

ODISHA POWER GENERATION CORPORATION LTD.

(A Government Company of the State of Odisha)

CIN : U40104OR1984SGC001429 ; GSTN - 21AAACO4759R1ZZ

Regd. Off : ZONE - A, 7th Floor, Fortune Towers, Chandrasekharpur, Bhubaneswar - 751023, Odisha.

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Web : www.opgc.co.in

Ref: OPGC/Units 3 & 4/Tariff /2024-25/ 1919

27.12.2024

To,

The Secretary,

Odisha Electricity Regulatory Commission,

Plot No.4, Chunokoli, Sailashree Vihar

Bhubaneswar- 751 021

**Subject: Authorisation of Mr. Haresh Kumar Satapathy, AGM (C&RA) for filing of
Petition for True Up of Tariff of Units #3&4 for FY 2019-20 To FY 2023-24 and
Determination of Multi Year Tariff for FY 2024-25 to FY 2028-29**

Sir,

This is to certify that Mr. Haresh Kumar Satapathy, currently serving in the capacity of Additional General Manager (C&RA), Odisha Power Generation Corporation Ltd. (OPGC), stationed at the corporate office at Zone-A, 7th Floor, Fortune Towers, Chandrasekharpur, Bhubaneswar-751023, Odisha, India (Petitioner), is duly authorised to file the Petition for True Up of Tariff of Units #3&4 for FY 2019-20 To FY 2023-24 and Determination of Multi Year Tariff for FY 2024-25 to FY 2028-29 and appear on behalf of the Petitioner during the tariff hearing and other proceedings before the Hon'ble Odisha Electricity Regulatory Commission.

Thanking you,



(Manas Ranjan Rout)

Managing Director

Odisha Power Generation Corporation Ltd.



Jagyneshwar Acharya
Notary, Govt. Of India
Odisha, BBSR, Dist-Khorda
Regd. No.-7791/2009

2.7 DEC 2024

AFFIDAVIT

**BEFORE THE ODISHA ELECTRICITY REGULATORY COMMISSION,
BHUBANESHWAR**

FILE NO. 1

CASE NO. _____ OF 2024

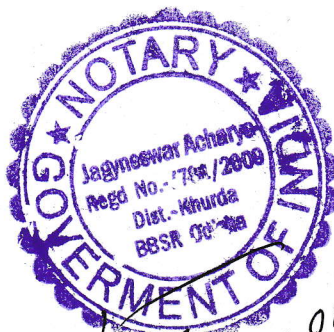
IN THE MATTER OF: Petition for True Up of Tariff of Units #3&4 for FY 2019-20
To FY 2023-24 and Determination of Multi Year Tariff for
FY 2024-25 to FY 2028-29

AND

IN THE MATTER OF: Odisha Power Generation Corporation Ltd. (OPGC Ltd.),
Zone-A, 7th Floor, Fortune Towers, Chandrasekharapur,
Bhubaneswar - 751023, Odisha, India..... **Petitioner**

I, Haresh Kumar Satapathy, son of Shri Kailash Chandra Satapathy, aged about 55 years, do solemnly affirm and say as follows:

- (a) That, I am the Additional General Manager (C&RA) of Odisha Power Generation Corporation Limited, the Petitioner in the above matter and is duly authorised by the said Petitioner to make this affidavit on its behalf.
- (b) The statements made in paragraphs 1 to 6 of the Petition herein now shown to me are true to my knowledge and statements made in paragraphs 1 to 6 are based on information made available to me and I believe them to be true.



Haresh Kumar Satapathy

Deponent

Addl. General Manager (C & RA)
Odisha Power Generation Corporation Ltd.
Bhubaneswar

[Handwritten Signature]

Jagyneswar Acharya
Notary, Govt. Of India
Odisha, BBSR, Dist-Khurda
Regd. No.-7791/2009

Verification

I, the deponent above named do hereby verify that the contents of my above affidavit are true to my knowledge; no part of it is false and nothing material has been concealed there from.

Verified at Bhubaneswar on the 27th day of December, 2024.

[Handwritten Signature]

Deponent

Addl. General Manager (C & RA)
Odisha Power Generation Corporation Ltd.
Bhubaneswar

IDENTIFIED BY ME
\$ 15.12.2024
ADVOCATE, BBSR



[Handwritten Signature]

Jagyneswar Acharya
Notary, Govt. Of India
Odisha, BBSR, Dist-Khurda
Regd. No.-7791/2009

ODISHA POWER GENERATION CORPORATION LIMITED

BHUBANESWAR



**PETITION FOR TRUE UP OF TARIFF OF UNITS #3&4 FOR
FY 2019-20 TO FY 2023-24 AND DETERMINATION OF
MULTI YEAR TARIFF FOR FY 2024-25 TO FY 2028-29**

27 December, 2024



**BEFORE THE ODISHA ELECTRICITY REGULATORY COMMISSION,
BHUBANESHWAR**

CASE No. ____ of 2024

IN THE MATTER OF Petition for True Up of Tariff of Units #3&4 for FY 2019-20
To FY 2023-24 and Determination of Multi Year Tariff for FY
2024-25 to FY 2028-29

AND

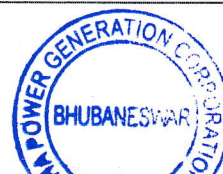
IN THE MATTER OF Odisha Power Generation Corporation Ltd. (OPGC Ltd.),
THE APPLICANT Zone-A, 7th Floor, Fortune Towers, Chandrasekharpur,
Bhubaneswar - 751023, Odisha, India (Petitioner)

**ODISHA POWER GENERATION CORPORATION LIMITED ("The Petitioner")
RESPECTFULLY SUBMITS AS FOLLOWS:**

Odisha Power Generation Corporation Limited (hereinafter referred as "**OPGC**" or "**the Petitioner**") is a company incorporated under the Companies Act, 1956 and having its registered office at Zone - A, 7th floor, Fortune Towers, Chandrasekharpur, Bhubaneswar, Odisha - 751023.

OPGC, a Generating Company as defined in the Electricity Act, 2003, has an existing coal based thermal power station comprising of 2 Units of 210 MW capacity each (Units 1&2), situated at IB Thermal Power Station Complex, Banharpalli, Jharsuguda District. OPGC has also set up 2 Units of 660 MW capacity each (Units 3 & 4) as base load power plant, at the same site as that of the existing plant.

OPGC and GRIDCO Limited ("**GRIDCO**") had entered into a Long-Term Power Purchase Agreement (PPA) dated January 4, 2011 for supply of 50% of the Installed Capacity from Units 3 & 4 to GRIDCO as per the allocation specified in the PPA. The Hon'ble OERC vide its Order dated April 4, 2012 in Case No. 113 of 2011 approved the long-term PPA between OPGC and GRIDCO.



Subsequently, vide its Notification No. 10485/OPGC- 25/2018 dated December 20, 2018 Government of Odisha has approved the arrangement for executing Supplementary Power Purchase Agreement to the existing PPA and on the same terms, for additional 25% of installed capacity of Units 3&4 from COD upto March 31, 2023 and 100% of installed capacity of Units 3&4 from April 1, 2023 onwards, for a period of 25 years thereafter. Therefore, the contracted capacity of GRIDCO from COD of Unit 3 upto March 31, 2023 is 75% of the installed capacity and 100% thereafter.

The Hon'ble Commission vide its Order dated January 7, 2023, in Case No. 96/2021 had approved the Capital Cost and Tariff from COD of Unit 3, i.e., July 3, 2019 to March 31, 2024, under OERC Tariff Regulations, 2014 (for COD of Unit 3 to March 31, 2020) and OERC Tariff Regulations, 2020 (for FY 2020-21 to FY 2023-24). Further, the Hon'ble Commission observed that the annual fixed charges approved for the period 2019-24 are subject to truing-up in terms of OERC Generation Tariff Regulations, 2014 and 2020.

The Hon'ble OERC notified the OERC (Terms & Conditions for Determination of Generation Tariff) Regulations, 2024 ("OERC Tariff Regulations, 2024") in the Official Gazette on November 13, 2024, which is applicable for the tariff Period from April 1, 2024 up to March 31, 2029.

Aggrieved by the ruling of the Hon'ble Commission in its Order dated January 12, 2024 in Case No 67/2019 post remand of the matter by Hon'ble High Court of Orissa in Writ Petition No WP(C) 34663/2021, OPGC has preferred a fresh Writ Petition No WP(C) 13495/2024 before the Hon'ble High Court of Orissa. This instant Petition is being filed without prejudice to OPGC's contentions in the ongoing 2024 Writ Petition as well as reserving OPGC's right to challenge the applicability and *vires* of the OERC Tariff regulations 2024.

OPGC is filing the instant Petition for truing-up of Tariff of Units #3&4 for the Period of FY 2019-20 to FY 2023-24 and Multi Year Tariff (MYT) for the period of FY 2024-25 to FY 2028-29 in accordance with OERC Generation Tariff Regulations, as applicable.



Prayers to the Hon'ble OERC

OPGC respectfully prays that the Hon'ble OERC may:

- i. Admit the instant Petition.
- ii. Consider the Capital Cost and additional capitalization claimed for FY 2019-20 to FY 2023-24 based on actual audited capitalization for the respective years.
- iii. Approve the True-up as claimed for FY 2019-20 to FY 2023-24.
- iv. Approve the other charges and its recovery for FY 2019-20 to FY 2023-24 as claimed in the Petition.
- v. Approve the additional capitalisation for FY 2024-25 to FY 2028-29 as claimed in the Petition.
- vi. Approve the Annual Fixed Costs for FY 2024-25 to FY 2028-29 as claimed in the Petition.
- vii. Approve the other charges and its recovery for FY 2024-25 to FY 2028-29 as claimed in the Petition.
- viii. Consider the operational constraints and the financial impact on the issues claimed under Removal of Difficulties.
- ix. Condone any inadvertent omissions, errors, short comings and permit OPGC to add/ change/ modify/ alter this filing and make further submissions as may be required at a future date; and
- x. Pass such other and further Orders as deemed fit and proper as per the submissions made in the Petition.

Harish Kumar Satapathy
Petitioner

Bhubaneshwar

December 27, 2024



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1 Introduction

- 1.1 Odisha Power Generation Corporation Limited (herein after referred as “**OPGC**” or “**the Petitioner**”) is a company incorporated under the Companies Act, 1956 and having its registered office at Zone - A, 7th floor, Fortune Towers, Chandrasekharpur, Bhubaneswar, Odisha - 751023.
- 1.2 OPGC, a Generating Company as defined in the Electricity Act, 2003, has a coal based thermal power station comprising of 2 Units of 210 MW capacity each (Units 1&2), situated at IB Thermal Power Station Complex, Banharpalli, Jharsuguda District.
- 1.3 OPGC, GRIDCO Limited (“**GRIDCO**”) and Government of Odisha (“**GoO**”) signed a Tripartite Agreement dated October 18, 1998 (“**Tripartite Agreement**”) providing certain further amendments to existing PPA for Unit 1&2 and other provisions including those concerning the establishment of Units 3&4 of IB Thermal Power Station by OPGC.
- 1.4 Subsequently, certain disputes arose between the parties on issues arising from the terms of the PPA, Tripartite Agreement and other agreements between the Parties. In order to resolve these disputes, the parties entered into discussion and GoO constituted a Task Force vide Resolution No. 3895 dated May 7, 2007 for resolving disputes regarding tariff and other related matters. GoO based on the recommendations of Task Force, issued Notification No. 7216 dated June 21, 2008 (“**2008 Notification**”) and Notification No. 10061/E dated October 12, 2009 for resolving all such disputes on terms and conditions contained therein with regard to Unit 1&2 and also with regard to setting up of Unit 3 & 4 of Capacity 2 x 660 MW (Supercritical Technology), as an overall settlement of all disputes and in the larger interest of the energy security for the State. In view of the above, OPGC proceeded to install 2 Units of 660 MW capacity each (Units 3&4) as base load power plant, at the same site as that of the existing plant.
- 1.5 Further, the 2008 Notification mandated that 50% of the installed capacity for Units 3 & 4 will be contracted to GRIDCO, based on regulated tariff. Accordingly, OPGC and GRIDCO had entered into a Long-Term Power Purchase Agreement (PPA) dated January 4, 2011 for supply of 50% of the Installed Capacity from Units 3&4 to GRIDCO as per the terms set out in the PPA. Hon’ble OERC vide its Order dated April 4, 2012 in Case No. 113 of 2011 unqualifiedly approved the long-term PPA and ruled as under:



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"14. In view of the above, we approve the PPA 2 between GRIDCO and OPGC considering Govt. of Odisha notifications and keeping in view the technological advantages and the interest of the state."

- 1.6 Subsequently, vide its Notification No. 10485/OPGC- 25/2018 dated December 20, 2018 Government of Odisha has approved the arrangement for executing Supplementary Power Purchase Agreement to the existing PPA and on the same terms, for additional 25% of installed capacity of Units 3&4 from COD upto March 31, 2023 and 100% of installed capacity of Units 3&4 from April 1, 2023 onwards, for a period of 25 years thereafter. Therefore, the contracted capacity of GRIDCO from COD of Unit 3 upto March 31, 2023 is 75% of the installed capacity and 100% thereafter.
- 1.7 Further, in compliance with the Government Notifications dated December 20, 2018, OPGC and GRIDCO entered into a Supplementary PPA dated January 24, 2019, on the same terms as the PPA dated January 4, 2011, except amendments with relation to revised contracted capacity and captive coal mine, as specifically outlined in the annexure to the Supplementary PPA. GRIDCO filed a Petition (Case No. 67/2019) before Hon'ble OERC for approval of Supplementary PPA and the Hon'ble Commission issued the Order dated June 22, 2021 in Case No. 67/2019 and ruled as under:

"29. Therefore, the Commission is of the view that GRIDCO may procure power from OPGC expansion Units-3 & 4 as decided by the State Government. However, the Commission observed that as per PPA -2 the tariff norms and parameters for this project shall be as per the guidelines of CERC Tariff Regulations. The same is reiterated in the supplementary agreement to the PPA-2. Since 100% power shall be procured by GRIDCO from this expansion project of OPGC, the tariff should be as per the norms and parameters of OERC Generation Tariff Regulations notified by the Commission from time to time.

30. The Commission further observed that GRIDCO has stated that as per Clause-1 (c) of the supplementary PPA dated 24.11.2019, payment liability of any POC charges and losses associated with the usage of CTU network with respect to the additional power beyond 50% of the station capacity if scheduled from Unit-4 will be mutually settled between GRIDCO and OPGC at later stage. The Commission is of the view that both the parties should



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finalise the matter at the earliest and incorporate the same in the proposed amendment to the PPA-2.

31. In view of the above the Commission accord in principle approval to the supplementary PPA dated 24.01.2019 and directs GRIDCO and OPGC to amend the PPA-2 accordingly incorporating the observations of the Commission in the present order and earlier order dated 04.04.2012 passed in Case No. 113/2011 and submit the same before this Commission for perusal."

1.8 Unit 3 and Unit 4 have achieved COD on July 3, 2019 and August 21, 2019 respectively.

1.9 OPGC filed Petition before the Hon'ble OERC for approval of Capital Cost and Determination of Provisional Tariff from anticipated COD of Unit 4 upto March 31, 2019 on January 19, 2019, which was registered as Case No. 03/2019. The Petition was filed for the capacity contracted to GRIDCO i.e., 50% as per PPA dated January 04, 2011, duly approved by OERC vide order dated April 04, 2012 and additional 25% as per Govt. of Odisha notification dated December 20, 2018 (Total 75% or 990 MW gross). OERC disposed of the case vide order dated August 16, 2019, directing that power be supplied to GRIDCO at provisional single part tariff of Rs.2.75/kWh. Further, the Order directed OPGC to file final tariff application based on the new tariff regulations for the Control Period from April 1, 2019. The direction of Hon'ble Commission vide order dated 16 August 2019, is reproduced below for reference.

"8. The Commission observed that OPGC has filed the present petition for determination of tariff of its expansion project (Unit 3&4) based on the tariff norms of OERC Tariff Regulations, 2014 which was valid till 31.03.2019. The COD of Unit-3 has been declared by OPGC w.e.f. 03.07.2019, but it is yet to be officially intimated to GRIDCO who is the only buyer at present. The Commission is now in the process of formulating new Generation Tariff Regulations, which will be effective w.e.f. 1st April, 2019. Final tariff for this expansion project of OPGC shall be determined only after notification of the new Generation Tariff Regulations. Further, the capital cost projected by OPGC has to be audited by OPGC and verified by the Commission through an independent agency. It is expected that the COD of both the units will be declared during the current financial year following the due process. As per the existing PPA approved by the Commission, GRIDCO has to purchase 50% of the power from these generating units. GRIDCO is agreeable to pay M/s. OPGC Rs.2.75 per unit of power procured by them provisionally till final tariff is approved by the Commission. Therefore, we approve the Rs.2.75 per unit as provisional tariff to be paid to OPGC for power procured by GRIDCO

from Unit-3 & 4 of the generating station after COD subject to existing PPA. This tariff shall apply for only 50% of the power generated by the Units – 3 and 4 of the petitioner's power plant for which PPA has been approved by the Commission. After the Generation Tariff Regulation of OERC is notified by the Commission for the control period starting from 2019-20, OPGC shall file fresh petition for determination of final tariff for the control period as per the said Regulation. The provisional transaction between GRIDCO and OPGC shall be settled on the basis of final tariff approved by the Commission. Since, OPGC shall file fresh petition for determination of tariff as per new Regulation the present petition has lost its relevance and therefore there is no need to keep the present case pending before the Commission. The final tariff shall be determined strictly as per approved PPA of the Commission."

- 1.10 Aggrieved by the order, OPGC filed a Review Petition dated September 07, 2019 for re-determination of tariff as per the petition. The petition was registered as Case No.54/2019.
- 1.11 During the pendency of Case. No.54/2019, GRIDCO filed ARR for the FY 2020-21, wherein it proposed provisional tariff of Rs.3.09/kWh, for power to be purchased from OPGC Units 3 & 4. OERC while disposing the ARR of GRIDCO for FY 2020-21 in Case No. 71/2019, approved procurement of power from Units 3 & 4 at revised provisional single part tariff of Rs.3.09/kWh, which was effective from 1st May 2020. Subsequently, OERC dismissed Case No.54/2019 vide order dated August 21, 2020, with the observation that the review had no merit and that the matter had already been dealt with in the ARR of GRIDCO for FY 2020-21. Order of the Hon'ble Commission dated August 21, 2020 in Case No.54/2019 reproduced below for perusal. Further, OERC allowed the approved provisional single part tariff of Rs.3.09/kWh for power to be procured by GRIDCO from Units 3 & 4 of OPGC, for FY 2021-22, vide GRIDCO ARR order dated March 26, 2021, in Case No. 72/2020.

"14. Subsequently, the Commission in its order dated 22.04.2020 in Case No. 71 (ARR of GRIDCO for FY 2020-21) at Para 245 have observed as follows:

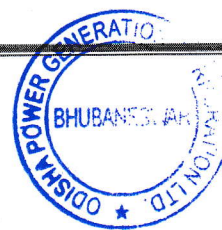
"245. XXXXX The tariff for this expansion project of OPGC has not yet been determined by the appropriate Commission, though this Commission vide its order dated 16.08.2019 have fixed a provisional tariff @ 275Paise/kWh in respect of this expansion project for procurement of 50% contracted capacity by GRIDCO as per the PPA dated 04.01.2011. Considering the submission of GRIDCO, the

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Commission observed that the tariff for this expansion of project (Units-III & IV) of OPGC would be more than the provisional tariff of 275 P/U fixed by the Commission in its order dated 16.08.2019. Therefore, the Commission considers the proposal of GRIDCO and approves a provisional tariff of 309 P/U for procurement of power from Units-III & IV expansion projects of OPGC for the purpose of computation of ARR of GRIDCO for the FY 2020-21. GRIDCO shall pay the same to OPGC till tariff is fixed for this expansion project. XXXX"

15. In view of the above order, the cause of action for review no longer exists. The Commission has already modified the provisional tariff from Rs.2.75/Unit to Rs. 3.09/Unit for FY 2020-21 based on the submission of GRIDCO and the submission from various quarters. Accordingly, GRIDCO has paid provisionally for the power purchased from Unit-3 & 4 of OPGC @ Rs.2.75/unit for FY 2019-20 and @ Rs.3.09/Unit for FY 2020-21. Since the tariff is provisional the claim of the petitioner to pay them arrear on installment basis does not hold good because the new tariff @ Rs.3.09 paise/unit is also provisional. Once the final tariff is determined by the Commission, GRIDCO shall settle the past and future bills as per the tariff so fixed by the Commission."

- 1.12 The provisional Tariff of Rs. 3.09 per unit was revised to Rs 3.30 per unit, by the Commission for FY 2022-23 after hearing OPGC, GRIDCO and other relevant parties during annual Tariff hearing of GRIDCO.
- 1.13 Vide the Notification dated February 4, 2020, the Hon'ble OERC had extended the period of OERC Tariff Regulations, 2014 for a period of one year i.e., upto March 31, 2020. The said Notification also specifies that the parameters fixed for FY 2018-19 shall be applicable for FY 2019-20 also.
- 1.14 The Hon'ble OERC issued the OERC Tariff Regulations, 2020, applicable for the Tariff Period from April 1, 2020 to March 31, 2024, notified vide the Gazette Notification dated August 26, 2020. In accordance with Regulation 7(1) of the OERC Tariff Regulations, 2020, the Tariff Petition was to be filed for the entire Tariff Period from April 1, 2020 to March 31, 2024.
- 1.15 The proviso to Regulation 1(4) of the OERC Tariff Regulations, 2020 specifies as under:



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"... Provided that, where the Commission has at any time prior to the notification of these Regulations, approved a Power Purchase Agreement (PPA) or arrangement between a generating company and a Beneficiary, or has adopted the tariff contained therein for supply of electricity from an existing project then the tariff for supply of electricity by the generating company to the Distribution Licensee shall be in accordance with such PPA or arrangement for such period as may be so approved or adopted by the Commission to the extent of existing Installed Capacity as contained in the PPA."

1.16 Clause 1 of Schedule 4 of the PPA provides as under:

"1. Tariff basis

Tariff under this agreement shall be based on tariff norms and parameters of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009 ("Tariff Regulations"). Accordingly, the Tariff norms and parameters stated hereunder have been included in this schedule based on the tariff norms and parameters outlined in the Tariff Regulations.

As and when any amendment to the Tariff norms and parameters are made in the Tariff Regulations, the said norms and parameters in this Schedule shall be applied to reflect the said amendments from time to time."

1.17 Whereas, the Hon'ble Commission vide its Order dated June 22, 2021 in Case No. 67/2019 ruled as under:

"29. Therefore, the Commission is of the view that GRIDCO may procure power from OPGC expansion Units-3 & 4 as decided by the State Government. However, the Commission observed that as per PPA -2 the tariff norms and parameters for this project shall be as per the guidelines of CERC Tariff Regulations. The same is reiterated in the supplementary agreement to the PPA-2. Since 100% power shall be procured by GRIDCO from this expansion project of OPGC, the tariff should be as per the norms and parameters of OERC Generation Tariff Regulations notified by the Commission from time to time."



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1.18 Aggrieved by the above stated ruling of the Hon'ble Commission, OPGC preferred a Writ Petition before the Hon'ble High Court of Orissa. The same was numbered as WP (C) No. 34663/2021. The Tariff Petition for approval of capital cost for Units 3 & 4, including additional capitalisation and determination of tariff from COD of Unit-3 i.e., July 3, 2019 to March 31, 2024 was filed without prejudice to OPGC's rights under law and contentions taken in WP (C) No. 34663/2021 before the Hon'ble High Court. Accordingly, the Petition was filed as per the norms and parameters of CERC Tariff Regulations, 2019.

1.19 The Hon'ble Commission vide its Order dated January 7, 2023, in Case No. 96/2021 had approved the Capital Cost and Tariff from COD of Unit 3, i.e., July 3, 2019 to March 31, 2024 under OERC Tariff Regulations, 2014 (from COD of Unit 3 to March 31, 2020) and OERC Tariff Regulations, 2020 (for FY 2020-21 to FY 2023-24). The Hon'ble Commission in its Order has observed as follows:

"12. Further, we observe that the petitioner-OPGC has filed a Writ Petition before the Hon'ble High Court of Orissa on this matter of applicability of CERC Regulation to the determination of tariff by OERC in WP(C) No.34663 of 2021 which is now pending before the said Hon'ble Court for adjudication. Therefore, continuing with our earlier stand, pending final decision of the Hon'ble High Court of Orissa in this matter, we now proceed to determine the tariff of the generating Units 3 & 4 of OPGC expansion projects basing on the norms specified by this Commission in OERC Generation Regulations.

"

1.20 The Hon'ble High Court disposed of the Writ Petition (Civil) No. 34663 of 2021 in OPGC's favour vide Judgment dated 09.11.2023 ("**2023 High Court Judgment**"), and holding as follows (underlined for emphasis):

"2. On query from Court regarding the prayer his client would want heard first, he draws attention to, inter alia, impugned order dated 22nd June, 2021 made by opposite party no. 1, Odisha Electricity Regulatory Commission. He submits, this is the main order under challenge by his client. He demonstrates from paragraph-29 that the Commission recorded its observation on the Power Purchase Agreement (PPA)-2 that the tariff norms and parameters for the project shall be as per guidelines of Central Electricity Regulatory

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Commission (CERC) tariff regulation. In spite thereof it was said by the Commission that the tariff pertaining to PPA-2 and its supplementary should be as per norms and parameters of Odisha Electricity Regulatory Commission (OERC) generation tariff regulation notified by the Commission from time to time. Hence, challenge to impugned order as well as the regulations.

6. We find absence of reason stated in impugned order dated 22nd June, 2021 for making applicable OERC tariff regulation to PPA-2. That is sufficient for us to interfere in writ jurisdiction in spite of availability of alternative statutory remedy. Such is covered by the declaration of law by the Supreme Court in, *inter alia*, *Whirpool Corporation vs. Registrar Of Trade Marks, Mumbai*, reported in AIR 1999 SC 22.

7. Impugned order dated 22nd June, 2021 is set aside and quashed to extent of fixation of tariff rate. The application on which it was made is accordingly restored to the Commission for re-consideration, for hearing the parties and passing fresh order.”

- 1.21 In compliance with the above directions of Hon'ble High Court, the Hon'ble OERC heard the parties and passed an Order on dated January 12, 2024 in Case No. 67/2019 **(2024 OERC Order)**. In the 2024 OERC Order, the OERC has again prescribed the application of norms and parameters of OERC's generation tariff regulations to Units 3&4 as were directed in its original Order dated June 22, 2021 and also refused to apply the proviso to Regulation 1(4) of the 2020 OERC Regulations even to the approved PPA 2 stating that the amendment to PPA 2 overrides the PPA 2 Approval Order.
- 1.22 Aggrieved with the Order of the Hon'ble OERC, OPGC has preferred a fresh Writ Petition (Civil) No. 13495 of 2024 **(2024 Writ Petition)** against the Order passed by the Hon'ble OERC in Case No 67/2019 on applicability of the norms and parameters of CERC Tariff Regulations as applicable from time to time.
- 1.23 Subsequently, the Hon'ble OERC notified the OERC (Terms & Conditions for Determination of Generation Tariff) Regulations, 2024 (“OERC Tariff Regulations, 2024”) in official Gazette on November 13, 2024, for the tariff Period from April 1, 2024 up to March 31, 2029.
- 1.24 In terms of the Scope and Extent of Application of the Regulations, Regulations 2(1) and 2 (2) (c), the tariff of the existing Generating Station of Unit#3&4 is required to be

affirmed under Section 37

determined in accordance with the approved Power Purchase Agreement (PPA).

"2. SCOPE AND EXTENT OF APPLICATION

(1) *These Regulations shall be applicable to all existing and future Generating Stations or unit thereof where tariff is required to be determined by the Commission under the Act and relevant Regulations & Orders of Odisha Electricity Regulatory Commission.*

(2) *These Regulations shall not be applicable for*

.....

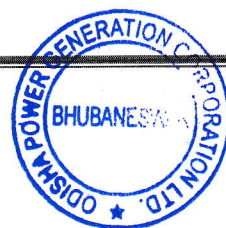
(c) *Generating stations whose tariff has been determined in accordance with and approved Power Purchase Agreement (PPA) for the period as agreed by Generating Company and beneficiary(ies)."*

1.25 As regards the filing of Petition, Regulation 8 (2) of the OERC Tariff Regulations, 2024 specifies as under:

"(2) In case of an existing generating station or unit thereof, the application shall be made by the Generating Company by 30.12.2024 (as per formats prescribed by the Commission with necessary information and explanation) except OHPC and OPGC (UNIT-I & II) and shall be based on admitted capital cost including any additional capitalization already admitted up to 31.03.2024 (either based on actual or projected additional capital expenditure) and estimated additional capital expenditure for the respective years of the tariff period 2024-25 to 2028-29 along with the true up petition for the period 2019-20 and 2020-2024 in accordance with OERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2014 and OERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2020 respectively; ..."

1.26 Further, the Hon'ble Commission vide its Order dated January 7, 2023, in Case No. 96/2021 had directed as follows:

64.(d) The annual fixed charges approved for the period 2019-24 as above are subject to truing-up in terms of OERC Generation Tariff Regulations, 2014 and 2020."



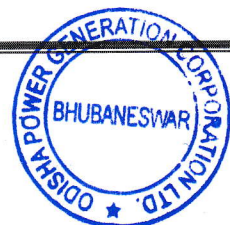
अधिवक्ता कृष्ण साहू

1.27 In view of the above, OPGC is now filing Petition for Truing-up for the period from COD of Unit 3, i.e., July 3, 2019 to March 31, 2024 under OERC Tariff Regulations, 2014 (from COD of Unit 3 to March 31, 2020) and OERC Tariff Regulations, 2020 (from FY 2020-21 to FY 2023-24) and MYT for FY 2024-25 to FY 2028-29 under OERC Tariff Regulations, 2024, 'without prejudice' to OPGC's contentions in the ongoing 2024 Writ Petition as well as reserving OPGC's right to challenge the applicability and *vires* of the 2024 OERC regulations.

1.28 The Petition is structured in the following manner:

- Section 1 (This Section): Introduction
- Section 2: Approach for Filing Petition
- Section 3: Truing up of Generation Tariff for FY 2019-20 to FY 2023-24
- Section 4: Multi- Year Tariff for FY 2024-25 to FY 2028-29
- Section 5: Removal of Difficulties
- Section 6: Prayers
- Tariff Formats
- Annexures

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2 Approach for Filing Petition

2.1 Hon'ble OERC vide its Order dated April 4, 2012 in Case No. 113 of 2011 approved the long-term PPA dated January 4, 2011 for allocation of contracted capacity and sale of power from Units 3 & 4 (2x660 MW) of Ib Thermal Power Station between OPGC and GRIDCO for a term of 25 years.

2.2 The PPA provisions under which the instant Petition is being filed are as under:

Article 1.1 of the PPA defines Tariff as under:

"Tariff" means the tariff as computed in accordance with Schedule 4"

Clause 1 of Schedule 4 of the PPA provides as under:

"1. Tariff basis

Tariff under this agreement shall be based on tariff norms and parameters of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009 ("Tariff Regulations"). Accordingly, the Tariff norms and parameters stated hereunder have been included in this schedule based on the tariff norms and parameters outlined in the Tariff Regulations.

As and when any amendment to the Tariff norms and parameters are made in the Tariff Regulations, the said norms and parameters in this Schedule shall be applied to reflect the said amendments from time to time."

2.3 Subsequently, vide its Notification No. 10485/OPGC- 25/2018 dated December 20, 2018 Government of Odisha has approved the arrangement for executing Supplementary Power Purchase Agreement to the existing PPA for additional 25% of installed capacity of Units 3&4 from COD upto March 31, 2023 and 100% of installed capacity of Units 3&4 from April 1, 2023 onwards for a period of 25 years thereafter. Therefore, the contracted capacity from COD of Unit 3 upto March 31, 2023 is 75% of the installed capacity and 100% thereafter. The relevant extract of the GoO Notification is reproduced below:

"4. After careful consideration, Government have been pleased to approve the arrangement worked out in the "Shareholders' meeting of OPGC" to contract



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the PPA for the entire capacity of Unit-3&4 between OPGC and GRIDCO in the following manner:

(i) OPGC and GRIDCO shall execute a supplementary Agreement to the existing PPA on same terms as the executed PPA for 50% (660 MW), for another 25% (330 MW) of OPGC expansion capacity, to be effective from COD of Units 3&4, till 31st March, 2023. The Supplementary Agreement shall also include enhancement of the PPA from 75% to 100% from 1st April, 2023 for a period of 25 years thereafter.

(ii) Supplementary Agreement shall provide for amendment of the existing PPA for 50% of OPGC-II expansion capacity (660 MW) to be co-terminus with the arrangement as proposed in (i) above and to incorporate changes with respect to coal sourcing from OCPL.

.....

(vii) OPGC, GRIDCO, OPTCL and Department of Energy, Government of Odisha will take necessary approval from OERC for above arrangements.”

2.4 OPGC and GRIDCO have entered into a Supplementary PPA in compliance with the Government Notifications dated December 20, 2018. GRIDCO has filed a Petition (Case No. 67/2019) before Hon'ble OERC for approval of Supplementary PPA and the Hon'ble Commission has issued the Order in Case No. 67/2019 dated June 22, 2021.

2.5 Hon'ble OERC in its Order in Case No. 67/2019 dated June 22, 2021, has ruled as under:

“29. Therefore, the Commission is of the view that GRIDCO may procure power from OPGC expansion Units-3 & 4 as decided by the State Government. However, the Commission observed that as per PPA -2 the tariff norms and parameters for this project shall be as per the guidelines of CERC Tariff Regulations. The same is reiterated in the supplementary agreement to the PPA-2. Since 100% power shall be procured by GRIDCO from this expansion project of OPGC, the tariff should be as per the norms and parameters of OERC Generation Tariff Regulations notified by the Commission from time to time.

30. The Commission further observed that GRIDCO has stated that as per Clause-1 (c) of the supplementary PPA dated 24.11.2019, payment liability of any POC charges and losses associated with the usage of CTU network with

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respect to the additional power beyond 50% of the station capacity if scheduled from Unit-4 will be mutually settled between GRIDCO and OPGC at later stage. The Commission is of the view that both the parties should finalise the matter at the earliest and incorporate the same in the proposed amendment to the PPA-2.

31. In view of the above the Commission accord in principle approval to the supplementary PPA dated 24.01.2019 and directs GRIDCO and OPGC to amend the PPA-2 accordingly incorporating the observations of the Commission in the present order and earlier order dated 04.04.2012 passed in Case No. 113/2011 and submit the same before this Commission for perusal."

- 2.6 Hon'ble OERC notified the Odisha Electricity Regulatory Commission (Terms and Conditions for Determination of Generation Tariff) Regulations, 2014 ("OERC Tariff Regulations, 2014") for the Control Period upto March 31, 2019. Further, vide the Notification dated February 4, 2020, the Hon'ble OERC had extended the period of OERC Generation Tariff Regulations, 2014 for a period of one year i.e., upto March 31, 2020. The said Notification also specifies that the parameters fixed for FY 2018-19 shall be applicable for FY 2019-20 also.

- 2.7 Regulations 1.5 and 1.6 of the OERC Tariff Regulations, 2014 specifies as under:

"1.5 These Regulations shall be applicable to all existing and future Generating Stations supplying power to GRIDCO (The State designated entity to procure power for DISCOMs)/distribution licensees of the State under long term agreement except generating stations which are subject to the jurisdiction of the Central Commission and also such renewable energy generating stations located in the State whose tariff is decided by the Commission under relevant Regulations and orders.

1.6 Subject to the provisions of the Act, Rules and Policies, any new generating station which comes up in future and proposes to supply electricity to a distribution licensee of the State shall be subjected to the norms prescribed under these Regulations by the Commission, unless it proposes to supply electricity through bidding in accordance with the guidelines issued by the Central Government as per provisions of Section 63 of the Act."



Attorney General

2.8 Regulation 2.2 of the OERC Tariff Regulations, 2014 specifies as under:

“2.2 Tariff in respect of the generating station may be determined for the whole of the generating station or a unit or units of the generating station: Provided that tariff shall be determined unit wise till the time tariff cannot be determined for the whole of the generating station or for units as per the condition mentioned in proviso below :

.....
Provided that where only a part of the generation capacity of a generating station is tied up for supplying power to the beneficiaries through long term power purchase agreement and the balance of the generation capacity have not been tied up for supplying power to the beneficiaries, the tariff of the generating station shall be determined with reference to the capital cost of the entire project, but the tariff so determined shall be applicable corresponding to the capacity contracted for supply to the beneficiaries.”

2.9 The Hon'ble OERC issued the OERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2020 (“OERC Tariff Regulations, 2020”), for the tariff Period from April 1, 2020 up to March 31, 2024.

2.10 Regulation 1(4) and Regulation 2(1) of the OERC Tariff Regulations, 2020 specifies as under:

“Regulation 1(4)

These Regulations shall come into force on the date of publication in the Official Gazette, and unless reviewed earlier or extended by the Commission shall remain in force till 31.03.2024:

Provided that, where the Commission has, at any time prior to the notification of these Regulations, approved a Power Purchase Agreement (PPA) or arrangement between a generating company and a Beneficiary, or has adopted the tariff contained therein for supply of electricity from an existing project then the tariff for supply of electricity by the generating company to the Distribution Licensee shall be in accordance with such PPA or arrangement for such period as may be so approved or adopted by the Commission, to the extent of existing Installed Capacity as contained in the PPA.



Regulation 2(1)

These Regulations shall be applicable to all existing and future Generating Stations supplying power to GRIDCO (The State designated entity to procure power for DISCOMs) / distribution licensees of the State under long term agreement except generating stations which are subject to the jurisdiction of the Central Commission and also such renewable energy generating stations located in the State whose tariff is decided by the Commission under relevant Regulations and orders."

2.11 Regulation 5(2) of the OERC Tariff Regulations, 2020 specifies as under:

"Tariff in respect of a generating station may be determined for the whole of the generating station or a unit or units of the generating station:

Provided that tariff shall be determined unit wise till the time tariff cannot be determined for the whole of the generating station or for units as per the condition mentioned in proviso below;

Provided that tariff shall be determined for units after the cut-off date of the last unit of the generating station or after the capital cost of the last unit of the generating station is finalized, whichever is earlier;

Provided that tariff shall be determined for the whole of the generating station after the cut-off date of the last unit in the generating plant or after the capital cost of the last unit in the generating plant is finalized, whichever is earlier;

.....

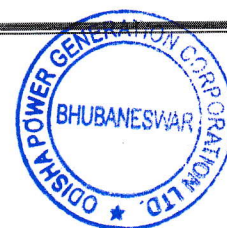
Provided that where only a part of the generation capacity of a generating station is tied up for supplying power to the beneficiaries through long term power purchase agreement and the balance part of the generation capacity have not been tied up for supplying power to the beneficiaries, the units for such part capacity shall be clearly identified and in such cases, the tariff shall be determined for such identified capacity. Where the unit(s) corresponding to such part capacity cannot be identified, the tariff of the generating station shall be determined with reference to the capital cost of the entire project, but the tariff so determined shall be applicable corresponding to the capacity contracted for supply to the beneficiaries."

2.12 In light of the above stated provisions of the PPA, OERC Tariff Regulations, 2014 and

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OERC Tariff Regulations, 2020, the tariff for supply of power from Units 3&4 of OPGC under the approved PPA with GRIDCO is to be determined by the Commission in accordance with the CERC (Terms and Conditions of Tariff) Regulations, 2019 (“**CERC Tariff Regulations, 2019**”) as amended from time to time.

- 2.13 The Hon’ble Commission vide order dated August 16, 2019 disposed of the Petition (Case No 03/2019) filed for determination of Provisional Tariff. without going into its merit and approved Rs. 2.75 per unit as provisional tariff to be paid to OPGC till final tariff is approved by the Commission for power procured by GRIDCO from Units 3 & 4 of the generating station after COD subject to existing PPA.
- 2.14 In the aforesaid order dated August 16, 2019 for OPGC Units 3 & 4, the Hon’ble Commission had directed that after the new Generation Tariff Regulation of OERC is notified by the Commission for the control period starting from 2019-20, OPGC shall file fresh petition for determination of final tariff for the control period as per the said Regulation based on actual audited capital cost.
- 2.15 Further, while approving the Supplementary PPA, the Hon’ble Commission vide its Order dated June 22, 2021 in Case No. 67/2019 ruled that since 100% power is to be procured by GRIDCO from OPGC Units #3&4, the tariff should be as per the norms and parameters of OERC Generation Tariff Regulations notified by the Commission from time to time.
- 2.16 Aggrieved by the above stated ruling of the Hon’ble Commission, OPGC preferred a Writ Petition WP (C) No. 34663/2021 before the Hon’ble High Court of Orissa. Pending disposal of the writ petition, the Tariff Petition for approval of capital cost for Units 3 & 4, including additional capitalisation and determination of tariff from COD of Unit-3 i.e, July 3, 2019 to March 31, 2024 was filed without prejudice to OPGC’s rights under law and contentions taken in WP (C) No. 34663/2021 before the Hon’ble High Court, adopting the norms and parameters of CERC Tariff Regulations, 2019,
- 2.17 The Hon’ble Commission vide its Order dated January 7, 2023, in Case No. 96/2021 had approved the Capital Cost and Tariff from COD of Unit 3, i.e., July 3, 2019 to March 31, 2024 under OERC Tariff Regulations, 2014 (from COD of Unit 3 to March 31, 2020) and OERC Tariff Regulations, 2020 (for FY 2020-21 to FY 2023-24) and the Commission observed that the annual fixed charges approved for the period 2019-24 are subject to truing-up in terms of OERC Generation Tariff Regulations, 2014 and 2020.



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- 2.18 Aggrieved by the ruling of the Hon'ble Commission in its Order dated January 12, 2024 in Case No 67/2019 post remand of the matter by Hon'ble High Court of Orissa in Writ Petition No WP(C) 34663/2021, OPGC has preferred a fresh Writ Petition No WP(C) 13495/2024 before the Hon'ble High Court of Orissa.
- 2.19 Subsequently, the Hon'ble OERC notified the OERC (Terms & Conditions for Determination of Generation Tariff) Regulations, 2024 ("OERC Tariff Regulations, 2024"), for the tariff Period from April 1, 2024 up to March 31, 2029.
- 2.20 Regulation 1(4) and Regulation 2 of the OERC Tariff Regulations, 2024 specifies as under:

"Regulation 1(4)

(4) These Regulations shall be effective from 01.04.2024 and unless reviewed earlier or extended by the Commission, shall remain in force till 31.03.2029.

Regulation 2

(1) These Regulations shall be applicable to all existing and future Generating Stations or unit thereof where tariff is required to be determined by the Commission under the Act and relevant Regulations & Orders of Odisha Electricity Regulatory Commission.

(2) These Regulations shall not be applicable for

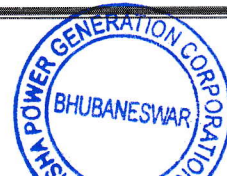
(a) Generating station(s) whose tariff has been determined through tariff based competitive bidding or by Central Electricity Regulatory Commission.

(b) Generating stations based on renewable sources of energy whose tariff is determined in accordance with relevant Regulations & Orders of Odisha Electricity Regulatory Commission.

(c) Generating stations whose tariff has been determined in accordance with an approved Power Purchase Agreement (PPA) for the period as agreed by Generating Company and beneficiary(ies)."

- 2.21 As regards the filing of Petition, Regulation 8 (2) of the OERC Tariff Regulations, 2024 specifies as under:

"(2) In case of an existing generating station or unit thereof, the application shall be made by the Generating Company by 30.12.2024 (as per formats prescribed by the Commission with necessary information and explanation) except OHPC and OPGC (UNIT-I & II) and shall be based on admitted



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capital cost including any additional capitalization already admitted up to 31.03.2024 (either based on actual or projected additional capital expenditure) and estimated additional capital expenditure for the respective years of the tariff period 2024-25 to 2028-29 along with the true up petition for the period 2019-20 and 2020-2024 in accordance with OERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2014 and OERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2020 respectively;...”

- 2.22 Hence, considering the above and in line with the approach adopted by Hon’ble OERC in the Order dated January 7, 2023 in Case No. 96/2021, this Petition for approval of True Up for FY 2019-20 is being filed as per the norms and principles stipulated in OERC Tariff Regulations, 2014 and for approval of True up for FY 2020-21 to FY 2023-24 is being filed as per the norms and principles stipulated in OERC Tariff Regulations, 2020. Further, this Petition for determination of Multi Year Tariff for FY 2024-25 to FY 2028-29 is being filed as per the norms and principles stipulated in OERC Tariff Regulations, 2024.
- 2.23 This instant Petition is being filed without prejudice to OPGC’s contentions in the ongoing 2024 Writ Petition as well as reserving OPGC’s right to challenge the applicability and *vires* of the 2024 OERC regulations. OPGC requests the Commission that since the issue on Adoption of CERC Tariff Regulations is sub-judice before Hon’ble High Court, the same may be considered based on the outcome of the case.



3 True-up for FY 2019-20 to FY 2023-24

Background of the Project

- 3.1 The Government of Odisha (GoO), vide its letter dated April 17, 2013 had accorded the approval for setting up of Units 3 & 4 of IB TPS of OPGC at the estimated cost of Rs. 11547.00 Crore (including the cost of Captive Coal Mine). Out of the total estimated cost of Rs. 11547.00 Crore, the estimated cost of the power project is Rs. 10165.00 Crore. Further, OPGC's Board vide the Minutes of 214th Meeting held on November 29, 2019 has approved the revised project cost of Rs. 11150.00 Crore. The copy of the extract of the Minutes of 214th Meeting of Board of Directors of OPGC held on November 29, 2019 is enclosed at **Annexure-1**.
- 3.2 Units 3 & 4 are developed adjacent to existing Units 1 & 2 of IB TPS at Banharpalli. The site is located in Jharsuguda District of Odisha on the bank of Hirakud reservoir and about 20 km south of Belpahar Railway Station and 40 km southwest of Jharsuguda town. It is envisaged to meet the coal requirement of Units 3 & 4 as the end use plant, from the Manoharpur and Dipside of Manoharpur coal blocks, allocated to M/s Odisha Coal and Power Limited (OCPL), and transported by means of Merry-Go-Round system owned and operated by OPGC. Till the achievement of rated production capacity of the allocated coal mines, the coal requirement were met through the bridge linkage and flexible coal utilisation from MCL during initial period of operation.
- 3.3 Unit 3 & 4 are connected with OPTCL's 400 kV S/s at Lapanga and PGCIL's 400/765 kV S/s Jharsuguda through 400 KV double circuit transmission lines of OPTCL and M/s OGPTL respectively.
- 3.4 As GRIDCO's share in the installed capacity of Units 3 & 4 were enhanced to 75% from COD upto March, 2023 and 100% thereafter, OPGC has relinquished the Long-Term Inter-State Open Access availed for Unit 4. OPGC requests the Hon'ble Commission to allow the recovery of charges, if any, incurred for relinquishment of Long-Term Inter-State Open Access and related expenses at a later stage.

True up for FY 2019-20 to FY 2023-24

- 3.5 As per Regulation 2.11 and 2.12 of the "Odisha Electricity Regulatory Commission (Terms and Conditions for Determination of Generation Tariff) Regulations, 2014



"2.12 The Commission shall carry out truing up exercise along with the tariff petition filed for the next tariff period, with respect to the capital expenditure including additional capital expenditure incurred up to 31-03-2019, as admitted by the Commission after prudence check at the time of truing up:

Provided that the generating company, may in its discretion make an application before the Commission one more time prior to 2018-19 for revision of tariff:

Provided that the generating company, shall make an application, as per the Format prescribed by the Commission with necessary information and explanations, for carrying out truing up exercise in respect of the generating station or a unit thereof. The generating company, shall submit for the purpose of truing up, details of capital expenditure and additional capital expenditure incurred for the period from 01-04-2014 to 31-03-2019, duly audited and certified by the auditors:

Provided that where after the truing up, the tariff recovered exceeds the tariff approved by the Commission under these regulations, the generating company shall refund to the beneficiaries, the excess amount so recovered along with simple interest at the rates specified in the proviso to this regulation:

Provided that where after the truing up, the tariff recovered is less than the tariff approved by the Commission under these regulations, the generating company shall recover from the beneficiaries, the under-recovered amount along with simple interest at the rates specified in the proviso to this regulation:

Provided that the amount under-recovered or over-recovered, along with simple interest at the rates specified in this regulation, shall be recovered or refunded by the generating company in six equal monthly installments starting within three months from the date of the tariff order issued by the Commission after the truing up exercise at the rate equal to the Monthly average SBI Base Rate during previous twelve months from the date of the tariff order issued by the Commission after the truing up exercise plus 300 basis points."

3.6 As per Regulations 8 of the "Odisha Electricity Regulatory Commission (Terms and Conditions for Determination of Generation Tariff) Regulations, 2020



“(1) The Commission shall carry out truing up exercise at the end of the Tariff Period along with the tariff petition filed for the next tariff period, with respect to the following:

(a) the capital expenditure including additional capital expenditure incurred up to 31.03.2024, as admitted by the Commission after prudence check at the time of truing up.

(b) the capital expenditure including additional capital expenditure incurred up to 31.3.2024, on account of Force Majeure and Change in Law.

Provided that the generating company, may in its discretion make an application before the Commission one (1) more time prior to 2023-24 for revision of tariff.

Provided that the generating company, shall make an application, as per the Format prescribed by the Commission with necessary information and explanations, for carrying out truing up exercise in respect of the generating station or a unit thereof

The generating company, shall submit for the purpose of truing up, details of capital expenditure and additional capital expenditure incurred for the period from 01.04.2020 to 31.03.2024, duly audited and certified by the auditors

Provided that where after the truing up, the tariff recovered exceeds the tariff approved by the Commission under these regulations, the generating company shall refund to the beneficiaries, the excess amount so recovered along with Bank Rate as on 1st April of the respective year.

Provided that where after the truing up, the tariff recovered is less than the tariff approved by the Commission under these regulations, the generating company shall recover from the beneficiaries, the under-recovered amount along with Bank Rate as on 1st April of the respective year.

Provided that the amount under-recovered or over-recovered, along with interest at the rates specified in this regulation, shall be recovered or refunded by the generating company in six (6) equal monthly instalments starting within three (3) months from the date of the tariff order issued by the Commission after the truing up exercise at the rate equal to the Bank Rate as on 1st April of the respective year from the date of the tariff order issued by the Commission after the truing up exercise.”

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3.7 The details of truing up for FY 2019-20 to FY 2023-24 are presented in the subsequent paragraphs.

Capital Cost

3.8 The Hon'ble Commission vide its Order dated January 7, 2023 in Case No. 96/2021 has approved the Capital Cost considering the submission of the Petitioner and report of the Independent Auditor appointed by the Commission, as below:

Table 3-1 Capital Cost approved by the Commission for FY 2019-20 to FY 2023-24 (Rs. Crore)

Particulars	FY 2019-20		FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
	COD Unit 3	COD Unit 4				
Opening capital cost*	3411.23	8596.20	8596.20	8821.40	10310.63	10310.63
Add: Addition during the year/period	0.00	0.00	225.20	1489.23	0.00	0.00
Closing capital cost	3411.23	8596.20	8821.40	10310.63	10310.63	10310.63

*Includes the assets (Rs 75 Crore) transferred from OPGC Units 1&2, as per Approved PPA for Units #3&4

3.9 In the abovementioned order, while approving the Capital Cost, the Hon'ble Commission directed as below:

"16. We take note of the objection of GRIDCO regarding time and cost overrun of the project. This cannot be dealt with now in absence of required data/information pertaining to individual package of the project. Neither the Petitioner-OPGC nor the Respondent-GRIDCO have submitted the details relating to enhancement in the project cost with respect to various packages/items and the time & amount of cost overrun thereon. The independent auditor has also not discussed about this issue of time and cost overrun in his audit report. However, as submitted by the petitioner this may be considered after detail analysis of the required data/information during the time of true up exercise of the capital cost. In this regard, the Commission directs the Petitioner-OPGC to submit the required data/information to GRIDCO and the matter may be discussed with GRIDCO issue-wise to resolve the discrepancies. The views on unresolved issues on both GRIDCO & OPGC may be brought to the notice of the Commission for final decision at the time of truing up of capital cost of the project."

3.10 In compliance with the direction of the Hon'ble Commission, meeting between OPGC

and GRIDCO were held and the matter was discussed. The Petitioner has submitted the requisite documents on the Project Cost along with the details as desired to GRIDCO. The information submitted to GRIDCO are annexed as **Annexure-2**.

- 3.11 The Commission considered the Capital Cost including additional capitalisation upto FY 2021-22 based on the report of the Independent Auditor appointed by the Hon'ble Commission, in its Order dated January 7, 2023 in Case No. 96/2021. Accordingly, the Petitioner has considered the Capital Cost and additional capitalisation upto FY 2021-22 as approved by the Commission.

Additional Capitalisation

- 3.12 Regulation 3.3 of OERC Tariff Regulation, 2014 provides for additional capitalisation till cut-off date for FY 2019-20 as reproduced below:

"ADDITIONAL CAPITALISATION:

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

- (a) undischarged liabilities;*
- (b) works deferred for execution;*
- (c) procurement of initial capital spares within the original scope of work, subject to the provisions under Regulation 3.1(b) of these Regulations;*
- (d) liabilities to meet award of arbitration or for compliance of the order or decree of a Court;*
- (e) change in law; and*
- (f) any additional works/services, which have become necessary for efficient and successful operation of a generating station but not included in the original capital cost:*

Provided that the details of works included in the original scope of work along with estimates of expenditure, undischarged liabilities and the works deferred for execution shall be submitted along with the application for determination of tariff:

Provided further that the assets forming part of the project but not put to use, shall not be considered."

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3.13 Regulation 12 of OERC Tariff Regulation, 2020 provides for additional capitalisation for FY 2020-21 to FY 2023-24 as reproduced below:

"12. ADDITIONAL CAPITALISATION

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

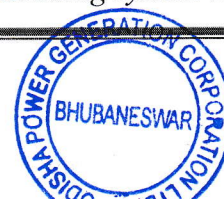
- (a) Undischarged liabilities recognized to be payable at a future date;*
- (b) Works deferred for execution;*
- (c) Procurement of initial capital spares within the original scope of work, subject to the provisions under clause 9(1)(b) of these Regulations;*
- (d) Liabilities to meet award of arbitration or for compliance of the directions or order of any statutory authority or order or decree of any court of law;*
- (e) Change in law or compliance of any existing law;*
- (f) Force Majeure events; and*
- (g) Any additional works/services, which have become necessary for efficient and successful operation of a generating station but not included in the original capital cost*

Provided that in case of any replacement of the assets, the additional capitalization shall be worked out after adjusting the gross fixed assets and cumulative depreciation of the assets replaced on account of de-capitalization. Provided that the details of works included in the original scope of work along with estimates of expenditure, un-discharged liabilities and the works deferred for execution shall be submitted along with the application for determination of tariff.

Provided further that the assets forming part of the project but not put to use, shall not be considered.

(2) The capital expenditure incurred or projected to be incurred, on the following counts within the original scope of work after the cut-off date may, in its discretion, be admitted by the Commission, subject to prudence check:

- (a) Liabilities to meet award of arbitration or for compliance of the directions or order of any statutory authority or order or decree of any court of law;*
- (b) Change in law or compliance of any existing law;*
- (c) Deferred works relating to ash pond or ash handling system in the original*



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scope of work;

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

(e) Force Majeure events;

(f) Liability for works admitted by the Commission after the cut-off date to the extent of discharge of such liabilities by actual payments;

(g) Raising of ash dyke as a part of ash disposal system.

(3) In case of replacement of assets deployed under the original scope of the existing project after cut-off date, the additional capitalization may be admitted by the Commission, after making necessary adjustments in the gross fixed assets and the cumulative depreciation, subject to prudence check on the following grounds:

(a) The useful life of the assets is not commensurate with the useful life of the project and such assets have been fully depreciated in accordance with the provisions of these regulations;

(b) The replacement of the asset or equipment is necessary on account of change in law or Force Majeure conditions;

(c) The replacement of such asset or equipment is necessary on account of obsolescence of technology; and

(d) The replacement of such asset or equipment has otherwise been allowed by the Commission.

(4) The capital expenditure, in respect of existing generating station incurred or projected to be incurred on the following counts beyond the original scope, may be admitted by the Commission, subject to prudence check:

(a) Liabilities to meet award of arbitration or for compliance of order or directions of any statutory authority, or order or decree of any court of law;

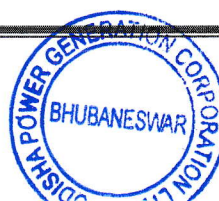
(b) Change in law or compliance of any existing law;

(c) Force Majeure events;

(d) Need for higher security and safety of the plant as advised or directed by appropriate Indian Governmental Instrumentality or statutory authorities responsible for national or internal security;

(e) Deferred works relating to ash pond or ash handling system in additional to the original scope of work, on case to case basis:

Haren Kumar Satapathy



Provided also that if any expenditure has been claimed under Renovation and Modernisation (R&M) or repairs and maintenance under O&M expenses, the same shall not be claimed under this Regulation;

(f) Usage of water from sewage treatment plant in thermal generating station.

(5) In case of de-capitalisation of assets of a generating company the original cost of such asset as on the date of de-capitalisation shall be deducted from the value of gross fixed asset and corresponding loan as well as equity shall be deducted from outstanding loan and the equity respectively in the year such de-capitalisation takes place with corresponding adjustments in cumulative depreciation and cumulative repayment of loan, duly taking into consideration the year in which it was capitalised."

3.14 The Additional Capitalisation approved by the Hon'ble Commission vide its Order dated January 7, 2023 in Case No: 96/2021 is as below:

Table 3-2 Additional Capitalisation Approved for FY 2019-20 to FY 2023-24 (Rs. Crore)

Particulars	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Additional Capitalisation	0.00	225.20	1489.23	0.00	0.00

3.15 The details of Additional Capitalisation claimed by the Petitioner for FY 2019-20 to FY 2023-24 including the earlier approved Additional Capitalisation upto FY 2021-22 is submitted below.

Table 3-3 Additional Capitalisation for FY 2019-20 to FY 2023-24 (Rs. Crore)

Particulars	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Additional Capitalisation	0.00	225.20	1489.23	237.56	23.04
Decapitalisation	0.00	0.00	1.27	0.00	0.24

3.16 The Hon'ble Commission is requested to kindly approve the additional capitalisation as submitted above.

3.17 The capitalisation claimed for FY 2022-23 till cut-off date i.e., August 31, 2022 falls under the works envisioned under the original scope. However, the capitalisation proposed post the cut-off date till March 31, 2024 are due to works beyond the original scope. The detailed break-up of additional capitalisation proposed beyond the cut-off



date along with the relevant justification and the Regulations under which such additional capitalisation is claimed is provided as **Annexure-3** and is summarised below.

Table 3-4 Details of Additional Capitalisation for FY 2019-20 to FY 2023-24 (Rs. Crore)

Year	Details	Amount Capitalized	Regulations under which Claimed
FY 2019-20		0.00	3.3 (b)
FY 2020-21	Works within the original scope of work	225.20	12 (1) (b)
FY 2021-22	Works within the original scope of work	1489.23	12 (1) (b)
FY 2022-23	Works within the original scope of work	208.87	12 (1) (b)
	Works beyond the original scope of work and after the cut off date (31.08.2022)	28.69	12 (4) (d), 12 (3) (d) & 12 (2) (c)
	Sub-total	237.56	
FY 2023-24	Works beyond the original scope of work and after the cut off date (31.08.2022)	23.04	12 (4) (d), 12 (3) (d), 12 (2) (c), 12 (3) (c) & 12 (2) (f)
	Grand total	1975.03	

3.18 In addition to the above, certain assets were decapitalised as per Regulation 12 (5) of the OERC Tariff Regulation, 2020 and the same has been adjusted from the GFA for the respective years. The details of assets decapitalised are provided as **Annexure-4**.

Table 3-5 Details of Decapitalisation for FY 2019-20 to FY 2023-24 (Rs. Crore)

Name of the Asset	Original Value	Year Put to use
FY 2021-22		
Exhaust fan 300mm dia suitable to work on 230/250	0.01	2019-20
Motorola Walkie Talkie Satellite XIRP 3688	0.02	2021-22
EDP Machines (2014)	1.05	2014-15
Laptop Computer	0.19	2017-18
Total	1.27	
FY 2023-24		
Ceiling Fan	0.05	2016-17
Laptop Computer	0.18	2017-18
Total	0.24	

Depreciation

3.19 Regulation 4.18, 4.19 and 4.21 of OERC Tariff Regulation, 2014 provides for determination of depreciation for FY 2019-20 as reproduced below:

“DEPRECIATION:

4.18 Depreciation shall be computed from the date of commercial operation of a generating station or unit thereof. The value base for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission.



4.19 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 stations, the salvage value shall be as provided in the agreement signed by the developers with the State Government for creation of the site: Provided further that the capital cost of the assets of the hydro-generating station for the purpose of computation of depreciable value shall correspond to the percentage of sale of electricity under long-term power purchase agreement at regulated tariff.

...

4.21 Depreciation shall be calculated annually based on Straight Line Method and at rates specified in Appendix-A 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 date of commercial operation shall be spread over the balance useful life of the assets

Provided that for existing plants of OHPC as per the directions of the High Court of Orissa, depreciation will be calculated at pre-1992 norms notified by Government of India on the book value of the assets

Provided further that for existing plants of OPGC, the applicable depreciation rate shall be as determined by commission from time to time. ...”

3.20 Regulation 23 of OERC Tariff Regulation, 2020 provides for determination of depreciation for FY 2020-21 to FY 2023-24 as reproduced below:

“23. DEPRECIATION

(1) Depreciation shall be computed from the date of commercial operation of a generating station or unit thereof. The value base for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission.

(2) The salvage value of the asset shall be considered as 10% and depreciation shall be allowed up to maximum of 90% of the capital cost of the asset;

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



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Provided that in case of hydro generating stations, the salvage value shall be as provided in the agreement 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 depreciable 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.

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

(4) Depreciation shall be calculated annually based on Straight Line Method and at rates specified in Appendix-A 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 fifteen (15) years from date of commercial operation shall be spread over the balance useful life of the assets;

Provided that for existing plants of OHPC as per the directions of the High Court of Orissa, depreciation will be calculated at pre-1992 norms notified by Government of India on the book value of the assets;

Provided, further that for existing plants of OPGC (UNIT-I & II), the applicable depreciation rate shall be as determined by Commission from time to time.

(5) In case of the existing projects, the balance depreciable value as on 01.04.2020 shall be worked out by deducting the cumulative depreciation as admitted by the Commission upto 31.03.2020 from the gross depreciable value of the assets.

(6) 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 decapitalized asset during its useful services.



(7) Depreciation shall be chargeable from the first year of commercial operation. In case of commercial operation of the asset for part of the year, depreciation shall be charged on pro rata basis.

Provided that in case of multiple units of a generating station weighted average life for the generating station shall be applied.

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

3.21 The Depreciation approved by the Commission vide its Order dated January 7, 2023 in Case No. 96/2021 is as below:

Table 3-6 Depreciation Approved for FY 2019-20 to FY 2023-24 (Rs. Crore)

Tariff Period	FY 2019-20 (03.07.2019 to 20.08.2019)	FY 2019-20 (21.08. 2019 to 31.03.2020)	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Depreciation	23.66	270.70	447.01	484.13	516.54	516.54

3.22 The details of Depreciation claimed for FY 2019-20 to FY 2023-24 is submitted below. It is kindly submitted that there is a variation in the additional capitalisation for FY 2021-22 and FY 2022-23 since the land capitalised under “Freehold Land” in FY 2021-22 is reversed and capitalised as “Leasehold Land” in FY 2022-23. Further, the Weighted Average Rate of Depreciation (WAROD) is arrived based on the asset-class wise additional capitalisation and the depreciation rates as specified in the respective Tariff Regulations.

Table 3-7 Depreciation for FY 2019-20 to FY 2023-24 (Rs. Crore)

Particulars	COD Unit 3 to COD Unit 4	COD Unit 4 to 31-3-2020	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Opening GFA (less: Freehold land)	3411.23	8596.20	8596.20	8785.89	10309.08	10546.64
Net Addition.	0.00	0.00	189.69	1523.20	237.56	22.80
Closing GFA	3411.23	8596.20	8785.89	10309.08	10546.64	10569.45
Avg. GFA	3411.23	8596.20	8691.04	9547.48	10427.86	10558.05
WAROD (%)	5.18%	5.15%	5.15%	5.10%	5.05%	5.05%
Depreciation	23.67	270.96	447.53	486.87	527.12	533.47

3.23 The Hon’ble Commission is requested to kindly approve the depreciation as submitted above.



Financing of Additional Capitalisation

3.24 The Commission vide its Order dated January 7, 2023 in Case No. 96/2021 had approved the following regarding funding of Capital Cost and Additional Capitalisation:

Table 3-8 Funding of Capital Cost and Additional Capitalisation Approved for FY 2019-20 to FY 2023-24 (Rs. Crore)

Sl. No.	Particulars	Project Expenses				
		7/3/2019	8/21/2019	3/31/2020	3/31/2021	3/31/2022
	Project Cost:					
1	Gross Fixed Assets (GFA)	3,336.23	8,521.19	8,521.19	8,746.22	10,235.63
2	Capital Work in Progress (CWIP)	6,033.97	1,080.36	1,287.30	1,359.18	135.75
3	Project Capital Advances	454.65	525.33	394.77	369.32	280.68
	Total Expenses	9,824.85	10,126.88	10,203.26	10,474.72	10,652.06
4	Less: Undischarged Liabilities *	450.70	476.32	257.81	256.29	324.55
	Net Project Expenses	9,374.15	9,650.56	9,945.45	10,218.43	10,327.51
5	Sources of Fund:					
5.1	Loan from PFC	3,516.83	3,648.79	3,745.67	3,786.34	3,866.12
5.2	Loan from REC	3,608.32	3,619.58	3,811.54	3,852.20	3,865.75
6	Total Debt	7,125.15	7,268.37	7,557.21	7,638.53	7,731.87
7	Equity	2,249.00	2,382.19	2,388.24	2,579.90	2,595.64
7.1	Equity addition by Shareholder	1,332.28	1,332.28	1,332.28	1,332.28	1,458.28
7.2	Equity from Internal Accruals	916.72	1,049.91	1,055.96	1,247.62	1,137.36
8	Loan availed against Project Expenses (%)	76.01%	75.32%	75.99%	74.75%	74.87%
9	Balance Expenses from Equity (%)	23.99%	24.68%	24.01%	25.25%	25.13%
10	Total GFA	3,336.23	8,521.19	8,521.19	8,746.22	10,235.63
10.1	Proportionate Debt in GFA	2,535.82	6,417.78	6,474.97	6,538.02	7,663.08
10.2	Proportionate Equity in GFA	800.41	2,103.41	2,046.22	2,208.20	2,572.55
10.3	Assets transferred from Unit I & II as Equity	75.00	75.00	75.00	75.00	75.00

3.25 Considering the Debt and Equity as approved on the COD of each unit in the abovementioned Order and based on the actual debt-equity ratio for each year as per the Auditor's Certificate submitted as **Annexure-5**, the Funding of the Capital Cost and Additional Capitalisation proposed from FY 2019-20 to FY 2023-24 is provided below.



Table 3-9 Funding of Capital Cost as on COD of each unit (Rs. Crore)

Particulars	From COD of Unit 3 to COD of Unit 4	From COD of Unit 4 to March 31, 2020
Total debt	2535.82	6474.98
Total equity	875.41	2121.22

Table 3-10 Funding of Additional Capitalisation for FY 2019-20 to FY 2023-24

Particulars	Units	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Add-cap (Original Scope)	Rs. Crore	0.00	225.20	1489.23	208.87	0.00
Debt	%	75.99%	74.75%	74.87%	73.72%	0.00%
Equity	%	24.01%	25.25%	25.13%	26.28%	100.00%
Debt	Rs. Crore	0.00	168.34	1114.98	153.98	0.00
Equity	Rs. Crore	0.00	56.86	374.24	54.89	0.00
Add-cap (Beyond Original Scope)	Rs. Crore	0.00	0.00	0.00	28.69	23.04
Debt	%	0.00%	0.00%	0.00%	0.00%	0.00%
Equity	%	100.00%	100.00%	100.00%	100.00%	100.00%
Debt	Rs. Crore	0.00	0.00	0.00	0.00	0.00
Equity	Rs. Crore	0.00	0.00	0.00	28.69	23.04
Total Debt	Rs. Crore	0.00	168.34	1114.98	153.98	0.00
Total Equity	Rs. Crore	0.00	56.86	374.24	83.58	23.04
Cumulative Debt	Rs. Crore	6474.98	6643.32	7757.34	7911.31	7911.13
Cumulative Equity	Rs. Crore	2121.22	2178.08	2552.02	2635.60	2658.59
Debt	%	75.32%	75.31%	75.25%	75.01%	74.85%
Equity	%	24.68%	24.69%	24.75%	24.99%	25.15%

3.26 Further, the Petitioner requests the Commission to allow all additional capitalisation proposed beyond the cut-off date to be funded through equity as the same was fully funded through internal resources and the consolidated equity for the total Project Cost including additional capitalisation is lower than the normative equity ratio of 30%.

Interest on Term Loans and Finance Charges

3.27 Regulation 4.9 to 4.17 of OERC Tariff Regulation, 2014 provides for determination of interest in loan for FY 2019-20 as reproduced below:

"INTEREST ON LOAN CAPITAL:

4.9 The loans arrived at in the manner indicated in Regulation 3.6, 3.7 and 3.8 shall be considered as gross normative loan for calculation of interest on loan.



4.10 The normative loan outstanding as on 01.04.2014 shall be worked out by deducting the cumulative repayment as admitted by the Commission up to 31.03.2014 from the gross normative loan.

4.11 The loan repayment for each year of the tariff period 2014-15 to 2018-19 shall be deemed to be equal to the depreciation allowed for that year.

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

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

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

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

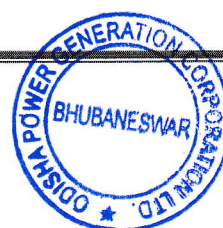
4.14 The interest on loan shall be calculated on the normative average loan of the respective years by applying the weighted average rate of interest.

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

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

4.17 In case of dispute, any of the parties may make an application in accordance with the Conduct of Business Regulations, as amended from time to time:

Provided that the beneficiaries shall not withhold any payment on account of the interest claimed by the generating company during the pendency of any dispute arising out of re-financing of loan."

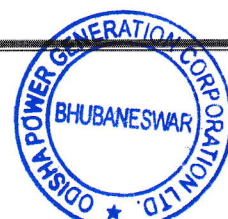


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3.28 Regulation 22 of OERC Tariff Regulation, 2020 provides for determination of interest on loan for FY 2020-21 to FY 2023-24 as reproduced below:

"22. INTEREST ON LOAN CAPITAL

- (1) The loans arrived at in the manner indicated in Regulation 16 shall be considered as gross normative loan for calculation of interest on loan.*
- (2) The normative loan outstanding as on 01.04.2020 shall be worked out by deducting the cumulative repayment as admitted by the Commission up to 31.03.2020 from the gross normative loan.*
- (3) The loan repayment for each year of the tariff period shall be deemed to be equal to the depreciation allowed for corresponding year/period. In case of decapitalization of assets, the repayment shall be adjusted by taking into account cumulative repayment on a pro rata basis and the adjustment should not exceed cumulative depreciation recovered upto the date of de-capitalisation of such asset.*
- (4) Notwithstanding any moratorium period availed by the generating company the repayment of loan shall be considered from the first year of commercial operation of the project and shall be equal to the annual depreciation allowed for the year or part of the year.*
- (5) The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio after providing appropriate accounting adjustment for interest capitalized at the beginning of each year applicable to the project;*
Provided that if there is no actual loan for a particular year but normative loan is still outstanding, the last available weighted average rate of interest shall be considered;
Provided further that if the generating station, does not have actual loan, then the weighted average rate of interest of the generating company as a whole shall be considered.
- (6) The interest on loan shall be calculated on the normative average loan of the respective years by applying the weighted average rate of interest.*
- (7) The generating company shall make every effort to re-finance the loan as long as it results in net savings on interest and in that event the costs associated with such refinancing shall be borne by the beneficiaries and the*



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net savings shall be shared between the beneficiaries and the generating company, in the ratio of 1:1.

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

(9) In case of dispute, any of the parties may make an application in accordance with the Conduct of Business Regulations, as amended from time to time:

Provided that the beneficiaries shall not withhold any payment on account of the interest claimed by the generating company during the pendency of any dispute arising out of re-financing of loan”

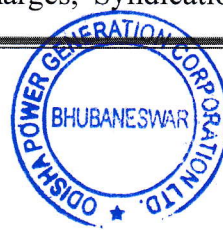
3.29 The Interest on Loan approved by the Commission vide its Order dated January 7, 2023 in Case No. 96/2021 is as below:

Table 3-11 Interest on Loan Approved for FY 2019-20 to FY 2023-24 (Rs. Crore)

Particulars	FY 2019-20 (03.07.2019 to 20.08.2019)	FY 2019-20 (21.08. 2019 to 31.03.2020)	FY 2020- 21	FY 2021- 22	FY 2022- 23	FY 2023- 24
Weighted Avg. Rate of Interest	10.77%	10.68%	10.68%	10.68%	10.68%	10.68%
Gross Loan	2,535.82	6,474.98	6,474.98	6,538.20	7,663.08	7,663.08
Cumulative Repayment upto previous Year	-	23.66	294.35	741.36	1,225.49	1,742.03
Net Loan Opening	2,535.82	6,451.32	6,180.63	5,796.84	6,437.59	5,921.05
Receipt during the Year	-	-	63.22	1,124.88	-	-
Repayment of normative Loan during the year	23.66	270.70	447.01	484.13	516.54	516.54
Net Loan Closing	2,512.16	6,180.63	5,796.84	6,437.59	5,921.05	5,404.51
Avg. Normative Loan	2,523.99	6,315.98	5,988.73	6,117.21	6,179.32	5,662.78
Interest on term loan	271.83	674.55	639.60	653.32	659.95	604.79
Interest on term loan for the period	36.39	412.84	639.60	653.32	659.95	604.79

3.30 Based on the Regulation quoted above, the interest on loan capital is claimed considering the Opening Debt and the debt addition as detailed in the above section. The Weighted Average Rate of Interest (WAROI) arrived based on the actual loan details during FY 2019-20 to FY 2023-24 are provided as **Annexure-6**.

3.31 In FY 2022-23 a loan of Rs. 1000 Crore has been refinanced from Indian Bank against the loan received from REC Ltd. A total of Rs. 36.58 Crore was incurred by the Petitioner towards Processing Fee, Prepayment Charges, Syndication Fees, etc. The



documentary evidence for refinanced loan is provided as **Annexure-7**. The Petitioner has claimed such expenses while claiming Interest on Loan and Finance Charges for FY 2022-23. Accordingly, the Petitioner has proposed sharing of gains due to the refinancing of loans for FY 2022-23 and 2023-24, in line with the Regulation 22 (7), in the ratio of 1:1.

3.32 The detailed calculation of the impact of refinancing is provided below:

Table 3-12 Sharing of Gains on Refinancing of loan (Rs. Crore)

Particulars	FY 2022-23	FY 2023-24
Interest on Loan before Refinancing	22.56	93.70
Interest on Loan after Refinancing	19.54	79.03
Refinancing Charges	0.00	0.00
Gains due to Refinancing	3.02	14.67
Sharing of Gains due to Refinancing	1.51	7.33

3.33 Taking into account the above refinancing and the loan portfolio for the Project, Interest on Loan for the period FY 2019-20 to FY 2023-24 is given below:

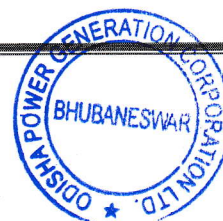
Table 3-13 Interest on Loan Capital for FY 2019-20 to FY 2023-24 (Rs. Crore)

Particulars	COD Unit 3 to COD Unit 4	COD Unit 4 to 31-3-2020	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Opening Loan	2535.82	6451.31	6180.35	5901.15	6529.27	6156.12
Loan Addn.	0.00	0.00	168.34	1114.98	153.98	0.00
Repayment	23.67	270.96	447.53	486.87	527.12	533.47
Closing Loan	2512.15	6180.35	5901.15	6529.27	6156.12	5622.65
Avg. Loan	2523.98	6315.83	6040.75	6215.21	6342.70	5889.39
WAROI (%)	10.71%	10.71%	10.76%	10.22%	8.90%	9.09%
Interest on Loan	36.18	413.83	650.27	635.46	564.22	535.11
Add: Finance Charges	0.04	0.18	0.22	0.22	36.76	0.24
Add: Sharing due to Refinancing (Regulations -40)					1.51	7.33
Interest on Loan Capital	36.22	414.01	650.49	635.68	602.49	542.69

3.34 The Hon'ble Commission is requested to kindly approve the interest on loan as claimed above.

Return on Equity (RoE)

3.35 Regulation 4.5 to 4.6 of OERC Tariff Regulation, 2014 provides for determination of return on equity for FY 2019-20 as reproduced below:



“RETURN ON EQUITY

4.5 Return on equity shall be computed in rupee terms, on the equity base determined in accordance with Regulations 3.6, 3.7 and 3.8.

4.6 Return on equity shall be computed @ 16% of the equity amount.”

3.36 Regulation 20 of OERC Tariff Regulation, 2020 provides for determination of return on equity for FY 2020-21 to FY 2023-24 as reproduced below:

“RETURN ON EQUITY

(1) Return on equity shall be computed in rupee terms, on the equity base determined in accordance with Regulations 16(1), (2) and (3):

(2) Return on equity shall be computed at the base rate of 14% for all generating stations;

Provided that return on equity in case of OPGC (Unit - I & II) and OHPC stations shall be as per the provisions of the PPA.

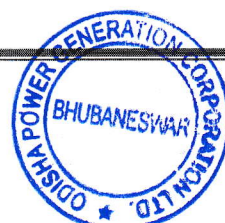
Provided that return on equity in respect of additional capitalization after cut-off date beyond the original scope excluding additional capitalization due to Change in Law, shall be computed at the weighted average rate of interest on actual loan portfolio of the generating station;

Provided further that:

(a) In case of a new project, the rate of return on equity shall be reduced by 1.00% for such period as may be decided by the Commission, if the generating station is found to be declared under commercial operation without Commissioning of any of the Restricted Governor Mode Operation (RGMO) or Free Governor Mode Operation (FGMO), data telemetry, communication system up to load dispatch centre or protection system based on the confirmation by the SLDC;

(b) in case of existing generating station, as and when any of the requirements under (a) above of this Regulation are found lacking based on the confirmation by the concerned SLDC, rate of return on equity shall be reduced by 1.00% for the period for which the deficiency continues;”

3.37 The Return on Equity approved by the Commission vide its Order dated January 7, 2023 in Case No. 96/2021 is as below:



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Table 3-14 Return on Equity Approved for FY 2019-20 to FY 2023-24 (Rs. Crore)

Description	2019-20		2020-21	2021-22	2022-23	2023-24
	Tariff for Unit- III	Tariff for Unit- III & IV	Tariff for Unit- III & IV	Tariff for Unit- III & IV	Tariff for Unit- III & IV	Tariff for Unit- III & IV
	03/07/2019 to 20/08/2019	21/08/2019 to 31/03/2020	01/04/2020 to 31/03/2021	01/04/2021 to 31/03/2022	01/04/2022 to 31/03/2023	01/04/2023 to 31/03/2024
Opening Equity	875.41	2,121.22	2,121.22	2,283.20	2,647.55	2,647.55
Addition of Equity/ Internal accruals during the Year	-	-	161.98	364.35	-	-
Closing Equity	875.41	2,121.22	2,283.20	2,647.55	2,647.55	2,647.55
Average Equity	875.41	2,121.22	2,202.21	2,465.38	2,647.55	2,647.55
Base Rate on Equity (%)	16.00%	16.00%	14.00%	14.00%	14.00%	14.00%
ROE Amount (Yearly)	140.07	339.40	308.31	345.15	370.66	370.66
ROE for the period	18.75	207.72	308.31	345.15	370.66	370.66

3.38 Based on the Regulation quoted above, the return on equity is claimed as stated below, considering the opening equity and the equity addition as detailed in the above section for Assets Capitalised within original scope of work.

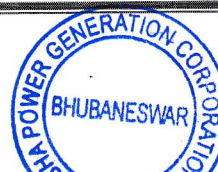
Table 3-15 Return on Equity (original scope) for FY 2019-20 to FY 2023-24 (Rs. Crore)

Particulars	COD Unit 3 to COD Unit 4	COD Unit 4 to 31-3-2020	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Opening Equity	875.41	2121.22	2121.22	2178.08	2552.02	2606.91
Equity Addition	0.00	0.00	56.86	374.24	54.89	0.00
Equity Deletion	0.00	0.00	0.00	0.30	0.00	0.06
Closing Equity	875.41	2121.22	2178.08	2552.02	2606.91	2606.85
Average Equity	875.41	2121.22	2149.65	2365.05	2579.47	2606.88
Rate of RoE	16.00%	16.00%	14.00%	14.00%	14.00%	14.00%
Return on Equity	18.80	208.29	300.95	331.11	361.13	364.96

3.39 Further, in line with Regulation 20 of the OERC Tariff Regulation, 2020, the RoE on Assets Capitalised beyond the original scope of works is claimed at the weighted average rate of Interest on Loan for the applicable period, as claimed below:

Table 3-16 Return on Equity (beyond original scope) for FY 2019-20 to FY 2023-24 (Rs. Crore)

Particulars	COD Unit 3 to COD Unit 4	COD Unit 4 to 31-3-2020	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Opening Equity	0.00	0.00	0.00	0.00	0.00	28.69
Equity Addition	0.00	0.00	0.00	0.00	28.69	23.04
Equity Deletion	0.00	0.00	0.00	0.00	0.00	0.00
Closing Equity	0.00	0.00	0.00	0.00	28.69	51.73
Average Equity	0.00	0.00	0.00	0.00	14.35	40.21
Rate of RoE	16.00%	16.00%	10.76%	10.22%	8.90%	9.09%
Return on Equity	0.00	0.00	0.00	0.00	1.28	3.65



3.40 In view of the above, the total Return on Equity claimed for the period FY 2019-20 is given below:

Table 3-17 Total Return on Equity for FY 2019-20 to FY 2023-24 (Rs. Crore)

Particulars	COD Unit 3 to COD Unit 4	COD Unit 4 to 31-3-2020	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Total RoE	18.80	208.29	300.95	331.11	362.40	368.62

3.41 The Hon'ble Commission is requested to kindly approve the return on equity as claimed above.

Income Tax

3.42 Regulation 4.7 to 4.8 of OERC Tariff Regulation, 2014 provides for determination of income tax for FY 2019-20 as reproduced below:

"4.7 Income tax of the Generating Company shall be recovered from the beneficiaries. This will exclude income tax on other income streams (income from non-generation and non-transmission business).

4.8 The actual assessment of income tax should take into account benefits of tax holiday and the credit for carry forward losses applicable as per the provisions of the Income Tax Act 1961 and shall be passed on to the consumers."

3.43 Regulation 21 of OERC Tariff Regulation, 2020 provides for determination of income tax for FY 2020-21 to FY 2023-24 as reproduced below:

"21. TAX ON INCOME

(1) Income tax of the Generating Company shall be recovered from the beneficiaries. This will exclude income tax on other income streams (income from non-generation and non-transmission business).

(2) The actual assessment of income tax should take into account benefits of tax holiday and the credit for carry forward losses applicable as per the provisions of the Income Tax Act 1961 and shall be passed on to the consumers."

3.44 The income tax for FY 2019-20 to FY 2023-24 has not been claimed as no income tax was paid for the respective years.



3.40 In view of the above, the total Return on Equity claimed for the period FY 2019-20 is given below:

Table 3-17 Total Return on Equity for FY 2019-20 to FY 2023-24 (Rs. Crore)

Particulars	COD Unit 3 to COD Unit 4	COD Unit 4 to 31-3-2020	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Total RoE	18.80	208.29	300.95	331.11	362.40	368.62

3.41 The Hon'ble Commission is requested to kindly approve the return on equity as claimed above.

Income Tax

3.42 Regulation 4.7 to 4.8 of OERC Tariff Regulation, 2014 provides for determination of income tax for FY 2019-20 as reproduced below:

"4.7 Income tax of the Generating Company shall be recovered from the beneficiaries. This will exclude income tax on other income streams (income from non-generation and non-transmission business).

4.8 The actual assessment of income tax should take into account benefits of tax holiday and the credit for carry forward losses applicable as per the provisions of the Income Tax Act 1961 and shall be passed on to the consumers."

3.43 Regulation 21 of OERC Tariff Regulation, 2020 provides for determination of income tax for FY 2020-21 to FY 2023-24 as reproduced below:

"21. TAX ON INCOME

(1) Income tax of the Generating Company shall be recovered from the beneficiaries. This will exclude income tax on other income streams (income from non-generation and non-transmission business).

(2) The actual assessment of income tax should take into account benefits of tax holiday and the credit for carry forward losses applicable as per the provisions of the Income Tax Act 1961 and shall be passed on to the consumers."

3.44 The income tax for FY 2019-20 to FY 2023-24 has not been claimed as no income tax was paid for the respective years.



Interest on Working Capital

3.45 Regulation 4.24 to 4.27 of OERC Tariff Regulation, 2014 provides for determination of interest on working capital for FY 2019-20 as reproduced below:

"INTEREST ON WORKING CAPITAL:

4.24 The working capital shall cover—

(a) For Coal-based thermal generating stations—

(i) Cost of coal, if applicable, for one month for pit-head generating stations and two months for non-pit-head generating stations, for generation corresponding to the normative annual plant availability factor;

(ii) Cost of secondary fuel oil for one month for generation corresponding to the normative annual plant availability factor, and in case of use of more than one secondary fuel oil, cost of fuel oil stock for the main secondary fuel oil:

{iii) Maintenance spares @ 20% of operation and maintenance expenses specified in Regulation 4.28;

(iv) Receivables equivalent to one month of capacity charges and energy charges for sale of electricity calculated on the normative annual plant availability factor; and

(v) Operation and maintenance expenses for one month.

(b) For hydro generating stations including pumped storage hydro-electric generating station—

(i) ...

4.25 The cost of fuel in cases covered under sub-regulation (a) of Regulation 4.24 shall be based on the landed cost incurred (taking into account normative transit and handling losses) by the generating company and gross calorific value of the fuel as per actual of the preceding three months and no fuel price escalation shall be provided during the tariff period.

4.26 Rate of interest on working capital shall be on normative basis and shall be equal to the SBI Base Rate plus 300 basis points as on 1.4.2014 or on 1st April of the year in which the generating station or a unit thereof, is declared under commercial operation whichever is later

Provided that for the existing generation plants of OHPC and OPGC the rate of interest on working capital shall be on normative basis and shall be equal to the SBI Base Rate plus 300 basis points as on 1st April of the year for which the application for determination of tariff is being made.



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4.27 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”

3.46 Regulation 24 of OERC Tariff Regulation, 2020 provides for determination of interest working capital for FY 2020-21 to FY 2023-24 as reproduced below:

“24. INTEREST ON WORKING CAPITAL

(1) The working capital shall cover:

(a) For Coal-based thermal generating stations

(i) Cost of coal, if applicable, for fifteen (15) days for pit-head generating stations and thirty (30) days for non-pit-head generating stations, for generation corresponding to the normative annual plant availability factor;

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

(iii) Cost of secondary fuel oil for one (1) month for generation corresponding to the normative annual plant availability factor, and in case of use of more than one secondary fuel oil, cost of fuel oil stock for the main secondary fuel oil;

(iv) Maintenance spares @ 20% of operation and maintenance expenses specified in Regulation 25(1);

(v) Receivables equivalent to forty-five (45) days of capacity charges and energy charges for sale of electricity calculated on the normative annual plant availability factor; and

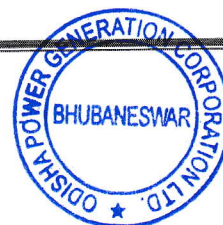
(vi) Operation and maintenance expenses for one (1) month including water charges and security expenses.

(b) For hydro generating stations including pumped storage hydro-electric generating station

(i) ...

(2) The cost of fuel in cases covered under sub-regulation (1) of Regulation 24 shall be based on the landed fuel cost incurred (taking into account normative transit and handling losses) by the generating company and gross calorific value of the fuel as per actual weighted average for the third quarter preceding financial year in case of each financial year for which tariff is to be

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determined and no fuel price escalation shall be provided during the tariff period.

Provided that in case of new generating station, the cost of fuel for the first financial year shall be considered based on landed fuel cost (taking into account normative transit and handling losses) and gross calorific value of the fuel as per actual weighted average for three (3) months, as used for infirm power, preceding date of commercial operation for which tariff is to be determined.

(3) Rate of interest on working capital shall be on normative basis and shall be equal to the Bank Rate as on 01.04.2020 or on 1st April of the year in which the generating station or a unit thereof, is declared under commercial operation, whichever is later.

Provided that in case of truing-up, the rate of interest on working capital shall be considered at Bank Rate as on 1st April of each of the financial year during the tariff period 2020-24.

(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."

3.47 The Interest on Working Capital approved by the Commission vide its Order dated January 7, 2023 in Case No. 96/2021 is as below:

Table 3-18 Interest on Working Capital Approved for FY 2019-20 to FY 2023-24 (Rs. Crore)

Tariff Period	Norms considered	FY 2019-20 (03.07.2019 to 20.08.2019)	FY 2019-20 (21.08.2019 to 31.03.2020)	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Cost of coal	One month for FY 2019-20 and 45 days for FY 2020-21 onwards	47.50	95.10	140.75	140.75	140.75	140.75
Cost of secondary fuel oil	1 month	0.68	1.36	1.35	1.35	1.35	1.36
Maintenance spares (as % of O&M expenses)	20%	24.26	48.52	55.36	57.31	59.32	61.41
Receivables	One month for FY 2019-20 and 45 days for FY 2020-21 onwards	109.47	242.49	361.09	373.62	383.33	377.49
O&M expenses	1 month	10.11	20.22	25.73	26.76	27.82	28.93
Working capital Requirement		192.02	407.69	584.28	599.80	612.57	609.93



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dated January 7, 2023 in Case No. 96/2021 for calculation of fuel cost. Further, the parameters considered for calculation of Working capital is summarised below:

Table 3-21 Parameters considered for FY 2020-21 to FY 2023-24

Particulars	Units	FY 2019-20		FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
		COD Unit 3 to COD Unit 4	COD Unit 4 to 31-Mar-20				
Operational Parameters							
Total Capacity	MW	660	1320	1320	1320	1320	1320
Availability	%	85%	85%	85.00%	85.00%	85.00%	85.00%
PLF	%	85%	85%	85.00%	85.00%	85.00%	85.00%
Gross Generation	MU	659.74	6031.87	9828.72	9828.72	9828.72	9855.65
Auxiliary Energy Consumption	%	5.75%	5.75%	6.25%	6.25%	6.25%	6.25%
Auxiliary Energy Consumption	MU	37.93	346.83	614.30	614.30	614.30	615.98
Net Generation	MU	621.80	5685.04	9214.43	9214.43	9214.43	9239.67
Heat Rate	kcal/kWh	2171.51	2171.51	2181.90	2181.90	2181.90	2181.90
Fuel Parameters							
Calorific Value for Different Fuels							
Fuel (Indigenous Coal)	kcal/kg	3103	3018	3091	3123	3335	3488
Fuel (HFO)	kcal/L	10000	10000	10000	10000	10000	10000
Fuel (LDO)	kcal/L	10600	10600	10600	10600	10600	10600
Landed Fuel Price for different fuels							
Fuel (Indigenous Coal)	Rs/MT	1785.02	1786.68	1687.95	1645.53	1992.58	1986.68
Fuel (HFO)	Rs/kL	41401	41406	47177	34698	34699	34698
Fuel (LDO)	Rs/kL	48609	45078	52988	52989	52379	63363

3.50 The Hon'ble Commission is requested to kindly approve the interest on working capital as claimed above.

Operation and Maintenance (O&M) Expense

3.51 Regulation 4.28 of OERC Tariff Regulation, 2014 provides for determination of O&M Expenses for FY 2019-20 as reproduced below:

"4.28 Normative operation and maintenance expenses shall be as follows, namely—

(a) Coal based (including those based on CFBC technology) generating stations other than the generating stations referred to in sub-regulation (d) below...

(e) The water charges as paid by the thermal generating stations shall be allowed separately basing on the actual consumption.



Provided that water charges paid to the govt, by the generating station shall be reimbursed by the beneficiaries depending upon their share."

3.52 Regulation 25 of OERC Tariff Regulation, 2020 provides for determination of O&M Expenses for FY 2020-21 to FY 2023-24 as reproduced below:

"25. OPERATION AND MAINTENANCE EXPENSES

(1) Normative operation and maintenance expenses shall be as follows, namely:

(a) Coal based (including those based on CFBC technology) generating stations, other than the generating stations referred to in sub-regulation (c) below:

...

(d) The water charges and security expenses for thermal generating stations shall be allowed separately after prudence check

Provided that water charges shall be allowed based on water consumption depending upon type of plant and type of cooling water system, subject to prudence check. The details regarding the same shall be furnished along with the petition;

Provided further that the generating station shall submit the assessment of the security requirement and estimated expenses;

(e) The security expenses for hydro generating stations shall be allowed separately after prudence check:

Provided further that the generating station shall submit the assessment of the security requirement and estimated expenses at the time of truing up."

3.53 The O&M Expenses approved by the Commission vide its Order dated January 7, 2023 in Case No. 96/2021 is as below:

Table 3-22 O&M Expenses Approved for FY 2019-20 to FY 2023-24 (Rs. Crore)

Particulars	FY 2019- 20 (03.07.2019 to 20.08.2019) i.e. 49 days	FY 2019-20 (21.08. 2019 to 31.03.2020) i.e. 224 days	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Unit Size (MW) X No. of Unit	660.00	660 X 2	660 X 2	660 X 2	660 X 2	660 X 2



Particulars	FY 2019- 20 (03.07.2019 to 20.08.2019) i.e.	FY 2019-20 (21.08. 2019 to 31.03.2020) i.e.	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Normative O&M expenses as per Regulations (Rs. Lakh per MW)	18.38	18.38	20.97	21.71	22.47	23.26
O & M Expenses (Rs. in Crore) (Annual)	121.31	242.62	276.80	286.57	296.60	307.03
O & M Expenses (Rs. in Crore) for the period	16.24	148.49	276.80	286.57	296.60	307.03
Water & Security Expenses	To be separately Claimed based on actual		31.93	34.49	37.24	40.12
Total O & M Expenses	16.24	148.49	308.73	321.06	333.84	347.15

3.54 Based on the Regulation quoted above, the O&M Expenses are claimed as below. For FY 2019-20, Water Charges are not claimed as part of O&M as the same has been claimed and reimbursed as per Tariff Regulations 2014. For FY 2020-24, Water Charges and Security Expenses are claimed as per the actuals in addition to the normative O&M Expenses as per the Tariff Regulations 2020.

Table 3-23 O&M Expenses for FY 2019-20 to FY 2023-24 (Rs. Crore)

Particulars	COD Unit 3 to COD Unit 4	COD Unit 4 to 31-3-2020	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Unit Size (MW) X No. of Unit	660.00	660 X 2	660 X 2	660 X 2	660 X 2	660 X 2
Normative O&M expenses as per Regulations (Rs. Lakh per MW)	18.38	18.38	20.97	21.71	22.47	23.26
Normative O&M Expenses	16.24	148.49	276.80	286.57	296.60	307.03
Water Charges	0.00	0.00	28.51	30.54	32.58	34.71
Security Expenses	0.00	0.00	3.08	3.13	2.77	2.89
O&M Expenses	16.24	148.49	308.39	320.24	331.95	344.63

3.55 The Hon'ble Commission is requested to kindly approve the O&M Expenses as claimed above.

Non-Tariff Income

3.56 The applicable provisions with respect to Non-Tariff Income as specified in the OERC Tariff Regulation, 2020 for FY 2020-21 to FY 2023-24 is excerpted below:

"26. NON-TARIFF INCOME



(1) The amount of Non-Tariff Income of the Generating Company as approved by the Commission in accordance with Regulation 41 shall be deducted while determining its Annual Fixed Charge:

Provided that the Generating Company shall submit full details of its forecast of Non-Tariff Income to the Commission in such form as may be stipulated by the Commission.

(2) The Non-Tariff Income shall include:

(a) Income from rent of land or buildings;

(b) Income from sale of scrap;

(c) Income from investments;

(d) Income from sale of ash/rejected coal;

(e) Interest income on advances to suppliers/contractors;

(f) Net Income from supply of electricity by the Generating Company to the housing colonies of its operating staff and supply of electricity by the Generating Company for construction works at the generating Station, after adjusting the expenses incurred for supply of such electricity;

(g) Income from rental from staff quarters;

(h) Income from rental from contractors;

(i) Income from hire charges from contractors and others;

(j) Income from advertisements;

(k) Income from sale of tender documents;

(l) Any other Non-Tariff Income.

Provided further that all supply of electricity by the Generating Company to the housing colonies of its operating staff and for construction works at the generating Station, shall be metered and billed separately:

Provided also that the tariff for supply of electricity by the Generating Company to the housing colonies of its operating staff and supply of electricity by the Generating Company for construction works at the generating Station, shall be the same as the Tariff approved by the Commission for the supply of electricity to the respective consumer category by the Distribution Licensee for that area of supply.

...

41. SHARING OF NON-TARIFF INCOME



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(1) The non-tariff net income in case of generating station from rent of land or buildings, sale of scrap and advertisements shall be shared between the beneficiaries and the generating company, in the ratio 50:50."

3.57 In accordance with Regulations 26 read with Regulations 41 of Tariff Regulations 2020, the following components have been considered for sharing of Non-Tariff Income for the period FY 2020-24:

- Income from rent of land/ buildings
- Income from sale of scrap
- Income from advertisements

3.58 The Hon'ble Commission is requested to kindly approve the Non-Tariff Income as detailed below:

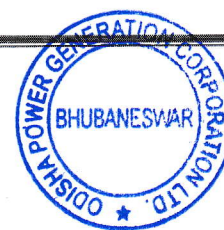
Table 3-24 Non-Tariff Income for FY 2019-20 to FY 2023-24 (Rs. Crore)

Particulars	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Income from rent of land or buildings					
Income from sale of scrap	0.00	0.00	0.18	0.00	0.00
Income from advertisements					
Non Tariff Income to be Shared (50:50)	0.00	0.00	0.09	0.00	0.00

3.59 Based on various components discussed above, the total Annual Fixed Charges are summarised below:

Table 3-25 Summary of AFC claimed for FY 2019-20 to FY 2023-24 upon truing up (Rs. Crore)

Particulars	FY 2019-20			FY 2020- 21	FY 2021- 22	FY 2022- 23	FY 2023- 24
	COD Unit 3 to COD Unit 4	COD Unit 4 to 31-3-2020	Total				
Depreciation	23.67	270.96	294.63	447.53	486.87	527.12	533.47
Interest on Term Loans & Fin. Charges	36.22	414.01	450.22	650.49	635.68	602.49	542.69
Return on Equity	18.80	208.29	227.09	300.95	331.11	362.40	368.62
Interest on Working Capital Loans	3.08	30.32	33.40	64.37	59.87	64.60	72.58
O & M Expenses	16.24	148.49	164.73	308.39	320.24	331.95	344.63
Tax on Income	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Less: Non Tariff Income	0.00	0.00	0.00	0.00	0.09	0.00	0.00
Annual Fixed Cost	98.01	1072.06	1170.07	1771.73	1833.68	1888.56	1861.99



(1) The non-tariff net income in case of generating station from rent of land or buildings, sale of scrap and advertisements shall be shared between the beneficiaries and the generating company, in the ratio 50:50."

3.57 In accordance with Regulations 26 read with Regulations 41 of Tariff Regulations 2020, the following components have been considered for sharing of Non-Tariff Income for the period FY 2020-24:

- Income from rent of land/ buildings
- Income from sale of scrap
- Income from advertisements

3.58 The Hon'ble Commission is requested to kindly approve the Non-Tariff Income as detailed below:

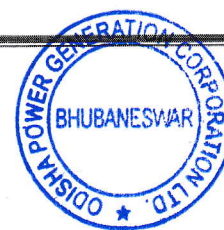
Table 3-24 Non-Tariff Income for FY 2019-20 to FY 2023-24 (Rs. Crore)

Particulars	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Income from rent of land or buildings					
Income from sale of scrap	0.00	0.00	0.18	0.00	0.00
Income from advertisements					
Non Tariff Income to be Shared (50:50)	0.00	0.00	0.09	0.00	0.00

3.59 Based on various components discussed above, the total Annual Fixed Charges are summarised below:

Table 3-25 Summary of AFC claimed for FY 2019-20 to FY 2023-24 upon truing up (Rs. Crore)

Particulars	FY 2019-20			FY 2020- 21	FY 2021- 22	FY 2022- 23	FY 2023- 24
	COD Unit 3 to COD Unit 4	COD Unit 4 to 31-3-2020	Total				
Depreciation	23.67	270.96	294.63	447.53	486.87	527.12	533.47
Interest on Term Loans & Fin. Charges	36.22	414.01	450.22	650.49	635.68	602.49	542.69
Return on Equity	18.80	208.29	227.09	300.95	331.11	362.40	368.62
Interest on Working Capital Loans	3.08	30.32	33.40	64.37	59.87	64.60	72.58
O & M Expenses	16.24	148.49	164.73	308.39	320.24	331.95	344.63
Tax on Income	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Less: Non Tariff Income	0.00	0.00	0.00	0.00	0.09	0.00	0.00
Annual Fixed Cost	98.01	1072.06	1170.07	1771.73	1833.68	1888.56	1861.99



Operational Performance

3.60 The actual performance of the Power Station (Units #3&4) for the true up period is as follows:

Table 3-26 Actual Operational Performance from FY 2019-20 to FY 2023-24

Particulars	Units	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Total Capacity	MW		1320	1320	1320	1320
Actual Availability (Declared Capacity)	%	48.79%	51.45%	62.52%	77.63%	80.51%
Actual PLF	%	49.13%	51.61%	62.58%	77.24%	80.15%
Actual Gross Generation	MU	3852.25	5983.78	7236.55	8930.91	9293.18
Actual Auxiliary Energy Consumption	%	7.0%	6.77%	6.41%	5.64%	5.58%
Actual Auxiliary Energy Consumption	MU	270.35	405.26	464.22	503.56	518.72
Actual Net Generation	MU	3591.33	5563.28	6772.16	8428.30	8769.68
Actual Station Heat Rate	kcal/kwh	2999	2282	2220	2168	2154
Specific Oil Consumption	ml/kWh	1.433	0.384	0.298	0.149	0.194

Sharing of gains due to Variation in Norms

3.61 Regulation 39 of OERC Generation Tariff Regulations 2020 reads as follows:

“39. SHARING OF GAINS DUE TO VARIATION IN NORMS

- (1) *The generating company shall workout gains based on the actual performance of applicable Controllable parameters as under:*
 - (i) *Station Heat Rate;*
 - (ii) *Secondary Fuel Oil Consumption; and*
 - (iii) *Auxiliary Energy Consumption.*
- (2) *The financial gains by the generating company on account of controllable parameters shall be shared between generating company and the beneficiaries on annual basis. The financial gains computed as per the following formulae in case of generating station other than hydro generating stations on account of operational parameters as shown in Clause (1) of this Regulation shall be shared in the ratio of 50:50 between the generating stations and beneficiaries.*

$$\text{Net Gain} = (\text{ECRN} - \text{ECRA}) \times \text{Scheduled Generation}$$

Where,



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ECRN = Normative Energy Charge Rate computed on the basis of norms specified for Station Heat Rate, Auxiliary Energy Consumption and Secondary Fuel Oil consumption.

ECRA = Actual Energy Charge Rate computed on the basis of actual Station Heat Rate, Auxiliary Energy Consumption and Secondary Fuel Oil Consumption for the month.

.....”

- 3.62 In terms of the above Regulation, the financial gains, on account of variation of norms, computed is given in the Table below:

Table 3-27 Gain/Loss for FY 2019-20 to FY 2023-24 upon truing up (Rs. Crore)

Financial Year	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Net Gain / Loss	(34.81)	(15.65)	19.45	33.47

- 3.63 The complete details of the computation is provided as **Annexure-8**.

Recovery of Energy Charges

- 3.64 The Petitioner has claimed the Energy Charges in line with the Regulation 4.32 and 4.33 of OERC Tariff Regulation, 2014 for FY 2019-20 and Regulation 27 of OERC Tariff Regulation, 2020 for FY 2020-21 to FY 2023-24 through monthly Energy Bills. The complete details of the Energy Charge Rate Calculation for FY 2019-20 to FY 2023-24 is submitted as **Annexure-9**.

- 3.65 The Petitioner would like to bring it to the kind notice of the Hon'ble Commission that the Energy Charge Rate (ECR) so arrived is considering the actual landed cost of coal and secondary fuels for the respective months for FY 2020-21 to FY 2023-24. However, the ECR is arrived considering “as billed GCV” (TM corrected) of coal in line with the methodology of the Commission adopted vide its Order dated January 7, 2023. The Regulation 3 (1) (ff) of the OERC Tariff Regulation, 2020 states as below:

“(ff) “GCV as Received” means the GCV of coal as measured at the unloading point of the thermal generating station through collection, preparation and testing of samples from the loaded wagons, trucks, ropeways, Merry-Go-Round (MGR), belt conveyors and ships in accordance with the IS 436 (Part-1/ Section 1)- 1964;



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

Provided further that samples of coal shall be collected either manually or through hydraulic augur or through any other method considered suitable keeping in view the safety of personnel and equipment;

Provided also that the generating companies may adopt any advance technology for collection, preparation and testing of samples for measurement of GCV in a fair and transparent manner;

Provided that GCV of as Received coal shall be found out by taking GCV of coal on as "billed basis" and allowing an adjustment for total moisture as per the formula given as under:

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

(1-IM)

Where: GCV = Gross Calorific Value of coal

TM = Total Moisture

IM - Inherent Moisture"

- 3.66 Hence, from the above, it is clear that the GCV as received basis at the unloading point should have been considered for the calculation of ECR. However, considering the ECR calculation in line with the methodology approved by the Commission has led to a loss arrived in the table below:

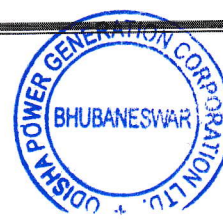
Table 3-28 Loss in Fuel Cost for FY 2020-21 to FY 2023-24 (Rs. Crore)

Particulars	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Landed Cost of Coal recovered considering GCV as billed (TM adjusted)	682.05	911.60	952.31	1,227.65
Landed Cost of Coal as per GCV as received (at unloading point)	725.38	976.84	1,039.63	1,227.11
Fuel (Coal) Loss	43.33	65.24	87.32	(0.54)

- 3.67 Based on the above, the total fuel loss due to consideration of GCV as billed (TM adjusted) instead of GCV as received (at unloading point) is Rs. 195.35 Crore for FY 2020-21 to FY 2023-24.

Other Charges

- 3.68 As per Regulation 7.9 to 7.12 of the OERC Tariff Regulation, 2014 and in line with the



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provision in Regulation 47 and 48 of OERC Tariff Regulation, 2020, the Hon'ble Commission is requested to kindly approve the other charges for reimbursement as detailed below:

Table 3-29 Details of Other Charges for FY 2019-20 to FY 2023-24 (Rs. Crore)

Particulars	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Electricity Duty	11.10	21.17	23.78	24.15	29.11
SOC and MOC of SLDC	0.86	0.94	1.14	1.12	1.20
Inspection Fees	0.00	0.32	0.28	0.28	0.23
Tax & Cess on Land	0.00	0.36	1.71	0.26	3.07
CTO	0.01	0.48	0.52	0.72	0.72
ARR & Tariff Petition fee and publication expenses	0.00	0.00	0.25	0.00	0.00
Total	11.96	23.28	27.69	26.54	34.34

3.69 In addition to the above-mentioned other charges, Ash Transportation and Other Ash Utilisation Expenses were claimed through reimbursement. In terms of the Ministry of Environment and Forests (MoEF) Notification dated 25.01.2016, coal based thermal power plants are obligated to share the financial burden of transporting fly ash to user agencies as per the cost-sharing mechanism stipulated therein. Furthermore, to ensure 100% utilisation of fly ash generated by the coal based thermal power plants, the Central Government reviewed the existing Notifications and has introduced environmental compensation mechanism vide the MoEF Notification dated 31.12.2021. The 2021 Notification enforces rigorous measures to guarantee full fly ash utilization, setting clear deadlines, distinct obligations for thermal power generators and user agencies, and penalties through environmental compensation for non-adherence.

3.70 The expenses being statutory in nature, OPGC had filed a Petition (Case No. 99/2023) before the Hon'ble Commission, for the recovery of Rs. 9.18 Crore incurred towards Ash transport and Other Ash Utilisation Expenses for FY 2021-22 to FY 2022-23 for OPGC Units 3 & 4. The Hon'ble Commission was pleased to approve an amount of Rs 9,17,65,050/- as against Rs 12,23,53,400/- towards ash transportation and utilization expenses considering the contracted capacity of 75% for FY 2021-22 to FY 2022-23 for OPGC Units 3 & 4. The relevant excerpt from the Order is reproduced below:

"In regards to the claim made by OPGC in Case no. 99 of 2023, it is observed that the reimbursement of Ash Transportation and Utilization expenses form a part of the PPA and therefore the Commission believes that such expenses should be reimbursed by GRIDCO in line with the provisions of the PPA. Moreover, such expenses are also mandated by MoEF in their Notifications



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dated 31.12.2021 and 25.01.2016. Accordingly, the Commission approves an amount of Rs 4,43,74,498/- towards ash transportation and utilization expenses from FY 2016-17 to FY 2022-23 for OPGC Units 1 & 2. Similarly, the Commission provisionally approves an amount of Rs 9,17,65,050/- as against Rs 12,23,53,400/- towards ash transportation and utilization expenses considering the contracted capacity of 75% for FY 2021-22 to FY 2022-23 for OPGC Units 3 & 4. The same shall be considered in the ARR of GRIDCO for the FY 2024-25 as pass through. However, GRIDCO shall reimburse the expenses after prudent check based on supporting documents certified by Statutory Auditors which shall be provided by OPGC to GRIDCO as and when required. In future years, such Ash transportation and utilization expenses shall be claimed by OPGC as a part of year end charges and the same shall be reimbursed by GRIDCO after prudent check based on relevant supporting documents."

- 3.71 Importantly, Clause 7(b) of Schedule-4 of PPA-2 expressly allows recovery of the charges on account of any imposition whatsoever by any Government (Central/State) and/or local authority through reimbursement. The expenses incurred by OPGC towards ash transportation subsidy and other ash utilisation expenses on account of ash utilisation mandated by the Central Government through the MoEF Notifications is of statutory nature and creates an absolute binding obligation on the Petitioner to pay/ subsidise fly ash transportation charges and bear other ash utilisation charges. Utilisation of ash produced from OPGC Units 1&2 and expenses incurred is provided in table below.

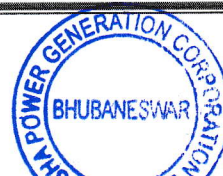
Table 3-30 Ash Utilization & Expenses for Units-3&4

FY	Ash Produced (Lac MT)	% of Ash Utilized	Expenses Incurred (Rs)	Amount Reimbursed (Rs)
2023-24	26.3	19.2%	4,08,87,627	-*
2022-23	28.3	23.3%	4,12,31,585	3,09,23,688
2021-22	24.2	23.8%	8,11,21,815	6,08,41,361

* Expenses claimed for reimbursement is under process at GRIDCO end

Delayed Payment Surcharge

- 3.72 Delayed Payment Surcharge (DPS) of Rs. 63.36 Crore against the invoice raised by the Petitioner has been accrued on GRIDCO due to non-payment or partial payment of the invoices raised in accordance with OERC Order dated January 07, 2023 in Case No 96/2021, from July 2020 till March 2024. The complete details of the Delayed Payment Surcharge, which is not paid by GRIDCO is submitted as **Annexure-10**.



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Hence, the Petitioner requests the Commission to consider the same while truing up for FY 2019-20 to FY 2023-24.

Summary of True up of FY 2019-20 to FY 2023-24

- 3.73 Considering the above discussions on AFC trued-up for FY 2019-20 to FY 2023-24, DPS due to non-payment of dues in time by GRIDCO, Loss in Fuel Cost due to consideration of GCV as billed (TM adjusted) instead of GCV as received (at unloading point) and the sharing of gains based on the actual operational parameters, the summary of truing up is as below:

Table 3-31 True-up Summary (Rs. Crore)

FY	Approved AFC	True Up AFC	Difference	GRIDCO Share	Financial Impact to be borne by GRIDCO
2019-20	1167.94	1170.07	-2.13	75%	-1.60
2020-21	1766.46	1771.73	-5.27	75%	-3.95
2021-22	1868.14	1833.68	34.46	75%	25.85
2022-23	1946.84	1888.56	58.28	75%	43.71
2023-24	1904.70	1861.99	42.71	100%	42.71
Total	8654.08	8526.03	128.05		106.72
Sharing of Gains on Due to Variation in Norms					26.46
Delayed Payment Surcharge Withheld by GRIDCO					(63.36)
Fuel Loss due to as Billed GCV (TM Adjusted) of Coal					(195.35)
True-up Summary					(125.53)

- 3.74 In light of the above, the Petitioner requests the Hon'ble Commission to allow recovery of the amount of Rs. 125.53 Crore while truing up for FY 2019-20 to FY 2023-24.



Officer cum Secretary

4 Generation Multi Year Tariff for Period FY 2024-25 to FY 2028-29

Tariff Regulations

- 4.1 The MYT Petition for the period FY 2024-25 to FY 2028-29 is submitted as per the Regulation 7 of OERC Tariff Regulation, 2024 reproduced below:

“TARIFF DETERMINATION

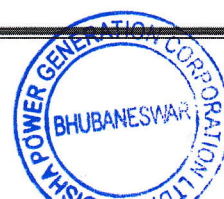
“(1) Notwithstanding anything contained in these Regulations, the Commission shall at all times have the authority to determine the tariff, including terms and conditions thereof, of any Generating Company on a Petition filed by the applicant.

(2) Tariff in respect of a generating station and emission control system, wherever applicable, may be determined for the whole of the generating station or a unit(s) there of: (i) The interim tariff shall be determined for unit(s) till the time tariff cannot be determined for the whole of the generating station.

(ii) The tariff shall be determined for the whole of the generating station after the cut-off date of the last unit in the generating plant or after the capital cost of the last unit in the generating plant is finalized, whichever is earlier;

(iii) In case of commercial operation of all the units of a generating station prior to 01.04.2024, the Generating Company shall file a consolidated petition in respect of the entire generating station for the purpose of determination of tariff for the period from 01.04.2024 to 31.03.2029.”

- 4.2 As per OERC Tariff Regulations, 2024, the tariff for supply of power from a thermal generating station shall comprise of two parts namely, capacity charge (for recovery of annual fixed cost) and energy charge (for recovery of primary and secondary fuel cost).
- 4.3 In terms of Regulations 14 (1) of OERC Tariff Regulations 2024, the Capacity Charge shall be derived on the basis of Annual Fixed Costs. The Annual Fixed Cost (AFC) of a generating station shall consist of the following components:
- Return on Equity;
 - Interest on loan capital;
 - Depreciation;



- d. Interest on working capital;
- e. Operation and maintenance expenses;
- f. Tax on Income
- Less:
- g. Non-Tariff Income

4.4 The components of AFC are discussed in the following paragraphs.

Additional Capitalisation

4.5 The Additional Capitalisation for FY 2024-25 to FY 2028-29 is provided in detail along with the justification for its claim under the specific Regulations of the OERC Tariff Regulation, 2024 in **Annexure-11**. The summary of Additional Capitalisation proposed for FY 2024-25 to FY 2028-29 is as below:

Table 4-1: Additional Capitalisation claimed for FY 2024-25 to FY 2028-29 (Rs. Crore)

Particulars	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Opening Capital Cost	10569.72	10695.51	10910.09	11091.18	11180.88
Add: Addition during the year	125.49	214.88	181.09	89.70	9.70
Less: Decapitalisation during the year	0.00	0.00	0.00	0.00	0.00
Closing Capital Cost	10695.21	10910.09	11091.18	11180.88	11190.58
Average Capital Cost	10632.46	10802.65	11000.63	11136.03	11185.73

4.6 The Petitioner is claiming the entire additional capitalisation beyond the cut-off date and on accounts of works beyond the original scope.

4.7 The summary of the Additional Capitalisation claimed for FY 2024-25 to FY 2028-29 is given below:

Table 4-2: Summary of Additional Capitalisation claimed for FY 2024-25 to FY 2028-29 (Rs. Crore)

Year	Details	Amount Proposed to be capitalised	Regulations under which claimed
FY 2024-25	Works beyond the original scope of work	125.49	22 (1) (d)
FY 2025-26		214.88	22 (1) (e)
FY 2026-27		181.09	22 (1) (i)
FY 2027-28		89.70	
FY 2028-29		9.70	
	Grand total	620.86	



Financing of Additional Capitalisation

4.8 The Petitioner has proposed to fund the entire additional capitalisation proposed for FY 2024-25 to FY 2028-29 from internal sources. Hence, the Petitioner has not proposed any addition to the loan for FY 2024-25 to FY 2028-29. The Petitioner kindly requests the Hon'ble Commission to consider the proposed financing of the additional capitalisation since the cumulative equity falls within the normative equity of 30% considering the proposed additional capitalisation through internal sources for FY 2024-25 to FY 2028-29 in line with Regulation 26 of the OERC Tariff Regulation, 2024.

4.9 The financing of Additional Capitalisation is summarised as below:

Table 4-3 Funding of Additional Capitalisation for FY 2024-25 to FY 2028-29

Particulars	Units	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Add-cap (Beyond Original Scope)	Rs. Crore	125.49	214.88	181.09	89.70	9.70
Debt	%	0.00%	0.00%	0.00%	0.00%	0.00%
Equity	%	100.00%	100.00%	100.00%	100.00%	100.00%
Debt	Rs. Crore	0.00	0.00	0.00	0.00	0.00
Equity	Rs. Crore	125.49	214.88	181.09	89.70	9.70
Cumulative Debt	Rs. Crore	7911.13	7911.13	7911.13	7911.13	7911.13
Cumulative Equity	Rs. Crore	2784.08	2998.96	3180.05	3269.75	3279.45
Debt	%	73.97%	72.51%	71.33%	70.76%	70.69%
Equity	%	26.03%	27.49%	28.67%	29.24%	29.31%

Return on Equity (RoE)

4.10 Regulation 28 of the OERC Tariff Regulation, 2024 specifies the base rate of RoE as 14.00%. The Regulations are reproduced as below:

"28. RETURN ON EQUITY

(1) Return on equity shall be computed in rupee terms, on the equity base determined in accordance with Regulations 26 of these Regulations:

(2) Return on equity shall be computed at the base rate of 14.0% for all thermal generating stations, at the base rate of 15.5% for run-of-river hydro generating station and at the base rate of 16.5% for storage type hydro generation station, pumped storage hydro generating station and run-of-river generating station with pondage;

Provided that return on equity in case of existing generating stations of OPGC (Unit - I & II) and existing hydro stations of OHPC shall be as per the provisions of the PPA.



Provided that return on equity in respect of additional capitalization beyond the original scope excluding additional capitalization on account of 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 300 basis points as on 1st April of the year, subject to a ceiling of 14%; ...”

- 4.11 For assets capitalised under original scope of work, the RoE is claimed @ 14% base rate and assets capitalised beyond the original scope of works, the RoE is claimed on the one-year MCLR of SBI plus 300 basis points as on April 1, 2024. Accordingly, the RoE for assets capitalised under original scope of work and assets capitalised under ‘beyond original scope of work’ has been computed as given hereunder:

Table 4-4: RoE (Original Scope) for FY 2024-25 to FY 2028-29 (Rs. Crore)

Particulars	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Opening Equity	2606.85	2606.85	2606.85	2606.85	2606.85
Equity Addition	0.00	0.00	0.00	0.00	0.00
Deletion	0.00	0.00	0.00	0.00	0.00
Closing Equity	2606.85	2606.85	2606.85	2606.85	2606.85
Average Equity	2606.85	2606.85	2606.85	2606.85	2606.85
Rate of Return on Equity	14.00%	14.00%	14.00%	14.00%	14.00%
Return on Equity	364.96	364.96	364.96	364.96	364.96

Table 4-5: RoE (Beyond Original Scope) for FY 2024-25 to FY 2028-29 (Rs. Crore)

Particulars	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Opening Equity	51.73	177.22	392.10	573.19	662.89
Equity Addition	125.49	214.88	181.09	89.70	9.70
Deletion	0.00	0.00	0.00	0.00	0.00
Closing Equity	177.22	392.10	573.19	662.89	672.59
Average Equity	114.48	284.66	482.65	618.04	667.74
Rate of Return on Equity	11.65%	11.65%	11.65%	11.65%	11.65%
Return on Equity	13.34	33.16	56.23	72.00	77.79

Table 4-6: RoE Consolidated for FY 2024-25 to FY 2028-29 (Rs. Crore)

Particulars	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Total Equity	378.30	398.12	421.19	436.96	442.75



Interest on Loan

4.12 Regulation 30 of the Tariff Regulation, 2024 provides for determination of Interest on Loan as reproduced below:

"30. INTEREST ON LOAN CAPITAL

(1) The loans arrived at in the manner indicated in Regulation 26 shall be considered as gross normative loan for calculation of interest on loan.

(2) The normative loan outstanding as on 01.04.2024 shall be worked out by deducting the cumulative repayment as admitted by the Commission up to 31.03.2024 from the gross normative loan.

(3) The loan repayment for each year of the tariff period 2024-2029 shall be deemed to be equal to the depreciation allowed for corresponding year/period. In case of de-capitalization of assets, the repayment shall be adjusted by taking into account cumulative repayment on a pro rata basis and the adjustment should not exceed cumulative depreciation recovered upto the date of de-capitalisation of such asset.

(4) Notwithstanding any moratorium period availed by the Generating Company the repayment of loan shall be considered from the first year of commercial operation of the project and shall be equal to the annual depreciation allowed for the year or part of the year.

(5) The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio after providing appropriate accounting adjustment for interest capitalized at the beginning of each year applicable to the project;

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

Provided further that if the generating station, 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.

(6) The rate of interest on the loan for the installation of the emission control system commissioned subsequent to date of commercial operation of the generating station or unit thereof, shall be the weighted average rate of interest of the actual loan portfolio of the emission control system, and in the absence of the actual loan portfolio, the weighted average rate of interest of



the Generating Company as a whole shall be considered, subject to a ceiling of 14%;

Provided 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 1st April of the relevant financial year

(7) The interest on loan shall be calculated on the normative average loan of the respective years by applying the weighted average rate of interest.

(8) The changes to the terms and conditions of the loans shall be reflected from the date of such re-financing."

4.13 The opening loan balance for FY 2024-25 has been considered as closing loan balance for FY 2023-24. The normative repayment has been considered as equivalent to the depreciation in accordance with the provisions of OERC Tariff Regulation, 2024. The interest on loan has been calculated on the normative average loan for the respective period by applying the actual rate of interest applicable for FY 2023-24. The interest on loan claimed for FY 2024-25 to FY 2028-29 is as shown in the Table below:

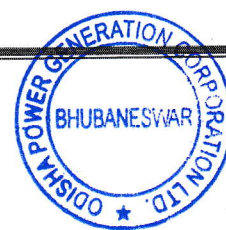
Table 4-7: Interest on Loan for FY 2024-25 to FY 2028-29 (Rs. Crore)

Particulars	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Opening Loan	5622.65	5085.16	4538.88	3982.38	3418.72
Loan Addition	0.00	0.00	0.00	0.00	0.00
Repayment	537.49	546.28	556.50	563.66	566.29
Closing Loan	5085.16	4538.88	3982.38	3418.72	2852.43
Average Loan	5353.91	4812.02	4260.63	3700.55	3135.57
Rate of Interest on Loan	9.09%	9.09%	9.09%	9.09%	9.09%
Interest on loan	486.46	437.22	387.12	336.23	284.90

4.14 Further, the Petitioner has not claimed any sharing of gains on account of Refinancing since the actual gains may only be estimated accurately at the time of Truing-up. Hence, the Petitioner kindly requests the Commission to approve the actual interest on loan based on the actual interest rates prevailing during the respective years while truing-up along with financing charges based on the actuals.

Depreciation

4.15 OERC Tariff Regulations, 2024 specify the rates of depreciation of each asset class. Depreciation has been computed considering the asset class wise GFA and the rates of depreciation specified in the OERC Tariff Regulation, 2024 as reproduced below:



"31. DEPRECIATION

(1) Depreciation shall be computed from the date of commercial operation of a generating station or unit thereof. In the 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 the 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 a single tariff needs to be determined.

(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, the weighted average life for the generating station shall be applied. Depreciation shall be chargeable from the first year of commercial operation. In the case of commercial operation of the asset for a part of the year, depreciation shall be charged on a pro rata basis.

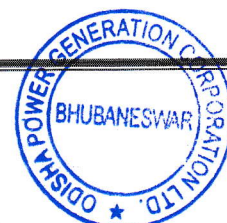
(3) The salvage value of the asset shall be considered as 10% and depreciation shall be allowed up to maximum of 90% of the capital cost of the asset;

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

Provided that in case of hydro generating stations, the salvage value shall be as provided in the agreement 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 depreciable 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.



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

(5) Depreciation for existing project shall be calculated annually based on Straight Line Method (SLM) and at rates specified in Appendix-A 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 fifteen (15) years from effective date of commercial operation shall be spread over the balance useful life of the assets; ...”

4.16 Accordingly, the depreciation claimed for FY 2024-25 to FY 2028-29 is as under:

Table 4-8: Depreciation for FY 2024-25 to FY 2028-29 (Rs. Crore)

Particulars	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Opening GFA	10569.45	10694.93	10909.81	11090.90	11180.60
Net Addn.	125.49	214.88	181.09	89.70	9.70
Closing GFA	10694.93	10909.81	11090.90	11180.60	11190.30
Avg. GFA	10632.19	10802.37	11000.36	11135.75	11185.45
WAROD (%)	5.06%	5.06%	5.06%	5.06%	5.06%
Depreciation	537.49	546.28	556.50	563.66	566.29

Operation and Maintenance (O&M) Expenses

4.17 Regulation 34 of the OERC Tariff Regulations, 2024 specify the normative O&M expenses as detailed below:

“OPERATION AND MAINTENANCE (O&M) EXPENSES

(1) Thermal Generating station(s)

Normative Operation and Maintenance expenses of thermal Generating station(s) including security expenses shall be as follows:

(a) Coal based (including those based on Circulating Fluidised Bed Combustion (CFBC) technology) generating stations:

Provided also that O&M expenses of generating station having a unit size of less than 200 MW not covered above shall be determined on a case to-case basis.

(b) The Water Charges, Ash Transportation Expenses and Capital Spares for thermal generating stations shall be allowed separately after prudence check:



Provided that water charges shall be allowed based on water consumption depending upon type of plant and type of cooling water system or water agreement with state govt./utilities, subject to actual paid charges to state govt./utilities and the norms specified 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 compensatory allowance as per Regulation 17 of Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 or Special Allowance or claimed as a part of additional capitalisation or consumption of stores and spares and renovation and modernization.

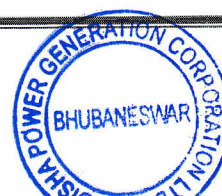
Provided that where the date of commercial operation of any additional unit(s) of a generating station after first four units occurs on or after 01.04.2024, the O&M expenses of such additional unit(s) shall be admissible at 90% of the operation and maintenance expenses as specified above; ...”

4.18 The O&M expenses claimed for FY 2024-25 to FY 2028-29 is as shown in the Table below:

Table 4-9: O&M expenses for FY 2024-25 to FY 2028-29 (Rs. Crore)

Particulars	Unit	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
O&M Expense norms for Unit	Rs. Lakh/MW	25.78	27.13	28.56	30.06	31.64
Unit size	MW	660	660	660	660	660
No of Units	No.	2	2	2	2	2
O&M Expenses	Rs. Crore	340.30	358.12	376.99	396.79	417.65
Water charges	Rs. Crore	36.65	38.69	40.73	42.88	44.80
Capital Spares	Rs. Crore	11.78	37.92	0.50	8.10	0.00
Total O&M Expenses	Rs. Crore	388.73	434.73	418.22	447.77	462.45
Ash Transportation and Other Ash Utilisation Expenses	Rs. Crore	124.85	149.37	163.88	163.88	163.88

4.19 The Water Charges are calculated considering the consumption of 40.72 Cusec at the



price of Rs. 10.08/m³ for FY 2024-25 and escalated at the price of Rs. 0.59/m³ for each subsequent year. The capital spares are proposed for FY 2024-25 to FY 2028-29 based on the insurance spares estimated to be procured for the respective years. The detailed calculation along with the assumptions for generation and utilisation of ash for FY 2024-25 to FY 2028-29 is provided as **Annexure-12**.

Interest on Working Capital (IoWC)

4.20 Regulation 32 of the OERC Tariff Regulations, 2024 specify as below:

“32. INTEREST ON WORKING CAPITAL

(1) The working capital shall cover:

(a) For Coal-based thermal generating stations 40

(i) Cost of coal, if applicable, for ten (10) days for pit-head generating stations and twenty (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) Lime stone towards stock for 15 days corresponding to normative annual plant availability.

(iii) Advance payment for thirty (30) days towards cost of coal and limestone for generation corresponding to the Normative Annual Plant Availability Factor;

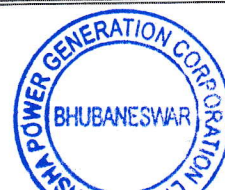
(iv) Cost of secondary fuel oil for one month for generation corresponding to the Normative Annual Plant Availability Factor, and in case of use of more than one secondary fuel oil, cost of fuel oil stock for the main secondary fuel oil;

(v) Maintenance spares @ 20% of operation and maintenance expenses specified in Regulation 34(1) including water charges.

(vi) Receivables equivalent to forty-five (45) days of capacity charges and energy charges for sale of electricity calculated on the normative annual plant availability factor; and

(vii) Operation & Maintenance (O&M) expenses and water charges for one(1) month.”

(3) Rate of interest on working capital shall be on a normative basis and shall be equal to the one year marginal cost of lending rate (MCLR) of the State Bank of India issued as on 01.04.2024 or on 1st April of the year during the tariff period 2024-2029 in which the generating station or a unit thereof, is



declared under commercial operation, whichever is later, plus 300 basis points."

4.21 The rate of interest on working capital has been considered as 11.65% in line with the one-year MCLR as on April 1, 2024. The IoWC claimed for FY 2024-25 to FY 2028-29 is as follows:

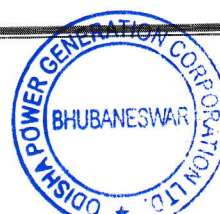
Table 4-10: IoWC for FY 2024-25 to FY 2028-29 (Rs. Crore)

Particulars	Norms considered		FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Cost of coal	40	days	141.13	141.13	141.13	141.13	141.13
Cost of secondary fuel oil	1	month	2.95	2.95	2.95	2.96	2.95
Maintenance spares (as % of O&M expenses)	20%		102.72	116.82	116.42	122.33	125.27
Receivables	45	days	421.13	428.28	426.65	426.73	424.18
O&M expenses	1	month	42.80	48.68	48.51	50.97	52.19
Working Capital Requirement			710.72	737.86	735.66	744.12	745.72
Rate of Interest			11.65%	11.65%	11.65%	11.65%	11.65%
Interest on Working Capital			82.80	85.96	85.70	86.69	86.88

4.22 In this regard, the Petitioner would like to submit that it has considered the GCV as received at the unloading point and specific consumption of 0.5 mL/kWh for LDO in compliance with the direction from MOEFCC to replace HFO consumption completely. The relevant supporting document is submitted as **Annexure-13**. Further, the parameters considered for calculation of Working capital is summarised below:

Table 4-11 Parameters considered for FY 2024-25 to FY 2028-29

Particulars	Units	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Operational Parameters						
Total Capacity	MW	1320	1320	1320	1320	1320
Availability	%	85.00%	85.00%	85.00%	85.00%	85.00%
PLF	%	85.00%	85.00%	85.00%	85.00%	85.00%
Gross Generation	MU	9828.72	9828.72	9828.72	9855.65	9828.72
Auxiliary Energy Consumption	%	5.75%	5.75%	5.75%	5.75%	5.75%
Auxiliary Energy Consumption	MU	565.15	565.15	565.15	566.70	565.15
Net Generation	MU	9263.57	9263.57	9263.57	9288.95	9263.57
Heat Rate	kcal/kWh	2171.51	2171.51	2171.51	2171.51	2171.51
Fuel Parameters						
Calorific Value for Different Fuels						
Fuel (Indigenous Coal)	kcal/kg	3083	3083	3083	3083	3083
Fuel (LDO)	kcal/L	10600	10600	10600	10600	10600
Landed Fuel Price for different fuels						



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Particulars	Units	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Fuel (Indigenous Coal)	Rs/MT	1864.61	1864.61	1864.61	1864.61	1864.61
Fuel (LDO)	Rs/kL	72032	72032	72032	72032	72032

Tax on Income

4.23 Tax on income as per the Tariff Regulation, 2024 is as below:

“29. TAX ON INCOME

(1) Income tax of the Generating Company shall be recovered from the beneficiaries. This will exclude income tax on other income streams (income from non-generation business).

(2) The actual assessment of income tax should take into account benefits of tax holiday and the credit for carry forward losses applicable as per the provisions of the Income Tax Act 1961 and shall be passed on to the consumers.”

4.24 The Petitioner has arrived at the Tax on Income on RoE arrived for FY 2024-25 to FY 2028-29 at the rate of 25.17% (Corporate Income Tax) applicable for the Petitioner. The Actual Income Tax based on the actual Income Tax paid for each year shall be claimed at the time of Truing-up.

Non Tariff Income

4.25 In accordance with the Regulation 35 of OERC Tariff Regulation, 2024 for FY 2024-25 to FY 2028-29 the provisions regarding of Non-Tariff Income is as below:

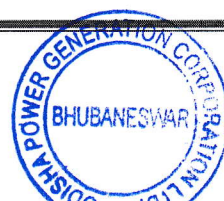
“35. NON-TARIFF INCOME

(1) The amount of Non-Tariff Income of the Generating Company as approved by the Commission in accordance with Regulation 60 of these Regulations shall be deducted while determining its Annual Fixed Cost:

Provided that the Generating Company shall submit full details of its forecast of Non-Tariff Income to the Commission in such form as may be stipulated by the Commission.

(2) The Non-Tariff Income shall include:

- (a) Income from rent of land or buildings;*
- (b) Income from sale of scrap;*
- (c) Income from investments;*
- (d) Income from sale of ash/rejected coal;*



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- (e) Interest income on advances to suppliers/contractors;
- (f) Net Income from supply of electricity by the Generating Company to the housing colonies of its operating staff and supply of electricity by the Generating Company for construction works at the generating Station, after adjusting the expenses incurred for supply of such electricity;
- (g) Income from rental from staff quarters;
- (h) Income from rental from contractors;
- (i) Income from hire charges from contractors and others;
- (j) Income from advertisements;
- (k) Income from sale of tender documents;
- (l) Net-Income from Eco-Tourism Activities;
- (m) Any other Non-Tariff Income.

Provided further that all supply of electricity by the Generating Company to the housing colonies of its operating staff and for construction works at the generating Station, shall be metered and billed separately:

Provided also that the tariff for supply of electricity by the Generating Company to the housing colonies of its operating staff and supply of electricity by the Generating Company for construction works at the generating Station, shall be the same as the Tariff approved by the Commission for the supply of electricity to the respective consumer category by the Distribution Licensee for that area of supply.

...

60. SHARING OF NON-TARIFF INCOME

The details of Non-Tariff income in case of generating station as listed in Regulation 35(2) shall be furnished by the Generating Company at the time of Tariff filling. The net Non-Tariff Income excluding Income from Investments shall be shared between the beneficiaries and the Generating Company, in the ratio 50:50."

4.26 The proposed Non-Tariff Income is arrived based on the actual Non-Tariff Income for FY 2023-24.

4.27 It is humbly submitted that in view of the Govt. of Odisha Letter No. 11822 dated 30-11-2022, Shakti Bhavan has been handed over to M/s OCAC on dated 03-06-2023 on a lease rent basis. The monthly lease rent levied and received from OCAC is Rs. 23,28,907/-. OPGC Corporate Office at Bhubaneswar is being operated on rented house



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since inception of the organisation. Presently, it's operating from 7th Floor, Fortune Tower, Chandrasekharpur on rent hiring basis with a monthly rent of Rs.17,85,073/-. As a result, OPGC is incurring Rs 2.14 Crore annually towards rent for corporate office. These expenses are also not claimed by OPGC as a reimbursement. In order to avoid monthly rent towards corporate office and have its own building, OPGC has contributed Rs 35 Crore towards construction of 'Shakti Bhavan'. As this expense has not been made part of GFA, it is not being claimed in tariff as a part of AFC either for Units #1&2 or Units #3&4.

4.28 In view of the above, the income from land and building has been netted off against the rent paid towards its corporate office from the projected lease rent from Land and building and Rs 0.65 Crore has been projected as non-tariff income from Land and Building for FY 2024-25. As per the Tariff Regulations 2024, this income shall be shared in the 50:50 ratio, with beneficiary GRIDCO as part of non-tariff income.

4.29 The Hon'ble Commission is requested to kindly approve the Non-Tariff Income as detailed below:

Table 4-12 Non-Tariff Income for FY 2024-25 to FY 2028-29 (Rs. Crore)

Particulars	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Income from rent of land or buildings	2.40	2.40	2.40	2.40	2.40
Income from sale of scrap	0.00	0.00	0.00	0.00	0.00
Income from investments	0.00	0.00	0.00	0.00	0.00
Income from sale of ash/rejected coal	0.00	0.00	0.00	0.00	0.00
Interest income on advances to suppliers/contractors	0.00	0.00	0.00	0.00	0.00
Net Income from supply of electricity	0.04	0.04	0.04	0.04	0.04
Income from rental from staff quarters	0.05	0.05	0.05	0.05	0.05
Income from rental from contractors	0.01	0.01	0.01	0.01	0.01
Income from hire charges from contractors and others	0.00	0.00	0.00	0.00	0.00
Income from advertisements	0.00	0.00	0.00	0.00	0.00
Income from sale of tender documents	0.00	0.00	0.00	0.00	0.00
Any other Non-Tariff Income	0.00	0.00	0.00	0.00	0.00
Non Tariff Income (excluding Income from Investment) to be shared with GRIDCO (50:50)	1.25	1.25	1.25	1.25	1.25

Annual Fixed Cost (AFC)

4.30 Based on the above, the AFC claimed for FY 2024-25 to FY 2028-29 is as shown in the Table below:



Table 4-13: AFC for FY 2024-25 to FY 2028-29 (Rs. Crore)

Particulars	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Depreciation	537.49	546.28	556.50	563.66	566.29
Interest on Term Loans & Fin. Charges	486.46	437.22	387.12	336.23	284.90
Return on Equity	378.30	398.12	421.19	436.96	442.75
Interest on Working Capital Loans	83.27	86.45	86.22	87.23	87.42
O & M Expenses	388.73	434.73	418.22	447.77	462.45
Ash Transportation and Other Ash Utilisation Expenses	124.85	149.37	163.88	163.88	163.88
Tax on Income	95.22	100.21	106.01	109.98	111.44
Less: Non-Tariff Income	1.25	1.25	1.25	1.25	1.25
Annual Fixed Cost	2092.58	2150.65	2137.38	2143.93	2117.33

4.31 OPGC requests the Hon'ble Commission to approve the claimed AFC for FY 2024-25 to FY 2028-29.

Norms of Operation

4.32 OERC Tariff Regulations, 2024 specify the following norms of operation for a thermal generating station:

"48. NORMS OF OPERATIONS FOR THERMAL POWER GENERATING STATIONS

(1) The norms of operation as given hereunder shall apply to coal based thermal generating station:

(a) Normative Annual Plant Availability Factor (NAPAF)

- (i) *The Normative Annual Plant Availability Factor for all thermal generating stations, except those covered under (ii) & (iii) below is 85%.*

...

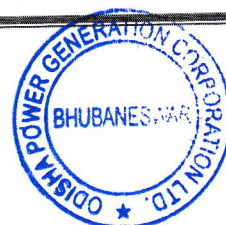
(b) Normative Annual Plant Load Factor (NAPLF) for Incentive

- (i) *NAPLF for all thermal generating stations except those covered under (ii) & (iii) below is 85%.*

...

(c) Gross Station Heat Rate

- (i) ...



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- (ii) *The Gross Station Heat Rate for all coal based thermal generating stations achieving COD on or after 01.04.2014, is to be calculated based on the following formula:*

For 200 - 300 MW set = 1.05 X Design Heat Rate (kCal/kWh)

For 500 MW sets & above = 1.045 x Design Heat Rate (kCal/kWh)

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

Provided that depending upon the pressure and temperature ratings of the units, the maximum design turbine cycle heat rate and minimum design boiler efficiency shall be as per the Table

...

In case designed turbine cycle heat rate and boiler efficiency are better than these values, the same shall be considered for calculation of design unit heat rate.

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

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

Provided also that where the boiler efficiency is lower than 86% for Sub- bituminous Indian coal and 89% for bituminous imported coal, the same shall be considered as 86% and 89% for Sub-bituminous Indian coal and bituminous imported coal, respectively, for computation of station heat rate:

Provided units based on a dry cooling system, the maximum turbine cycle heat rate shall be considered as per the actual design or 6% higher than the values given in the table above, whichever is lower;



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Provided also that in case of coal based generating station, if one or more units were declared under commercial operation prior to 01.04.2024, the heat rate norms for those units as well as units declared under commercial operation on or after 01.04.2024 shall be lowest of the heat rate norms considered by the Commission during tariff period 2020-24 or those arrived at by above methodology or the norms as per the Regulation 49(l)(c)(i) of this Regulation;

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

(d) Secondary fuel oil consumption

- (i) ...
- (ii) The Secondary fuel oil consumption for all coal based thermal generating stations, who have achieved CoD on or after 01.04.2014 is 0.50 ml/kWh.
- (iii) ...

(e) Auxiliary Energy Consumption

- (i) The Auxiliary Energy Consumption for all coal based thermal generating stations is

Si. No.	Generating Station	With Natural Draft cooling tower or without cooling tower
(i)	200 MW-300 MW series	8.5%
(ii)	500 MW & above series	
	Steam driven boiler feed pumps	5.25%
	Electrically driven boiler feed pumps	8.00%
(iii)	600 MW and above	
	Steam driven boiler feed pumps	5.25%
	Electrically driven boiler feed pumps	8.00%

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



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

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

Note: The auxiliary energy consumption for the unit capacity of less than 200 MW sets shall be dealt on case to case basis.

(ii) ... ”

4.33 Based on the above Regulations, the norms claimed for FY 2024-25 to FY 2028-29 is submitted below:

Table 4-14: Operational Norms for FY 2024-25 to FY 2028-29

Particulars	Units	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Total Capacity	MW	1320	1320	1320	1320	1320
Availability	%	85.00%	85.00%	85.00%	85.00%	85.00%
PLF	%	85.00%	85.00%	85.00%	85.00%	85.00%
Gross Generation	MU	9828.72	9828.72	9828.72	9855.65	9828.72
Auxiliary Energy Consumption	%	5.75%	5.75%	5.75%	5.75%	5.75%
Auxiliary Energy Consumption	MU	565.15	565.15	565.15	566.70	565.15
Net Generation	MU	9263.57	9263.57	9263.57	9288.95	9263.57
Heat Rate	kcal/kWh	2171.51	2171.51	2171.51	2171.51	2171.51

4.34 The Petitioner submits that the Station Heat Rate of 2171.51 kcal/kWh is considered for the period from FY 2024-25 to FY 2028-29 based on the Guaranteed Design Heat Rate and applicable Regulatory provision.

Energy Charge Rate

4.35 Based on the norms of operation and fuel mix as discussed above, the base Energy Charge Rate claimed for FY 2024-25 to FY 2028-29 is as under:

Table 4-15: Energy Charge Rate for FY 2024-25 to FY 2028-29

Tariff Period	Unit	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
GCV of Coal (CVPF)	kcal/kg	3083	3083	3083	3083	3083
GCV of LDO	kcal/L	10,600	10,600	10,600	10,600	10,600
Avg . CVSF	kcal/mL	10.60	10.60	10.60	10.60	10.60
Sp. Oil Consumption- LDO	mL/kWh	0.50	0.50	0.50	0.50	0.50



Tariff Period	Unit	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Coal Price	Rs/MT	1864.61	1864.61	1864.61	1864.61	1864.61
Avg .LPSFi	Rs/kL	72032	72032	72032	72032	72032
Station Heat Rate (SHR)	kcal/kWh	2171.51	2171.51	2171.51	2171.51	2171.51
Energy Charge rate (ECR)	Ps./kWh	142.84	142.84	142.84	142.84	142.84

4.36 OPGC requests the Hon'ble Commission to approve the base value of Energy Charge Rate for estimation of Working Capital Requirement as claimed in this Petition. OPGC requests the Hon'ble Commission to allow the billing of Energy Charges on monthly basis considering the actual fuel prices and GCV in accordance with the OERC Tariff Regulation, 2024.

Reimbursement of Fees and Other Charges

4.37 Regulations 66 and 67 of the OERC Tariff Regulations, 2024 specify as under:

"66. APPLICATION FEE AND THE PUBLICATION EXPENSES

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.

67. REIMBURSEMENT OF FEES, CHARGES AND EXPENSES

(1) Fees and charges paid by the generating companies under the prevailing Regulation/ Notification on Fees for filing of petitions or applications before the Commission, as amended from time to time, shall be reimbursed directly by the beneficiaries in proportion of their allocation in the generating stations.

(2) The Generating Company shall be entitled to recover the fees and charges as mentioned in this Regulation which have been paid till the notification of these Regulations.

(3) 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."

4.38 In accordance with the above provisions of the OERC Tariff Regulation, 2024, the other charges for FY 2024-25 to FY 2028-29 have been claimed, as detailed below.



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Table 4-16: Other charges for FY 2024-25 to FY 2028-29 (Rs. Crore)

Particulars	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Electricity Duty	31.08	31.08	31.08	31.08	31.08
SOC and MOC of SLDC	1.53	1.53	1.53	1.53	1.53
Tax & Cess on Land	3.07	3.07	3.07	3.07	3.07
Inspection Fees	0.23	0.23	0.23	0.23	0.23
CTO	0.72	0.72	0.72	0.72	0.72
ARR & Tariff Petition fee and publication expenses	0.30	0.00	0.00	0.00	0.00
Total	36.94	36.64	36.64	36.64	36.64

4.39 The Electricity Duty, System Operation Charges (SOC) and Market Operation Charges (MOC) are considered based on the normative generation and existing rate of Electricity Duty of Rs. 0.55/kWh and SOC/MOC of Rs. 11598.654/MW/year notified for FY 2024-25.

4.40 OPGC requests the Hon'ble Commission to provisionally approve reimbursement of the other charges. OPGC further requests the Hon'ble Commission to direct GRIDCO Ltd. to reimburse the other charges on actual basis incurred during the year. Further, OPGC requests for reimbursement of any other charges as per the above stated provisions of PPA and Regulations as and when applicable.

Dr. Anurag Kumar Satapathy



5 Removal of Difficulties

- 5.1 The OERC (Terms and Conditions for Determination of Generation Tariff Regulations, 2024 has the following provisions with respect to Power to Relax, Power to Remove Difficulties and Interpretation.

“69. POWER TO RELAX

The Commission, for reasons to be recorded in writing, may relax any of the provisions of these Regulations on its own motion or on an application made before it by an interested person.

...

70. POWER TO REMOVE DIFFICULTY

If any difficulty arises in giving effect to the provisions of these Regulations, the Commission may, by order, make such provision not inconsistent with the provisions of the Act or provisions of other Regulations specified by the Commission, as may appear to be necessary for removing the difficulty in giving effect to the objectives of these Regulations.

...

73. INTERPRETATION

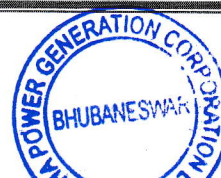
If a question arises relating to the interpretation of any provision of these Regulations, the decision of the Commission shall be final.”

- 5.2 Relying on the above provisions of the Regulations, OPGC humbly submits the following issues for kind consideration of the Hon'ble Commission while deciding the Tariff for the control period FY 2024-25 to FY 2028-29.

Declaration of Capacity Available by OPGC and Computation of PAFM by SLDC

- 5.3 It is humbly submitted that the OERC Letter Ref No. OERC/RA/GEN. REG-41/2024/1332 dated 19.11.2024 informing Publication of the OERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2024 in the Odisha Gazette-Extra Ordinary on 13.11.2024 was received on 25.11.2024. However, the Regulations have been made effective from 01.04.2024. The relevant Regulations 1(4) is excerpted below for ready reference:

“These Regulations shall be effective from 01.04.2024 and unless reviewed earlier or extended by the Commission, shall remain in force till 31.03.2029.”



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- 5.4 The Hon'ble Commission, while passing the Tariff Order for the period since CoD of Unit #3 till FY 2023-24 in Case No 96/2021 at Para 64 (f) directed as follows:

"The day-ahead generation availability for the power project as a whole (Unit 3 & 4) shall be declared by OPGC to SLDC and SLDC shall schedule GRIDCO's drawal from OPGC's bus bar for the power project as a whole (Unit 3 & 4). SLDC shall also certify Plant Availability Factor achieved during the Month (PAFM) in percentage for the relevant month for computation of monthly capacity charges."

Accordingly, SLDC has scheduled GRIDCO's drawal from OPGC Units #3&4 based on the Available Capacity declared by OPGC and continuing the same. Due to delayed notification of the instant Generation Tariff Regulations 2024, OPGC continued to declare its available capacity from Unit #3&4 considering the normative parameter (Auxiliary Consumption of 6.25%) in accordance with the Approved Tariff Order as well as the norms specified in the Generation Tariff Regulations 2020. As a result, the maximum declared capacity in terms of the Generation Tariff Regulations 2020 could be 1237.5 MW. However, the maximum declared capacity in terms of the Generation tariff Regulations 2024 is 1244.1 MW if the normative parameters (Auxiliary Consumption of 5.75%) are considered.

- 5.5 Similarly, the Declared Available Capacity for the peak period and Off-peak Period of a Day has been considered by SLDC while certifying the PAFM for the intervening period considering peak hours of 3 hours in accordance with the Generation tariff Regulations 2020.
- 5.6 In view of the above, the real time operation of the plant which has already happened before Notification of the instant Generation Tariff Regulations 2024 cannot be reversed. Therefore, OPGC humbly prays to direct SLDC to consider the capacity declared by OPGC during the intervening period (Since 01-04-2024 till Gazette Notification date of 13-11-2024) may be considered and the PAFM for the period for both Peak and Off-peak period may be calculated considering the normative parameter (Auxiliary Consumption of 6.25% and peak period of 3 Hours) as approved in the Tariff Order dated 07.01.2023 and parameters Specified in Generation Tariff Regulations 2020 instead of considering the normative parameter (Auxiliary

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Consumption of 5.75% and peak period of 6 Hours as per RST Order) as specified in Generation tariff Regulations 2024.

Consideration of Peak Period as per RST Order:

- 5.7 The Regulation 42(1) to 42(7) specifies the modalities of computation and Payment of Capacity Charge for Thermal Generating Stations. As per the instant Tariff Regulations, the Capacity Charge shall be computed in two parts namely Capacity Charge for Peak Hours of the Month and Capacity Charges for Off-peak Hours of the Month. Extract of Regulations 42(2) is excerpted below for ready reference.

“42(2) The Capacity Charge payable to a thermal generating station for a calendar month shall be calculated in accordance with the following formulae:

Capacity Charge for the Month (CCn)= Capacity Charge for Peak Hours of the Month (CCpn) + Capacity Charge for Off-Peak Hours of the Month (CCopn)

Where,

CCp1= [(0.20 x AFC) x (1/12) x (PAFMp1/NAPAF) subject to ceiling of {(0.20 x AFC) x (1/12)}]

....

CCop1= (0.80 x AFC) x (1/12) x (PAFMop1/NAPAF) subject to ceiling of {(0.80 x AFC) x (1/12)}”

...

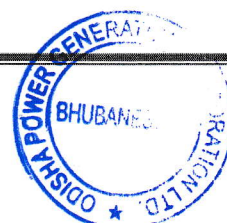
CCp = Capacity Charge for the Peak Hours of the Month;

CCop = Capacity Charge for the Off-Peak Hours of the Month;

.....”

- 5.8 As per the formulae/methodology provided in the Regulations, 20 % of the Approved Annual Fixed Cost (AFC) is allocated for recovery during Peak Period and 80% of the Approved Annual Fixed Cost (AFC) is allocated for recovery during Off-Peak Period.
- 5.9 In Regulations 42(3) the Hon'ble Commission has specified the Peak Hours and Off-peak hours and treatment of Capacity Charge. The relevant Regulations is excerpted below for ready reference.

*“42(3) Normative Plant Availability Factor for “Peak” and “Off-Peak” Hours in a month shall be equivalent to the NAPAF specified in Regulation 49(1)(a) of these Regulations. **The number of hours of “Peak” during a day***



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shall be as mentioned in the RST Order and "Off-Peak" hours shall be the hours other than peak hours during a day.

Provided that the Commission may modify the "peak" and "off-peak" hours from time to time.

Provided that the shortfall in recovery of Capacity Charge for cumulative Off-Peak Hours derived based on NAPAF shall be allowed to be off-set by overachievement of PAF, if any, and consequent notional over-recovery of Capacity Charge for cumulative Peak Hours.

Provided that the shortfall in recovery of Capacity Charge for cumulative Peak Hours derived based on NAPAF, shall not be allowed to be off-set by overachievement of PAF, if any, and consequent notional over-recovery of Capacity Charge for cumulative Off-Peak Hours."

- 5.10 Further, in the RST Order for FY 2024-25, the Hon'ble Commission has specified "6.00 PM to 12.00 Mid Night" as the peak hours. At para 245 of RST Order dated 13.02.2024 for FY 2024-25, the Commission has decided the peak hours as follows.

".....In exercise of the powers conferred under that rule the Commission decides the Hours in a day shall be designated as follows.

160 8.00 AM to 4.00 PM - Solar Hours

After 4.00 PM upto 6.00 PM - Normal Hours

After 6.00 PM upto 12.00 Midnight - Peak Hours

After 12.00 Midnight upto 8.00 AM the next day - Normal Hours"

- 5.11 A conjunction reading of the Regulations 1(4), Regulations 42(3) of the Generation Tariff Regulations 2024 and Para 245 of the RST Order for FY 2024-25, makes the Peak period to be 6 Hrs for FY 2024-25 for computation of Capacity Charges during Peak Period. It is submitted that, while the Hon'ble Commission in its Generation Tariff Regulations 2020 had fixed the Peak Hours for FY 2020-24 as 3 Hours (19.00 Hrs to 22.00 Hrs) for computation of Capacity Charges in Regulations 27(3), the duration of Peak Hours has been changed to 6 Hrs for FY 2024-25 in terms of the above Regulations.

- 5.12 With the fixed methodology of recovering Annual Fixed Cost (Capacity Charge during Peak Period and Off-Peak Period), there shall be under recovery of Capacity Charge



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during peak hours if the period is fixed more than 4 Hours and the intent of having separate Peak and Off-peak period shall be futile.

- 5.13 In view of the above, it is prayed to fix the duration of Peak Period within 4 Hours in terms of first proviso of Regulations 42(3) “i.e, provided that the Commission may modify the “peak” and “off-peak” hours from time to time” for recovery of Peak period Capacity Charge.

Consideration of “as received GCV” as measured at the Unloading Point:

- 5.14 Regulation 3 (1) (ii) of the Tariff Regulations 2024 has defined “GCV as received”, which is reproduced here.

(ii) **“GCV as Received”** means the GCV of coal as measured at the unloading point of the thermal generating station through collection, preparation and testing of samples from the loaded wagons, trucks, ropeways, Merry-Go- Round (MGR), belt conveyors and ships in accordance with the IS 436 (Part-1/ Section 1)- 1964;

Provided further that samples of coal shall be collected either manually or through hydraulic augur or through any other method considered suitable keeping in view the safety of personnel and equipment;

Provided also that the generating companies may adopt any advance technology for collection, preparation and testing of samples for measurement of GCV in a fair and transparent manner;

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

Provided that GCV of coal ‘as Received’ shall be found out from GCV of coal on ‘as billed basis’ allowing an adjustment for total moisture as per the formula given as under:

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

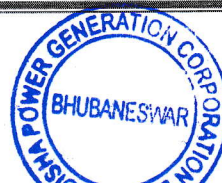
Where: GCV = Gross Calorific Value of coal on as “billed basis”

TM = Total Moisture

IM = Inherent Moisture

... ”

- 5.15 Further Regulations 39 (a) mandates for consideration of gross calorific value for computation of energy charges as per Regulation 44 shall be done in accordance with



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‘GCV as received’ basis as per Regulation 3(ii).

- 5.16 OPGC humbly submits that there is a glaring inconsistency between the fourth proviso and the preceding substantive definition of “GCV as Received” as provided in the main Regulation 3(1)(ii) of the OERC Regulations 2024.
- 5.17 While the main Regulation 3(1)(ii) of OERC Regulations 2024 as well as its first three provisos (in *pari materia* with the CERC Regulations 2024) provide for a factual ascertainment of “GCV as Received” at the unloading point inside the power plant premises, the fourth proviso to Regulations 3(1)(ii) provides for formulaically deeming the “as billed” GCV measured at mine end with Total Moisture adjustment to be the “GCV as Received”. While the main provision requires a fresh determination at the unloading point of the power plant on actuals, the impugned proviso stipulates a formulaic determination of GCV based on the ‘as billed’ GCV with a Total Moisture adjustment which is divorced from actuals. By doing so, the fourth proviso negates the main clause as well as the other 3 provisos (which mandate that GCV be measured at the unloading point of the power plant). This is a self-contradictory and unworkable approach. Since different parts of the said definition provide for different, mutually inconsistent methodologies for GCV determination, there is an inherent contradiction in the provision rendering it manifestly arbitrary, unreasonable and unworkable.
- 5.18 Further, some of the other SERC like Chhattisgarh State Electricity Regulatory Commission and even CERC gives the mandate to consider “as received GCV” as measured at the unloading point through third party. In the event of non-availability of the “GCV data” measured at the unloading point through third party, GCV measured at loading point i.e, “as billed GCV” with considered. However, in case of OPGC, the GCV at the unloading point of Units #3&4 are being measured since inception and sampling of the same is being done through third party agency since December 2022.
- 5.19 In view of the above, OPGC humbly submits to consider the “as received GCV” as measured at the unloading point through third party, which will comply to the main Regulations Regulation 3(1)(ii) of OERC Regulations 2024 as well as its first three provisos holistically. The fourth proviso can be made applicable only when the “GCV data” as measured at the unloading point through third party is not available.

apparent humbly satisfied



6 Prayers

OPGC respectfully prays that the Hon'ble OERC may:

- i. Admit the instant Petition.
- ii. Consider the Capital Cost and additional capitalization claimed for FY 2019-20 to FY 2023-24 based on actual audited capitalization for the respective years.
- iii. Approve the True-up as claimed for FY 2019-20 to FY 2023-24.
- iv. Approve the other charges and its recovery for FY 2019-20 to FY 2023-24 as claimed in the Petition.
- v. Approve the additional capitalisation for FY 2024-25 to FY 2028-29 as claimed in the Petition.
- vi. Approve the Annual Fixed Costs for FY 2024-25 to FY 2028-29 as claimed in the Petition.
- vii. Approve the other charges and its recovery for FY 2024-25 to FY 2028-29 as claimed in the Petition.
- viii. Consider the operational constraints and the financial impact on the issues claimed under Removal of Difficulties.
- ix. Condone any inadvertent omissions, errors, short comings and permit OPGC to add/ change/ modify/ alter this filing and make further submissions as may be required at a future date; and
- x. Pass such other and further Orders as deemed fit and proper as per the submissions made in the Petition.

Harish Kumar Satapathy
Petitioner

Bhubaneswar

December 27, 2024

