TELANGANA STATE POWER GENERATION CORPORATION LIMITED

Vidyut Soudha, Hyderabad-500082

TSERC HYDERABAD
INWARD
15 DEC 2023
No. Sign

From
The Chief Engineer,
Coal & Commercial,
TSGENCO, Vidyut Soudha,
Khairatabad,
Hyderabad-500082

To
The Commission Secretary,
TSERC, 5th Floor,
#11-4-660, Singareni Bhavan,
Red Hills, Lakdi-ka-pul,
Hyderabad-500004

Lr.No: TSGENCO/CE (Coal & Comml)/ SE(C& C)/Draft TSERC Reg.'2023/ D.No.202/23,dt:14.12.2023.

Sir,

Sub: - TSGENCO- Submission of Comments/Suggestions/Objections on Draft TSERC (Multi Year Tariff) Regulation, 2023 for the period commencing from 01.04.2024 -Reg.

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Draft TSERC (Multi Year Tariff) Regulation, 2023 for the period commencing from 01.04.2024 was hosted on website of TSERC and invited Comments/ Suggestions/ Objections.

Accordingly, TSGENCO is herewith submitting the Comments/ Suggestions/ Objections on the draft Regulation, 2023 as **Annexure** and requested the Hon'ble TSERC to consider the same made by TSGENCO.

Encl: As above

Yours faithfully

14/12/2023

Chief Engineer
(Coal & Commercial)
TSGENCO/VS/HYD

ANNEXURE

TSGENCO Remarks on Draft TSERC (Multi Year tariff) Regulation, 2023

Sl. No.	Draft TSERC Regulation, 2023	TSGENCO Remarks
PART I - PRELIMINARY		
1	**Definitions:** 2(17) "Cut-off Date" means the last day of the calendar month after twenty four (24) months from the date of commercial operation of the project.	As per Clause No. 3 (14) of CERC 2019 regulations, "Cut-off date" means the last day of the calendar month **after 36 months** from the date of commercial operation of the project. However, in approach paper for CERC MYT regulations 2024-29, it was suggested to extend the cut-off date of new projects whose cut-off date falls in the next tariff block (2024-29), or are expected to achieve COD after 31.03.2024, by extending the cut-off date from the current 3 years to 5 years, as the same shall allow time to close contract and discharge liabilities and eliminate the need to allow additional capitalization post cut-off dates unless in the case of change in law and force majeure (Page 45). Hence, it is requested to extend the cut-off date of new projects to 5 years.
PART II – MULTI YEAR TARIFF FRAME WORK		
2	**Multi Year Tariff framework** **Provision No. 5.2 (a)** Approval of capital investment plan for each year of the Control Period;	TSGENCO is not a licensee. PPAs are entered into with TSDISCOMs and submitted to the Hon'ble Commission for its consideration. Hon'ble Commission examines and accords approval. The Hon'ble Commission determines permissible capital cost and tariff for the power plant concerned in the regulatory process considering applicable regulations and norms. In CERC' 2019 Regulations there is no such regulation providing for submission of capital investment plan for the consideration of the Commission. Hence **the generating entities may be exempted from filing of capital Investment Plan**.
	Procedure for filing Petition	
3	**Provision No. 6.2.a(i)** True-up of preceding year for generation business;	As per clause 27 of TSERC'2019 Regulations, the End of Control Period Review (true-up) for FY 2022-23 & FY 2023-24 shall be filled by Generating entity by 30th November'2024. The FY 2022-23 & FY 2023-24 falls under TSERC Regulation'2019. Hence the **provision No. 6.2.a (i) may please be deleted.**
4	**Provision No. 6.2. a (ii).** True-up of preceding year for integrated mine;	There is no Regulation during Control Period for FY 2019-24 for input price determination in respect of integrated mine. Hence True up of preceding year for integrated mine shall not be applicable for FY 2023-24. Hence **the provision No. 6.2 .a (ii) may please be deleted.**

ANNEXURE

TSGENCO Remarks on Draft TSERC (Multi Year tariff) Regulation, 2023

5	**Provision No. 6.2.(a).iv** Proposal of Input Price of Coal supplied from integrated mine for each year of the Control Period.	Ministry of Coal allocated the Captive coal block to TSGENCO for KTPP Stage-II (1X600 MW). MDO (Mine Development cum Operator) has been selected as per the Ministry of Coal, GoI guidelines for operation of coal Block through Competitive Bidding Process. The Coal is being Mined as per the approved Mining plan by Ministry of Coal, GoI and as per the Coal Mining services agreement entered into MDO. In view of above the **provision No. 6.2.a (iv) may be please deleted**.
6	**Last Para of 6.2 (c).** "Provided that Multi Year Tariff petitions for the Control Period commencing from 01.04.2024 shall be filed by generating entity ... by 30.12.2023".	The time line for filing the petition may be considered as **three (3) months** after notifying the TSERC (MYT) Regulations for the control period FY 2024–29, as voluminous data has to be obtained from all the generating stations, various wings and consolidate for filing the petition.
7	**Provision No. 6.2.(d)** ii. True-up of preceding year for integrated mine; iv. Proposal of Revised Input Price of Coal supplied from integrated mine for each year of the Control Period.	In view of the explanation furnished at S.No. 5 the **provision No. 6.2.(d)(ii)&(iv) may please be deleted**.
8	**Provision No. 6.2 (d)** i. True-up of preceding year for generation business; iii. Proposal of Revised Tariff for ensuing year of the Control Period for generation business;	Generating entities are filing MYT petition, Mid-term and end of control period petitions from time to time. Further, as per CERC'2019 Regulations for generators there are no such provisions for filing of True-up or Revised tariff Petitions on Yearly basis. Hence the **provision No. 6.2 (d) (i) & (iii) may please be deleted.**
	Capital Investment plan	
9	**Provision No. 7.1** The generating entity, transmission licensee, distribution licensee and SLDC shall file for approval of the Commission a Capital Investment Plan along with its Multi Year Tariff Petition, Covering the entire Control Period with separate details for each year of the Control Period.	It is to submit that, TSGENCO is not a licensee. PPAs are entered into with TSDISCOMs and submitted to the Hon'ble Commission for its consideration. Hon'ble Commission examines and accords approval. The Capital Investment Plan filings are not provided in CERC'2019 Regulations. Hence It is requested to exempt the generating entities from filing of capital investment plan. However, the Capital cost and additional capitalization etc., can be reviewed and approved at the time of capital Cost determination in respect of new projects, Multi Year Tariff filing and Mid-term Review filings etc.
10	**Provision No. 7.3** For renovation and modernization schemes of power plants and all schemes meant for efficiency gain of power plants, the generating entity shall submit the cost benefit analysis and expected performance targets.	It is request to consider the Renovation & Modernization expenditure as proposed in MYT filings. However the same can be reviewed and approved upon prudent check during truing up of the expenditure.

ANNEXURE

TSGENCO Remarks on Draft TSERC (Multi Year tariff) Regulation, 2023

11	**Mechanism for sharing of gains or losses on account of controllable factors** **Provision No.** 14.1 The approved aggregate gain to the generating entity or licensee or SLDC on account of controllable factors shall be dealt with the following manner; a) Two-third of the amount of such gain shall be passed on as a rebate in tariff over such period as may be stipulated in the Order of the Commission; b) The balance amount of such gain shall be retained by the generating entity or licensee of SLDC. 14.2 The approved aggregate loss to the generating entity of licensee of SDC on account of controllable factors shall be dealt with in the following manner: a) One-third of the amount of such loss may be passed on as an additional charges in tariff over such period as may be stipulated in the Order of the Commission; b) The balance amount of such loss shall be absorbed by the generating entity or licensee or SLDC.	To consider **sharing of gains** in the ratio of 50:50 between the generating stations and beneficiaries in accordance with the Clause No. 60 (2) of CERC' 2019 Regulations. To consider **sharing of losses** in the ratio of 50:50 between the generating entity and beneficiaries.
12	**Controllable and Uncontrollable factors** **Provision No. 12.** 12.1 variations or expected variations in the performance of the Petitioner, which may be attributed by the Commission to controllable factors include, but are not limited to the following: a) Variation in Distribution losses; b) Variation in Transmission losses; c) Variation in operational norms; d) Variation in amount of interest on working capital ; e) variation in Operation & Maintenance expenses; f) Variation in Coal transit losses.	To consider the controllable factors in accordance with the clause No. 60 (1) of CERC'2019 Regulations, as Station Heat Rate, Secondary Fuel Oil Consumption and Auxiliary Energy Consumption only.
13	**Capital Cost Admitted by the commission after prudence check shall form the basis for determination of Tariff:**	In the Provision at 21.3, it was proposed to share the losses to the generating entity and Licensee arise on account of variations in capitalization due to variations in Interest & Finance charges, ROE & Depreciation. In this connection, it is requested that sharing mechanism may be deleted and the entire loss shall be reimbursed to the generating entity, as per the orders of the commission after prudence check.
Part IV – Financial Principles		
14	**Renovation and Modernisation** **24.1 last para** Provided that the generating company or the transmission licensee intending to undertake renovation and modernization (R&M) shall be required to obtain the consent of the beneficiaries or the long term customers, as the case may be, for such renovation and	The details of Renovation and modernization shall be filed in the petition and will be hosted on the website of generating station and Hon'ble Commission. The objections/ suggestions/comments shall be sought from the beneficiaries and consumers. After considering the Comments and prudence check, the Hon'ble Commission approved the expenditure.

ANNEXURE

TSGENCO Remarks on Draft TSERC (Multi Year tariff) Regulation, 2023

	modernization (R&M) and submit the same along with the petition.	Hence, the para sought for prior approval of beneficiaries may please be deleted.
15	**Renovation and Modernisation** **Provision No. 24.2** Where the generating entity or the transmission licensee, as the case may be, makes as application for approval of its proposal for renovation and modernization (R&M), approval may be granted after due consideration of reasonableness of the proposed cost estimates, financing plan, schedule of completion, interest during construction, use of efficient technology, cost-benefit analysis, expected duration of life extension, consent of the beneficiaries or long term customers, if obtained, and such other factors as may be considered relevant by the Commission.	To consider submitting the details of financing plan, schedule of completion, interest during construction, use of efficient technology, cost-benefit analysis, expected duration of life extension, consent of the beneficiaries or long term customers etc. during the truing up of the expenditure. Because quantum of work, schedule of completion shall not be furnished as it depends upon the unit shut down period and energy requirement of the State has to be considered.
16	**Debt-equity ratio** **Provision No. 27** 27.1 For the purpose of determination of tariff, debt-equity ratio as on date of commercial operation in case of a new generating station, transmission line and distribution line or substation commissioned or capacity expanded on and/or after 01.04.2024, shall be 75;25. Where equity employed is more than 25%, the amount of equity for the purpose of tariff shall be limited to 25% and the balance amount shall be considered as normative loan. Where actual equity employed is less than 25%, the actual equity shall be considered.	To consider the Debt-equity ratio as 70:30 of Gross Fixed Assets, in accordance with the Clause No. 18 of CERC'2019 regulation and as per Clause No 9 of TSERC'2019 Regulation. Debt:Equity ratio may also be amended as 70:30 in Provision No.21.1, 27.1, 28.5, 31.3.
17	**Debt-equity ratio** **Provision No. 27.4** The generating entity or the licensee or the SLDC, as the case may be, shall submit the resolution of the Board of the company or approval of the competent authority in other cases regarding infusion of funds from internal sources in support of the utilization made or proposed to be made to meet the capital expenditure of the generating station or the transmission system or the distribution system or SLDC, as the case may be.	To consider audited statement regarding reconciliation of equity required and actually deployed to meet the capital expenditure of the Project in accordance with the Clause No. 9.4 of TSERC'2019 Regulation.
18	**Depreciation** **Provision No. 28.1** b) Depreciation shall be computed annually based on the straight line method on the basis of the expected useful life specified in the Annexure I of this Regulation.	Depreciation rates as per MoP Notification 1992 may be allowed.
19	**Provision No. 29.2 Last Para** **Return on Equity**	TSGENCO is submitting its petitions in accordance with the timelines provided by Hon'ble Commission. Hence the provision No.29.2, reduction in ROE may be removed.

ANNEXURE

TSGENCO Remarks on Draft TSERC (Multi Year tariff) Regulation, 2023

20	**Provision No. 30** **Tax on Return on Equity**	TSGENCO opted New Tax Regime U/s 115BA, wherein payment of tax will be deferred to later years, duly providing deferred tax as per Ind A.S.12. Hence, effective tax rate will be Nil or Lower than in the initial years and higher in the later years. Hence, actual tax expenses including deferred tax shall be allowed.
	Interest on Working Capital	
21	**Provision No. 33.1 (a)(i)** Cost of Coal towards stock, 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 target availability, or the maximum coal stock storage capacity, whichever is lower;	To consider Cost of coal towards stock for calculation of working capital in line with the Clause No. 13.1 of TSERC Regulations'2019 as below. 13.1(a) Cost of coal and lime stone towards stock, if applicable, Lower of: A. maximum coal stock storage capacity (OR) B. for generation corresponding to the target availability • Pit head Generating Station – 15 days coal cost • Non- Pit head Generating Station – 30 Days coal cost
22	**Provision No. 33.1 (a) v** Maintenance spares at one percent (1%) of the opening Gross Fixed Assets for the Year;	To consider Maintenance spares cost for calculation of working capital in line with Clause No. 34 (a) (iv) of CERC'2019 Regulations (or) the Clause No. 13.1 of TSERC Regulations'2019 and as below. Maintenance spares @ 20% of operation and maintenance expenses. (or) 2% of on capital cost with escalation as per W.P.I (Whole Sale Price Index).
23	**Provision No. 33.1 (a) vi** Receivable for sale of electricity equivalent to forty-five (45) days of the sum of annual fixed charges and energy charges approved in the Tariff Order, computed at target availability and excluding incentive, if any:	To consider Receivables equivalent to two months of capacity charges and energy charges for sale of electricity calculated on target availability in line with the Clause No. 13.1 of TSERC Regulations'2019. As TSGENCO is already allowing 60 days credit period to TSDISCOMS, as per PPA Terms.
24	**Provision No. 33.1 (b) ii** **Hydro power Generating Stations** Maintenance spares at one percent (1%) of the opening Gross Fixed Assets for the Year;	To consider Maintenance spares cost for calculation of working capital in line with Clause No. 34 (c) (ii) of CERC'2019 Regulations the Clause No. 13.1 of TSERC Regulations'2019 and as below. Maintenance spares @ 15% of operation and maintenance expenses. (or) 2% of on capital cost with escalation as per W.P.I (Whole Sale Price Index).
25	**Provision No. 33.1 (b) iii** Receivable for sale of electricity equivalent to forty-five (45) days of the of annual fixed charges approved in the Tariff Order excluding incentive, if any:	To consider Receivables equivalent to two months of capacity charges and energy charges for sale of electricity calculated on target availability in line with the Clause No. 13.1 of TSERC Regulations'2019.

ANNEXURE

TSGENCO Remarks on Draft TSERC (Multi Year tariff) Regulation, 2023

26	**Provision No. 33.6** Rate of interest on working capital shall be on normative basis and shall be equal to the Base Rate as on the date on which the Petition for determination of tariff is filed , plus 150 basis points:	To consider Rate of Interest on working capital in line with clause No. 34 (3) of CERC'2019 Regulations. Marginal cost of lending rate (MCLR) of the State Bank of India plus 350 basis points.
Part V – Generation		
27	**Petition for determination of generation Tariff; Provision No. 38.5** The generating entity shall file the Petition for determination of provisional Tariff for new generating station/unit, at least six (6) months prior to the anticipated date of commercial operation of generating unit or stage or generating station as a whole, as the case may be.	To consider Sixty (60) Days prior to the anticipated COD of Generating Unit or Stage or Generating Station in line with the Clause No. 9 (1) of the CERC' 2019 Regulations, since precise forecasting or probable date of conducting COD and getting the accurate data from related wings regarding capital cost expenses' incurred prior to 180 days is difficulty.
28	**Provision No. 38.8** If the date of commercial operation is likely to be delayed beyond six (6) months from the date of issue of the order approving the provisional Tariff, the generating entity may submit a Petition for seeking extension of the validity of the applicability of the provisional Tariff, giving details of the present status of completion and justification for the delay in project completion, which may be considered by the Commission after necessary prudence check.	To consider the provisional tariff till the final tariff order issued irrespective of Six (6) months. However the generating entity shall file the final tariff application within six (6) months from the COD of the station.
29	**Provision No. 38.9** The Generating entity shall file the Petition for determination of final Tariff for new Generating Station within six (6) months from the date of commercial operation of generating unit or stage or generating station as a whole, as the case may be, based on the audited capital expenditure and capitalization as on the date of commercial operation: Provided that in case of more than one Unit in the generating station, such Petition shall be filed for each Unit as and when such Unit achieves COD and without waiting for the COD of the entire Station.	To consider to file the Petition for determination of final tariff within six (6) months from COD of Generating Station as a whole in line with the clause no 4.2.7 of TSERC'2019 Regulations.
30	**Renovation & Modernisation:** **Provision No. 41.1** For undertaking Renovation and Modernisation for the purpose of extension of life beyond the useful life of the generating station or a Unit thereof, the generating company shall file a Petition for approval with a Detailed Project Report giving complete scope, justification, cost-benefit analysis, estimated life extension form a reference date, financial package, phasing of expenditure, schedule of completion, reference price level, estimated completion cost, record of consultation	To consider accord provisional approval. However, after carrying out Renovation and Modernisation the details of Detailed Project Report giving complete scope, justification, cost-benefit analysis, financial package, phasing of expenditure, schedule of completion, reference price level, estimated completion cost, record of consultation with Beneficiaries after completion of etc., will be submitted during the Truing-up Petition, for prudence check.

	with Beneficiaries and any other relevant information.	
31	**Water Charges**: (New Provision)	Water charges are allowed, over and above the O&M expenses as per Clause 2.59 of TSERC Regulations 2019. Hence, a separate clause may be incorporated for reimbursement of water charges at actuals, in line with TSERC Regulations 2019.
32	**Provision 43. Non – Tariff Income:** Sharing Mechanism (Request for new clause).	Presently, whole non-tariff income is reduced from Annual Fixed charges and 100% passed on to the beneficiaries. However, as per clause 62 of CERC Regulations 2019, the non-tariff income shall be shared between the beneficiaries and the generating company, in the ratio 50:50. Hence, the same may be incorporated in the new regulations.
33	**Provision 43.2 (i) – Non – Tariff Income:** Income from Sale of Ash/rejected coal.	Income from sale of ash may be deleted, to comply with the MoEF & CC guidelines issued from time to time. TSGENCO is making every effort for ensuring 100% Ash utilization. Whereas, in respect of old stations due to geographical location, Objections from local, low demand for the quality of ash produced, it is getting difficult for ensuring 100% ash utilization. As per the deadlines, it is very difficult for the generating entities to comply with the stringent guidelines. Moreover, TSGENCO has passed the income generated from sale of ash to the TSDISCOMS, as per the provisions of TSERC Regulations 1 of 2019. In view of the above, it is requested to allow the Environmental Compensations paid towards the Non utilization of fly ash, as a pass through in Tariff. Hence, necessary provisions may be made in the TSERC Regulations 2023 for the control period FY 2024 – 29.
	Operational Norms for Thermal Generating Stations	
34	**Provision No. 44.2** The Normative Annul Plant Availability Factor (NAPAF) for full recovery of Annual Fixed Charges shall be 85 per cent.	To consider the Normative Annual Plant Availability Factor (NAPAF) for TSGENCO Thermal Stations in line with the Clause No. 17.2 of TSERC'2019 Regulations and as approved at Para No. 6.14.6 of MYT order dt. 22.03.2022 as below.

ANNEXURE

TSGENCO Remarks on Draft TSERC (Multi Year tariff) Regulation, 2023

<table>
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<tr><td>KTPS -V</td><td>KTPS -VI</td><td>KTPS -VII</td><td>RTS-B</td><td>KTPP -I</td><td>KTPP -II</td><td>BTPS</td></tr>
<tr><td>80%</td><td>80%</td><td>85%</td><td>75%</td><td>80%</td><td>80%</td><td>85%</td></tr>
</table>
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<tr>
<td>35</td>
<td>
Provision No. 44.4
Gross Station Heat Rate
<table>
<tr><td>62.5 MW</td><td>250 MW sets</td><td>500 MW sets (sub-critical boilers)</td><td>600 MW sets (sub-critical boilers)</td></tr>
<tr><td>3000 kCal/kWh</td><td>2500 kCal/kWh</td><td>2450 kCal/kWh</td><td>2300 kCal/kWh</td></tr>
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<td>To consider the Station Heat Rate of 600 MW sets as 2400 kcal/kWh in line with the clause No. 17.2 of TSERC '2019 Regulations and as approved at Para No. 6.14.6 of MYT order dt. 22.03.2022.</td>
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<td>36</td>
<td>
Provision No. 44.6
Secondary fuel oil consumption norm for all thermal Generating Stations, shall be:
a) Coal-based Generating Stations: 0.50 ml
</td>
<td>
As per CEA (Flexible operation of Coal based thermal power generating units) Regulation' 2022 notified on 25.01.2023, the coal fired generating units shall achieve minimum power level of 40% according to the phasing plan specified by the Authority from time to time. Accordingly, Secondary fuel oil consumption will be increased if the unit operates at partial load.
Hence, requested to consider Secondary fuel Oil consumption for TSGENCO Thermal Stations in line with the Clause No. 17.2 of TSERC'2019 Regulations and as approved at Para No. 6.14.6 of MYT order dt. 22.03.2022 as below.
ml/kWh
<table>
<tr><td>KTPS -V</td><td>KTPS -VI</td><td>KTPS -VII</td><td>RTS-B</td><td>KTPP -I</td><td>KTPP -II</td><td>BTPS</td></tr>
<tr><td>2</td><td>2</td><td>0.5</td><td>2</td><td>2</td><td>2</td><td>0.5</td></tr>
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<tr>
<td>37</td>
<td>
Provision No. 44.7
Auxiliary Energy Consumption for all Coal-based thermal Generating Stations shall be as given in the Table below.
<table>
<tr><td>Particulars</td><td>With natural draft cooling tower or without cooling tower</td></tr>
<tr><td>i) 62.5 MW</td><td>10%</td></tr>
<tr><td>ii) 250 MW series</td><td>8.5%</td></tr>
<tr><td>iii) 500 MW & above</td><td></td></tr>
<tr><td>Steam driven boiler feed pumps</td><td>5.25%</td></tr>
<tr><td>Electrically driven boiler feed pumps</td><td>7.75%</td></tr>
</table>
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<td>
As per CEA (Flexible operation of Coal based thermal power generating units) Regulation' 2022 notified on 25.01.2023, the coal fired generating units shall achieve minimum power level of 40% according to the phasing plan specified by the Authority from time to time. Accordingly, the Auxiliary Energy consumption will be increased if the unit operates at partial load without oil.

To consider Auxiliary Energy consumption @ 7.5% for 500 MW Thermal Stations having steam driven boiler feed pumps in line with the Clause No. 17.2 of TSERC'2019 Regulations and as approved at Para No. 6.14.6 of MYT order dt. 22.03.2022.

The Auxiliary Energy consumption may be allowed by 2% over and above norms on establishment of FGD.
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<td>Operation & Maintenance Expenses:
Provision No. 45</td>
<td>In the provision, it was mentioned that Employee Cost & Administration & General Expenses for the 1st year of</td>
</tr>
</table>

ANNEXURE

TSGENCO Remarks on Draft TSERC (Multi Year tariff) Regulation, 2023

38		control period shall be the average of trued-up expenses. In this connection, it is to submit that generally the average expenses will be lower than the actual expenditure during the last two years. Hence, it is requested to consider suitable escalations on the average expenses determined, for arriving to the normalize expenses of 1^{st} year of the succeeding control period.
39	**Provision No. 45.1** **Additional Pension Liabilities**:	A separate clause may be incorporated to determine additional pension liability of TSGENCO, instead of including it under employee cost under O&M expenses as proposed in Provision No. 45.1 of draft TSERC regulations 2023. As "additional pension liability" has to be reimbursed at actuals, it is requested to incorporate a separate clause in respect of unfunded past liabilities of pension and gratuity, duly explaining in detail as mentioned in Clause No.19.8 of TSERC Regulations 1 of 2019.
40	**Transportation of Ash for Free of Cost** (Request for New Clause Insertion in Clause 45)	As per MoEF & CC & MOP guidelines, Power Generating stations has to supply Ash for Laying of Roads, Backfilling of Mines, Building Constructions etc., for ensuring 100% Ash Utilisation. The cost incurred for transportation by the generating station is passing through in Tariff. Hence, the relevant clause may be included in the TSERC Regulations 2023, for reimbursement of the transportation cost incurred by the Generating Entities.
41	**Environmental Compensation Charges for non – achieving 100% Fly Ash Utilization.** (Request for New Clause Insertion in Clause 45)	Generating Entities has to ensure 100% Ash utilization as per the guidelines of MoEF & CC & MOP guidelines . Failure in achieving these targets, the generating entities has to pay Environmental Compensation as per the guidelines. TSGENCO is making every effort for ensuring 100% Ash utilization. Whereas, in respect of old stations due to geographical location, Objections from local, low demand for the quality of ash produced, it is getting difficult for ensuring 100% ash utilization. As per the deadlines, it is very difficult for the generating entities to comply with the stringent guidelines. Moreover, TSGENCO has passed the income generated from sale of ash to the TSDISCOMS, as per the provisions of TSERC Regulations 1 of 2019.

ANNEXURE
TSGENCO Remarks on Draft TSERC (Multi Year tariff) Regulation, 2023

		In view of the above, it is requested to allow the Environmental Compensations paid towards the Non utilization of fly ash, as a pass through in Tariff. Hence, necessary provisions may be made in the TSERC Regulations 2023 for the control period FY 2024 – 29.
42	**Provision No. 46.2 - Capacity Charges** CC11= (AFC)X (11/12)X (PAF11/NAPAF) subject to ceiling of (AFC)X(**5/6**)- (CC1+CC2+CC3+CC4+CC5+CC6+CC7+CC8+CC9+CC10)	The capacity charges ceiling of CC11 shall be AFCX(**11/12**)- (CC1+CC2+CC3+CC4+CC5+CC6+CC7+CC8+CC9+CC10)
43	**Provision No. 46.4 - Energy Charges Rate** Energy Charges Rate (ECR)= {(GSHR-SFCXCVSF)XLPPF/CVPF+SFCXLPSFi)}X100/(100-AUX) Where, CVPF = Weighted average Gross Calorific Value of coal as received in kcal/kg less 85 kcal/kg on account of variation during storage at generating station; in case of blending of fuel from different sources, the weighted average Gross Calorific Value of primary fuel shall be arrived in proportion of Blending ratio;	The GCV of fuel keeps on varying at different reference points due to various factors such as moisture content, and grade slippages at the mine end, or during transportation or during storage at the plant end. The current Regulations specify that the GCV of fuel for the purpose of allowing energy charges shall be considered on an as received basis as other factors due to which there is a loss in GCV are not under the control of the generating stations. the variation in GCV "as billed" and "as received" is significant due to loss of GCV at mine end and during transportation, often leading to grade slippages and may need to be accounted. Further the entire coal is not being directly utilized in the units and stacking of coal as per CEA norms (around 21 to 26 days stock) is required. Further, during stacking of coal as per CEA norms required steps are being followed in utilization of coal on first-in first-go basis. At present, third party sampling is carried out at loading point. The GCV "as fired" basis for billing purpose, may be incorporated in the regulations.
44	**Provision No. 47** **Computation and Payment of Capacity Charges for Hydro Generating Stations**	Secondary Energy Charges may be included in line with Clause No. 22.3.2 of TSERC Regulations' 2019 wherein the energy generated is in excess of the design energy.
45	**Provision No. 49** **Deviation Charges**	These charges are governed under DSM Regulations. However, it is requested to relax these charges for this control period.
PART VI – DETERMINATION OF INPUT PRICE OF COAL FROM INTEGRATED MINE(S)		
46	**Provision No. 50** **Determination of Input Price of Coal from Integrated Mine(s)** Where the generating station, has the arrangement for supply of coal from the integrated mine(s) allocated to it	Ministry of Coal allocated the Captive coal block to TSGENCO for KTPP Stage-II (1X600 MW). MDO (Mine Development cum Operator) has been selected as per the Ministry of Coal, GoI guidelines for operation of coal Block through Competitive Bidding

	for its use, the energy charges component of tariff of the generating station shall be determined in accordance with the provisions specified in this p[art.	Process. The Coal is being Mined as per the approved Mining plan by Ministry of Coal, GoI and as per the Coal Mining services agreement entered into MDO. The other statutory payments viz., Royalty, BMFT, NMET, GST are born by TSGENCO. Further Land acquisition, R&R and deposition towards mine closer cost are also in the scope of TSGENCO only. Employee cost towards the wages to the persons deployed for monitoring the Tadicherla mine are in the account of TSGENCO. Considering the above costs, TSGENCO is arriving the coal price per MT and claiming in the energy charges. Further, In Provision Nos.50.3, 50.4 and at various provisions the input prices of coal are proposed to be compared with the prices of Coal India Limited. In reality the input price of coal produced at Tadicherla mine cannot be compared with the notified prices of Coal India Limited, due to various factors viz., Geographical Locations, Overburden, Age of the Mine, No. of seams, approvals of the mining plan etc. Input price of coal produced in Tadicherla Coal can be compared only with the Landed cost of coal of nearby M/s. SCCL mines, which are operating with similar specifications.
47	**Provision No. 50.3,50.4,60.4,61.1,61.2,64.1**	The input prices of coal are proposed to be compared with the prices of Coal India Limited. In reality the input price of coal produced at Tadicherla mine cannot be compared with the notified prices of Coal India Limited, due to various factors viz., Geographical Locations, Overburden, Age of the Mine, No. of seams, approvals of the mining plan etc. Input price of coal produced in Tadicherla Coal can be compared only with the Landed cost of coal of nearby M/s. SCCL mines, which are operating with similar specifications.
48	**Provision No. 56.2(b) – Depreciation**	Amortization/Depreciation shall be allowed on free hold land after prudence check, without any conditions, since the generating company has to restore the land and undertake plantation which cannot be utilized for other purposes at present.
49	**Provision No. 59 – Mine Closer expenses**	TSGENCO is depositing amount in Escrow A/c as per Mining Plan in addition to mining fee paid to MDO. Same shall be allowed. Since, there is an ambiguity in Clause No.59.4 a new clause may be incorporated.
50	**Provision No. 50 to 67:** Ministry of Coal allocated the Captive coal block to TSGENCO for KTPP Stage-II (1X600 MW). MDO (Mine Development cum Operator) has been selected as per the Ministry of Coal, GoI guidelines for operation	

	of coal Block through Competitive Bidding Process. The Coal is being Mined as per the approved Mining plan by Ministry of Coal, GoI and as per the Coal Mining services agreement entered into MDO. The other statutory payments viz., Royalty, BMFT, NMET, GST are born by TSGENCO. Further Land acquisition, R&R and deposition towards mine closer cost are also in the scope of TSGENCO only. Employee cost towards the wages to the persons deployed for monitoring the Tadicherla mine are in the account of TSGENCO. Considering the above costs, TSGENCO is arriving the coal price per MT and claiming in the energy charges. Further, In Provision Nos.50.3, 50.4 and at various provisions the input prices of coal are proposed to be compared with the prices of Coal India Limited. In reality the input price of coal produced at Tadicherla mine cannot be compared with the notified prices of Coal India Limited, due to various factors viz., Geographical Locations, Overburden, Age of the Mine, No. of seams, approvals of the mining plan etc. Input price of coal produced in Tadicherla Coal can be compared only with the Landed cost of coal of nearby M/s. SCCL mines, which are operating with similar specifications. In view of the above submissions, it is to inform that, As per Para VI of draft TSERC (MYT) Regulation, 2023 the costs towards individual Components for arriving the input price of coal cannot be arrived. Hence, the clauses under Para VI of Draft Regulation' 2023 may please be deleted.

14/12/2023

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