45. In the subject petition the petitioner has not filed additional capitalization in any of the power stations and submitted that at the time of filing this MYT petition, the annual audited account of the petitioner for FY 2023-24 were not finalized. Therefore, it has not filed any provisional additional capitalization for FY 2023-24. Further, the true up petition for FY 2023-24 is under process and the power station-wise additional capitalization for FY 2023-24 shall be dealt separately in light the provision under the Tariff Regulation, 2020. Accordingly, no addition of equity and loan are considered during FY 2023-24.
46. With regard to power station-wise loan repayment during FY 2023-24 is concerned, the Commission has provisionally considered the power station-wise repayment of loan equivalent to annual depreciation already allowed in the last true up order for FY 2022-23 (to the extent of power station wise loan balances available).
47. It is pertinent to mention that in the last true-up order for FY 2022-23, the Commission had admitted assets additions within original scope of work and beyond original scope of work, separately. Therefore, for the purpose of return on equity, the power station-wise equity has also been considered for the assets within original scope of work and beyond the original scope of works, separately.
48. Accordingly, the Commission has considered the opening equity and loan balances as on 1st April, 2024 for the thermal and hydro power stations in this Order as follows:

Table 6: Opening Equity as on 01.04.2024 considered in this order (Rs in Crore)

S. No.	Power Station	Opening Equity as on 31 st March, 2023 towards assets within original scope of works	Opening Equity as on 31 st March, 2023 towards assets beyond original scope of work	Total Opening Equity as on 1 st April, 2024
		(A)	(B)	C=(A+B)
1	ATPS PH-3	258.86	0.21	259.07
2	STPS PH-4	662.83	2.72	665.55
3	SGTPS PH-1&2	655.88	0.05	655.93
4	SGTPS PH-3	578.02	1.30	579.32
5	SSTPP PH-1	1414.65	1.76	1416.41

6	SSTPP PH-2	1033.93	0.00	1033.93
7	Gandhi Sagar HPS	3.37	0.00	3.37
8	Pench HPS	35.77	0.07	35.84
9	Rajghat HPS	27.03	0.00	27.03
10	Bargi HPS	27.77	0.00	27.77
11	Bansagar 1,2&3 HPS	352.38	0.26	352.64
12	Bansagar PH-4 HPS	35.05	0.00	35.05
13	Birsinghpur HPS	15.65	0.22	15.87
14	Madhikheda HPS	46.3	0.00	46.3
	Total	5147.49	6.61	5154.08

Note:- Units of STPS PH 2&3 retired/de-commissioned, hence, not considered in this order.

Table 7: Opening Loan as on 01.04.2024 considered in this Order

S. No.	Power Station	Opening Loan as on 31 st March, 2023	*Repayment during FY 2023-24 (Equal to depreciation allowed during FY 2022-23)	Opening Loan as on 1 st April, 2024
		(A)	(B)	C=(A-B)
1	ATPS PH-3	173.56	27.42	146.14
2	STPS PH-4	1137.53	167.53	970
3	SGTPS PH-1&2	0	0	0
4	SGTPS PH-3	124.49	44.05	80.44
5	SSTPP PH-1	2743.41	370.68	2372.73
6	SSTPP PH-2	4300.1	351.44	3948.66
7	Gandhi Sagar HPS	0.21	0.06	0.15
8	Pench HPS	7.53	1.37	6.16
9	Rajghat HPS	0	0	0
10	Bargi HPS	0	0	0
11	Bansagar 1,2&3 HPS	0	0	0
12	Bansagar PH-4 HPS	0	0	0
13	Birsinghpur HPS	0	0	0
14	Madhikheda HPS	13.01	2.57	10.44
	Total	8499.84	965.12	7534.72

Note:- *Power Stations in which there is no outstanding loan, the repayment is considered as "Nil"

49. The petitioner has not claimed any additional capitalization during FY 2024-25 to FY 2028-29. Therefore, no addition of loan and equity are considered during the control period in this Order.

Cumulative depreciation as on 1st April, 2024:

50. The Commission has considered the power station-wise closing cumulative depreciation as on 31st March, 2023 as admitted in last true-up order for FY 2022-23 issued on 7th March, 2024 in Petition No. 71 of 2023 as opening cumulative depreciation as on 1st April, 2023.
51. Further, power station wise depreciation allowed in true up order of FY 2022-23 has been considered as repayment during FY 2023-24 on provisional basis subject to true-up based on the annual audited accounts. Accordingly, the power station wise opening cumulative depreciation as on 1st April, 2024 is worked out by the Commission is as follow:

Table 8: Cumulative Depreciation considered in this order (Rs in Crore)

Sr. No.	Power Station	Cumulative Dep. as on 31/03/2023 as per true up order for FY 2022-23	Depreciation FY 2023-24 as per true-up order dated 07/03/2024	Opening Cumulative Dep. as on 01/04/2024
1	ATPS PH-3	690.22	27.42	717.64
2	STPS PH-4	1507.81	167.53	1675.34
3	SGTPS PH 1 &2	1921.32	49.73	1971.05
4	SGTPS PH-3	1340.05	44.05	1384.1
5	SSTPP PH-1	3166.7	370.68	3537.38
6	SSTPP PH-2	1426.9	351.44	1778.34
7	Gandhi Sagar	9.67	0.06	9.73
8	Pench	88.13	1.37	89.5
9	Rajghat	68.56	1.79	70.35
10	Bargi	74.32	1.28	75.6
11	Bansagar PH-1,2 &3	897.29	17.53	914.82
12	Bansagar PH-4	86.62	1.37	87.99
13	Birsinghpur	42.89	0.53	43.42
14	Madhikheda	133.41	2.57	135.98
	Total	11453.89	1037.36	12491.24

Note:- Units of STPS PH 2&3 retired/de-commissioned, hence, not considered in this order

Annual Capacity (fixed) Charges

52. Regulation 15.1 of the Regulations, 2024 provides that the Annual Capacity Charges shall be derived on the basis of annual fixed cost. The Annual Fixed Cost (AFC) of a generating station shall consist of the following components:
- (a) Return on Equity;
 - (b) Depreciation;
 - (c) Interest on Loan Capital;
 - (d) Operation and Maintenance Expenses;
 - (e) Interest on Working Capital;
- Aforesaid Regulation also provides that the special allowance in lieu of R&M where opted, shall be recovered separately and shall not be considered for computation of working capital.

Return on Equity

Petitioner's Submission

53. With regard to return on equity, the petitioner broadly submitted the following:

The Annual Statement of Accounts of MPPGCL for FY 2023-24 is under finalization. Therefore, MPPGCL in this Multi Year Tariff Petition has not considered any asset addition or deletion in FY 2023-24 and the Normative Equity Closing Balance of FY 2022-23, as approved in the last True up Order dated 07.03.2024 for FY 2022-23, is considered as the Normative Equity Opening Balance for FY 2023-24 and also as the Normative Equity Opening Balance for FY 2024-25, for the respective power station.

MPPGCL submits that as per Regulation 6.3 of MPERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2024, it has considered the Power Station wise capital cost based on the admitted capital cost, including capital expenditure already admitted in last True up order (FY 2022-23), as the respective base capital cost for framing the MYT Petition.

Here it is to submit that the Commission at para 46 on Page 29 of its Order dated 19.05.2021 in the Petition No. 53/2020 filed by the Petitioner

(MPPGCL) for determination of Multi Year Tariff for the Control Period FY20 to FY24 had mentioned as given below:

“46. As mentioned in preceding part of this order, the Commission has not considered the proposed/projected additional capitalization during FY 2019-20 to FY 2023-24 filed by the petitioner at this stage in this order and the same shall be dealt with at the time of true-up exercise of the respective years based on the Annual Audited Accounts. Therefore, no addition of loan and equity is considered during the MYT control period.”

Therefore, the above directives of the Commission has been followed and so the projections of Power Station wise proposed additional capitalization, shown in the subsequent Chapter, shall be claimed on the basis of actual audited expenses capitalized at the time of True up for the respective Years, after the actual additional capital expenditures are captured in Books of Account for the respective Power Stations.

In view of the above practice of the Commission, MPPGCL has presently not claimed any asset addition for the Control Period FY 2024-25 to FY 2028-29 and has also not considered any addition of Loan and Equity during the aforesaid Control Period FY 2024-25 to FY 2028-29.

54. The Power Station wise Return on Equity as filed by the petitioner from FY 2024-25 to FY 2028-29 are as given below:-

Table 9: Return on Equity Claimed (Rs in Crore)

Power Station		FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
1	ATPS PH-3	40.12	40.12	40.12	40.12	40.12
2	STPS PH-2&3	25.83	25.83	25.83	25.83	25.83
3	STPS PH-4	102.74	102.74	102.74	102.74	102.74
4	SGTPS PH-1&2	101.66	101.66	101.66	101.66	101.66
5	SGTPS PH-3	89.59	89.59	89.59	89.59	89.59
6	SSTPP PH-1	219.27	219.27	219.27	219.27	219.27
7	SSTPP PH-2	160.26	160.26	160.26	160.26	160.26
8	Total Thermal	739.48	739.48	739.48	739.48	739.48

9	Gandhi Sagar	0.56	0.56	0.56	0.56	0.56
10	Pench	5.90	5.90	5.90	5.90	5.90
11	Rajghat	4.46	4.46	4.46	4.46	4.46
12	Bargi	4.58	4.58	4.58	4.58	4.58
13	Bansagar PH-1,2 &3	58.14	58.14	58.14	58.14	58.14
14	Bansagar PH-4	5.78	5.78	5.78	5.78	5.78
15	Madhikheda	7.64	7.64	7.64	7.64	7.64
16	Birsinghpur	2.58	2.58	2.58	2.58	2.58
17	Total Hydro	89.65	89.65	89.65	89.65	89.65
Total		829.12	829.12	829.12	829.12	829.12

Provisions in the Regulation:

55. With regard to Return on Equity, Regulation 32 of the Regulations, 2024 provides that:

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

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

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

Provided further that:

(i) In case of a new project, the rate of return shall be reduced by 1.00% for such period as may be decided by the Commission, if the generating station is found to be declared under commercial operation without commissioning of any of the two modes, namely Restricted Governor Mode Operation (RGMO) or Free Governor Mode Operation (FGMO),

data telemetry, communication system up to load dispatch centre or protection system based on the report submitted by the respective RLDC/SLDC;

(ii) In case of existing generating station, if any of the requirements mentioned in Regulation (i) above are found lacking based on the report submitted by the respective RLDC/SLDC, the return on equity shall be reduced by 1.00% for the period for which the deficiency continues;

(iii) In case of a thermal generating station:

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

(b) an additional rate of return on equity of 0.125% shall be allowed for every incremental ramp rate of 0.50% per minute achieved over and above the ramp rate specified by Central Electricity Authority, subject to ceiling of additional rate of return on equity of 1.00%.”

Commission’s Analysis

56. The Petitioner has claimed the power station wise opening equity as on 01.04.2024 same as admitted by the Commission in last true-up order dated 07.03.2024 for FY 2022-23. Regulation 31.3 of the Regulations, 2024 provides that, in case of the generating station declared under commercial operation prior to 1.04.2024, debt- equity ratio allowed by the Commission for determination of tariff for the period ending 31.3.2024 shall be considered.

57. In accordance with the aforesaid Regulation, the equity balance as on 31st March, 2023 as admitted by the Commission in last true-up order issued on 7th March, 2024 for all generating stations of MPPGCL (excluding STPS PH-2 & 3) is considered as the base figure for opening equity balance as on 1st April, 2023 in this Order. Further, petitioner has not filed any additional capitalization during FY 2023-24 and also during the control period FY 2024-25 to FY 2028-29, therefore, the equity balance as on 1st April, 2023 shall remain unchanged during the control period. It is pertinent to mention that in last true-up order for FY 2022-23, the Commission had admitted equity towards assets additions within original scope of work and beyond original scope of work separately and same have been considered in this Order also.

58. Vide letter dated 30th October, 2024, the petitioner was asked to inform the following along with all supporting documents in light of Regulation 32.2 of the Regulations, 2024:
- i. Whether the generating station is fulfilling the requirement as per Regulation 32.2 (i) i.e. installation of RGMO/FGMO, data telemetry, communication system up to load dispatch centre or protection system?
 - ii. Whether the generating unit is achieving ramp rate of 1% per minute as per provisions under the MP Electricity Grid Code, 2024?
 - iii. A Certificate of State Load Despatch Centre certifying the above compliance be also filed in this regard.
59. In response to above, by affidavit dated 25th November, 2024, the petitioner submitted the following:
- i. Yes, all Generating Units of M.P. Power Generating Company, having capacity above 25 MW, have RGMO/ FGMO Commissioned. Yes, the Data Telemetry & Communication System upto SLDC and Protections are available & working satisfactorily.*
 - ii. Yes, the Ramp rate of all thermal Generating Stations has been observed more than 1% per minute as per the provisions under the MP Electricity Grid Code, 2024.*
 - iii. The certificate of SLDC, certifying the compliance to the above requirements is annexed.*
60. In compliance to Regulation 32.2 of the Regulations, 2020, the petitioner submitted that the generating stations of MPPGCL having installed capacity above 25 MW have RGMO/FGMO commissioned. The petitioner further submitted that all the thermal generating stations of MPPGCL are operating with the ramp rate of over 1% per minute and same has also been certified by the State Load Dispatch Center (SLDC).
61. The petitioner claimed return on equity on the base rate of return @15.50% for thermal power stations and @16.50% for hydro power stations in accordance with the Regulations, 2024, during FY 2024-25 to FY 2028-29.

62. With regard to ROE in respect of additional capitalization after the cut-off date beyond the original scope of work, proviso of regulation 32.2 of the Regulations, 2024 provides that:

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

63. It is observed that, out of total equity of Rs. 5154.10 Crore (excluding equity of STPS PH-2 &3) as on 01/04/2024 admitted by the Commission in last true-up order, Equity of Rs. 5147.49 Crore pertains to assets within original scope of work and equity of Rs. 6.61 Crore pertains to assets addition beyond the original scope of work considered in last true-up order.
64. In view of the above, the Commission has considered the return on equity on equity invested in assets within the original scope work at @15.50% for thermal power stations and @16.50% for hydro power stations in accordance with the Regulations, 2024. Further, for the equity invested in assets beyond the original scope work, return on equity has been worked out 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 i.e. @12.15% (8.65% + 3.50) in accordance with proviso 32.2 the Regulations, 2024.
65. Accordingly, power station wise Return on Equity has been worked out for the control period FY 2024-25 to FY 2028-29 separately for the equity pertains to assets within original scope of works and assets beyond original scope of work, separately as given below:

Table 10: Return on Equity towards assets within original scope work worked out by the commission in this Order (A) (Rs in Crore)

S. No.	Power Station	Equity towards assets within original scope of work	Return on Equity @15.5% for thermal and @16.5%for hydro				
			FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
1	ATPS PH-3	258.86	40.12	40.12	40.12	40.12	40.12
2	STPS PH-4	662.83	102.74	102.74	102.74	102.74	102.74
3	SGTPS PH-1&2	655.88	101.66	101.66	101.66	101.66	101.66
4	SGTPS PH-3	578.02	89.59	89.59	89.59	89.59	89.59
5	SSTPP PH-1	1414.65	219.27	219.27	219.27	219.27	219.27
6	SSTPP PH-2	1033.93	160.26	160.26	160.26	160.26	160.26
	Total Thermal	4604.17	713.65	713.65	713.65	713.65	713.65
7	Gandhi Sagar HPS	3.37	0.56	0.56	0.56	0.56	0.56
8	Pench HPS	35.77	5.90	5.90	5.90	5.90	5.90
9	Rajghat HPS	27.03	4.46	4.46	4.46	4.46	4.46
10	Bargi HPS	27.77	4.58	4.58	4.58	4.58	4.58
11	Bansagar HPS 1,2&3	352.38	58.14	58.14	58.14	58.14	58.14
12	Bansagar HPS PH-4	35.05	5.78	5.78	5.78	5.78	5.78
13	Birsinghpur HPS	15.65	2.58	2.58	2.58	2.58	2.58
14	Madhikheda HPS	46.3	7.64	7.64	7.64	7.64	7.64
	Total Hydro	543.32	89.65	89.65	89.65	89.65	89.65
	Total	5147.49	803.29	803.29	803.29	803.29	803.29

Table 11: Return on Equity towards assets beyond original scope work worked out by the commission in this Order (B) (Rs in Crore)

S. No.	Power Station	Equity towards assets beyond original scope of work	Return on Equity @ 12.15% (MCLR as on 1 st April plus 350 basis points)				
			FY	FY	FY	FY	FY
			2024-25	2025-26	2026-27	2027-28	2028-29
1	ATPS PH-3	0.21	0.03	0.03	0.03	0.03	0.03
2	STPS PH-4	2.72	0.33	0.33	0.33	0.33	0.33
3	SGTPS PH-1&2	0.05	0.01	0.01	0.01	0.01	0.01
4	SGTPS PH-3	1.30	0.16	0.16	0.16	0.16	0.16
5	SSTPP PH-1	1.76	0.21	0.21	0.21	0.21	0.21
6	SSTPP PH-2	0.00	0.00	0.00	0.00	0.00	0.00
	Total Thermal	6.04	0.73	0.73	0.73	0.73	0.73

7	Gandhi Sagar HPS	0.00	0.00	0.00	0.00	0.00	0.00
8	Pench HPS	0.07	0.01	0.01	0.01	0.01	0.01
9	Rajghat HPS	0.003	0.00	0.00	0.00	0.00	0.00
10	Bargi HPS	0.003	0.00	0.00	0.00	0.00	0.00
11	Bansagar HPS 1,2&3	0.26	0.03	0.03	0.03	0.03	0.03
12	Bansagar HPS PH-4	0.00	0.00	0.00	0.00	0.00	0.00
13	Birsinghpur HPS	0.22	0.03	0.03	0.03	0.03	0.03
14	Madhikheda HPS	0.00	0.00	0.00	0.00	0.00	0.00
	Total Hydro	0.56	0.07	0.07	0.07	0.07	0.07
	Total	6.61	0.80	0.80	0.80	0.80	0.80

Table 12: Total Return on Equity allowed by the Commission in this Order (Rs. in Crore)

S.	Power Station	Return on Equity (A+B)				
		FY	FY	FY	FY	FY
No		2024-25	2025-26	2026-27	2027-28	2028-29
1	ATPS PH-3	40.15	40.15	40.15	40.15	40.15
2	STPS PH-4	103.07	103.07	103.07	103.07	103.07
3	SGTPS PH-1&2	101.67	101.67	101.67	101.67	101.67
4	SGTPS PH-3	89.75	89.75	89.75	89.75	89.75
5	SSTPP PH-1	219.48	219.48	219.48	219.48	219.48
6	SSTPP PH-2	160.26	160.26	160.26	160.26	160.26
	Total Thermal	714.38	714.38	714.38	714.38	714.38
7	Gandhi Sagar HPS	0.56	0.56	0.56	0.56	0.56
8	Pench HPS	5.91	5.91	5.91	5.91	5.91
9	Rajghat HPS	4.46	4.46	4.46	4.46	4.46
10	Bargi HPS	4.58	4.58	4.58	4.58	4.58
11	Bansagar HPS 1,2&3	58.17	58.17	58.17	58.17	58.17
12	Bansagar HPS PH-4	5.78	5.78	5.78	5.78	5.78
13	Birsinghpur HPS	2.61	2.61	2.61	2.61	2.61
14	Madhikheda HPS	7.64	7.64	7.64	7.64	7.64
	Total Hydro	89.72	89.72	89.72	89.72	89.72
	Total	804.10	804.10	804.10	804.10	804.10

Depreciation

Petitioner’s submission:

66. With regard to Depreciation, the petitioner broadly submitted the following:

The depreciation on the Gross Block has been computed based on the following principles as per Regulations, 2024:-

- (i) *The rates for depreciation are considered as specified by Commission in Appendix-I of the Regulations, 2024*
- (ii) *The salvage value of assets is considered as 10% i.e., none of the assets are depreciated more than 90% of the gross value.*
- (iii) *Wherein the asset additions are made during the year, the depreciation is charged on prorata basis.*
- (iv) *Proviso 34.5 of the Regulations, 2024 specifies that the remaining depreciable value as on 31st March of the year closing after a period of 12 years from the effective date of commercial operation of the station shall be spread over the balance useful life of the assets.*
- (v) *Accordingly, MPPGCL has worked out the reduced Wt. Av Rate of Depreciation for Stations who have completed the useful life of 12 years during the period 01.04.2025 to 31.03.2029.*

67. Accordingly, The Power Station wise depreciation claimed in the petition for FY 2024-25 to FY 2028-29 is summarized as here under:

Table 13: Station wise Depreciation Claimed (Rs in Crore)

Power Station	Accumulated depreciation 01.04.2024	Depreciation					Accumulated depreciation 31.03.2029	% of Gross Block as on 31.03.2029
		FY 24-25	FY 25-26	FY 26-27	FY 27-28	FY 28-29		
1 ATPS PH-3	717.28	24.92	22.99	21.29	19.59	18.12	824.19	73%
2 STPS PH-2&3	511.63	0.00	0.00	0.00	0.00	0.00	511.63	90%
3 STPS PH-4	1677.54	169.62	169.59	169.60	169.60	169.73	2525.67	77%
4 SGTPS PH-1&2	1950.69	18.55	13.25	9.94	7.95	6.62	2006.99	90%
5 SGTPS PH-3	1381.25	38.33	35.26	32.59	30.13	27.88	1545.46	75%
6 SSTPP PH-1	3537.52	370.79	370.80	370.80	370.81	370.82	5391.56	74%
7 SSTPP PH-2	1779.82	352.93	353.03	353.11	353.12	352.93	3544.94	52%
9 Total Thermal	11555.74	975.14	964.92	957.34	951.20	946.10	16350.44	-

10	Gandhi Sagar	9.74	0.07	0.07	0.07	0.07	0.06	10.07	90%
11	Pench	89.59	1.36	1.29	1.22	1.17	1.12	95.75	80%
12	Rajghat	70.26	1.60	1.51	1.43	1.35	1.28	77.44	72%
13	Bargi	75.51	1.10	1.03	0.95	0.90	0.84	80.33	87%
14	Bansagar PH-1,2&3	914.22	15.63	14.46	13.40	12.34	11.52	981.57	84%
15	Bansagar PH-4	87.95	1.29	1.23	1.18	1.13	1.09	93.86	80%
16	Madhikheda	135.90	2.38	2.29	2.20	2.12	2.03	146.92	67%
17	Birsinghpur	43.40	0.46	0.43	0.39	0.36	0.33	45.38	85%
18	Total Hydro	1426.56	23.89	22.30	20.84	19.44	18.28	1531.31	-
Total		12982.30	999.02	987.22	978.18	970.64	964.38	17881.75	-

Provisions of the Regulation:

68. With regard to depreciation, Regulation 34 of the Regulations, 2024 provides as under:

34.1 Depreciation shall be computed from the date of commercial operation of a generating station or unit thereof. In case of the tariff of all the units of a generating station for which a single tariff needs to be determined, the depreciation shall be computed from the effective date of commercial operation of the generating station taking into consideration the depreciation of individual units:

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

34.2 The value base for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission. In case of multiple units of a generating station, weighted average life for the generating station shall be applied. Depreciation shall be chargeable from the first year of commercial operation. In case of commercial operation of the asset for part of the year, depreciation shall be charged on pro rata basis.

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

Provided that in case of hydro generating station, the salvage value shall be as provided in the agreement, if any, signed by the

developers with the State Government for development of the generating station:

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

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

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

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

34.5 Depreciation for existing projects shall be calculated annually based on 'Straight Line Method' and at rates specified in Appendix-I to these Regulations for the assets of the generating station: Provided that the remaining depreciable value as on 31st March of the year closing after a period of 12 years from the effective date of commercial operation of the generating station shall be spread over the balance useful life of the assets.

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

34.6 Depreciation for New Projects shall be calculated annually based on the Straight Line Method and at rates specified in Appendix-II to these Regulations for the assets of the generating station:

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

Provided further that in the case of a new hydro generating stations, the generating company, with the consent of the beneficiaries,

may charge depreciation at a rate lower than that specified in Appendix II to these Regulations to reduce front loading of tariff.

34.7 In case of the existing projects, the balance depreciable value as on 1.4.2024 shall be worked out by deducting the cumulative depreciation as admitted by the Commission up to 31.3.2024 from the gross depreciable value of the assets.

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

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

.....

Commission’s Analysis:-

69. The Petitioner has claimed depreciation by considering the power station-wise capital cost as admitted by the Commission in last true-up order dated 07.03.2024. With regard to depreciation, Regulation 34.2 of the Regulations, 2024 provides that the base value for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission. Aforesaid Regulation further provides that in case of multiple units of a generating station, weighted average life for the generating station shall be applied.

70. In accordance with the above Regulation, power station wise capital cost as on 31st March, 2023 as admitted by the Commission in the last True-up Order for FY 2022-23 for MPPGCL thermal and hydro power stations issued on 7th March, 2024 is considered as the base opening figure for capital cost as on 1st April, 2024 in this Order. Further, the petitioner has not proposed any additional capitalization during the control period, therefore, the Gross Fixed Assets as on 1st April, 2024 shall remain the same for entire control period.

71. Regarding weighted average rate of depreciation for FY 2024-25 to FY 2028-29, claimed by the petitioner, vide Commission's letter dated 30th October, 2024, the petitioner was asked to file the following:
- i. Basis of weighted average depreciation rate claimed in the petition.
 - ii. Asset-cum-Depreciation Register for the project in hard and soft copy in accordance with the provisions under the Regulations, 2024.
 - iii. Explain and demonstrate that while calculating the weighted average rate of depreciation the Regulation 34.5 of the Regulation, 2024 have been duly complied.

72. In response to above, by affidavit dated 25th November, 2024, the petitioner submitted the following:

In this context, please refer Para 10.9 and 10.10 of MPPGCL's subject Petition No. 56/2024 wherein it has been submitted that in the depreciation on the Gross Block has been computed based on the following principles as per MPERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2024.

The Power Station wise Asset Cum Depreciation Registers for FY 2022-23 have already been submitted before the Commission in the matter of True up for FY 2022-23.

The Power Station wise Weighted Average Rate of Depreciation submitted in aforesaid Registers have been considered as Power Station Wise Base Rate of Wt. Avg. Rate of Depreciation for the Control period FY 2024-25 to FY 2028-29. Considering the Power Station wise projected additional Capitalization for the Control period FY 2024-25 to FY 2028-29, the base rate is adjusted / averaged out on year to year basis.

Considering above methodology, the yearly Weighted Average Rate of Depreciation for FY 2024-25 to FY 2028-29 is worked out & submitted in the instant petition. The hard copies of Power Station wise, Year wise the Asset-Cum-Depreciation Registers are annexed herewith for reference.

73. Further, the petitioner was also asked to explain and demonstrate that while calculating weighted average rate of depreciation during FY 2024-25 to FY 2028-29 Regulation 34.5 of the Regulations, 2024 has been complied in those power stations which have completed 12 years from the effective date of commercial

operation of the generating station. In response to above, by affidavit dated 25th November, 2024, the petitioner submitted the following:

In context to above, MPPGCL wishes to submit that in Para 10.9 of the subject tariff Petition and further as mentioned in the reply to Item No. 3 given above, while calculating the weighted average rate of depreciation during the control period, the first proviso of Regulation 34.5 of MPERC Generation Tariff Regulations, 2024 has been complied in those power stations which have completed 12 years from effective date of commercial operation of the generating station.

74. As per proviso 34.5 of Regulations 2024, which specifies that the remaining depreciable value as on 31st March of the year closing after a period of 12 years from the effective date of commercial operation of the station shall be spread over the balance useful life of the assets.
75. The Commission observes that STPS PH-4 and SSTPP PH-1, completing the useful life of 12 years during the MYT period FY 2024-25 to FY 2028-29. Accordingly, the balance depreciation of these power stations has been spread over the balance useful life of the power stations/units.
76. In case of remaining power Stations, the weighted average Rate of Depreciation is considered same as filed in petition as per Asset-cum-Depreciation register.
77. Cumulative depreciation of SGTPS PH-1&2 and Gandhisagar, is reaching up to maximum of 90% of the capital cost of the asset, therefore, the depreciation is only allowed to the extent of 90% of the capital cost of the asset during the control period.
78. Based on above, the power station wise annual depreciation for the control period is worked out in this Order by considering the following:
 - a) The opening Gross Fixed assets for all power plants as on 1st April, 2024 is worked out by considering the closing GFA as per last true up order for FY 2022-23 issued on 7.03.2024.
 - b) The salvage value of assets is considered as 10% of the Gross Fixed Assets, i.e. none of the assets is depreciated more than 90% of the gross fixed assets.

- c) Power Station-wise Accumulated Depreciation (as on 31st March,2023) admitted by the Commission in last true-up order for FY 2022-23 is considered as the opening cumulative depreciation as on 1st April, 2023. Further, depreciation allowed in true-up order for of FY 2022-23 has been provisionally, considered as repayment made during FY 2023-24. Accordingly, the accumulated Depreciation as on 1st April, 2024 has been worked out for respective power stations.
- d) Weighted average rate of depreciation as worked out by the petitioner on Asset-cum-Depreciation register based on the rate of depreciation specified in the Regulations, 2024, has been considered for control period in this Order.
- e) SGTPS PH I & II depreciated upto extent of 90% during FY 2024-25, therefore, for balance period, Depreciation for this power station is considered as “Nil”.

79. Accordingly, the power station-wise annual depreciation for the control period from FY 2024-25 to FY 2028-29 is worked out in this Order as given below:

Table 14: Annual Depreciation Allowed by the Commission in this Order.

ATPS PH-III

Particulars	Unit	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Opening Gross fixed assets	Rs Cr	1132.52	1132.52	1132.52	1132.52	1132.52
Opening Cumulative Depreciation	Rs Cr	717.64	742.56	765.55	786.84	806.43
Opening Cumulative Depreciation % of the Opening GFA	%	63.37%	65.57%	67.60%	69.48%	71.21%
Applicable Wt. average Rate of Depreciation Charged	%	2.20%	2.03%	1.88%	1.73%	1.60%
Depreciation Amount	Rs Cr	24.92	22.99	21.29	19.59	18.12
Closing Cumulative Depreciation	Rs Cr	742.56	765.55	786.84	806.43	824.55
Closing Cumulative Depreciation % of the GFA	Rs Cr	65.57%	67.60%	69.48%	71.21%	72.81%

STPS PH-IV

Particulars	Unit	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Opening Gross fixed assets	Rs Cr	3276.58	3276.58	3276.58	3276.58	3276.58
Opening Cumulative Depreciation	Rs Cr	1675.34	1844.96	2014.54	2086.43	2158.31
Opening Cumulative Depreciation % of the Opening GFA	%	51.13%	56.31%	61.48%	63.68%	65.87%
Applicable Wt. average Rate of Depreciation Charged	%	5.18%	5.18%	2.19%	2.19%	2.19%
Depreciation Amount	Rs Cr	169.62	169.59	71.89	71.88	71.88
Closing Cumulative Depreciation	Rs Cr	1844.96	2014.54	2086.43	2158.31	2230.18
Closing Cumulative Depreciation % of the GFA	Rs Cr	56.31%	61.48%	63.68%	65.87%	68.06%

SGTPS PH-I&II

Particulars	Unit	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Opening Gross fixed assets	Rs Cr	2208.07	2208.07	2208.07	2208.07	2208.07
Opening Cumulative Depreciation	Rs Cr	1971.05	1987.26	1987.26	1987.26	1987.26
Opening Cumulative Depreciation % of the Opening GFA	%	89.27%	90.00%	90.00%	90.00%	90.00%
Applicable Wt. average Rate of Depreciation Charged	%	0.73%	0.00%	0.00%	0.00%	0.00%
Depreciation Amount	Rs Cr	16.21	0.00	0.00	0.00	0.00
Closing Cumulative Depreciation	Rs Cr	1987.26	1987.26	1987.26	1987.26	1987.26
Closing Cumulative Depreciation % of the GFA	Rs Cr	90.00%	90.00%	90.00%	90.00%	90.00%

SGTPS PH-III

Particulars	Unit	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Opening Gross fixed assets	Rs Cr	2049.95	2049.95	2049.95	2049.95	2049.95
Opening Cumulative Depreciation	Rs Cr	1384.10	1422.43	1457.69	1490.29	1520.42
Opening Cumulative Depreciation % of the Opening GFA	%	67.52%	69.39%	71.11%	72.70%	74.17%
Applicable Wt. average Rate of Depreciation Charged	%	1.87%	1.72%	1.59%	1.47%	1.36%
Depreciation Amount	Rs Cr	38.33	35.26	32.59	30.13	27.88
Closing Cumulative Depreciation	Rs Cr	1422.43	1457.69	1490.29	1520.42	1548.30
Closing Cumulative Depreciation % of the GFA	Rs Cr	69.39%	71.11%	72.70%	74.17%	75.53%

SSTPP PH-I

Particulars	Unit	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Opening Gross fixed assets	Rs Cr	7328.49	7328.49	7328.49	7328.49	7328.49
Opening Cumulative Depreciation	Rs Cr	3537.38	3908.17	4278.98	4649.80	4799.48
Opening Cumulative Depreciation % of the Opening GFA	%	48.27%	53.33%	58.39%	63.45%	65.49%
Applicable Wt. average Rate of Depreciation Charged	%	5.06%	5.06%	5.06%	2.04%	2.04%
Depreciation Amount	Rs Cr	370.79	370.80	370.82	149.68	149.68
Closing Cumulative Depreciation	Rs Cr	3908.17	4278.98	4649.80	4799.48	4949.16
Closing Cumulative Depreciation % of the GFA	Rs Cr	53.33%	58.39%	63.45%	65.49%	67.53%

SSTPP PH-2

Particulars	Unit	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Opening Gross fixed assets	Rs Cr	6761.07	6761.07	6761.07	6761.07	6761.07
Opening Cumulative Depreciation	Rs Cr	1778.34	2131.27	2484.30	2837.43	3190.55
Opening Cumulative Depreciation % of the Opening GFA	%	26.30%	31.52%	36.74%	41.97%	47.19%
Applicable Wt. average Rate of Depreciation Charged	%	5.22%	5.22%	5.22%	5.22%	5.22%
Depreciation Amount	Rs Cr	352.93	353.03	353.13	353.12	353.12
Closing Cumulative Depreciation	Rs Cr	2131.27	2484.30	2837.43	3190.55	3543.67
Closing Cumulative Depreciation % of the GFA	Rs Cr	31.52%	36.74%	41.97%	47.19%	52.41%

Gandhi Sagar HPS

Particulars	Unit	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Opening Gross fixed assets	Rs Cr	11.14	11.14	11.14	11.14	11.14
Opening Cumulative Depreciation	Rs Cr	9.73	9.80	9.86	9.93	10.00
Opening Cumulative Depreciation % of the Opening GFA	%	87.34%	87.94%	88.54%	89.14%	89.73%
Applicable Wt. average Rate of Depreciation Charged	%	0.60%	0.60%	0.60%	0.59%	0.27%
Depreciation Amount	Rs Cr	0.07	0.07	0.07	0.07	0.03
Closing Cumulative Depreciation	Rs Cr	9.80	9.86	9.93	10.00	10.03
Closing Cumulative Depreciation % of the GFA	Rs Cr	87.94%	88.54%	89.14%	89.73%	90.00%

Pench HPS

Particulars	Unit	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Opening Gross fixed assets	Rs Cr	119.44	119.44	119.44	119.44	119.44
Opening Cumulative Depreciation	Rs Cr	89.50	90.86	92.15	93.37	94.54
Opening Cumulative Depreciation % of the Opening GFA	%	74.93%	76.07%	77.15%	78.17%	79.15%
Applicable Wt. average Rate of Depreciation Charged	%	1.14%	1.08%	1.02%	0.98%	0.94%
Depreciation Amount	Rs Cr	1.36	1.29	1.22	1.17	1.12
Closing Cumulative Depreciation	Rs Cr	90.86	92.15	93.37	94.54	95.66
Closing Cumulative Depreciation % of the GFA	Rs Cr	76.07%	77.15%	78.17%	79.15%	80.09%

Rajghat HPS

Particulars	Unit	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Opening Gross fixed assets	Rs Cr	107.43	107.43	107.43	107.43	107.43
Opening Cumulative Depreciation	Rs Cr	70.35	71.95	73.47	74.89	76.25
Opening Cumulative Depreciation % of the Opening GFA	%	65.48%	66.97%	68.38%	69.71%	70.97%
Applicable Wt. average Rate of Depreciation Charged	%	1.49%	1.41%	1.33%	1.26%	1.19%
Depreciation Amount	Rs Cr	1.60	1.51	1.43	1.35	1.28
Closing Cumulative Depreciation	Rs Cr	71.95	73.47	74.89	76.25	77.53
Closing Cumulative Depreciation % of the GFA	Rs Cr	66.97%	68.38%	69.71%	70.97%	72.16%

Bargi HPS

Particulars	Unit	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Opening Gross fixed assets	Rs Cr	92.48	92.48	92.48	92.48	92.48
Opening Cumulative Depreciation	Rs Cr	75.60	76.70	77.73	78.68	79.58
Opening Cumulative Depreciation % of the Opening GFA	%	81.75%	82.94%	84.05%	85.08%	86.05%
Applicable Wt. average Rate of Depreciation Charged	%	1.19%	1.11%	1.03%	0.97%	0.91%
Depreciation Amount	Rs Cr	1.10	1.03	0.95	0.90	0.84
Closing Cumulative Depreciation	Rs Cr	76.70	77.73	78.68	79.58	80.42
Closing Cumulative Depreciation % of the GFA	Rs Cr	82.94%	84.05%	85.08%	86.05%	86.96%

Bansagar PH-I, II&III HPS

Particulars	Unit	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Opening Gross fixed assets	Rs Cr	1175.45	1175.45	1175.45	1175.45	1175.45
Opening Cumulative Depreciation	Rs Cr	914.82	930.45	944.91	958.31	970.65
Opening Cumulative Depreciation % of the Opening GFA	%	77.83%	79.16%	80.39%	81.53%	82.58%
Applicable Wt. average Rate of Depreciation Charged	%	1.33%	1.23%	1.14%	1.05%	0.98%
Depreciation Amount	Rs Cr	15.63	14.46	13.40	12.34	11.52
Closing Cumulative Depreciation	Rs Cr	930.45	944.91	958.31	970.65	982.17
Closing Cumulative Depreciation % of the GFA	Rs Cr	79.16%	80.39%	81.53%	82.58%	83.56%

Bansagar PH-IV HPS

Particulars	Unit	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Opening Gross fixed assets	Rs Cr	116.85	116.85	116.85	116.85	116.85
Opening Cumulative Depreciation	Rs Cr	87.99	89.28	90.50	91.68	92.82
Opening Cumulative Depreciation % of the Opening GFA	%	75.30%	76.40%	77.45%	78.46%	79.43%
Applicable Wt. average Rate of Depreciation Charged	%	1.10%	1.05%	1.01%	0.97%	0.93%
Depreciation Amount	Rs Cr	1.29	1.23	1.18	1.13	1.09
Closing Cumulative Depreciation	Rs Cr	89.28	90.50	91.68	92.82	93.90
Closing Cumulative Depreciation % of the GFA	Rs Cr	76.40%	77.45%	78.46%	79.43%	80.36%

Birsinghpur HPS

Particulars	Unit	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Opening Gross fixed assets	Rs Cr	53.15	53.15	53.15	53.15	53.15
Opening Cumulative Depreciation	Rs Cr	43.42	43.88	44.31	44.70	45.06
Opening Cumulative Depreciation % of the Opening GFA	%	81.69%	82.56%	83.36%	84.10%	84.78%
Applicable Wt. average Rate of Depreciation Charged	%	0.87%	0.80%	0.74%	0.68%	0.63%
Depreciation Amount	Rs Cr	0.46	0.43	0.39	0.36	0.33
Closing Cumulative Depreciation	Rs Cr	43.88	44.31	44.70	45.06	45.40
Closing Cumulative Depreciation % of the GFA	Rs Cr	82.56%	83.36%	84.10%	84.78%	85.41%

Madhikheda HPS

Particulars	Unit	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Opening Gross fixed assets	Rs Cr	218.16	218.16	218.16	218.16	218.16
Opening Cumulative Depreciation	Rs Cr	135.98	138.36	140.65	142.85	144.97
Opening Cumulative Depreciation % of the Opening GFA	%	62.33%	63.42%	64.47%	65.48%	66.45%
Applicable Wt. average Rate of Depreciation Charged	%	1.09%	1.05%	1.01%	0.97%	0.93%
Depreciation Amount	Rs Cr	2.38	2.29	2.20	2.12	2.03
Closing Cumulative Depreciation	Rs Cr	138.36	140.65	142.85	144.97	147.00
Closing Cumulative Depreciation % of the GFA	Rs Cr	63.42%	64.47%	65.48%	66.45%	67.38%

80. Based on above the summary of Depreciation allowed for the control period FY 2024-25 to FY 2028-29 is as given below:-

Table 15: Summary of Depreciation allowed by the Commission in this Order:**(Rs in Crore)**

Sr no	Power Stations	Depreciation				
		FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
1	ATPS, Chachai PH-3	24.92	22.99	21.29	19.59	18.12
2	STPS, Sarni PH-4	169.62	169.59	71.88	71.88	71.88
3	SGTPS, PH-1&2	16.21	0.00	0.00	0.00	0.00
4	SGTPS, Birsing'pur PH-3	38.33	35.26	32.59	30.13	27.88
5	SSTPS PH-1	370.79	370.80	370.82	149.68	149.68
6	SSTPS PH-2	352.93	353.03	353.13	353.12	353.12
	Thermal	972.79	951.67	849.71	624.40	620.68
7	Gandhi Sagar HPS	0.07	0.07	0.07	0.07	0.03
8	Pench HPS	1.36	1.29	1.22	1.17	1.12
9	Rajghat HPS	1.60	1.51	1.43	1.35	1.28
10	Bargi HPS	1.10	1.03	0.95	0.90	0.84
11	Bansagar (1,2&3) HPS	15.63	14.46	13.40	12.34	11.52
12	Bansagar-4 HPS	1.29	1.23	1.18	1.13	1.09
13	Birsinghpur HPS	0.46	0.43	0.39	0.36	0.33
14	Madhikheda HPS	2.38	2.29	2.20	2.12	2.03
	Hydel	23.89	22.30	20.84	19.44	18.24
	Total	996.68	973.97	870.56	643.84	638.92

Interest on Loan Capital

Petitioner’s submission:

81. The petitioner has claimed the year wise Interest on Loan Capital for the control period FY 2024-25 to FY 2028-29 considering the following power station-wise weighted average rate of interest:

Table 16: Weighted Average Rate of Interest Filed

Power Stations		%Wt. Average Rate of Interest filed for FY 2024-25 to FY 2028-29
1	ATPS PH-3	12.32%
2	STPS PH-2&3	12.32%
3	STPS PH-4	10.11%
4	SGTPS PH 1&2	12.14%
5	SGTPS PH 3	12.32%
6	SSTTP PH-1	10.10%
7	SSTTP PH-2	10.03%
8	Total Thermal	10.14%
9	Gandhi Sagar	12.32%
10	Pench	12.32%
11	Rajghat	12.32%
12	Bargi	12.32%
13	Bansagar PH-1,2&3	12.32%
14	Bansagar PH-4	12.32%
15	Madhikheda	12.32%
16	Birsinghpur	12.32%
17	Total Hydro	12.32%
Total		10.16%

82. Accordingly, the Power Station wise Interest on loan claimed in the subject petition for FY 2024-25 to FY 2028-29 as under:

Table 17: Interest on Loan Capital Filed (Rs in Crore)

Power Station	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
1 ATPS PH-3	16.51	13.56	10.83	8.32	5.99
2 STPS PH-2&3	0.00	0.00	0.00	0.00	0.00
3 STPS PH-4	89.27	72.12	54.98	37.83	20.68

4	SGTPS PH-1&2	0.00	0.00	0.00	0.00	0.00
5	SGTPS PH-3	7.90	3.37	0.60	0.00	0.00
6	SSTPP PH-1	220.91	183.46	146.00	108.55	71.10
7	SSTPP PH-2	378.20	342.80	307.39	271.97	236.56
8	Total Thermal	712.79	615.31	519.80	426.67	334.33
9	Gandhi Sagar	0.01	0.01	0.00	0.00	0.00
10	Pench	0.66	0.50	0.35	0.20	0.06
11	Rajghat	0.00	0.00	0.00	0.00	0.00
12	Bargi	0.00	0.00	0.00	0.00	0.00
13	Bansagar PH-1,2 &3	0.00	0.00	0.00	0.00	0.00
14	Bansagar PH-4	0.00	0.00	0.00	0.00	0.00
15	Madhikheda	1.15	0.86	0.586	0.319	0.09
16	Birsinghpur	0.00	0.00	0.00	0.00	0.00
17	Total Hydel	1.83	1.37	0.93	0.52	0.16
Total		714.62	616.67	520.73	427.19	334.49

Provisions in Regulation

83. With regards to interest on Loan Capital, Regulation 35 of the Regulations, 2024, provides as under:

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

35.2 The normative loan outstanding as on 1.4.2024 shall be worked out by deducting the cumulative repayment as admitted by the Commission up to 31.3.2024 from the gross normative loan.

35.3 The repayment for each of the year of the tariff period 2024-29 shall be deemed to be equal to the depreciation allowed for the corresponding year or period. In case of de-capitalization of assets, the repayment shall be adjusted by taking into account cumulative repayment on a pro rata basis and the adjustment should not exceed cumulative depreciation recovered up to the date of de-capitalisation of such asset.

35.4 Notwithstanding any moratorium period availed by the generating company, the repayment of loan shall be considered from the first year of commercial operation of the project and shall be equal to the depreciation allowed for the year or part of the year.

35.5 The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio or allocated loan portfolio after providing appropriate accounting adjustment for interest capitalized, subject to ceiling of Reference Rate of Interest or 14%, whichever is lower:

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

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

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

Commission's analysis:

84. Regulation 35.2 of the Regulations, 2024 provides that the normative loan outstanding as on 1.4.2024 shall be worked out by deducting the cumulative repayment as admitted by the Commission up to 31.3.2024 from the gross normative loan.
85. In accordance with the aforesaid Regulation, the Commission has worked out the power station-wise loan balances as on 1st April, 2024 considering the following approach:
- a) Power station/house wise loan balances as on 31st March, 2023 as admitted by the Commission in last true-up order for FY 2022-23 dated 7th March, 2024 are considered as the opening loan balances as on 1st April, 2023. Further, for the purpose of loan repayment during FY 2023-24, the Commission has provisionally considered the depreciation allowed in true up order for FY 2022-23 as repayment during FY 2023-24. Accordingly, Commission has worked out loan balance for all power stations as on 1st April 2024 in this Order.

- b) Further, the petitioner has not filed any projected additional capitalization during FY 2024-25 to FY 2028-29, therefore, the loan balance for each financial year is worked out accordingly by considering the normative repayment equal to depreciation allowed for the respective year.
- c) The SGTPS PH- 1&2, Rajghat HPS, Bargi HPS, Bansagar 1,2,3 & 4 HPS and Birsinghpur HPS, there is no balance loan in these power stations, hence interest on loan is zero.

86. With regard to weighted average rate of interest filed in Form TPS 13 of the petition, vide Commission's letter dated 30th October, 2024, the petitioner was asked to explain the basis of Weighted Average Rate of Interest on Loan in light of the Regulation 35.5 of the Regulations, 2024. Supporting documents were also sought in this regard.

87. In response to above, vide affidavit dated 25th November, 2024, the petitioner submitted the following:

The Commission vide Regulation 35 read with Regulation 31 of MPERC (Terms and Conditions for determination of Generation Tariff) Regulations, 2024 has specified the principles of calculating Interest on loan capital.

MPPGCL had filed the petition for True up of generation tariff of Power Stations of MPPGCL for FY 2022-23 on 30.11.2023. the Commission has issued True up order for FY 2022-23 on 07.03.2024. At the time of filing the MYT Petition, the Annual Statement of Accounts of MPPGCL for FY 2023-24 was under finalization.

Therefore, MPPGCL in this Multi Year Tariff Petition has not considered any Asset addition or deletion in FY 2023-24 and the Normative Loan Closing Balance of FY 2022-23, as approved in the True up Order dated 07.03.2024 for FY 2022-23, is considered as the Normative Loan Opening Balance for FY 2023-24, for the respective power station.

For arriving at the Closing Balance of Normative Loan for FY 2023-2024 the Principal Repayment via Depreciation has been considered and accordingly the Closing Balance of Normative Loan for FY 2023-24 has been determined, which has become the Normative Loan Opening Balance for FY 2024-25.

In accordance to directives of Commission in last MYT order, the projections of Power Station wise proposed additional capitalization, shown in the MYT Petition, shall be claimed on the basis of actual audited expenses capitalized at the time of True up for the respective Years, after the actual additional capital expenditures are captured in Books of Account for the respective Power Stations.

In view of the above, MPPGCL has presently not claimed any Asset addition for the Control Period FY 2024-25 to FY 2028-29 and has also not considered any addition of loan and equity during the aforesaid Control Period FY 2024-25 to FY 2028-29.

Further, as desired by the Commission the Power Station wise calculation sheet of Weighted Average Rate of Interest is attached. The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio or allocated loan portfolio. The Power Station wise Rates of Interest is lower than the ceiling of Reference Rate of Interest or 14% and the lower value has been considered in the instant MYT petition.

88. On perusal of the above submission, the Commission observed that while calculating the weighted average rate of interest, the petitioner has considered the power station wise actual loan portfolio. Accordingly, the Commission has considered same interest rate as worked out by the petitioner based on the actual loan portfolio. The petitioner is directed to file actual weighted average rate of interest in the true up petitions for respective year of the control period.
89. Based on the above, the power station-wise interest on loan worked out during the control period (considering the repayment equal to depreciation) is as given below:

**Table 18: Power Station-wise Interest on Loan Capital Allowed by the Commission
ATPS PH-III**

Particulars	Unit	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Opening Loan balance	Rs Cr	146.14	121.22	98.23	76.94	57.35
Repayment during the year	Rs Cr	24.92	22.99	21.29	19.59	18.12
Closing balance of Loan	Rs Cr	121.22	98.23	76.94	57.35	39.23
Average Loan for the Year	Rs Cr	133.68	109.73	87.59	67.15	48.29
Wt. Average Rate of Interest	%	12.32%	12.32%	12.32%	12.32%	12.32%
Interest Amount	Rs Cr	16.47	13.52	10.79	8.27	5.95

STPS PH-IV

Particulars	Unit	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Opening Loan balance	Rs Cr	970.00	800.38	630.80	558.92	487.05
Repayment during the year	Rs Cr	169.62	169.59	71.88	71.88	71.88
Closing balance of Loan	Rs Cr	800.38	630.80	558.92	487.05	415.17
Average Loan for the Year	Rs Cr	885.19	715.59	594.86	522.98	451.11
Wt. Average Rate of Interest	%	10.11%	10.11%	10.11%	10.11%	10.11%
Interest Amount	Rs Cr	89.49	72.35	60.14	52.87	45.61

SGTPS PH-3

Particulars	Unit	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Opening Loan balance	Rs Cr	80.44	42.11	6.85	0.00	0.00
Repayment during the year	Rs Cr	38.33	35.26	6.85	0.00	0.00
Closing balance of Loan	Rs Cr	42.11	6.85	0.00	0.00	0.00
Average Loan for the Year	Rs Cr	61.27	24.48	3.42	0.00	0.00
Wt. Average Rate of Interest	%	12.32%	12.32%	12.32%	0.00%	0.00%
Interest Amount	Rs Cr	7.55	3.02	0.42	0.00	0.00

SSTPP PH-1

Particulars	Unit	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Opening Loan balance	Rs Cr	2372.73	2001.94	1631.13	1260.31	1110.63
Repayment during the year	Rs Cr	370.79	370.80	370.82	149.68	149.68
Closing balance of Loan	Rs Cr	2001.94	1631.13	1260.31	1110.63	960.95
Average Loan for the Year	Rs Cr	2187.33	1816.53	1445.72	1185.47	1035.79
Wt. Average Rate of Interest	%	10.10%	10.10%	10.10%	10.10%	10.10%
Interest Amount	Rs Cr	220.92	183.47	146.02	119.73	104.61

SSTPP PH-2

Particulars	Unit	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Opening Loan balance	Rs Cr	3948.66	3595.73	3242.70	2889.57	2536.45
Repayment during the year	Rs Cr	352.93	353.03	353.13	353.12	353.12
Closing balance of Loan	Rs Cr	3595.73	3242.70	2889.57	2536.45	2183.33
Average Loan for the Year	Rs Cr	3772.20	3419.22	3066.13	2713.01	2359.89
Wt. Average Rate of Interest	%	10.03%	10.03%	10.03%	10.03%	10.03%
Interest Amount	Rs Cr	378.35	342.95	307.53	272.11	236.70

Gandhi Sagar HPS

Particulars	Unit	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Opening Loan balance	Rs Cr	0.15	0.08	0.02	0.00	0.00
Repayment during the year	Rs Cr	0.07	0.07	0.02	0.00	0.00
Closing balance of Loan	Rs Cr	0.08	0.02	0.00	0.00	0.00
Average Loan for the Year	Rs Cr	0.12	0.05	0.01	0.00	0.00
Wt. Average Rate of Interest	%	12.32%	12.32%	12.32%	0.00%	0.00%
Interest Amount	Rs Cr	0.01	0.01	0.001	0.00	0.00

Pench HPS

Particulars	Unit	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Opening Loan balance	Rs Cr	6.16	4.80	3.51	2.29	1.12
Repayment during the year	Rs Cr	1.36	1.29	1.22	1.17	1.12
Closing balance of Loan	Rs Cr	4.80	3.51	2.29	1.12	0.00
Average Loan for the Year	Rs Cr	5.48	4.15	2.90	1.70	0.56
Wt. Average Rate of Interest	%	12.32%	12.32%	12.32%	12.32%	12.32%
Interest Amount	Rs Cr	0.68	0.51	0.36	0.21	0.07

Madhikheda HPS

Particulars	Unit	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Opening Loan balance	Rs Cr	10.44	8.06	5.77	3.57	1.45
Repayment during the year	Rs Cr	2.38	2.29	2.20	2.12	1.45
Closing balance of Loan	Rs Cr	8.06	5.77	3.57	1.45	0.00
Average Loan for the Year	Rs Cr	9.25	6.92	4.67	2.51	0.73
Wt. Average Rate of Interest	%	12.32%	12.32%	12.32%	12.32%	12.32%
Interest Amount	Rs Cr	1.14	0.85	0.58	0.31	0.09

90. The summary of interest on loan allowed during control period FY 2024-25 to FY 2028-29 in this Order as given below:-

Table 19: Summary of Interest on Loan Capital Allowed by the Commission in this Order (Rs in Crore)

Sr no	Power Stations	Interest on Loan				
		FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
1	ATPS, Chachai PH-3	16.47	13.52	10.79	8.27	5.95
2	STPS, Sarni PH-4	89.49	72.35	60.14	52.87	45.61
3	SGTPS, PH-1&2	0.00	0.00	0.00	0.00	0.00
4	SGTPS, Birsing'pur PH-3	7.55	3.02	0.42	0.00	0.00
5	SSTPS PH-1	220.92	183.47	146.02	119.73	104.61
6	SSTPS PH-2	378.35	342.95	307.53	272.11	236.70
	Thermal	712.78	615.30	524.90	452.99	392.87
7	Gandhi Sagar HPS	0.01	0.01	0.001	0.00	0.00
8	Pench HPS	0.68	0.51	0.36	0.21	0.07
9	Rajghat HPS	0.00	0.00	0.00	0.00	0.00
10	Bargi HPS	0.00	0.00	0.00	0.00	0.00
11	Bansagar (1,2&3) HPS	0.00	0.00	0.00	0.00	0.00
12	Bansagar-4, HPS	0.00	0.00	0.00	0.00	0.00
13	Birsinghpur HPS	0.00	0.00	0.00	0.00	0.00
14	Madhikheda HPS	1.14	0.85	0.58	0.31	0.09
	Hydel	1.83	1.37	0.93	0.52	0.16
	Total	714.61	616.67	525.84	453.51	393.03

Operation & Maintenance Expenses

Petitioner's submission:

91. The petitioner filed the O&M expenses for thermal and hydel power stations based on the norms prescribed in the Regulations for the control period as given below:

Table 20: Operation & Maintenance Expenses claimed (Rs in Crore)

Power Station	Capacity in MW	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
ATPS PH 3	210	71.81	75.58	79.55	83.72	88.12
STPS PH-2&3	830	283.82	298.72	314.41	330.91	348.29
STPS PH-4	500	204.60	215.34	226.65	238.55	251.07
SGTPS PH 1&2	840	287.24	302.32	318.19	334.90	352.48
SGTPS PH 3	500	135.85	142.98	150.49	158.39	166.70

SSTPP PH-1	1200	309.36	325.60	342.70	360.69	379.62
SSTPP PH-2	1320	340.30	358.16	376.97	396.76	417.59
Thermal	5400	1632.98	1718.71	1808.95	1903.91	2003.87
Gandhi Sagar (100%)	115	15.79	16.66	17.57	18.53	19.54
Pench (100%)	160	21.97	23.17	24.44	25.78	27.19
Rajghat (100%)	45	6.18	6.52	6.87	7.25	7.65
Bargi	90	12.36	13.03	13.75	14.50	15.29
Bansagar PH-1,2&3	405	55.61	58.66	61.87	65.25	68.82
Bansagar PH-4	20	2.75	2.90	3.06	3.22	3.40
Madhikedha	60	8.24	8.69	9.17	9.67	10.20
Birsinghpur	20	2.75	2.90	3.06	3.22	3.40
Hydro (100%)	915	125.65	132.52	139.77	147.42	155.48
Total (100%)	6315	1758.63	1851.23	1948.71	2051.33	2159.35

Provisions in Regulation:

92. With regards to Operation and Maintenance Expenses, Regulation 37 of the Regulations, 2024, provides as under:

37. Normative Operation and Maintenance expenses of thermal generating stations:

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

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

allowed. The claim of pension and other Terminal Benefits shall be dealt as per Regulation 36.4 of these Regulations.

O&M Norms for Thermal Generating Units achieved COD prior to 01.04.2012: Rs. In Lakh/ MW

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

37.2 O&M Norms for the Thermal Generating Units achieved COD on or after 01.04.2012: (Rs. in Lakhs/ MW)

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

.....

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

Provided further that water charges shall be allowed based on water consumption depending upon type of plant, type of cooling water system or water agreement with State govt. and considering the norms of specific water consumption notified by the Ministry of Environment, Forest and Climate Change subject to prudence check. The details regarding the same shall be furnished along with the petition:

Provided also that the generating station shall submit the details of year wise actual capital spares consumed individually costing above Rs. 10 Lakh at the time of truing up with appropriate justification for incurring the same and substantiating that the same is not funded through special allowance or claimed as a part of a capitalization or consumption of stores and spares and renovation & modernization.

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

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

.....

38. Normative Operation and Maintenance expenses of hydro generating stations:

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

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

Year	O&M Expenses in Rs. in lakh/MW
FY 2024-25	13.73
FY 2025-26	14.48
FY 2026-27	15.28
FY 2027-28	16.11
FY 2028-29	16.99

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

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

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

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

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

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

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

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

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

Commission’s Analysis:-

93. The Commission has worked out the Annual Operation and Maintenance Expenses as per the norms prescribed under aforesaid Regulations, 2024 for the control period FY 2024-25 to FY 2028-29 as given below:

Table 21: Operation & Maintenance Expenses admissible as per norms

Power Station	Instal led Capacity MW	Operation and Maintenance expenses									
		FY 2024-25		FY 2025-26		FY 2026-27		FY 2027-28		FY 2028-29	
		Norms Lakhs Rs./MW /Year	Amount Rs. Cr.	Norms Lakhs Rs./MW /Year	Amount Rs. Cr.	Norms Lakhs Rs./MW /Year	Amount Rs. Cr.	Norms Lakhs Rs./MW /Year	Amount Rs. Cr.	Norms Lakhs Rs./MW /Year	Amount Rs. Cr.
ATPS PH-III	210	34.20	71.82	35.99	75.58	37.88	79.55	39.87	83.73	41.96	88.12
STPS PH-IV	500	40.92	204.60	43.07	215.35	45.33	226.65	47.71	238.55	50.21	251.05
SGTPS PH-1&2	840	34.20	287.28	35.99	302.32	37.88	318.19	39.87	334.91	41.96	352.46
SGTPS PH-3	500	27.17	135.85	28.60	143.00	30.10	150.50	31.68	158.40	33.34	166.70
SSTPS PH-I	1200	25.78	309.36	27.13	325.56	28.56	342.72	30.06	360.72	31.64	379.68
SSTPS PH-II	1320	25.78	340.30	27.13	358.12	28.56	376.99	30.06	396.79	31.64	417.65
Gandhi Sagar HPS	115	13.73	15.79	14.48	16.65	15.28	17.57	16.11	18.53	16.99	19.54
Pench HPS	160	13.73	21.97	14.48	23.17	15.28	24.45	16.11	25.78	16.99	27.18
Rajghat HPS	45	13.73	6.18	14.48	6.52	15.28	6.88	16.11	7.25	16.99	7.65
Bargi HPS	90	13.73	12.36	14.48	13.03	15.28	13.75	16.11	14.50	16.99	15.29
Bansagar (I to III) HPS	405	13.73	55.61	14.48	58.64	15.28	61.88	16.11	65.25	16.99	68.81
Bansagar-IV HPS	20	13.73	2.75	14.48	2.90	15.28	3.06	16.11	3.22	16.99	3.40
Birsinghpur HPS	20	13.73	2.75	14.48	2.90	15.28	3.06	16.11	3.22	16.99	3.40
Madhikheda HPS	60	13.73	8.24	14.48	8.69	15.28	9.17	16.11	9.67	16.99	10.19
Total			1474.84		1552.41		1634.41		1720.50		1811.12

94. The summary of Operation & Maintenance Expenses for the control period is as under;

Table 22: Summary Operation & Maintenance Expenses Allowed by the Commission (Rs in Crore)

S. NO	POWER STATION	MW	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
1	ATPS PH-3	210	71.82	75.58	79.55	83.73	88.12
2	STPS PH-4	500	204.60	215.35	226.65	238.55	251.05
3	SGTPS PH-1 & 2	840	287.28	302.32	318.19	334.91	352.46
4	SGTPS PH-3	500	135.85	143.00	150.50	158.40	166.70
5	SSTPS PH-1	1200	309.36	325.56	342.72	360.72	379.68
6	SSTPS PH-2	1320	340.30	358.12	376.99	396.79	417.65
	Total Thermal		1349.21	1419.92	1494.60	1573.10	1655.66
7	Gandhi Sagar HPS	115	15.79	16.65	17.57	18.53	19.54
8	Pench HPS	160	21.97	23.17	24.45	25.78	27.18
9	Rajghat HPS	45	6.18	6.52	6.88	7.25	7.65
10	Bargi HPS	90	12.36	13.03	13.75	14.50	15.29
11	Bansagar HPS (1,2&3)	405	55.61	58.64	61.88	65.25	68.81
12	Bansagar HPS -4 Jhinna	20	2.75	2.90	3.06	3.22	3.40
13	Birsinghpur HPS	60	2.75	2.90	3.06	3.22	3.40
14	Madhikheda HPS	20	8.24	8.69	9.17	9.67	10.19
	Total Hydro		125.63	132.49	139.81	147.41	155.46
	Total		1474.84	1552.41	1634.41	1720.50	1811.12

95. Beside the aforesaid O&M expenses, Regulation 37.2 of the Regulations, 2024 provides that the water charges, security expenses, ash transportation expenses and capital spares for thermal generating stations shall be allowed separately after prudence check, Similarly, Regulation 38.5 of the Regulations, 2024 provides that Security Expenses, Capital Spares and Insurance expenses arrived through competitive bidding for hydro generating stations shall be allowed separately after prudence check. The Commission has analysed aforesaid expenses separately as follows:

Water Charges: -

96. The petitioner at para 15.6 of the petition claimed water charges for thermal generating stations for each financial year of the control period based on the agreement executed with Water Resource Department (WRD), GoMP. With regard to water expenses, first proviso of Regulation 37.2 provides that the water

charges for thermal power stations shall be allowed separately after prudence check. Further, second proviso of aforesaid Regulation provides that water charges shall be allowed based on water consumption depending upon type of plant, type of cooling water system or water agreement with State govt. and considering the norms of specific water consumption notified by the Ministry of Environment, Forest and Climate Change (MoEF&CC) subject to prudence check.

97. Vide letter dated 30th October, 2024 the petitioner was asked to inform projected expenses of water charges in accordance to Regulation 37.2 of the Regulations, 2024. In response, by affidavit dated 25th November, 2024, the petitioner submitted that the Water Charges payable to Water Resource Department (WRD), GoMP have been worked out for Thermal Power Stations of MPPGCL separately on the basis of rates specified by WRD in accordance with the Agreements signed with MPPGCL. The certified copies of supporting documents towards projected Water Charges for Thermal Power Stations for FY 2024-25 to FY 2028-29 are filed by the petitioner.
98. The Commission has provisionally considered **water charges for each year of the control period as filed by the petitioner** in light of the provisions under the Regulations, 2024, subject to true-up after prudence check based on the actual payment made by the petitioner. It is to mention that the water charges shall be limited to the extent of normative water consumption in accordance to Regulation 37.2 of the Regulations, 2024.
99. Accordingly, thermal power station wise water charges provisionally considered in this order are as follows:-

Table 23: Water Charges Considered in this Order (Rs in Crore)

Power Stations	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
ATPS PH-3	3.48	3.66	3.84	4.03	4.23
STPS PH-4	4.26	4.48	4.70	4.93	5.18
SGTPS PH-1&2	16.05	16.85	17.69	18.58	19.51
SGTPS PH-3	9.55	10.03	10.53	11.06	11.61
SSTPS PH-1	30.38	31.89	33.49	35.16	36.92
SSTPS PH-2	33.41	35.08	36.84	38.68	40.61
Total	97.14	101.99	107.09	112.45	118.07

Security Expenses: -

100. The petitioner at para 15.6 of the petition has provisionally claimed power station-wise Security Expenses for each financial year of the control period. With regard to Security Expenses, first proviso of Regulation 37.2 and Regulation 38.5 of Regulations, 2024 provides that the security expenses for respective thermal power stations and Hydel power stations shall be allowed separately after prudence check.
101. Vide letter dated 30th October, 2024, the petitioner was asked to inform projected expenses of security expenses in accordance to Regulation 37.2 of the Regulations, 2024. In response, by affidavit dated 25th November, 2024, the petitioner submitted that the Intelligence Bureau, Ministry of Home Affairs, Gol had inspected various Thermal and Hydro Power Stations of MPPGCL and conveyed various recommendations through Confidential Reports for strengthening the Security of Power Stations. Based on these recommendations, Projections for Security expenses have been worked out at Power Station level and the copies of the same are also attached for kind consideration of the Commission.
102. In light of the provisions under the Regulations, 2024, the Commission has provisionally considered **security expenses for each year of the control period for thermal & hydro power station**. Security expenses shall be allowed at the time of truing-up for respective financial year based on actual payment made by the petitioner and recorded in Annual Audited Accounts after prudent check
103. Accordingly, following power station-wise security expenses provisionally considered by the Commission in this Order:

Table 24: Security Expenses claimed by the petitioner (Rs. in Crore)

Power Station	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
ATPS PH-3	3.73	4.39	4.83	5.31	5.84
STPS PH-4	3.69	4.05	4.43	4.86	5.33
SGTPS PH-1&2	3.06	3.10	3.41	3.75	4.13
SGTPS PH-3	1.82	1.84	2.03	2.23	2.46
SSTPS PH-1	5.19	6.25	6.55	6.87	7.17

SSTPS PH-2	5.71	6.88	7.20	7.56	7.89
ThermalTotal	23.20	26.51	28.45	30.58	32.81
Gandhi Sagar HPS	0.66	0.73	0.73	0.73	0.73
Pench HPS	0.71	0.78	0.79	0.79	0.79
Rajghat HPS	0.18	0.24	0.24	0.24	0.24
Bargi HPS	0.14	0.15	0.15	0.15	0.15
Bansagar HPS (I to III)	2.86	3.15	3.17	3.18	3.18
Bansagar HPS-4	0.14	0.16	0.16	0.16	0.16
Birsinghpur HPS	0.00	0.00	0.00	0.00	0.00
Madhikheda HPS	0.84	0.93	0.93	0.94	0.94
Hydel Total	5.53	6.13	6.18	6.19	6.19
Total	28.73	32.64	34.63	36.77	39.00

104. In light of the provisions under the Regulations, 2024, the Commission has provisionally considered **security expenses for each year of the control period for thermal & hydro power stations**. Security expenses shall be allowed at the time of truing-up for respective financial years based on actual payment made by the petitioner shown on Annual Audited Accounts after prudent check.

105. Accordingly, following power station-wise security expenses provisionally considered by the Commission in this order:

Table 25: Security Expenses Considered in this Order (Rs in Crore)

Power Station	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
ATPS PH-3	3.73	4.39	4.83	5.31	5.84
STPS PH-4	3.69	4.05	4.43	4.86	5.33
SGTPS PH-1&2	3.06	3.10	3.41	3.75	4.13
SGTPS PH-3	1.82	1.84	2.03	2.23	2.46
SSTPS PH-1	5.19	6.25	6.55	6.87	7.17
SSTPS PH-2	5.71	6.88	7.20	7.56	7.89
ThermalTotal	23.20	26.51	28.45	30.58	32.81
Gandhi Sagar HPS	0.66	0.73	0.73	0.73	0.73
Pench HPS	0.71	0.78	0.79	0.79	0.79
Rajghat HPS	0.18	0.24	0.24	0.24	0.24
Bargi HPS	0.14	0.15	0.15	0.15	0.15
Bansagar HPS (I to III)	2.86	3.15	3.17	3.18	3.18
Bansagar HPS-4	0.14	0.16	0.16	0.16	0.16

Birsinghpur HPS	0.00	0.00	0.00	0.00	0.00
Madhikheda HPS	0.84	0.93	0.93	0.94	0.94
Hydel Total	5.53	6.13	6.18	6.19	6.19
Total	28.73	32.64	34.63	36.77	39.00

106. Accordingly, the Commission has worked out O&M Expenses including water charges & security expenses for working capital purpose as given below:

Table 26: O&M Expenses including water charges for thermal & security expenses for thermal & hydel power stations allowed by the Commission in this Order (Rs in Crore)

Sr. No.	Power Station	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
1	ATPS, PH-3	79.04	83.63	88.22	93.07	98.19
2	STPS, PH-4	212.56	223.87	235.78	248.35	261.56
3	SGTPS, PH-1&2	306.39	322.27	339.30	357.24	376.10
4	SGTPS, PH-3	147.22	154.88	163.06	171.69	180.77
5	SSTPS PH-1	344.93	363.71	382.76	402.75	423.77
6	SSTPS PH-2	379.42	400.08	421.03	443.03	466.15
	Thermal	1469.54	1548.42	1630.15	1716.13	1806.54
7	Gandhi Sagar HPS	16.45	17.38	18.31	19.26	20.27
8	Pench HPS	22.68	23.95	25.24	26.57	27.97
9	Rajghat HPS	6.36	6.76	7.12	7.49	7.89
10	Bargi HPS	12.49	13.18	13.90	14.65	15.44
11	Bansagar HPS (I to III)	58.47	61.79	65.06	68.42	71.99
12	Bansagar HPS-4	2.89	3.05	3.21	3.38	3.55
13	Birsinghpur HPS	2.75	2.90	3.06	3.22	3.40
14	Madhikheda HPS	9.08	9.61	10.10	10.60	11.13
	Hydel	131.16	138.62	145.99	153.59	161.65
	Total	1600.71	1687.04	1776.14	1869.72	1968.19

Special Allowance

Petitioner's Submission

107. With regard to special allowance, the petitioner broadly submitted the following:
The Commission vide order dated 14.07.2016 in petition No. 08 of 2016 has permitted Special Allowance for the Units of PH-2 & 3 STPS, Sarni.

Similarly, the Commission vide order dated 27.07.2023 in petition No. 11 of 2023 has permitted Special Allowance for both the units of (2x21 PH-1 SGTPS, Birsinghpur and vide order dated 17.01.2024 in petition No. 52 of 2023 has

permitted Special Allowance for Units No. 3 (210MW) of PH-2 SGTPS, Birsinghpur from FY 2022-23 onwards.

MPPGCL has also filed petition No. 47 of 2024 before the Commission for opting Special Allowance for Units No. 4 (210MW) of PH-2 SGTPS, Birsinghpur w.e.f 23.11.2024 onwards, which is in hearing stage.

Regulation 28.2 of the MPERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2024 provides that the special allowance admissible to the generating station shall be @ Rs. 10.75 Lakh /MW/ Year for the tariff period FY 2025 to FY 2029.

Accordingly, the Special Allowance for STPS PH-2&3, Sarni and SGTPS PH-I & II, Birsinghpur have been calculated and detailed in tables below

Special Allowance for STPS PH-2&3, Sarni claimed by the petitioner (Rs. Crore)

Power Station	Capacity in MW	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
STPS PH 2&3	830	89.23	89.23	89.23	89.23	89.23

Special Allowance for SGTPS PH-1& 2, Birsinghpur claimed by the petitioner

(in Rs. Crore)

Power Station	Capacity in MW	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
SGTPS #1	210	22.58	22.58	22.58	22.58	22.58
SGTPS #2	210	22.58	22.58	22.58	22.58	22.58
SGTPS #3	210	22.58	22.58	22.58	22.58	22.58
SGTPS #4	210	7.98	22.58	22.58	22.58	22.58
Total	840	75.71	90.30	90.30	90.30	90.30

Provisions in Regulation:

108. Regulation 28.2 of the Regulations, 2024 provides that:

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

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

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

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

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

28.3 In the event of granting special allowance by the Commission, the expenditure incurred or utilized from special allowance shall be maintained separately by the generating station and details of such expenditure shall be made available to the Commission at the time of truing up:

Provided that the special allowance shall be allowed subject to true up based on actual expenditure during the year. The un-utilized amount, if any of each financial year of the control period, shall be carried forward to the next financial year within the Control Period;

Provided further that any un-utilized amount shall be reduced from annual capacity charges while truing up of last financial year i.e. FY 2028-29 of the Control Period.

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

Commission's Analysis:-

109. The Petitioner has claimed special allowance for generating units of STPS PH 2&3 and SGTPS PH 1&2. However, units of STPS PH 2&3 have already de-commissioned/retired, therefore, the Commission dealt special allowance of SGTPS PH 1&2 only in this Order.
110. With regard to special allowance, Regulation 28 of the Regulation, 2024 provides that a generating company, instead of availing R&M may opt to avail a "special allowance" in accordance with the norms specified in the Regulations, as compensation for meeting the requirement of expenses towards any additional capital expenditure (except for capital expenditure arising out of change in law, award of arbitration or for compliance of the directions or order of any statutory authority, or order or decree of any court of law, and force majeure) after completion of 25 years from the date of Commercial operation of the generating station or a unit thereof, and in such an event, upward revision of the capital cost
111. With regard to SGTPS PH 1 & 2, the petitioner has already opted the special allowance and the Commission has considered the special allowance vide order dated 27.07.2023 and 17.01.2024 for Unit 1&2 and for Unit No. 3 of SGTPS PH 1 & 2 respectively in accordance with the provisions under the applicable MPERC Tariff Regulation.
112. In Petition No. 47 of 2024, the petitioner opted to avail special allowance for Unit No. 4 SGTPS PH 2, as Unit No. 4 achieved the CoD on 23.11.1999 and date of completion of useful life of the unit was on 22.11.2024. Vide Commission Order

dated 8th November, 2024, special allowance for FY 2024-25 is considered with the observation below:

“the Commission hereby allows MPPGCL to recover the amount towards Special Allowance from the date of completion of useful life of unit no. 4 of PH II at SGTPS, Birsinghpur i.e., 22.11.2024. subject to following conditions in terms of Regulations 28 of the Regulations, 2024:

- (a) Upward revision of the capital cost shall not be allowed;*
- (b) The applicable operational norms shall not be relaxed;*
- (c) The Special Allowance shall be included in the annual fixed cost;*
- (d) Account related to the expenditure incurred or utilized from Special Allowance shall be maintained separately by the generating station and details of same shall be made available to the Commission as and when directed to furnish such expenditure.”*

113. The Special Allowance for Unit No. 4 SGTPS PH 2 for FY 2024-25 has been considered with effect from 23.11.2024 after completion of its useful life.
114. In view of above observations of Commission, the petitioner is directed to maintain separate accounts of expenditure incurred or utilized from Special Allowance for generating station and shall furnish the same during the true up of each year of control period.
115. For the purpose of computation of special allowance during the control period FY 2024-25 to FY 2028-29, the Commission has considered special allowance SGTPS PH 1 & 2 @ Rs. 10.75 lakh/MW/year for every year. Since units of STPS PH 1&2 have been decommissioned by GoMP, hence the Special allowance is not considered for these units.
116. Accordingly, the special allowance for Units of SGTPS PH 1 & 2 is worked out in this order as given below:

Table 27: Special Allowance allowed by the Commission in this order (Rs in Crore)

Power House	Capacity (MW)	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
SGTPS PH 1&2	840	75.70	90.30	90.30	90.30	90.30

Interest on Working Capital
Petitioner's submission:

117. The petitioner has claimed interest on working capital by considering the weighted average rated interest @ 11.90% as follow:

Table 28: Interest on Working Capital claimed (Rs in Crore)

Power Station	Interest on Working Capital				
	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
ATPS PH-3	14.35	14.49	14.64	14.80	14.99
STPS PH-2&3	66.72	67.48	68.28	69.12	70.03
STPS PH-4	48.68	48.97	49.29	49.62	50.03
SGTPS PH-1&2	61.68	62.37	63.14	63.95	64.86
SGTPS PH-3	37.91	38.17	38.48	38.83	39.25
SSTPP PH-I	116.82	117.15	117.49	117.84	118.33
SSTPP PH-2	121.20	121.65	122.12	122.59	123.21
Total Thermal	467.36	470.27	473.45	476.75	480.69
Gandhi Sagar	0.71	0.75	0.79	0.83	0.87
Pench	1.08	1.13	1.19	1.24	1.30
Rajghat	0.36	0.38	0.39	0.41	0.42
Bargi	0.62	0.65	0.68	0.71	0.74
Bansagar PH-1,2&3	3.57	3.70	3.82	3.94	4.09
Bansagar PH-4	0.23	0.23	0.24	0.25	0.25
Madhikheda	0.54	0.56	0.58	0.59	0.61
Birsinghpur	0.16	0.17	0.18	0.18	0.19
Total Hydro	7.29	7.57	7.85	8.14	8.48
Total	474.64	477.84	481.30	484.90	489.17

Provisions in Regulation:

118. With regard to interest on working capital, Regulation 39 of the Regulation, 2024 provides that:

39.1 "The Working Capital shall cover:

A. Coal- based thermal generating stations

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

- (ii) Advance payment for 30 days towards cost of coal for generation corresponding to the normative annual plant availability factor;
- (iii) Cost of secondary fuel oil for two months for generation corresponding to the normative annual plant availability factor, and in case of use of more than one secondary fuel oil, cost of fuel oil stock for the main secondary fuel oil;
- (iv) Operation and maintenance expenses, including water charges and security expenses for one month;
- (v) Maintenance spares @ 20% of operation and maintenance expenses, including water charges and security expenses; and
- (vi) Receivables equivalent to 45 days of capacity charges and energy charges for sale of electricity calculated on the normative annual plant availability factor.

.....

C. Hydro generating station (including pumped storage hydro generating station):

- (i) Operation and maintenance expenses, including security expenses for one month;
- (ii) Maintenance spares @ 15% of operation and maintenance expenses including security expenses; and
- (iii) Receivables equivalent to 45 days of Annual fixed cost.

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

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

39.3 “Rate of interest on working capital shall be on normative basis and shall be considered at the Reference Rate of Interest as on 1.4.2024 or as on 1st April of the year during the tariff period 2024-25 to 2028-29 in which the generating station or a unit thereof, is declared under commercial operation, whichever is later:

Provided that in case of truing-up, the rate of interest on working capital shall be considered at Reference Rate of Interest as on 1st April of each of the financial year during the tariff period 2024-29.

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

Commission’s analysis:

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

Cost of coal for 50 Days

120. With regard to cost of coal for working capital, vide letter dated 30th October, 2024 the Petitioner was asked to explain the maximum coal stock storage capacity of its thermal power stations in light of the Regulation 39.1 A(i) of the Regulation, 2024.

121. In response, by affidavit dated 25th November, 2024, the petitioner submitted the following:

The coal stock storage capacity of Thermal Power Stations of MPPGCL is as given hereunder and adequate for stocking coal for more than 20 days:-

SN	Power Station	Coal Stocking Capacity	Remark
1	ATPS, Chachai	1.0 LMT	Adequate
2	SGTPS, Birsinghpur	5.1 LMT	Adequate
3	STPS, Sarni	5.0 LMT	Adequate
4	SSTPP. Khandwa	10.0 LMT	Adequate

Note:- However, additional coal can be further stacked by spreading, dressing and piling.

122. The petitioner’s thermal power stations are non pit-head stations, therefore, the cost of coal for 50 days (20 days towards stock and 30 days towards advance payment) for generation corresponding to normative annual plant availability factor is considered for working capital purpose. The weighted average rate of coal is worked out as per the details filed by the petitioner for the preceding financial year/12 months.

123. GCV of coal has been considered as per the details and coal analysis reports furnished by the petitioner on ‘received basis’ for the preceding financial year, i.e., FY 2023-24. The petitioner also filed the third party coal sampling report for GCV of coal on received basis in respective thermal power stations for aforesaid preceding financial year in this regard.

124. Accordingly, the 50 days cost of coal for working capital is worked out as under.

Table 29: Cost of 50 days coal stock considered by the Commission for Working Capital

Particulars	UNITS	FY 2024-25 to 2026-27 & FY 2028-29					
		ATPS PH-III	STPS PH-IV	SGTPS PH-I&II	SGTPS PH-III	SSTPS PH-I	SSTPS PH-2
Installed Capacity	MW	210	500	840	500	1200	1320
NAPAF	%	85%	85%	75%	85%	85%	85%
GSHR	Kcal/kWh	2450	2400	2700	2390	2384.25	2185.69
Gross Generation	Mus	1564	3723	5519	3723	8935	9829
GCV of Coal	Kcal/Kg	3879	3640	3779	3864	3532	3489
Sp. Coal Consumption	kg/kWh	0.630	0.658	0.711	0.617	0.674	0.625
Annual Coal Consumption	MT	985602	2449611	3926249	2297970	6018991	6143133
50 days Coal Stock	MT	135014	335563	537842	314790	824519	841525
Weighted Average Rate of Coal	Rs./MT	2976	4220	3537	3931	4617	4599
Coal Cost (50 Days stock)	Rs Crore	40.18	141.61	190.23	123.74	380.68	387.02

Particulars	UNITS	*FY 2027-28					
		ATPS PH-III	STPS PH-IV	SGTPS PH-I&II	SGTPS PH-III	SSTPS PH-I	SSTPS PH-2
Installed Capacity	MW	210	500	840	500	1200	1320
NAPAF	%	85%	85%	75%	85%	85%	85%
GSHR	Kcal/kWh	2450	2400	2700	2390	2384.25	2185.69
Gross Generation	Mus	1568	3733	5534	3733	8960	9856

GCV of Coal	Kcal/Kg	3879	3640	3779	3864	3532	3489
Sp. Coal Consumption	kg/kWh	0.630	0.658	0.711	0.617	0.674	0.625
Annual Coal Consumption	MT	988302	2456323	3937006	2304266	6035481	6159964
50 days Coal Stock	MT	135014	335563	537842	314790	824519	841525
Weighted Average Rate of Coal	Rs./MT	2976	4220	3537	3931	4617	4599
Coal Cost (50 Days stock)	Rs Crore	40.18	141.61	190.23	123.74	380.68	387.02

**FY 2027-28 Is leap year, therefore coal cost worked out separately*

Secondary Fuel Oil Cost

125. The petitioner filed the cost of secondary fuel oil based on the fuel oil procured during preceding financial year i.e., FY 2023-24. The petitioner filed the details of fuel oil procured i.e. Furnace Oil (FO) and worked out the weighted average rate of secondary fuel oil.
126. Regulation 39.1 of the Regulations, 2024 provides that in case of use of more than one secondary fuel oil, cost of fuel oil stock shall be provided for the main secondary fuel oil. In view of the above provision, the petitioner was asked to confirm along with details that the cost of only main secondary fuel oil is considered while determining the working capital.
127. In response to above, by affidavit dated 25th November, 2024, the petitioner informed that in case of use of more than one secondary fuel oil, only the cost of fuel oil stock for main secondary fuel oil i.e. **Furnace Oil** is considered while determining the Working Capital. Hence, it is observed that while computing the annual working capital requirement, the petitioner has claimed the cost of Furnace Oil only as main secondary fuel oil for two months as per Regulation 39.1 of the Regulations, 2024.
128. The petitioner has worked out the weighted average rate of oil for the control period based on the landed price of secondary fuel oil purchased during the preceding financial year. The same weighted average rate of oil is considered by the Commission in this order. Accordingly, the cost of two months' main fuel oil stock at normative availability is worked out as given below:

Table 30: Cost of Main Secondary fuel oil for 2 Months considered by the Commission working capital

Particulars	FY 2024-25 to 2026-27 & FY 2028-29						
	UNITS	ATPS PH-3	STPS PH-4	SGTPS PH-1&2	SGTPS PH-3	SSTPS PH-1	SSTPS PH-2
Installed Capacity	MW	210	500	840	500	1200	1320
Gross Generation	Mus	1564	3723	5519	3723	8935	9829
GCV of Oil considered	Kcal/Ltr	10000	10000	10000	10000	10000	10000
Sp. Oil Consumption	kg/kWh	0.50	0.50	1.15	0.50	0.50	0.50
Annual Oil Consumption	KL	781.83	1861.50	6346.62	1861.50	4467.60	4914.36
Two Month Oil Stock	KL	130.31	310.25	1057.77	310.25	744.60	819.06
Rate of Oil	Rs./KL	52211	66708	61570	61570	60717	60717
Oil Cost (Two Month stock)	Rs Crore	0.68	2.07	6.51	1.91	4.52	4.97

Particulars	*FY 2027-28						
	UNITS	ATPS PH-3	STPS PH-4	SGTPS PH-1&2	SGTPS PH-3	SSTPS PH-1	SSTPS PH-2
Installed Capacity	MW	210	500	840	500	1200	1320
Gross Generation	Mus	1568	3733	5534	3733	8960	9856
GCV of Oil considered	Kcal/Ltr	10000	10000	10000	10000	10000	10000
Sp. Oil Consumption	kg/kWh	0.50	0.50	1.15	0.50	0.50	0.50
Annual Oil Consumption	KL	783.97	1866.60	6364.01	1866.60	4479.84	4927.82
Two Month Oil Stock	KL	130.66	311.10	1060.67	311.10	746.64	821.30
Rate of Oil	Rs./KL	52211	66708	61570	61570	60717	60717
Oil Cost (Two Month stock)	Rs Crore	0.68	2.08	6.53	1.92	4.53	4.99

*FY 2027-28 is leap year, therefore cost of two month oil worked out separately

O&M Expenses

129. For thermal power station operation and maintenance expenses of one month including water charges and security expenses and for hydel power stations, O&M expenses of one month including security expenses have been considered as per the provision under the Regulations, 2024 for computing working capital requirement.
130. The summary of O&M expenses including water charges and security expenses for 1 Month for thermal power stations hydel power stations and considered in this order for the control period are as given below:

Table 31: O&M Expenses, including water charges and Security expenses considered for 1 Month for thermal station by the Commission
(Rs in Crore)

Sr. No.	Power Station	Annual O&M (Including water charges & Security Expenses) for 1 month				
		FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
1	ATPS, PH-3	6.59	6.97	7.35	7.76	8.18
2	STPS, PH-4	17.71	18.66	19.65	20.70	21.80
3	SGTPS, PH-1&2	25.53	26.86	28.27	29.77	31.34
4	SGTPS, PH-3	12.27	12.91	13.59	14.31	15.06
5	SSTPS PH-1	28.74	30.31	31.90	33.56	35.31
6	SSTPS PH-2	31.62	33.34	35.09	36.92	38.85
	Thermal	122.46	129.04	135.85	143.01	150.55

Table 32: O&M Expenses, including Security expenses considered for 1 Month for Hydel station by the Commission
(Rs in Crore)

Sr. No.	Power Station	Annual O&M (Including Security Expenses) for 1 month				
		FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
1	Gandhi Sagar HPS	1.37	1.45	1.53	1.61	1.69
2	Pench HPS	1.89	2.00	2.10	2.21	2.33
3	Rajghat HPS	0.53	0.56	0.59	0.62	0.66
4	Bargi HPS	1.04	1.10	1.16	1.22	1.29
5	Bansagar (I to III) HPS	4.87	5.15	5.42	5.70	6.00
6	Bansagar-4 HPS	0.24	0.25	0.27	0.28	0.30
7	Birsinghpur HPS	0.23	0.24	0.25	0.27	0.28
8	Madhikheda HPS	0.76	0.80	0.84	0.88	0.93
	Hydel	10.93	11.55	12.17	12.80	13.47

Maintenance Spares

131. Maintenance spares for the purpose of working capital for thermal power stations is worked out as 20% of the normative annual O&M expenses, including water charges and security expenses respectively as per the provision under Regulations. Further, Maintenance spares for working capital of hydel power stations is worked out as 15% of the normative annual O&M expenses, including security expenses as per the provision under the Regulations, 2024.

132. The summary of Maintenance Spares allowed for the control period FY 2024-25 to FY 2028-29 are as given below:

Table 33: Maintenance Spares 20% of O&M Expenses, including water charges and Security expenses considered for thermal stations by the Commission (Rs in Crore)

Sr. No.	Power Station	Maintenance Spares 20% of O&M expenses (including water charges and Security Expenses)				
		FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
1	ATPS, PH-3	15.81	16.73	17.64	18.61	19.64
2	STPS, PH-4	42.51	44.77	47.16	49.67	52.31
3	SGTPS, PH-1&2	61.28	64.45	67.86	71.45	75.22
4	SGTPS, PH-3	29.44	30.98	32.61	34.34	36.15
5	SSTPS PH-1	68.99	72.74	76.55	80.55	84.75
6	SSTPS PH-2	75.88	80.02	84.21	88.61	93.23
	Thermal	293.91	309.68	326.03	343.23	361.31

Table 34: Maintenance Spares 15% of O&M Expenses, including Security expenses considered for Hydel stations by the Commission (Rs in Crore)

Sr. No.	Power Station	Maintenance Spares 15% of O&M expenses (including Security Expenses)				
		FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
1	Gandhi Sagar HPS	2.47	2.61	2.75	2.89	3.04
2	Pench HPS	3.40	3.59	3.79	3.98	4.20
3	Rajghat HPS	0.95	1.01	1.07	1.12	1.18
4	Bargi HPS	1.87	1.98	2.09	2.20	2.32
5	Bansagar (I to III) HPS	8.77	9.27	9.76	10.26	10.80
6	Bansagar-4 HPS	0.43	0.46	0.48	0.51	0.53
7	Birsinghpur HPS	0.41	0.43	0.46	0.48	0.51
8	Madhikheda HPS	1.36	1.44	1.52	1.59	1.67
	Hydel	19.67	20.79	21.90	23.04	24.25

Receivables

133. Receivables for thermal and hydro power stations is worked out equivalent to 45 days of capacity (Fixed) charges and energy charges for sale of electricity and calculated on the normative annual plant availability factor. The receivables for hydel power stations shall be equivalent to 45 days of Annual capacity (fixed) charges.

Table 35: Receivables for 45 Days considered by the Commission working Capital (year Wise) (Rs in Cores)

S. No	Power Station	FY 2024-25		
		45 Days Fixed Charges	45 Days Energy Charges	Receivables 45 days
1	ATPS PH-3	21.43	36.70	58.13
2	STPS PH-4	75.92	129.30	205.22
3	SGTPS PH-1&2	59.30	176.88	236.18
4	SGTPS PH-3	39.19	113.03	152.22
5	SSTPP PH-1	156.46	346.23	502.69
6	SSTPP PH-2	171.30	352.29	523.59
	Total Thermal	523.60	1154.42	1678.02
7	Gandhi Sagar HPS	2.18		2.18
8	Pench HPS	3.84		3.84
9	Rajghat HPS	1.55		1.55
10	Bargi HPS	2.27		2.27
11	Bansagar HPS PH-1,2&3	16.70		16.70
12	Bansagar HPS PH-4	1.25		1.25
13	Birsinghpur HPS	0.73		0.73
14	Madhikheda HPS	2.55		2.55
	Total Hydro	31.07		31.07
	Total	554.67	1154.42	1709.09

(Rs in Cores)

S. No	Power Station	FY 2025-26		
		45 Days Fixed Charges	45 Days Energy Charges	Receivables 45 days
1	ATPS PH-3	21.42	36.70	58.11
2	STPS PH-4	75.24	129.30	204.53
3	SGTPS PH-1&2	59.33	176.88	236.20
4	SGTPS PH-3	39.22	113.03	152.25
5	SSTPP PH-1	154.20	346.23	500.43
6	SSTPP PH-2	169.56	352.29	521.85
	Total Thermal	518.96	1154.42	1673.38
7	Gandhi Sagar HPS	2.30		2.30
8	Pench HPS	3.97		3.97
9	Rajghat HPS	1.59		1.59
10	Bargi HPS	2.35		2.35
11	Bansagar HPS PH-1,2&3	16.98		16.98
12	Bansagar HPS PH-4	1.27		1.27

13	Birsinghpur HPS	0.74		0.74
14	Madhikheda HPS	2.57		2.57
	Total Hydro	31.77		31.77
	Total	550.74	1154.42	1705.16

(Rs in Cores)

S. No	Power Station	FY 2026-27		
		45 Days Fixed Charges	45 Days Energy Charges	Receivables 45 days
1	ATPS PH-3	21.46	36.70	58.15
2	STPS PH-4	63.02	129.30	192.32
3	SGTPS PH-1&2	61.53	176.88	238.40
4	SGTPS PH-3	39.62	113.03	152.66
5	SSTPP PH-1	151.98	346.23	498.21
6	SSTPP PH-2	167.85	352.29	520.14
	Total Thermal	505.47	1154.42	1659.89
7	Gandhi Sagar HPS	2.42		2.42
8	Pench HPS	4.11		4.11
9	Rajghat HPS	1.62		1.62
10	Bargi HPS	2.43		2.43
11	Bansagar HPS PH-1,2&3	17.27		17.27
12	Bansagar HPS PH-4	1.28		1.28
13	Birsinghpur HPS	0.76		0.76
14	Madhikheda HPS	2.59		2.59
	Total Hydro	32.48		32.48
	Total	537.95	1154.42	1692.37

(Rs in Cores)

S. No	Power Station	FY 2027-28		
		45 Days Fixed Charges	45 Days Energy Charges	Receivables 45 days
1	ATPS PH-3	21.50	36.70	58.19
2	STPS PH-4	63.56	129.30	192.86
3	SGTPS PH-1&2	63.67	176.88	240.55
4	SGTPS PH-3	40.27	113.03	153.30
5	SSTPP PH-1	123.27	346.23	469.49
6	SSTPP PH-2	165.80	352.29	518.09

	Total Thermal	478.07	1154.42	1632.49
7	Gandhi Sagar HPS	2.53		2.53
8	Pench HPS	4.24		4.24
9	Rajghat HPS	1.66		1.66
10	Bargi HPS	2.52		2.52
11	Bansagar HPS PH-1,2&3	17.52		17.52
12	Bansagar HPS PH-4	1.29		1.29
13	Birsinghpur HPS	0.78		0.78
14	Madhikheda HPS	2.60		2.60
	Total Hydro	33.14		33.14
	Total	511.21	1154.42	1665.63

(Rs in Cores)

S. No	Power Station	FY 2028-29		
		45 Days Fixed Charges	45 Days Energy Charges	Receivables 45 days
1	ATPS PH-3	21.75	36.70	58.44
2	STPS PH-4	64.54	129.30	193.84
3	SGTPS PH-1&2	66.29	176.88	243.16
4	SGTPS PH-3	41.27	113.03	154.30
5	SSTPP PH-1	124.44	346.23	470.66
6	SSTPP PH-2	164.82	352.29	517.11
	Total Thermal	483.10	1154.42	1637.52
7	Gandhi Sagar HPS	2.66		2.66
8	Pench HPS	4.41		4.41
9	Rajghat HPS	1.70		1.70
10	Bargi HPS	2.62		2.62
11	Bansagar HPS PH-1,2&3	17.92		17.92
12	Bansagar HPS PH-4	1.31		1.31
13	Birsinghpur HPS	0.80		0.80
14	Madhikheda HPS	2.64		2.64
	Total Hydro	34.07		34.07
	Total	517.18	1154.42	1671.60

134. Further, with regard to the rate of interest on working capital, Regulation 39.3 of the Regulations, 2024 provides as under:

“39.3 “Rate of interest on working capital shall be on normative basis and shall be considered at the Reference Rate of Interest as on 1.4.2024 or as on 1st April of the year during the tariff period 2024-25 to 2028-29 in which the generating station or a unit thereof, is declared under commercial operation, whichever is later:

Further, Regulation 3.1(53) reads as under :

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

135. In light of the Regulation 39.3 of the Regulations, 2024, the reference rate of interest on working capital is to be considered as the Reference Rate of Interest as on 01,04.2024 or as on 1st April of the year during the tariff control period of FY 2024-25 to FY 2028-29.

136. With regard to Reference Rate of Interest on Working Capital, Regulation 3.1 (53) of the Regulations, 2024 provides that the reference rate of interest means one-year marginal cost of funds based lending rate (MCLR) of the State Bank of India (SBI) issued from time to time plus 325 basis points. Considering reference rate of interest as on 1st April of the year during tariff period of FY 2024-25 to FY 2028-29 is 8.65% plus 325 basis points. Accordingly, reference rate of interest on working capital is worked out as under:

Table 36: Reference Rate of interest on working capital considered by the Commission

Particulars	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
MCLR prevailing as on 1 st April of the year specified by State Bank of India.	8.65%	8.65%	8.65%	8.65%	8.65%
Plus 325 basis point	3.25%	3.25%	3.25%	3.25%	3.25%
Reference Rate of Interest on Working Capital	11.90%	11.90%	11.90%	11.90%	11.90%

137. Accordingly, the power station-wise interest on working capital for the control period FY 2024-25 to FY 2028-29 is worked out as given below:

Table 37: Interest on working capital allowed in this Order (Rs. in Crore)**ATPS PH-III**

Particulars	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Cost of Coal	40.18	40.18	40.18	40.18	40.18
Cost of Secondary Fuel Oil	0.68	0.68	0.68	0.68	0.68
Operation & Maintenance	6.59	6.97	7.35	7.76	8.18
Maintenance Spares	15.81	16.73	17.64	18.61	19.64
Receivables	58.13	58.11	58.15	58.19	58.44
Working Capital	121.38	122.67	124.01	125.43	127.12
Reference Rate of Interest (%)	11.90%	11.90%	11.90%	11.90%	11.90%
Interest on Working Capital	14.44	14.60	14.76	14.93	15.13

STPS PH-IV**(Rs. in Crore)**

Particulars	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Cost of Coal	141.61	141.61	141.61	141.61	141.61
Cost of Secondary Fuel Oil	2.07	2.07	2.07	2.08	2.07
Operation & Maintenance	17.71	18.66	19.65	20.70	21.80
Maintenance Spares	42.51	44.77	47.16	49.67	52.31
Receivables	205.22	204.53	192.32	192.86	193.84
Working Capital	409.12	411.64	402.81	406.91	411.63
Reference Rate of Interest (%)	11.90%	11.90%	11.90%	11.90%	11.90%
Interest on Working Capital	48.69	48.99	47.93	48.42	48.98

SGTPS PH-I&II**(Rs. in Crore)**

Particulars	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Cost of Coal	190.23	190.23	190.23	190.23	190.23
Cost of Secondary Fuel Oil	6.51	6.51	6.51	6.53	6.51
Operation & Maintenance	25.53	26.86	28.27	29.77	31.34
Maintenance Spares	61.28	64.45	67.86	71.45	75.22
Receivables	236.18	236.20	238.40	240.55	243.16
Working Capital	519.73	524.26	531.29	538.53	546.47
Reference Rate of Interest (%)	11.90%	11.90%	11.90%	11.90%	11.90%
Interest on Working Capital	61.85	62.39	63.22	64.09	65.03

SGTPS PH-III**(Rs. in Crore)**

Particulars	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Cost of Coal	123.74	123.74	123.74	123.74	123.74
Cost of Secondary Fuel Oil	1.91	1.91	1.91	1.92	1.91
Operation & Maintenance	12.27	12.91	13.59	14.31	15.06
Maintenance Spares	29.44	30.98	32.61	34.34	36.15
Receivables	152.22	152.25	152.66	153.30	154.30
Working Capital	319.58	321.79	324.51	327.60	331.17
Reference Rate of Interest (%)	11.90%	11.90%	11.90%	11.90%	11.90%
Interest on Working Capital	38.03	38.29	38.62	38.98	39.41

SSTPP PH-I**(Rs. in Crore)**

Particulars	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Cost of Coal	380.68	380.68	380.68	380.68	380.68
Cost of Secondary Fuel Oil	4.52	4.52	4.52	4.53	4.52
Operation & Maintenance	28.74	30.31	31.90	33.56	35.31
Maintenance Spares	68.99	72.74	76.55	80.55	84.75
Receivables	502.69	500.43	498.21	469.49	470.66
Working Capital	985.62	988.68	991.86	968.82	975.93
Reference Rate of Interest (%)	11.90%	11.90%	11.90%	11.90%	11.90%
Interest on Working Capital	117.29	117.65	118.03	115.29	116.14

SSTPP PH-2**(Rs. in Crore)**

Particulars	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Cost of Coal	387.02	387.02	387.02	387.02	387.02
Cost of Secondary Fuel Oil	4.97	4.97	4.97	4.99	4.97
Operation & Maintenance	31.62	33.34	35.09	36.92	38.85
Maintenance Spares	75.88	80.02	84.21	88.61	93.23
Receivables	523.59	521.85	520.14	518.09	517.11
Working Capital	1023.09	1027.19	1031.42	1035.62	1041.18
Reference Rate of Interest (%)	11.90%	11.90%	11.90%	11.90%	11.90%
Interest on Working Capital	121.75	122.24	122.74	123.24	123.90

Gandhi Sagar

(Rs. in Crore)

Particulars	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Receivables	2.18	2.30	2.42	2.53	2.66
Operation & Maintenance	1.37	1.45	1.53	1.61	1.69
Maintenance Spares	2.47	2.61	2.75	2.89	3.04
Working Capital	6.02	6.35	6.69	7.03	7.39
Reference Rate of Interest (%)	11.90%	11.90%	11.90%	11.90%	11.90%
Interest on Working Capital	0.72	0.76	0.80	0.84	0.88

Pench

(Rs. in Crore)

Particulars	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Receivables	3.84	3.97	4.11	4.24	4.41
Operation & Maintenance	1.89	2.00	2.10	2.21	2.33
Maintenance Spares	3.40	3.59	3.79	3.98	4.20
Working Capital	9.13	9.56	10.00	10.44	10.94
Reference Rate of Interest (%)	11.90%	11.90%	11.90%	11.90%	11.90%
Interest on Working Capital	1.09	1.14	1.19	1.24	1.30

Rajghat

(Rs. in Crore)

Particulars	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Receivables	1.55	1.59	1.62	1.66	1.70
Operation & Maintenance	0.53	0.56	0.59	0.62	0.66
Maintenance Spares	0.95	1.01	1.07	1.12	1.18
Working Capital	3.03	3.17	3.28	3.41	3.54
Reference Rate of Interest (%)	11.90%	11.90%	11.90%	11.90%	11.90%
Interest on Working Capital	0.36	0.38	0.39	0.41	0.42

Bargi

(Rs. in Crore)

Particulars	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Receivables	2.27	2.35	2.43	2.52	2.62
Operation & Maintenance	1.04	1.10	1.16	1.22	1.29
Maintenance Spares	1.87	1.98	2.09	2.20	2.32
Working Capital	5.19	5.43	5.68	5.93	6.22
Reference Rate of Interest (%)	11.90%	11.90%	11.90%	11.90%	11.90%
Interest on Working Capital	0.62	0.65	0.68	0.71	0.74

Bansagar PH-I, II&III (Rs. in Crore)

Particulars	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Receivables	16.70	16.98	17.27	17.52	17.92
Operation & Maintenance	4.87	5.15	5.42	5.70	6.00
Maintenance Spares	8.77	9.27	9.76	10.26	10.80
Working Capital	30.34	31.40	32.45	33.48	34.72
Reference Rate of Interest (%)	11.90%	11.90%	11.90%	11.90%	11.90%
Interest on Working Capital	3.61	3.74	3.86	3.98	4.13

Bansagar PH-IV (Jhinna) (Rs. in Crore)

Particulars	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Receivables	1.25	1.27	1.28	1.29	1.31
Operation & Maintenance	0.24	0.25	0.27	0.28	0.30
Maintenance Spares	0.43	0.46	0.48	0.51	0.53
Working Capital	1.93	1.98	2.03	2.08	2.14
Reference Rate of Interest (%)	11.90%	11.90%	11.90%	11.90%	11.90%
Interest on Working Capital	0.23	0.24	0.24	0.25	0.26

Birsinghpur (Rs. in Crore)

Particulars	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Receivables	0.73	0.74	0.76	0.78	0.80
Operation & Maintenance	0.23	0.24	0.25	0.27	0.28
Maintenance Spares	0.41	0.43	0.46	0.48	0.51
Working Capital	1.37	1.42	1.47	1.53	1.59
Reference Rate of Interest (%)	11.90%	11.90%	11.90%	11.90%	11.90%
Interest on Working Capital	0.16	0.17	0.18	0.18	0.19

Madhikheda (Rs. in Crore)

Particulars	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Receivables	2.55	2.57	2.59	2.60	2.64
Operation & Maintenance	0.76	0.80	0.84	0.88	0.93
Maintenance Spares	1.36	1.44	1.52	1.59	1.67
Working Capital	4.67	4.82	4.95	5.08	5.24
Reference Rate of Interest (%)	11.90%	11.90%	11.90%	11.90%	11.90%
Interest on Working Capital	0.56	0.57	0.59	0.60	0.62

138. Based on above the summary of Interest on working capital allowed by the Commission for the control period FY 2024-25 to FY 2028-29 are as given below:

Table 38: Summary of Interest on Working Capital allowed in this Order (Rs in Crore)

Sr no	Power Stations	Interest on Working Capital Allowed				
		FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
1	ATPS, PH-3	14.44	14.60	14.76	14.93	15.13
2	STPS, PH-4	48.69	48.99	47.93	48.42	48.98
3	SGTPS, PH-1&2	61.85	62.39	63.22	64.09	65.03
4	SGTPS, PH-3	38.03	38.29	38.62	38.98	39.41
5	SSTPS PH-1	117.29	117.65	118.03	115.29	116.14
6	SSTPS PH-2	121.75	122.24	122.74	123.24	123.90
	Thermal	402.04	404.15	405.30	404.95	408.59
7	Gandhi Sagar HPS	0.72	0.76	0.80	0.84	0.88
8	Pench HPS	1.09	1.14	1.19	1.24	1.30
9	Rajghat HPS	0.36	0.38	0.39	0.41	0.42
10	Bargi HPS	0.62	0.65	0.68	0.71	0.74
11	Bansagar HPS (1,2&3)	3.61	3.74	3.86	3.98	4.13
12	Bansagar HPS -4, Jhinna	0.23	0.24	0.24	0.25	0.26
13	Birsinghpur HPS	0.16	0.17	0.18	0.18	0.19
14	Madhikheda HPS	0.56	0.57	0.59	0.60	0.62
	Hydel	7.34	7.63	7.92	8.21	8.54
	Total	409.38	411.78	413.22	413.16	417.13

Non-Tariff Income

Provisions in Regulation:

139. With regard to non-tariff income, Regulation 60 of the Regulations, 2024 provides that:

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

- a) Income from rent of land or buildings;
- b) Income from sale of scrap;
- c) Income from sale of fly ash;
- d) Interest on advances to suppliers or contractors;
- e) Rental from staff quarters;
- f) Rental from contractors; and
- (g) Income from advertisements; and

- h) Interest on investments and bank balances;
- i) Interest on investments and bank balances;
- j) Income from sale of tender documents; and
- k) Income generated from sale of ESCerts:

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

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

Commission's Analysis:

140. The aforesaid Regulation 60 provides that the Generating Company shall submit full details of its forecast of Non-Tariff Income to the Commission. On perusal of the petition, it was observed that the petitioner has not filed projected non-tariff income for the control period. Vide Commission's letter dated 30th October, 2024, the petitioner was asked to file projected non-tariff/other income during the control period FY 2024-25 to FY 2028-29 in accordance to the Regulation 60 of the Regulations, 2024.

141. In response to above, vide affidavit dated 25th November, 2024, the petitioner submitted that:

In this regards, MPPGCL wishes to submit that the Power House wise Projection for Non- Tariff income cannot be worked out at this point of time, as the items covered under such head are not persistent in nature and keeps on varying randomly.

Further, the MPERC, Determination of Generation Tariff regulations, 2024 also provides for sharing of Non- Tariff income with beneficiary on 50:50 basis. The same can practically be done on availability of actual figures.

Accordingly, the Financial Years break up of Non tariff income pertaining to Control Period FY 2024-25 to FY 2028-29 as per Tariff Regulations, 2024 shall be submitted before the Commission in the True up Tariff petitions for respective Financial Years on actual basis.

142. Since, the petitioner has not submitted any details regarding non-tariff income, therefore, the Commission has provisionally considered power station wise non-tariff income (excluding liquidity damages in SSTPP PH I) as admitted in last true-up order for FY 2022-23 in this order. The petitioner is directed to file the details of actual non-tariff income in the true up tariff petitions for respective financial years based on the Annual Audited Accounts.

Table 39: Power Station wise Non-Tariff Income admitted in this Order (Rs. in Crore)

Sr. No.	Power Station	FY 2024-25 to FY 2028-29	
		Non-Tariff Income allowed in this Order	50% Non-Tariff Income
1	ATPS, Chachai PH-III	2.33	1.16
2	STPS, Sarni PH-IV	15.23	7.61
3	SGTPS, PH-1&2	10.23	5.12
4	SGTPS, Birsing'pur PH-3	6.09	3.05
5	SSTPS PH-I	8.72	4.36
6	SSTPS PH-II	6.51	3.25
7	Gandhi Sagar	0.26	0.13
8	Pench	1.17	0.58
9	Rajghat	0.44	0.22
10	Bargi	0.73	0.37
11	Bansagar (I to III)	0.90	0.45
12	Bansagar-IV, Jhinna	0.03	0.02
13	Birsinghpur	0.12	0.06
14	Madhikheda	0.17	0.09
	Total	52.93	26.47

Normative Annual Plant Availability Factor

143. Details of Normative Annual Plant Availability Factor (NAPAF) for thermal and hydel power stations as per the Regulations, 2024 for the control period FY 2024-25 to FY 2028-29 are as given below :

Table 40: Normative Annual Plant Availability Factor (%)

S. No	Power Station	NAPAF for FY 2024-25 to FY 2028-29
Thermal Power Stations		
1	ATPS PH-3	85
2	STPS PH-4	85
3	SGTPS PH-1&2	75
4	SGTPS PH-3	85
5	SSTPS PH-1	85
6	SSTPS PH-2	85
Hydel Power Stations		
7	Gandhi Sagar	85
8	Pench	85
9	Rajghat	60
10	Bargi	85
11	Bansagar Complex (excluding silpara)	85
12	Silpara	85
13	Birsinghpur	85
14	Madhikheda	85

144. Regulation 45.2 of the Regulations, 2024 provides that in Multi-Year Tariff Order, the recovery of Annual Capacity Charges determined based on these Regulations shall be allowed by considering the maximum of actual Plant Availability Factor of the last three years or Normative Annual Plant Availability Factor whichever is lower. In view of the above provision, the petitioner was asked to file the detail of actual Plant Availability Factor achieved during last three years duly certified by State Load Despatch Centre.
145. Vide letter dated 19th November, 2024, the petitioner informed that the Maximum Actual Plant Availability Factor (PAF) of all Power Stations of MPPGCL achieved during last three years. The petitioner has also filed the copy of relevant pages of State Energy Accounts issued by State Load Dispatch Centre MP, Jabalpur certifying the same. The Commission has provisionally considered maximum of actual Plant Availability Factor of the last three years or Normative Annual Plant Availability Factor whichever is lower for recovery of fixed charges during the control period as per Regulation 45.2 of the Regulations, 2024. Subject to true-up based on the actual PAF achieved during the respective financial years as under:

Power Station	Normative PAF	Actual PAF as filed by the petitioner			Max. of Actual PAF In last three years	Lower of Normative PAF or Max. of three yr actual PAF
		FY 2021-22	FY 2022-23	FY 2023-24		
ATPS PH-3	85.00%	86.99%	78.39%	99.39%	99.39%	85.00%
STPS, PH-4	85.00%	92.26%	94.34%	92.59%	94.34%	85.00%
SGTPS, PH-1&2	75.00%	60.20%	68.24%	72.74%	72.74%	72.74%
SGTPS, PH-3	85.00%	63.14%	91.66%	68.42%	91.66%	85.00%
SSTPS PH-1	85.00%	65.63%	69.63%	74.57%	74.57%	74.57%
SSTPS PH-2	85.00%	48.59%	58.36%	72.67%	72.67%	72.67%

146. From the above table, it is observed that the actual maximum PAF of last three years in SGTPS PH 1&2 and SSTPP PH 1&2 is lower than the normative PAF of these power stations. Accordingly, the recovery of AFC in these thermal power stations shall reduce with respect of NAPAF.

Summary of Annual Capacity (Fixed) Charges

147. The power station-wise Annual Capacity (Fixed) Charges for each year of the control period from FY 2024-25 to FY 2028-29 allowed in this order are summarized in the table given below:

Table 41: Summary of Power Station-Wise Annual Capacity (fixed) Charges allowed in this Order.

THERMAL POWER STATIONS:

ATPS PH-III

(Rs in Crore)

Particulars	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Return on Equity	40.15	40.15	40.15	40.15	40.15
Interest on Loan	16.47	13.52	10.79	8.27	5.95
Depreciation	24.92	22.99	21.29	19.59	18.12
O & M Expenses	79.04	83.63	88.22	93.07	98.19
Interest on Working Capital	14.44	14.60	14.76	14.93	15.13
Total Annual Capacity (Fixed) Charges	175.01	174.88	175.20	176.01	177.54
Non-Tariff Income	1.16	1.16	1.16	1.16	1.16
Net Annual Capacity (Fixed) Charges	173.85	173.72	174.04	174.85	176.38

STPS PH-IV**(Rs in Crore)**

Particulars	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Return on Equity	103.07	103.07	103.07	102.74	102.74
Interest on Loan	89.49	72.35	60.14	52.87	45.61
Depreciation	169.62	169.59	71.88	71.88	71.88
O & M Expenses	212.56	223.87	235.78	248.35	261.56
Interest on Working Capital	48.69	48.99	47.93	48.42	48.98
Total Annual Capacity (Fixed) Charges	623.42	617.86	518.80	524.26	530.77
Non-Tariff Income	7.61	7.61	7.61	7.61	7.61
Net Annual Capacity (Fixed) Charges	615.81	610.25	511.19	516.65	523.16

SGTPS PH-I&II**(Rs in Crore)**

Particulars	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Return on Equity	101.67	101.67	101.67	101.67	101.67
Interest on Loan	0.00	0.00	0.00	0.00	0.00
Depreciation	16.21	0.00	0.00	0.00	0.00
O & M Expenses	306.39	322.27	339.30	357.24	376.10
Interest on Working Capital	61.85	62.39	63.22	64.09	65.03
Special Allowance	75.70	90.30	90.30	90.30	90.30
Total Annual Capacity (Fixed) Charges	561.81	576.62	594.49	613.29	633.10
Non-Tariff Income	5.12	5.12	5.12	5.12	5.12
Net Annual Capacity (Fixed) Charges	556.69	571.50	589.37	608.17	627.98

SGTPS PH-III**(Rs in Crore)**

Particulars	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Return on Equity	89.75	89.88	89.88	89.88	89.88
Interest on Loan	7.55	3.02	0.42	0.00	0.00
Depreciation	38.33	35.26	32.59	30.13	27.88
O & M Expenses	147.22	154.88	163.06	171.69	180.77
Interest on Working Capital	38.03	38.29	38.62	38.98	39.41
Total Annual Capacity (Fixed) Charges	320.89	321.32	324.57	330.69	337.93
Non-Tariff Income	3.05	3.05	3.05	3.05	3.05
Net Annual Capacity (Fixed) Charges	317.84	318.27	321.52	327.64	334.88

SSTPP PH-1**(Rs in Crore)**

Particulars	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Return on Equity	219.48	219.48	219.48	219.48	219.48
Interest on Loan	220.92	183.47	146.02	119.73	104.61
Depreciation	370.79	370.80	370.82	149.68	149.68
O & M Expenses	344.93	363.71	382.76	402.75	423.77
Interest on Working Capital	117.29	117.65	118.03	115.29	116.14
Total Annual Capacity (Fixed) Charges	1273.41	1255.12	1237.11	1006.94	1013.69
Non-Tariff Income	4.36	4.36	4.36	4.36	4.36
Net Annual Capacity (Fixed) Charges	1269.05	1250.76	1232.75	1002.58	1009.33

SSTPP PH-2**(Rs in Crore)**

Particulars	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Return on Equity	160.26	160.26	160.26	160.26	160.26
Interest on Loan	378.35	342.95	307.53	272.11	236.70
Depreciation	352.93	353.03	353.13	353.12	353.12
O & M Expenses	379.42	400.08	421.03	443.03	466.15
Interest on Working Capital	121.75	122.24	122.74	123.24	123.90
Total Annual Capacity (Fixed) Charges	1392.70	1378.55	1364.69	1351.76	1340.13
Non-Tariff Income	3.25	3.25	3.25	3.25	3.25
Net Annual Capacity (Fixed) Charges	1389.45	1375.30	1361.44	1348.51	1336.88

HYDRO POWER STATIONS:**Gandhi Sagar HPS****(Rs in Crore)**

Particulars	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Return on Equity	0.56	0.56	0.56	0.56	0.56
Interest on Loan	0.01	0.01	0.00	0.00	0.00
Depreciation	0.07	0.07	0.07	0.07	0.03
O & M Expenses	16.45	17.38	18.31	19.26	20.27
Interest on Working Capital	0.72	0.76	0.80	0.84	0.88
Total Annual Capacity (Fixed) Charges	17.80	18.76	19.73	20.72	21.74
Non-Tariff Income	0.13	0.13	0.13	0.13	0.13
Net Annual Capacity (Fixed) Charges	17.67	18.63	19.60	20.59	21.61

Pench HPS**(Rs in Crore)**

Particulars	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Return on Equity	5.91	5.91	5.91	5.91	5.91
Interest on Loan	0.68	0.51	0.36	0.21	0.07
Depreciation	1.36	1.29	1.22	1.17	1.12
O & M Expenses	22.68	23.95	25.24	26.57	27.97
Interest on Working Capital	1.09	1.14	1.19	1.24	1.30
Total Annual Capacity (Fixed) Charges	31.71	32.80	33.91	35.10	36.38
Non-Tariff Income	0.58	0.58	0.58	0.58	0.58
Net Annual Capacity (Fixed) Charges	31.13	32.22	33.33	34.52	35.80

Rajghat HPS**(Rs in Crore)**

Particulars	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Return on Equity	4.46	4.46	4.46	4.46	4.46
Interest on Loan	0.00	0.00	0.00	0.00	0.00
Depreciation	1.60	1.51	1.43	1.35	1.28
O & M Expenses	6.36	6.76	7.12	7.49	7.89
Interest on Working Capital	0.36	0.38	0.39	0.41	0.42
Total Annual Capacity (Fixed) Charges	12.78	13.11	13.40	13.71	14.05
Non-Tariff Income	0.22	0.22	0.22	0.22	0.22
Net Annual Capacity (Fixed) Charges	12.56	12.89	13.18	13.49	13.83

Bargi HPS**(Rs in Crore)**

Particulars	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Return on Equity	4.58	4.58	4.58	4.58	4.58
Interest on Loan	0.00	0.00	0.00	0.00	0.00
Depreciation	1.10	1.03	0.95	0.90	0.84
O & M Expenses	12.49	13.18	13.90	14.65	15.44
Interest on Working Capital	0.62	0.65	0.68	0.71	0.74
Total Annual Capacity (Fixed) Charges	18.79	19.44	20.11	20.84	21.61
Non-Tariff Income	0.37	0.37	0.37	0.37	0.37
Net Annual Capacity (Fixed) Charges	18.42	19.07	19.74	20.47	21.24

Bansagar PH-I, II & III HPS**(Rs in Crore)**

Particulars	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Return on Equity	58.17	58.17	58.17	58.17	58.17
Interest on Loan	0.00	0.00	0.00	0.00	0.00
Depreciation	15.63	14.46	13.40	12.34	11.52
O & M Expenses	58.47	61.79	65.06	68.42	71.99
Interest on Working Capital	3.61	3.74	3.86	3.98	4.13
Total Annual Capacity (Fixed) Charges	135.88	138.16	140.49	142.92	145.81
Non-Tariff Income	0.45	0.45	0.45	0.45	0.45
Net Annual Capacity (Fixed) Charges	135.43	137.71	140.04	142.47	145.36

Bansagar PH-IV HPS**(Rs in Crore)**

Particulars	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Return on Equity	5.78	5.78	5.78	5.78	5.78
Interest on Loan	0.00	0.00	0.00	0.00	0.00
Depreciation	1.29	1.23	1.18	1.13	1.09
O & M Expenses	2.89	3.05	3.21	3.38	3.55
Interest on Working Capital	0.23	0.24	0.24	0.25	0.26
Total Annual Capacity (Fixed) Charges	10.19	10.30	10.42	10.54	10.68
Non-Tariff Income	0.02	0.02	0.02	0.02	0.02
Net Annual Capacity (Fixed) Charges	10.17	10.28	10.40	10.52	10.66

Birsinghpur HPS**(Rs in Crore)**

Particulars	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Return on Equity	2.61	2.61	2.61	2.61	2.61
Interest on Loan	0.00	0.00	0.00	0.00	0.00
Depreciation	0.46	0.43	0.39	0.36	0.33
O & M Expenses	2.75	2.90	3.06	3.22	3.40
Interest on Working Capital	0.16	0.17	0.18	0.18	0.19
Total Annual Capacity (Fixed) Charges	5.98	6.10	6.23	6.37	6.53
Non-Tariff Income	0.06	0.06	0.06	0.06	0.06
Net Annual Capacity (Fixed) Charges	5.92	6.04	6.17	6.31	6.47

Madhikheda HPS

(Rs in Crore)

Particulars	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Return on Equity	7.64	7.64	7.64	7.64	7.64
Interest on Loan	1.14	0.85	0.58	0.31	0.09
Depreciation	2.38	2.29	2.20	2.12	2.03
O & M Expenses	9.08	9.61	10.10	10.60	11.13
Interest on Working Capital	0.56	0.57	0.59	0.60	0.62
Total Annual Capacity (Fixed) Charges	20.79	20.97	21.11	21.27	21.51
Non-Tariff Income	0.09	0.09	0.09	0.09	0.09
Net Annual Capacity (Fixed) Charges	20.70	20.88	21.02	21.18	21.42

Table 42: Head Wise Total Annual Capacity (fixed) Charges

S. No.	Particulars	AFC Allowed (Rs in Cr.)				
		FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
1	Return on Equity	804.10	804.10	804.10	804.10	804.10
2	Depreciation	996.68	973.97	870.56	643.84	638.92
3	Interest on Loan	714.61	616.67	525.84	453.51	393.03
4	O&M Expenses	1600.71	1687.04	1776.14	1869.72	1968.19
5	Special Allowance	75.70	90.30	90.30	90.30	90.30
6	Interest on Working Capital	409.38	411.78	413.22	413.16	417.13
7	Total Annual Capacity (fixed) Charges	4601.19	4583.86	4480.15	4274.63	4311.66
8	Less: Non-Tariff Income	26.47	26.47	26.47	26.47	26.47
9	Net Annual Capacity Fixed Charges	4574.72	4557.39	4453.68	4248.16	4285.19

Table 43: Power Station wise Annual Capacity (fixed) Charges in Normative PAF basis:

(Rs Crore)

Sr no	Power Stations	AFC Allowed				
		FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
1	ATPS, PH-3	173.85	173.72	174.04	174.85	176.38
2	STPS, PH-4	615.81	610.25	511.19	516.98	523.49
3	SGTPS, PH-1&2	556.69	571.50	589.37	608.17	627.98
4	SGTPS, PH-3	317.84	318.14	321.40	327.51	334.76
5	SSTPS PH-1	1269.05	1250.76	1232.75	1002.58	1009.33
6	SSTPS PH-2	1389.45	1375.30	1361.44	1348.51	1336.88
	Thermal	4322.70	4299.68	4190.20	3978.60	4008.80

7	Gandhi Sagar HPS	17.67	18.63	19.60	20.59	21.61
8	Pench HPS	31.13	32.22	33.33	34.52	35.80
9	Rajghat HPS	12.56	12.89	13.18	13.49	13.83
10	Bargi HPS	18.42	19.07	19.74	20.47	21.24
11	Bansagar HPS (1,2&3)	135.43	137.71	140.04	142.47	145.36
12	Bansagar HPS-4	10.17	10.28	10.40	10.52	10.66
13	Birsinghpur HPS	5.92	6.04	6.17	6.31	6.47
14	Madhikheda HPS	20.70	20.88	21.02	21.18	21.42
	Hydel	252.02	257.71	263.49	269.56	276.39
	Total	4574.72	4557.39	4453.68	4248.16	4285.19

Table 44: Recovery of capacity charges (as per Regulation 45.2 for thermal and hydel power station allowed in this order: (Rs. in Crore)

Sr. no	Power Stations	Plant Availability factor	AFC Allowed				
			FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
1	ATPS PH-3	85.00%	173.85	173.72	174.04	174.85	176.38
2	STPS PH-4	85.00%	615.81	610.25	511.19	516.98	523.49
3	SGTPS PH-1&2	*72.74%	539.92	554.28	571.61	589.84	609.05
4	SGTPS PH-3	85.00%	317.84	318.14	321.40	327.51	334.76
5	SSTPS PH-1	*74.57%	1113.33	1097.28	1081.49	879.56	885.48
6	SSTPS PH-2	*72.67%	1187.90	1175.80	1163.96	1152.90	1142.95
	Thermal		3948.65	3929.48	3823.68	3641.64	3672.10
7	Gandhi Sagar HPS	85.00%	17.67	18.63	19.60	20.59	21.61
8	Pench HPS	85.00%	31.13	32.22	33.33	34.52	35.80
9	Rajghat HPS	60.00%	12.56	12.89	13.18	13.49	13.83
10	Bargi HPS	85.00%	18.42	19.07	19.74	20.47	21.24
11	Bansagar (1,2&3) HPS	85.00%	135.43	137.71	140.04	142.47	145.36
12	Bansagar-4 HPS	85.00%	10.17	10.28	10.40	10.52	10.66
13	Birsinghpur HPS	85.00%	5.92	6.04	6.17	6.31	6.47
14	Madhikheda HPS	85.00%	20.70	20.88	21.02	21.18	21.42
	Hydel		252.02	257.71	263.49	269.56	276.39
	Total		4200.67	4187.20	4087.17	3911.20	3948.49

*Maximum PAF of last three year is lower than NAPAF, hence, recovery of AFC of these power station allowed accordingly.

148. The aforesaid Annual Capacity Charges have been computed based on norms specified under the Regulations, 2024. The recovery of Annual Capacity (Fixed) charges shall be made by the petitioner in accordance with Regulation 45 of the Regulations, 2024.

149. Regulation 7.12 of the Regulations, 2024 provides as under:

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

Provided that the difference between the tariff mentioned above and the tariff determined by the Commission in accordance with these Regulations, shall be recovered or refunded to, at simple interest rate equal to one-year marginal cost of lending rate (MCLR) of the State Bank of India issued from time to time plus 350 basis points prevailing as on 1st April of the financial year of the beginning of MYT control period, in a maximum of six equal monthly installments from the date of issuance of MYT Order by the Commission

150. The aforesaid Capacity Charges determined by the Commission in this Order shall be recovered or refunded in accordance with the aforesaid Regulation 7.12 in a maximum of six equal monthly instalments.

Energy (Variable) charge

Petitioner's submission:

151. While claiming the Energy charges for the control period, the petitioner considered parameters like Gross Station Heat Rate, Auxiliary Energy Consumption, Specific fuel oil consumption, transit loss for FY 2024-25 to FY 2028-29 based on the provisions under the Regulations, 2024. The details of the power station-wise Energy Charges claimed by the petitioner are as given below:

Table 45: Energy Charge Rate claimed (in Rs/ KWh)

Power Station	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
ATPS PH-3	2.097	2.097	2.097	2.097	2.097
STPS PH-2&3	3.607	3.607	3.607	3.607	3.607
STPS PH-4	3.079	3.079	3.079	3.079	3.079
SGTPS PH-1&2	2.889	2.889	2.889	2.889	2.889
SGTPS PH-3	2.613	2.613	2.613	2.613	2.613
SSTPP PH-1	3.317	3.317	3.317	3.317	3.317
SSTPP PH-2	3.068	3.068	3.068	3.068	3.068

Provisions in Regulation:

152. For determining the energy charges (variable charges) of thermal power stations, Regulation 16 of the Regulation, 2024 provides as under:

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

- (a) *Landed Fuel Cost of primary fuel;*
- (b) *Cost of secondary fuel oil consumption, and*
- (c) *Cost of Lime-stone or any other regent as applicable:*

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

153. Regulation 47.3 of the MPERC Regulation, 2024, further provides that:

47.3 *Energy charge rate (ECR) and Supplementary Energy charge rate in Rupees per kWh on expower plant basis shall be determined to three decimal places in accordance with the following formula:*

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

$$ECR = \left[\frac{\{(SHR - SFC \times CVSF) \times LPPF / CVPF\} + (SFC \times LPSFi)}{100 - AUX} \right] \times 100$$

Where,

AUX = Normative auxiliary energy consumption in percentage.

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

Provided that in case of blending of coal from different sources, the weighted average Gross Calorific Value of coal (primary fuel) shall be arrived in proportion to blending ratio.

CVSF = Calorific value of secondary fuel, in Kcal per ml.

ECR = Energy charge rate, in Rupees per kWh sent out.

SHR = Gross station heat rate, in Kcal per kWh.

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

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

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

Commission's analysis:

154. Regulation 47.1 of the Regulations, 2024 provides that the energy (variable) charges shall cover both primary and secondary fuel costs and shall be payable during the calendar month for the scheduled energy on ex-power plant basis.
155. In order to determine the energy charges of thermal power stations, the operating parameters like gross station heat rate, auxiliary energy consumption, secondary fuel oil consumption and plant availability factor of respective thermal power stations need to be examined as per provisions under the Regulations, 2024

Operating Parameters:-

Gross Station Heat Rate

156. Regulations 51.3 (b) of the Regulations, 2024 specified the norms for Gross Station Heat Rate for existing thermal power stations achieved COD on or before 31st March, 2012.
157. With regard to Gross Station Heat Rate of existing coal based thermal generating Units/ stations for all capacities which have achieved COD on or after 01/04/2012, Regulation 51.4 (C) of the Regulations, 2024 provides the following;
- (i) *Existing coal based thermal generating stations having COD on or after 1.04.2012 till 31.03.2024, (other than those covered under Regulation*

51.3), **the station heat rate norms shall be as already approved by the Commission for the preceding tariff period i.e. FY 2019-24.**

158. For power stations Commissioned prior to 1.4.2012, the norms for station heat rate specified under the Regulation 51.3 (b) has been considered during the control period FY 2024-25 to FY 2028-29 for determination of energy charges. The generating units of ATPS PH-III and SGTPS PH-I, II & III are commissioned prior to 01.04.2012 and covered under this category therefore, the norms for station heat rate for these thermal power stations is considered in accordance to Regulation 51.3 (b) of the Regulations, 2024 in this order as given below:

Table 46: Gross Station Heat Rate (Kcal/kWh):

Name of Generating Station	Units (MW)	Capacity (MW)	FY 2024-25 to FY 2028-29
ATPS PH 3	1 x 210	210.0	2450
SGTPS (PH 1 & PH 2)	4 x 210	840.0	2700
SGTPS PH 3	1X500	500.0	2390

159. Further, the generating units of STPS PH-4, SSTPP PH-I and SSTPP PH-II achieved COD after 01.04.2012, therefore norms of SHR for these units is considered as already approved in earlier MYT period in accordance to Regulation 51.4 (C) (i).

160. In view of the above, the power station-wise normative Station Heat Rate considered in this order is as follows:

Table 47: Station Heat Rate

Thermal Power Station	Station Heat Rate (Kcal/kWh)
ATPS PH-3	2450
STPS PH-4	2400
SGTPS PH-1&2	2700
SGTPS PH-3	2390
SSTPP PH-1	2384.25
SSTPP PH-2	2185.69

Auxiliary Energy Consumption

161. With regards to auxiliary energy consumption of existing thermal power stations commissioned prior to 1.4.2012, the norms fixed under the Regulation 51.3 (d) of the Regulations, 2024. The generating units of ATPS PH-III and SGTPS PH-I, II & III are covered under this category, therefore, the norms for Auxiliary Energy Consumption for these thermal power stations is considered in accordance to Regulation 51.3(d) of the Regulations, 2024 in this order as given below:

Table 48: Auxiliary Energy Consumption (%):

Name of Generating Station	Units (MW)	Capacity (MW)	FY2024-25 to FY 2028-29
ATPS PH 3	1 x 210	210.0	9.25%
SGTPS (PH 1 & PH 2)	4 x 210	840.0	10.00%
SGTPS PH 3	1 x 500	500.0	5.75%

162. Further, Regulation 51.4 (E) of the Regulations, 2024 specified the following norms for coal based thermal generating Units/ stations for all capacities which have achieved COD on or after 01/04/2012.

Table 49:Auxiliary Energy consumption

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

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

163. The generating units of STPS PH-IV, SSTPP PH-I and SSTPP PH-II have achieved COD after 01.04.2012 and covered under this category therefore, the

norms for Auxiliary Energy Consumption of these power stations are considered in accordance to aforesaid Regulation 51.4 (E) of the Regulations, 2024.

164. Accordingly, the power station-wise normative Auxiliary Energy Consumption considered in this Order is as follows:

Table 50: Auxiliary Energy Consumption (%)

Thermal Power Station	Auxiliary Energy Consumption (%)
ATPS PH-3	9.25%
STPS PH-4	8.50%
SGTPS PH-1&2	10.00%
SGTPS PH-3	5.75%
SSTPP PH-1	5.25%
SSTPP PH-2	5.25%

Secondary Fuel Oil Consumption

165. With regards to specific fuel oil consumption of thermal power stations commissioned prior to 1.4.2012, the norms fixed under the Regulation 51.3 (c) of the Regulations, 2024. The generating units of ATPS PH-III and SGTPS PH-I, II&III are covered under this category therefore, the norms for specific secondary fuel oil consumption for these thermal power stations is considered in accordance to Regulation 51.3(c) of the Regulations, 2024 in this Order as given below:

Table 51: Specific Fuel Oil Consumption (ml/kWh):

Name of Generating Station	Units (MW)	Capacity (MW)	FY 2024-25 to FY 2028-29
ATPS PH 3	1 x 210	210.00	0.50
SGTPS (PH 1 & PH 2)	4 x 210	840.00	1.15
SGTPS PH 3	1X500	500.00	0.50

166. With regards to specific fuel oil consumption for other coal based thermal generating Units/ stations for all capacities which have achieved COD on or after 01/04/2012, the norms for specific secondary consumption specified under the Regulation 51.4 (D) of the Regulations, 2024 as given below:

Coal-based generating stations: 0.50 ml/kWh

167. The generating units of STPS PH-IV, SSTPP PH-I and SSTPP PH-II have achieved COD after 01.04.2012 and covered under Regulation 51.4 (D) of the Regulations, 2024, therefore, the norms for specific secondary fuel oil consumption of these power stations is considered in accordance to aforesaid Regulation.

168. Accordingly, power station-wise normative specific secondary fuel oil consumption considered in this order is as follows:

Table 52: Specific Secondary Fuel oil Consumption (ml/kWh)

Thermal Power Station	Specific Secondary Fuel oil Consumption (ml/kWh)
ATPS PH-3	0.50 ml/kWh
STPS PH-4	0.50 ml/kWh
SGTPS PH-1&2	1.15 ml/kWh
SGTPS PH-3	0.50 ml/kWh
SSTPP PH-1	0.50 ml/kWh
SSTPP PH-2	0.50 ml/kWh

Transit and handling losses:

169. With regard to transit and handling losses the petitioner has submitted that the transit and handling loss for ATPS PH-3, Chachai and STPS PH IV, Sarnihias been considered as 0.80% as coal is being received from Indian Railway (Non-pit head mines) also apart from the local mines through own railway system. The Transit and Handling loss for SGTPS PH-1&2 (Birsinghpur), SGTPS PH-3 (Birsinghpur), SSTPP PH-1 (Khandwa) and SSTPP PH-2 (Khandwa) have been considered as 1.00% as coal is being received from Non-pit head multi-mode transportation (RCR) system (using two or more modes of transport involving multimode shipments).

170. Regulation 42 of the Regulations, 2024 specified the norms for transit and handling losses as under:

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

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

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

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

171. Since all the MPGGCL's coal based thermal power stations are non-pit head power stations, therefore, the norms for transit losses of 0.80% is considered for ATPS PH-1, STPS PH-4. Further, the coal in SGTPS 1,2,& 3 and SSTPP PH- 1 & 2 received through multi-mode transportation (RCR) system, therefore transit & handling losses is considered 1% in accordance to the Regulations, 2024.
172. In view of above, details of the operating norms for respective thermal power stations, in accordance to Regulations, 2024 for the control period FY 2024-25 to FY 2028-29 are summarized as below:

Table 53: Norms for Operating Parameters

Operating Parameters	Unit	Norms for Operating Parameters					
		ATPS PH-3	STPS PH-4	SGTPS PH-1&2	SGTPS PH-3	SSTPS PH-1	SSTPS PH-2
Gross Station Heat Rate	Kcal/kWh	2450	2400	2700	2390	2384	2185
Aux. Energy consumption	%	9.25	8.50	10.00	5.75	5.25	5.25
Sp. fuel oil consumption	ml/kWh	0.50	0.50	1.15	0.50	0.50	0.50
Transit Loss	%	0.80	0.80	1.00	1.00	1.00	1.00

Gross Calorific Value of coal:

173. With regard to Gross Calorific Value (GCV) of Coal, Regulation 43 of the Regulations, 2024 provides as under:

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

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

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

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

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

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

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

174. Regarding to GCV of coal for Coal based Thermal Power Stations, Regulation 47.3 of the Regulations, 2024, provides that weighted average gross calorific value of coal "as received", in Kcal per kg less 85 Kcal/kg on account of variation during storage at generating station shall be considered for determination of energy charges. The aforesaid Regulation further provides that in case of blending of coal from different sources, the weighted average Gross Calorific Value of coal (primary fuel) shall be arrived in proportion to blending ratio.

175. On scrutiny of the subject petition, the Commission observed that the petitioner filed energy charges based on the weighted average GCV of coal on “As Received Basis” less 85 Kcal/kg on account of variation during storage at generating station for the last 12 months from August, 2023 to July, 2024.
176. Vide Commission’s letter dated 30th October, 2024, the petitioner was asked to file calculation sheet for arriving at the weighted average GCV of coal “as received basis” for preceding financial year for respective thermal power stations in terms of Regulation 47.3 along with laboratory test reports. Further, petitioner was also asked to file GCV of coal as per bill/invoice raised by the coal companies along with the copies of invoices.
177. In response to above, by affidavit dated 25th November, 2024, petitioner submitted the power station wise weighted average GCV of coal “As received basis” for the available 12 preceding months from August, 2023 to July, 2024, in terms of the Regulations, 2024. The petitioner also filed copies of sample bills/invoices raised by the coal companies for the coal supplied to the thermal power stations indicating GCV as billed by the coal companies. Details of power station wise Gross Calorific Value of coal as filed by petitioner are as given below-

Table 54: Weighted Average GCV of Coal considered by the Commission in this Order:

Power Station	Wt. Avg. GCV of Coal preceding Financial year	Weighted Average GCV less 85 Kcal/kg
ATPS PH-3	3964	3879
STPS PH-4	3725	3640
SGTPS PH-1&2	3864	3779
SGTPS PH-3	3949	3864
SSTPP PH-1	3617	3532
SSTPP PH-2	3574	3489

178. Aforesaid Power station-wise weighted average Gross Calorific Value of coal on “as received basis” as filed by the petitioner (reduced by 85 Kcal/kg) in line with the Regulation 47.3 is considered for the determination of Energy Charges in this order. The petitioner is directed to ensure the compliance of Regulation 43.4 of the Regulations, 2024.

179. The petitioner has filed Gross Calorific Value of secondary fuel oil of 10,000 Kcal/Ltr. in all the power stations. The same value of GCV of secondary fuel oil as filed by the petitioner is considered in this order for the control period FY 2024-25 to FY 2028-29.

Landed Cost of Coal:

180. In Form TPS 15 of the petition, the petitioner worked out weighted average landed price of coal based on the landed cost of coal for preceding 12 months from August, 2023 to July, 2024.
181. Regarding the landed cost of coal, Regulation 41 of the Regulations, 2024 provides as under:

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

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

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

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

182. Further, Regulation 39.2 of the Regulations, 2024 provides as under:

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

183. In view of the above, vide letter dated 30th October, 2024, the petitioner was asked to file complete details of landed cost of coal for the preceding financial year in accordance to Regulations, 2024. The petitioner was also asked to explain the reasons for higher weighted average rate of coal for STPS and SSTPP claimed in the petition.
184. By affidavit dated 25th November, 2024, the petitioner filed the landed cost of coal for preceding 12 months in terms of the Regulations, 2024 along with the sample copies of bills/invoices in this regard. Details of power station wise landed price of coal during preceding 12 months from August, 2023 to July, 2024 and power station wise weighted average rate of coal filed by petitioner in are as given below:

Table 55: Landed price of coal claimed by the petitioner:-

Power Station	Wt. Avg. Rate of Coal (Rs. /MT)
ATPS PH-3	2976
STPS PH-4	4220
SGTPS PH-1&2	3537
SGTPS PH-3	3931
SSTPP PH-1	4617
SSTPP PH-2	4599

185. With regard to the reasons for the higher weighted average rate of coal in STPS & SSTPP, the petitioner vide affidavit dated 25th November, 2024 submitted the following:-

SSTPP, Khandwa:-

In regard to higher Coal rates, it is to submit that the coal linkage for the power station is from long distant mines of Western Coalfield Limited (WCL) and Northern Coalfield Limited (NCL). However, In spite of the fact that the basic price of the coal supplied is less in comparison to the freight charges charged by Indian Railways, freight charges are substantially high for delivering it from various mines / Areas 500+ Km (WCL) and 800+ Km (NCL) respectively. The coal to SSTPP Khandwa has also been transported through

Road-cum-Rail mode (two mode of Transportation) this has also resulted in increased Transportation cost and Transit Losses.

Further, the basic rate of coal for the same grade is higher for WCL than the other subsidiaries companies of Coal India Limited (CIL) and most of the coal of WCL is being received at SSTPP, Khandwa. WCL has also declared all of its mines as Mine Specific and additional cost of Rs. 450 per MT is levied over & above the notified price of coal.

The coal linkage from WCL is from Cost Plus sources, the prices of which are generally about 2.5 times higher than the notified prices of same grade of coal. As per terms of the Fuel Supply Agreement, the rate of Cost Plus coal is not fixed and it is subjected to an escalation formula in every six months.

The GoI has issued directives, enabling Thermal Power Generating Companies for swapping the coal linkage between their thermal power stations. All out attempts are being made by MPPGCL for optimizing the landed coal rate and had succeeded to certain extent at SSTPP, Khandwa by way of swapping coal.

STPS, Sarni:-

In regard to higher Coal rates, it is to clarify that **the basic rate of coal for the same grade is higher for WCL than the other subsidiaries companies of Coal India Limited (CIL)**. During FY 2023-24, out of the total coal supplied of about 24.87 LMT supplied at Sarni, WCL supplied 19.84 LMT (80%) while SECL supplied 5.03 LMT (20%). The coal linkage from WCL is from Cost Plus sources, the prices of which are generally about 2.5 times higher than the notified prices of same grade of coal. The average GCV of coal supplied from WCL is higher as compared to SECL sources, which also had its impact on total coal cost.

186. In view of the above, the power station-wise weighted average landed price of coal for preceding 12 months filed by the petitioner is considered for determination of energy charges in this Order.

187. On further perusal of the details of landed cost of coal, the Commission observed that while determining the weighted average landed cost of coal, the petitioner has considered normative transit and handling losses. Therefore, to work out the landed price of coal, the Commission has considered the price of coal with grossing up of transit and handling losses as per the Regulations, 2024. In view of above, the landed price of coal considered by the Commission in this Order including transit and handling losses is as below:

Table 56: Weighted Average Price of Coal

Power Station	Net coal supplied (MT)	Wt. Avg. Rate of Coal (Rs. /MT)
ATPS PH-3	1075249	2976
STPS PH-4	2087150	4220
SGTPS PH-1&2	3701285	3537
SGTPS PH-3	1826835	3931
SSTPP PH-1	5280198	4617
SSTPP PH-2	5864988	4599

188. The petitioner is directed to make efforts for reduction in landed cost of coal in STPS PH 4 and SSTPP PH 1 & 2 through swapping of coal linkage between their thermal power stations and coal rationalization scheme issued by Gol.

Landed cost of secondary fuel oil:

189. The petitioner submitted that the landed cost of secondary fuel oil for determination of Energy charges are based on the weighted average cost of the Oil purchased during preceding 12 months and in absence of these, the last procurement price before the start of tariff period. The secondary fuel oil comprises of Furnace Oil (FO) and Light Diesel Oil (LDO). Based on above, the power station wise Weighted Average Landed Price/Rate of Secondary Fuel Oil purchased has been worked out.
190. Vide Commission's letter dated 30th October, 2024, the petitioner was asked to file the details of weighted average rate of secondary fuel oil along with supporting documents like Bills/invoices for the preceding financial year.

191. By affidavit dated 25th November, 2024, the petitioner submitted the actual weighted average cost of secondary fuel for the preceding 12 months as given below:

Table 57: Secondary Fuel Oil

Month	FO			LDO			Sec. Oil		
	Qty. in KL	Rate in Rs/KL	Cost in Rs. Lakhs	Qty. in KL	Rate in Rs.KL	Cost in Rs. Lakhs	Qty. in KL	Rate in Rs./KL	Cost in Rs. Lakhs
ATPS PH-3	1286.80	52211	671.85	192.00	76491	146.86	1478.80	55364	818.72
STPS PH-4	36.00	66708	24.01	500.00	81689	408.44	536.00	80682	432.46
SGTPS 1&2	*5422.61	61570	3338.68	5970.13	82223	4908.81	11392.74	72392	8247.49
SGTPS PH-3									
SSTPP PH-1	*7757.77	60717	4710.25	3905.29	75337	2942.12	11663.06	65612	7652.38
SSTPP PH-2									

* Details of secondary fuel oil purchased for the complex.

192. On perusal of aforesaid details, it is observed that weighted average rate of secondary fuel oil in STPS PH 4 is on higher side because the quantity of LDO purchased during last financial year is much higher than the quantity of Furnace oil purchased by the petitioner. The petitioner is directed to make efforts for reduction in landed cost of secondary fuel oil in STPS PH 4.

193. In view of the above, power station wise weighted average rate of secondary fuel oil is considered as below:

Table 58: Weighted Average Rate of Secondary fuel oil

Power Station	Weighted Average Rate of Oil
ATPS, PH-III	55364
STPS, PH-IV	80682
SGTPS, PH-1&2	72392
SGTPS, PH-3	72392
SSTPS PH-I	65612
SSTPS PH-II	65612

194. Accordingly, the power station-wise energy charges for the control period FY 2024-25 to FY 2028-29 determined by the Commission is given as below:

Table 59: Computation of Energy Charge Rate for the Control period FY 2024-25 to FY 2028-29

Sr. No.	Particular	Unit	ATPS PH-III	STPS PH-IV	SGTPS PH-I&II	SGTPS PH-III	SSTPP PH-1	SSTPP PH-II
1	Installed Capacity	MW	210	500	840	500	1200	1320
2	NAPAF	%	85.00	85.00	75.00	85.00	85.00	85.00
3	Gross Station Heat Rate	Kcal/kWh	2450	2400	2700	2390	2384.25	2185.69
4	Sp. Fuel Oil consumption	ml/kWh	0.50	0.50	1.15	0.50	0.50	0.50
5	Auxiliary Energy Consumption	%	9.25	8.50	10.00	5.75	5.25	5.25
6	GCV of Oil	Kcal/Ltr.	10,000	10,000	10,000	10,000	10,000	10,000
7	GCV of Coal	Kcal/kg	3879	3640	3779	3864	3532	3489
8	Wt. Average price of Oil	Rs./Ltr.	55364	80682	72392	72392	65612	65612
9	Wt. Average price of Coal	Rs./mt	2976	4220	3537	3931	4617	4599
10	Heat contributed from Oil	Kcal/kWh	5.00	5.00	11.50	5.00	5.00	5.00
11	Heat contributed from Coal	Kcal/kWh	2445	2395	2689	2385	2379	2181
12	Sp. Coal consumption	Kg/kWh	0.6303	0.6580	0.7114	0.6172	0.6736	0.6250
13	Rate of energy charge from Oil	Rs./unit	0.028	0.040	0.083	0.036	0.033	0.033
14	Rate of energy charge from Coal	Rs./unit	1.876	2.777	2.516	2.426	3.110	2.874
15	Total rate of energy	Rs./unit	1.904	2.817	2.600	2.463	3.143	2.907
16	Rate of energy ex-bus	Rs./unit	2.097	3.079	2.888	2.613	3.317	3.068

195. The aforesaid energy charges have been worked out for working capital purpose. The base rate of the energy charges shall however be subjected to month-to-month adjustment based on actual fuel price and actual GCV of coal on received basis. The recovery of energy charges shall be made in accordance with Regulations 47 of the Regulations, 2024.

Other Charges:

Petitioner’s Submission

196. The petitioner has claimed the MPERC Fee, water charges, Rent , Rate & Taxes, Fly Ash Transportation & Utilization expenditure and Security Expenses under the head of other charges in the petition.

197. The Water Charges payable to GoMP has been worked out by the petitioner on the rates specified by WRD for Thermal and Hydro Power stations. The details of the power station wise MPERC fee, Water Charges, Rent, Rate & Taxes, Security expenses and Fly Ash utilization & Transportation for FY 2024-25 to FY 2028-29 are detailed in the petition.

198. The petitioner has submitted that the expenses towards the duties, levies payable to the Government, EL encashment, any Arrears paid to employees, Publication expenses, Other Statutory Charges etc. shall be claimed separately. MPPGCL shall claim these expenses on actuals at the time of True-up of respective years.

Commission's analysis:

199. Regarding the Application fee, publication expenses and other statutory charges, Regulation 66 of the Regulations, 2024, provides as under:

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

- (i) The application filing fee and the expenses incurred on publication of notices in the application for approval of tariff, may in the discretion of the Commission, be allowed to be recovered by the generating company directly from the beneficiaries.*
- (ii) The Commission may, for the reasons to be recorded in writing and after hearing the affected parties, allow reimbursement of any fee or expenses, as may be considered necessary.*
- (iii) SLDC Charges and Transmission Charges as determined by the Commission shall be considered as expenses, if payable by the generating stations.*
- (iv) RLDC/NLDC charges as determined by the Central Commission shall also be considered as expenses, if payable by the generating station.*

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

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

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

66.4 Expenses towards Fly Ash utilization & transportation shall be payable in accordance to the directives issued by Government of India, Ministry of Environment, Forest and Climate Change vide Notification No. S.O. 5481 (E) dated 31.12.2021 and subsequent amendment issued from time to time: Provided that the generating company shall maintain separate accounts/records for expenses towards Fly Ash utilization & transportation reconciled with the Annual Audited Accounts and duly certified by the statutory Auditor. The generating company shall submit complete details of aforesaid expenses to the procurer along with supporting documents

200. In view of the above, the petitioner is allowed to recover the fee paid to MPERC and publication expenses as per Regulation 66.1 (i) of the Regulations, 2024 on submission of documentary evidence. Water Charges on provisional basis have already been allowed in O&M Expenses (Table 26) of this Order. In accordance to the second proviso of Regulation 37.2 of the Regulations, 2024, water charges are allowed only to the extent of water consumption as per norms specified by the MOEF&CC.
201. Petitioner is also allowed to recover expenses toward fly ash utilization and transportation under the Regulations, 2024 subject to submission of documentary proof and other details as per the Regulations.
202. Based on the above, the summary of Annual Capacity (fixed) Charges and Energy (variable) Charges approved by the Commission for the control period FY 2024-25 to FY 2028-29 are as given below:

Table 60: Head Wise Annual Capacity Charges Allowed

S. No.	Particulars	AFC Allowed (Rs in Crore)				
		FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
1	Return on Equity	804.10	804.10	804.10	804.10	804.10
2	Depreciation	996.68	973.97	870.56	643.84	638.92
3	Interest on Loan	714.61	616.67	525.84	453.51	393.03
4	O&M Expenses	1600.71	1687.04	1776.14	1869.72	1968.19
5	Special Allowance	75.70	90.30	90.30	90.30	90.30
6	Interest on Working Capital	409.38	411.78	413.22	413.16	417.13
7	Total Annual Capacity (fixed) Charges	4601.19	4583.86	4480.15	4274.63	4311.66
8	Less: Non-Tariff Income	26.47	26.47	26.47	26.47	26.47
9	Net Annual Capacity Fixed Charges	4574.72	4557.39	4453.68	4248.16	4285.19

Table 61: Power Station Wise Capacity Charges Allowed (Rs in Crore)

Sr no	Power Stations	AFC Allowed				
		FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
1	ATPS, PH-3	173.85	173.72	174.04	174.85	176.38
2	STPS, PH-4	615.81	610.25	511.19	516.98	523.49
3	SGTPS, PH-1&2	556.69	571.50	589.37	608.17	627.98
4	SGTPS, PH-3	317.84	318.14	321.40	327.51	334.76
5	SSTPS PH-1	1269.05	1250.76	1232.75	1002.58	1009.33
6	SSTPS PH-2	1389.45	1375.30	1361.44	1348.51	1336.88
	Thermal	4322.70	4299.68	4190.20	3978.60	4008.80
7	Gandhi Sagar HPS	17.67	18.63	19.60	20.59	21.61
8	Pench HPS	31.13	32.22	33.33	34.52	35.80
9	Rajghat HPS	12.56	12.89	13.18	13.49	13.83
10	Bargi HPS	18.42	19.07	19.74	20.47	21.24
11	Bansagar HPS (1,2&3)	135.43	137.71	140.04	142.47	145.36
12	Bansagar HPS-4, Jhinna	10.17	10.28	10.40	10.52	10.66
13	Birsinghpur HPS	5.92	6.04	6.17	6.31	6.47
14	Madhikheda HPS	20.70	20.88	21.02	21.18	21.42
	Hydel	252.02	257.71	263.49	269.56	276.39
	Total	4574.72	4557.39	4453.68	4248.16	4285.19

Table 62: Recovery of capacity charges for thermal generating units as per Regulation 45.2 Allowed for recovery (Rs. Crore)

Sr no	Power Stations	AFC Allowed				
		FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
1	ATPS, Chachai PH-3	173.85	173.72	174.04	174.85	176.38
2	STPS, Sarni PH-4	615.81	610.25	511.19	516.98	523.49
3	SGTPS, PH-1&2	539.92	554.28	571.61	589.84	609.05
4	SGTPS, Birsing'pur PH-3	317.84	318.14	321.40	327.51	334.76
5	SSTPS PH-1	1113.33	1097.28	1081.49	879.56	885.48
6	SSTPS PH-2	1187.90	1175.80	1163.96	1152.90	1142.95
	Thermal	3948.65	3929.48	3823.68	3641.64	3672.10
7	Gandhi Sagar	17.67	18.63	19.60	20.59	21.61
8	Pench	31.13	32.22	33.33	34.52	35.80
9	Rajghat	12.56	12.89	13.18	13.49	13.83
10	Bargi	18.42	19.07	19.74	20.47	21.24
11	Bansagar (1,2&3)	135.43	137.71	140.04	142.47	145.36
12	Bansagar-4, Jhinna	10.17	10.28	10.40	10.52	10.66
13	Birsinghpur	5.92	6.04	6.17	6.31	6.47
14	Madhikheda	20.70	20.88	21.02	21.18	21.42
	Hydel	252.02	257.71	263.49	269.56	276.39
	Total	4200.67	4187.20	4087.17	3911.20	3948.49

Table 63: Energy (Variable) Charges Determined (Rs /Unit)

S. No	Power Station	Energy Charges at ex-bus for FY 2024-25 to FY 2028-29
1	ATPS PH-3	2.097
2	STPS PH-4	3.079
3	SGTPS PH-1&2	2.888
4	SGTPS PH-3	2.613
5	SSTPS PH-1	3.317
6	SSSTPP PH-2	3.068

Implementation of the Order

203. The Commission directs that the generation tariff determined in this Order shall be applicable from 1st April, 2024 and will continue to be operative till 31st March, 2029, under Multi Year Tariff Principles. The difference between the billing done

in accordance with Regulation 7.12 of the Tariff Regulations, 2024 for the period starting from 01.04.2024 and the tariff determined in this Order shall be done in accordance to first proviso of the Regulation 7.12 of the Regulations, 2024 in a maximum six equal monthly installments from the date of issuance of this MYT Order.

204. The petitioner must take steps to implement this order after giving seven (7) days' public notice in accordance to Regulation 1.30 of MPERC (Details to be furnished and fee payable by licensee or generating company for determination of tariff and manner of making application) Regulations, 2004 and its amendments and must also provide information to the Commission in support of having complied with this order.

205. With the above directions, this Petition No. 56 of 2024 is disposed of

(Prashant Chaturvedi)
Member

(Gopal Srivastava)
Member (Law)

Date: 4th March, 2025

Place: Bhopal

Annexure-I

Petitioner's Reply on the response filed by the Respondent No.1 (MPPMCL) along with observations:

(i) MPPMCL's Comments

The Petitioner has not provided the details of each of its Generating Units as are required to be furnished under the Tariff Regulations. The Petitioner has not provided the break-ups of its capital assets, O & M Expenses, Details of employee cost, details of Depreciation in respect of each of the component of the Units, break-up of price of fuel and transportation charges, quantum of Fly-Ash collected, etc. In such a circumstance, the Tariff may not be determined fairly and conveniently. Therefore, it may be apposite on the part of the Petitioner to revisit the MYT petition in its entirety and file a fresh and properly articulated petition setting out the particulars required in details in respect of each of the Units. Hence, the Petition, as filed, is denied and disputed.

Petitioner's reply

MPPGCL submits that the subject Petition before the Commission has been framed in accordance to MPERC (Terms and Conditions for Determination of Generation Tariff) (Revision-V) Regulations, 2024. The item wise reply to MPPMCL's Observations made in this para are given as bellow:

a) Technical Details

The Commission's MYT Regulations and the orders passed in past MYT and True up Petitions, etc., Power Station Wise Tariff is being determined by the Commission for MPPGCL's Thermal Power Stations, namely ATPS PH-3, STPS PH-2&3, STPS PH-4, SGTPS PH1&2, SGTPS PH-3, SSTPP PH-1 and SSTPP PH-2, and Hydel Power Stations, namely Gandhi Sagar HPS, Pench HPS, Rajghat HPS, Bargi HPS, Bansagar HPS PH-1,2&3, Bansagar HPS PH-4, Birsinghpur HPS and Madhikheda HPS. Accordingly, the respective Power Station Wise details, including the age and past performance parameters of each Power Station, have been detailed in Chapter-6 "Performance Parameters" in the subject Multi Year Tariff Petition No. 56 of 2024.

b) Capital Assets: -

Regarding capital assets, it is humbly requested to kindly refer Chapter 10. "Depreciation" of the subject Petition, wherein it has been mentioned at para 10.2 that

since the Annual Statement of Accounts of MPPGCL for FY 2023-24 were under finalization, MPPGCL in this Multi Year Tariff Petition has not considered any Asset addition or deletion in FY 2023-24 and the Closing Gross Block of FY 2022-23, as approved in the True up Order dated 07.03.2024 for FY 2022-23, has been considered as the Opening Gross Block for FY 2023-24, for the respective power station.

Further, as mentioned in Para 10.3 of the subject Petition, as per Regulation 6.3 of MPERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2024, MPPGCL has considered the Power Station wise capital cost based on the admitted capital cost, including capital expenditure already admitted in last True up order (FY 2022-23), as the respective base capital cost for framing the MYT Petition. The Power Station Wise Closing Gross Block of Assets for FY 2022-2023, as approved by the Commission in True up Order for FY 2022-23, are detailed in Table No. 10.7.1 of the subject Petition. The Year Wise Opening Gross Block, Closing Gross Block and Average Gross Block for respective power stations of MPPGCL for the control period FY 2024-25 to FY 2028-29 as considered in the subject MYT Petition are given in Tables 10.12.1, 10.12.3, 10.12.5, 10.12.7 and 10.12.9 of the subject Petition.

In Chapter-16 "Projected / Proposed Additional Capital Expenditure" of the subject Multi Year Tariff Petition No. 56 of 2024, MPPGCL has submitted brief regarding few capital works to be taken up in the respective year of the tariff period FY 2024-25 to FY 2028-29 proposed for additional capital expenditure at respective power stations. However, it is also submitted that MPPGCL shall claim Additional Capital expenditure, as per the directive of the Commission mentioned in MYT order dated 19.05.2021, on the basis of actual audited expenses captured and capitalized in Books of Account at the time of True up for the respective Years for the respective Power Stations. Hence, no claim on account of proposed Additional Capitalization has been considered in the subject MYT Petition No. 56 of 2024.

c) O&M Expenses: -

The Commission, in Regulation 36, 37 & 38 of MPERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2024 {RG-26 (V) of 2024}, has specified the norms for O&M expenses comprising of Employee Cost, Repair & Maintenance (R&M) cost and Administrative and General (A&G) cost for Thermal and Hydel Power Stations for FY 2024-25 to FY 2028-29.

Accordingly, the power station wise O&M expenses for Thermal and Hydro Power Stations of MPPGCL for the control period FY 25 to FY 29 have been computed and tabulated in Table 11.3.1 under Chapter 11. "O&M Expenses" of the subject Petition.

d) Details of Depreciation: -

As regards depreciation, it is humbly submitted the working of Power Station Wise and Year Wise Depreciation is detailed in Chapter 10 of the subject Petition.

In this context, please refer Para 10.9 and 10.10 of MPPGCL's subject Petition No. 56/2024 wherein it has been submitted that the depreciation on the Gross Block has been computed based on the following principles as per MPERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2024: -

- The rates for depreciation are considered as specified by the Commission in Appendix-I of MPERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2024.
- The salvage value of assets is considered as 10%, i.e., none of the assets are depreciated more than 90% of the gross value.
- Wherein the asset additions are made during the year, the depreciation is charged on prorata basis.
- Regulations 34.5 of MPERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2024 specify that the remaining depreciable value as on 31st March of the year closing after a period of 12 years from the effective date of commercial operation of the station shall be spread over the balance useful life of the assets.

Accordingly, MPPGCL has worked out the reduced Weighted Average Rate of Depreciation for Stations which have completed the useful life of 12 years during the period 01.04.2025 to 31.03.2029.

The Power Station Wise Asset Cum Depreciation Registers for FY 2022-23 have already been submitted before the Commission in the matter of True up for FY 2022-23. The Power Station Wise Weighted Average Rate of Depreciation submitted in aforesaid Registers have been considered as Power Station Wise Base Rate of Wt. Avg. Rate of Depreciation for the Control period FY 2024-25 to FY 2028-29. Considering the Power Station wise projected additional Capitalization for the Control period FY 2024-25 to FY 2028-29, the base rate is adjusted / averaged out on year to year basis. Considering above methodology, the yearly Weighted

Average Rate of Depreciation for FY 2024-25 to FY 2028-29 is worked out & submitted in the subject petition. The Power Station wise depreciation claimed in the instant petition for FY 2024-25 to FY 2028-29 is summarized in Table 10.13.1 and the Power Station Wise Accumulated Depreciation is summarized in Table 10.14.1 of the subject Petition.

e) Details of Price of fuel & Transportation charges: -

(i) Primary fuel: -

As per MPERC Regulations, 2024, the Power Station Wise landed cost of primary fuel and secondary fuel for tariff determination shall be based on actual weighted average cost of primary fuel and secondary fuel of the twelve preceding months. The Power Station wise details of Landed Price of Coal have been submitted in Chapter-7 "Energy Charges (Variable Charges)" of the subject Petition. Further, the breakup of Landed Price of coal & its transportation charges are also elaborated in Power Station Wise FORM TPS-15 submitted with the subject petition.

(ii) Secondary Fuel Oil: -

The secondary Fuel oil comprises of Furnace Oil (FO) and Light Diesel Oil (LDO). As per MPERC Regulations, 2024, the landed cost of Secondary Fuel, i.e., Secondary Fuel Oil for determination of tariff are based on weighted average cost of the preceding 12 months and in absence of these, the last procurement price before the start of tariff period. Based on above philosophy the Power Station Wise Weighted Average Landed Price/ Rate of Secondary Fuel Oil purchased has been worked out and detailed in Chapter 7 "Energy Charges (Variable Charges)" of the subject Petition.

f) Quantum of Fly Ash collected: -

The Regulation 37.2 of MPERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2024 read with Regulation 66.4 of MPERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2024 provides for recovery of Expenses towards Fly Ash Utilization & Transportation, which shall be payable in accordance to the directives issued by Government of India, Ministry of Environment, Forest and Climate Change vide Notification No. S.O. 5481 (E) dated 31.12.2021 and subsequent amendment issued from time to time.

MPPGCL in the subject Petition has projected the Thermal Power Station Wise expenses towards Fly Ash utilization and Transportation for the period FY 2024-25 to FY 2028-29 on Normative PLF basis.

In view of the above, it is evident that MPPGCL has already included relevant details and documents in the subject petition therefore MPPGCL humbly submits that the observations of the respondent, MPPMCL, given in Para No. 2 of its reply are misconstrued and unjustified. MPPGCL, therefore, humbly requests the Commission to not to consider these observations raised by the Respondent, MPPMCL.

Observation

By way of subject MYT petition and subsequent additional submission, the petitioner has filed aforesaid details. The Commission has scrutinized and examined the subject MYT petition in accordance to the provisions under the Regulations, 2024 and worked out Annual Capacity (fixed) Charges, Other Charges and Energy Charges in accordance to the provisions and norms under the Regulations, 2024.

(ii) MPPMCL's Comments

STPS, Sarni, (830 MW) Ph. 2 and 3, having completed their useful and operational life, have been kept under outage since FY 2021-22 and that administrative approval for the same is awaited. Since the said Units are witnessing outage, it is understood that they are not in use and are not attracting anything towards Fixed / Capacity Charges, Other Charges and Energy Charges since FY 2021-22. It is believed that under all prudence, the Petitioner would have kept the licenses / permissions for water and other components of Other Charges under suspension since that period and would not be contributing anything towards Other Charges. Determination of tariff in respect of these Units would be a futile exercise and would adversely affect the ultimate tariff to the end consumers at large. Therefore, the Petitioner is not entitled to any Tariff for the present tariff block period. Determination of tariff in respect of these Units is, therefore, strongly objected.

Petitioner's reply

*In the above context, MPPGCL submits that the Energy Department, GoMP, vide letter No. F-03-09/2017/13/10 dated 07.11.2024, has informed that the Government of Madhya Pradesh has granted approval for retirement/ de-Commissioning of PH-2 & 3 of STPS, Sarni w.e.f. **30.09.2024**.*

Observation

As informed by the petitioner during proceeding of subject MYT petition, the generation units of STPS Sarni PH-2 & 3 are under shutdown since FY 2021-22, and the Energy Department vide letter dated 7th November, 2024 has approved their retirement/decommissioning as of 30th September 2024. Accordingly, the Commission has not determined the AFC and Energy Charges for the STPS PH-2&3 for the control period.

(iii) MPPMCL's Comments

Petitioner has stated that it has proposed Renovation and Modernization of its Hydel Power Stations, namely Gandhi Sagar HPS, Pench HPS and Bargi HPS stating that they have either completed their Useful Life or are at their fag end of their Useful Life. The Petitioner has stated that it would file a separate petition u/r. 27 of MPERC (Terms and Condition for Determination of Generation Tariff) Regulations, 2024 seeking approval for carrying out Renovation and Modernization of these stations. A separate petition in this regard would lead to revision of tariff and additional legal and Court Fees expenditure to the Petitioner which would be ultimately loaded on in the retail tariffs to grave prejudice and hardship to the end consumers. Hence, it would be apposite for the Petitioner to amend the instant petition and claim Renovation and Modernization approval in instant petition only in one go instead of filing a separate petition at a later stage.

Petitioner's reply

MPPGCL submit that as mentioned at para 5.4.3 page 23 of the subject Petition, the procedure for additional capitalization on account of Renovation and Modernization is governed by Regulation 27 of MPERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2024, which mandates filing of separate petition for approval of the R&M proposal and subsequently filing of another petition for determination of Tariff of power station after completion of R&M activities.

MPPGCL humbly submits that the Renovation and Modernization (R&M) has been proposed for its Hydel Power Stations, namely Gandhi Sagar HPS, Pench HPS and Bargi HPS, which will be carried out in upcoming Years. However, the process for obtaining necessary approvals on the DPR and consent of the beneficiaries, etc., is underway and may take some time. MPPGCL shall, therefore, file separate petitions for respective Power Stations for obtaining approval of the Commission, once all the

required formalities including approval of DPR, Consent of beneficiaries, etc., are obtained, complying the requirements of the Regulation 27 of MPERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2024

As such, observation made by the Respondent, MPPMCL, that Legal and Court Fees expenditure would be additional burden on consumer, does not hold good, as MPPGCL shall have to follow all the applicable Regulations of the Commission while filing respective Petitions. MPPGCL, therefore, humbly requests the Commission to not to consider these observations raised by the Respondent, MPPMCL.

Observation

In the subject MYT petition, the petitioner has not filed/claimed any amount towards renovation & modernization for any of the hydro power stations therefore, beyond the scope of this petition. The Commission shall deal the Renovation and Modernization (R&M) for petitioner's Hydel Power Stations in accordance with the Regulations, 2024 as and when petitioner approaches the Commission.

(iv) MPPMCL's Comments

Petitioner has claimed Special Allowances u/r. 28 (1) of the Tariff Regulations in respect of STPS Ph 2 & 3. Sarni and SGTPS Ph 1 & 2, Birsinghpur. The Petitioner has not pleaded any reasonability for its claim in this respect and has made a simple prayer in this respect claiming the Allowance. The Petitioner has given a collective normative parameters in respect of these Units instead of providing details in respect of each of these Units individually. Pertinent to mention here that the CODs of each of these Units are different and their parameters, in individual are also different. The performance of these Units, in individual and the cost of generation may also need to be available on records before considering their entitlement for Special Allowance. The claim of the Petitioner for Special Allowance in respect of these Units is disputed and denied.

Petitioner's reply

MPPGCL humbly submits that, in past no Comprehensive Renovation and Modernization (R&M) has been carried out in STPS PH-2&3 Sarni and SGTPS PH-1&2 Birsinghpur. The Commission has already granted approval through various MPERC Orders for claiming Special Allowance in tariff for the Units of these Power Stations.

Regulation 28.1 of the MPERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2024, permits for availing the same in Control period FY-25 to FY-29 also.

As such, the observation raised by the Respondent, MPPMCL, is not justified. However, it is to update that the Energy Department, GoMP, vide letter No. F-03-09/2017/13/10 dated 07.11.2024 has informed that the Government of Madhya Pradesh has granted approval for retirement/ de-Commissioning of PH-2 & 3 of STPS, Sarni w.e.f. 30.09.2024. A copy of the aforesaid letter is annexed for kind reference please.

In view of the above, it is humbly requested before the Commission to kindly permit MPPGCL to continue availing the Special Allowance for SGTPS PH-1&2 Birsinghpur for this MYT control period also, as per the applicable Regulation of MPERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2024.

Observation

Generating units of STPS PH 2&3 have been retired/decommissioned as on September, 2024, as approved by Energy Department, GoMP. Therefore, the Commission has not determined tariff of STPS PH 2&3 in this order. Further Special Allowance for SGTPS PH 1&2 has been considered in accordance to the Regulations, 2024. Such claim shall be examined in detail in accordance to the Regulation, 2024 during the true-up exercise for respective years of the control period. Direction have already issued to the petitioner for submission all such relevant details/documents in accordance to the Regulation, at the time of true-up.

(v) MPPMCL's Comments

That, it is to be noted that on one hand the Petitioner is stating the STPS, Sarni, (830 MW) Ph. 2 and 3, having completed their useful and operational life, have been kept under outage since FY 2021-22 and that administrative approval for the same is awaited and at the same time is claiming Tariff including Special Allowance for the same. The Petitioner can in no way claim the same for the which is not in use.

Petitioner's reply

MPPGCL humbly submits that, in past no Comprehensive Renovation and Modernization (R&M) has been carried out in STPS PH-2&3, Sarni. The Commission has already granted approval through various MPERC Orders for claiming Special Allowance in tariff for the STPS PH-2 & 3. Further, Regulation 28.1 of the MPERC

(Terms and Conditions for Determination of Generation Tariff) Regulations, 2024, permits for availing the same in Control period FY-25 to FY-29 also.

However, it is to update that the Energy Department, GoMP, vide letter No. F-03-09/2017/13/10 dated 07.11.2024 has informed that the Government of Madhya Pradesh has granted approval for retirement/ de-commissioning of PH-2 & 3 of STPS, Sarni w.e.f. 30.09.2024. A copy of the aforesaid letter is annexed for kind reference please.

In the context it is humbly submitted that, till the time of filing of the subject MYT Petition (No. 56/2024) before the Commission, the order of GoMP for retirement/ decommissioning of STPS PH-2& 3 Sarni was not issued. As such MPPGCL had submitted its claim for availing Special Allowance for STPS PH-2 & 3, Sarni as allowed by the Commission vide its various orders and as per the applicable regulations of MPERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2024.

Observation

It is observed that the STPS Sarni PH-2 & 3 was under shutdown since FY 2021-22, and the Energy Department has approved their retirement as of 30th September 2024. Accordingly, the Commission has not determined the AFC for the STPS PH-2&3 for the control period.

(vi) MPPMCL's Comments

Petitioner has claimed a total amount of Rs. 616.87 Crore under the head Other Charges comprising of MPERC Fee, Water Charges, Rent-Rates & Taxes, Fly-Ash Transportation and Security Expenses. Expenses claimed by the Petitioner under the head Other Expenses should not be allowed as a separate component of Tariff under the head Other Charges but should be dealt on payment on actual basis in terms of the express provisions of Regulation 32 of the MPERC (Terms and Condition for Determination of Generation Tariff) Regulations, 2024 only. Therefore, the claim under the head of Other Charges should be rejected for the present and be dealt with at the time of true-up

Petitioner's reply

The Regulation 37 of MPERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2024 provides the norms for Operation and Maintenance (O&M) expenses admissible to Thermal Generating Stations. Regulation 37.1 of MPERC

(Terms and Conditions for Determination of Generation Tariff) Regulations, 2024 mentions that the norms for O&M exclude Pension and Terminal Benefits, EL encashment, and arrears to be paid to employees towards pay revision, taxes payable to the Government, and fees payable to MPERC, and that the generating company shall claim the rate, rent & taxes payable to the Government, fees to be paid to MPERC, EL encashment and any arrears paid to employees separately as actual. Regulation 37.2 provides that the Water Charges, Security Expenses, Ash Transportation Expenses and Capital Spares for thermal generating stations shall be allowed separately after prudence check.

Similarly, Regulation 38 of MPERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2024 provides the norms for Operation and Maintenance (O&M) expenses admissible to Hydro Generating Stations. Regulation 38.1 of MPERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2024 provides that the norms for O&M exclude Pension and Terminal Benefits, EL encashment, and arrears to be paid to employees, taxes payable to the government, and fees payable to MPERC and that the generating company shall claim the rate, rent & taxes payable to the Government, fees to be paid to MPERC, EL encashment and any arrears paid to employees separately as actual. Regulation 38.5 provides that the Security Expenses, Capital Spares and Insurance expenses arrived through competitive bidding for hydro generating stations shall be allowed separately after prudence check.

MPPGCL wishes to submit that the MPERC Fees for Financial year is being paid to Commission in advance by 28th Feb. each year. The Power Station Wise Water Charges are required to be paid on monthly basis to WRD, GoMP. As regards to Security Expenses, it is to submit that the Intelligence Bureau, Ministry of Home Affairs, Gol had inspected various Thermal and Hydro Power Stations of MPPGCL and conveyed various recommendations through Confidential Reports for strengthening the Security of Power Stations. Based on these recommendations, Power Station wise Security expenses are also required to be paid on monthly basis. Similarly, huge expenses are incurred by MPPGCL towards transportation of Ash on monthly basis. Therefore, to maintain cash flow, the claim towards Ash Transportation is being made Power Station wise on monthly basis.

In the context, it is pertinent to mention here that revenue receivables from the Respondent MPPMCL (Respondent No.-1) is to the tune of approximately Rs. 9090 Crore as on 09.01.2025.

It is, therefore, humbly requested before the Commission to not to consider the observation of the Respondent, MPPMCL, and to kindly allow the Other Charges as claimed by MPPGCL in the subject Petition.

Observation

The Commission has considered Other Charges as per provisions under the Regulations, 2024. Water charges in thermal power stations are allowed only to the extent of norms for water charges specified by the MoEF&CC.

(vii) MPPMCL's Comments

That, the audited financial statements as on 31/03/2024 and the True-Up for FY 2023-24 are not available on records of this petition for the present. In the circumstances, the Commission may consider to defer determination of present tariff till the same are available.

Petitioner's reply

In the above context, MPPGCL wishes to humbly submit that the Trueup Tariff Petition for FY 2023-24 has already been filed before the Hon'ble Commission on 25.11.2024 based on the Audited Annual Statement of Accounts of MPPGCL for FY 2023-24 (Petition No. 76/2024). In compliance to the directives of the Commission issued vide daily order dated 17.12.2024, a copy of the True-up Tariff Petition for FY 2023-24 has already been served to the Respondent, MPPMCL vide letter No. 1060 dated 20.12.2024.

In view of the above, the observation made by the Respondent, MPPMCL, has no relevance at this stage. MPPGCL humbly requests the Commission to not to consider the observation made by the Respondent, MPPMCL in this respect.

Observation

In accordance to the Regulation 6.3 and 7.4 of the Regulations, 2024, the base figure of capital cost funding as admitted in the last true-up order i.e., FY 2022-23 have been considered (excluding STPS PH-2&3) opening balance as on 01.04.2024 in this Order. The Commission has dealt this issue in detail and reasons of considering base opening figure in this Order.