

Hiranmaye Energy Limited

HMEL/WBERC/2023-24/28

31st May, 2023

To,
The Secretary,
West Bengal Electricity Regulatory Commission,
Plot No-AH/5 (2nd & 4th Floor), Premises No. MAR 16-1111
Action Area -1A, New Town,
Rajarhat Kolkata-700163



Sub: Submission of Petition for *Determination of Tariff for Unit 1 & 2* of 3 x 150 MW generating station of Hiranmaye Energy Limited, Haldia, West Bengal for 8th MYT Control Period of FY2023-24, 2024-25 & 2025-26.

Ref: 1) WBERC Order in Case No. SM-31/22-23 dated 31.08.2022
2) WBERC Letter no. WBERC/B-107/1/3265 dated 16.12.2022
3) HMEL Letter no. HMEL/WBERC/2022-23/23 dated 28.02.2023
3) WBERC Letter no. WBERC/B-107/1/3583 dated 14.03.2023

Respected Madam,

In line with the WBERC (Terms and Conditions of Tariff) Regulations, 2011 & amendments thereof framed under the provisions of the Electricity Act, 2003, Hiranmaye Energy Limited (formerly known as India Power Corporation (Haldia) Limited) is filing this petition for Determination of Tariff for Unit 1 & 2 of 3 x 150 MW generating station of Hiranmaye Energy Limited, Haldia, West Bengal for 8th MYT Control Period of FY2023-24, 2024-25 & 2025-26.

The Filing fee of Rs Ten Lakhs only (Rs 10,00,000/-) for the petition will be submitted shortly and accordingly informed to the Hon'ble Commission separately.

We humbly pray before the Hon'ble Commission to acknowledge and admit our petition.

Thanking You.

Yours Sincerely,

For Hiranmaye Energy Limited

(Authorised Signatory)

Incl.: Petition (1 original +3 copies + 1 CD)

CIN - U40105WB2008PLC125220

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পশ্চিমবঙ্গ পশ্চিম বঙ্গাল WEST BENGAL

Form - 1

BEFORE THE NOTARY PUBLIC

BEFORE THE HON'BLE WEST BENGAL ELECTRICITY REGULATORY COMMISSION,
KOLKATA



File no.

Case no.

(To be filled by the office)

IN THE MATTER OF:

PETITION FOR DETERMINATION OF TARIFF FOR 8TH MYT CONTROL PERIOD (FY2023-24, 2024-25 & 2025-26) FOR UNIT 1 & 2 OF THE 3 X 150 MW GENERATING STATION OF HIRANMAYE ENERGY LTD AT HALDIA IN TERMS OF REGULATION 2.5 OF WBERC (TERMS & CONDITIONS OF TARIFF) REGULATIONS 2011 & AMENDMENTS THEREOF.

AND

IN THE MATTER OF:

HIRANMAYE ENERGY LIMITED ('HMEL')
PLOT NO X 1-2 & 3, BLOCK- EP, SECTOR- V,
SALT LAKE CITY, KOLKATA - 700091

...

PETITIONER/APPLICANT

B. N. Saha

B. N. SAHA
NOTARY
Bikash Bhavan
North Block, 4th Floor
Bidhannagar, Kolkata
West Bengal



30 MAY 2023



Form - 2

BEFORE THE HON'BLE WEST BENGAL ELECTRICITY REGULATORY COMMISSION,
KOLKATA

File no.
Case no.
(To be filled by the office)

IN THE MATTER OF:

PETITION FOR DETERMINATION OF TARIFF FOR 8TH MYT CONTROL PERIOD (FY2023-24, 2024-25 & 2025-26) FOR UNIT 1 & 2 OF THE 3 X 150 MW GENERATING STATION OF HIRANMAYE ENERGY LTD AT HALDIA IN TERMS OF REGULATION 2.5 OF WBERC(TERMS & CONDITIONS OF TARIFF) REGULATIONS 2011 & AMENDMENTS THEREOF.

AND

IN THE MATTER OF:

HIRANMAYE ENERGY LIMITED ('HMEI')
PLOT NO X 1-2 & 3, BLOCK- EP, SECTOR- V,
SALT LAKE CITY, KOLKATA - 700091

... PETITIONER/APPLICANT

BEFORE THE NOTARY PUBLIC
AFFIDAVIT



I, Jyotirmay Bhaumik, son of Shri Jitendra Nath Bhaumik aged 67 years by faith Hindu residing at residing at B-101, Greenwood Housing Complex, Kaikhali Main Road, Kolkata-700052 do hereby solemnly affirm and declare as follows:

1. That I am the Whole Time director of the applicant company and have been acquainted with the fact and circumstances narrated in the application in respect of which the affidavit is sworn.
2. I have been authorized to swear this affidavit on behalf of applicant, as I am competent to do so.
3. The statements made in paragraph 1.1 to 6.8 are true to my knowledge and belief and the statement made in other paragraphs of the application are matters of records made available to me and based on information received which I believe to be true and correct.

Place: Kolkata
Date: 30 May, 2023

Jyotirmay Bhaumik
Deponent

Whole Time Director
Hiranmaye Energy Limited

B. N. SAHA
NOTARY
Bikash Bhavan
North Block, Gr. Floor
Bidhanagar, Kolkata
West Bengal

IDENTIFIED BY ME:

ADVOCATE

30 MAY, 2023

Solemnly Affirmed
&
Declared Before me
on Identification of Adversary

B. N. SAHA
NOTARY

MYT PETITION

FOR THE

EIGHTH CONTROL PERIOD

(FY 2023-24, 2024-25 AND 2025-26)

hiranmaye energy

Hiranmaye Energy Limited (HMEL)

Corp Off: Plot No. X-1, 2 & 3, Block-EP, Sector-V, Salt Lake City, Kolkata-700091

TARIFF APPLICATION OF
HMEL FOR THE MYT CONTROL PERIOD – FY 2023-24 TO 2025-26
UNDER SECTION 62(1)(a) READ WITH SECTION
64(1) OF THE ELECTRICITY ACT, 2003

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Annexure 8	Copy of COD Certificate
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Annexure 10	Annual Report of FY 2018-19 & FY 2019-20
Annexure 11	Copy of Supplementary Connection Agreement between HMEL and WBSETCL dated 14.01.2021
Annexure 12	Copy of HDA letter on enhancement of water charges
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Annexure 17	Copy of HMEL letters dated 28.10.2022 and 31.10.2022 to WBSLDC on 'Demonstration Instruction'
Annexure 18	Copy of HMEL letter to Hon'ble WBERC on submission of suggestions/comments on RGO



THE PETITIONER MOST RESPECTFULLY SHEWETH:

Hiranmaye Energy Limited ("HMEL" or, "Petitioner/Applicant") (formerly known as India Power Corporation (Haldia) Limited), a Company registered under The Companies Act 1956 is developing a green-field, 3x150 MW coal based Thermal Power Project (TPP) at Haldia in Purba Medinipur District of West Bengal.

On 28.12.2010, HMEL entered into a Long-term Power Purchase Agreement ("PPA") for supply of 300 MW of electricity as contracted capacity and surplus, if any from the said project with West Bengal State Electricity Distribution Company Limited ("WBSEDCL" or, "Respondent"). The Hon'ble Commission vide its order dated 08.04.2011 approved the terms and conditions of the PPA dated 28.12.2010.

Subsequently, Unit # 1 & Unit # 2 of the Project achieved Commercial Operation Date ("COD") on 13.08.2017 and 31.12.2017, respectively in terms of applicable regulations.

The said PPA was further supplemented on 06.04.2018 and 03.07.2020 by both the parties for supply of electricity on Ad hoc tariff of Rs 3.89 per kWh (based on the average pooled power purchase cost of WBSEDCL from WBPDL plants during April 2017 to Feb 2018) and Rs 4.40 per kWh (based on the average pooled power purchase cost of WBSEDCL from WBPDL plants during FY2019-20 unaudited), respectively. This was an interim arrangement made in the absence of tariff determined in accordance with the West Bengal Electricity Regulatory Commission (Terms and conditions of tariff) Regulations 2011 including amendments thereof (hereinafter referred to as "**Tariff Regulations**"), which was approved by the Hon'ble Commission vide orders dated 29.08.2018 and 15.10.2020 in Case no. PPA-88/18-19 respectively.

The Petitioner had filed the petition for determination of Multi Year Tariff ("MYT") for the 6th and 7th Control Period on 01.07.2019 and 16.10.2020, respectively. The Hon'ble Commission vide its orders dated 31.05.2021 (for FY2018-19 & 2019-20), 25.08.2021 (for FY2020-21 & 2021-22) & 22.07.2022 (for FY2022-23) determined the tariff in respect of the above-mentioned MYT petitions. Review petition against certain aspects of the said orders were also filed within the specified timeframe. The Hon'ble Commission has passed an order on Review of 6th Control Period MYT Order on 18.03.2022 allowing some of the Petitioner's prayers. Order on the Review petition against 7th Control Period MYT Order has also been issued by the Hon'ble Commission on 03.05.2023 wherein the matter has been disposed off without allowing any of the prayers. Additionally, the Petitioner has also preferred appeals against



the MYT orders for 6th & 7th Control Period before APTEL bearing Appeal nos. 104 of 2023, 54 of 2023 and 433 of 2023.

In the event that any of the above pending matters is decided before the issuance of Tariff for the FY 2023-24 to 2025-26, it is humbly prayed before the Hon'ble Commission to consider/implement the outcome of the same in the tariff order. In the event of order(s) being declared after the issuance of the tariff order, it is submitted that the impact of the same be allowed forthwith along with carrying cost as per Reg 2.6.6. of the WBERC (Terms and conditions of Tariff) (4th Amendment) Regulations, 2023.

Need for this petition

HMEL has entered into a long term PPA with the Respondent under Section 62 of the Electricity Act 2003 for supply of 300 MW of electricity as Contracted capacity and surplus, if any. Hence, HMEL is filing this petition under the provisions of Section 61, 62, 86 (1) (a), 86 (1) (b) of the Electricity Act, 2003 and also Chapter 2, 4, 5 and all other applicable provisions of Tariff Regulations for determination of tariff of the said contracted capacity for the 8th Control Period starting from FY 2023-24 to FY 2025-26.

The Present Application for determination of Aggregate Revenue Requirement and tariff for the Eighth control period comprising the years 2023-24 to 2025-26 is being filed in accordance with the WBERC (Terms and conditions of Tariff) Regulations, 2011 and amendments thereof including the recent WBERC(Terms and conditions of Tariff)(4th amendment) Regulations, 2023, read with the order issued by the Hon'ble Commission in Case No. SM-31/22-23 dated 31.08.2022 determining that the 8th Control Period would cover 3 years (FY2023-24, 2024-25 & 2025-26). The Hon'ble Commission was pleased to grant time extension to the Petitioner for submission of this 8th MYT Petition upto 31.05.2023 vide letter no. WBERC/B-107/1/3583 dated 14.03.2023 on a specific prayer by the Petitioner through letter no HMEL/WBERC/22-23/23 dated 28.02.2023.



1. Background and Present Petition

1.1. BACKGROUND

- 1.1.1. HMEL has entered into a long-term PPA with WBSEDCL on 28.12.2010 for supply of 300 MW of electricity as contracted capacity and surplus, if any from the 3x150 MW project.
- 1.1.2. Hon'ble West Bengal Electricity Regulatory Commission (hereinafter referred as "WBERC" or "Commission") has accorded approval to the PPA between HMEL and WBSEDCL vide its Order in Case No WBERC/PPA – 22/10-11 dated 08.04.2011.
- 1.1.3. Hon'ble WBERC vide its order in Case No WBERC/OA-159/12-13 dated 21.11.2017 has accorded the in principle approval of investment for the Project as first stage in pursuance to regulation 2.8.1.4.2 of WBERC (Terms and Conditions of tariff) Regulations 2011 & amendments thereof ("Tariff Regulations").
- 1.1.4. A supplementary agreement was entered between HMEL and the Respondent on 06.04.2018, which was subsequently approved by the Hon'ble Commission vide order dated 29.08.2018 in Case No. PPA-88/18-19 with an Ad hoc tariff of Rs 3.89 per kWh (Capacity Charges of Rs. 1.17 per kWh & Energy Charges of Rs. 2.72 per kWh) based on the average pooled power purchase cost of WBSEDCL from WBPDC plants during April 2017 to February 2018. This ad hoc tariff was an interim arrangement pending determination of tariff by the Hon'ble Commission. After final tariff determination by the Commission for 6th MYT control period, this difference of tariff between agreed Ad hoc Tariff in the supplementary agreement and the final tariff determined by the Commission has been adjusted accordingly by the Petitioner.
- 1.1.5. HMEL had submitted the petition for "Final Approval of the Investment Proposal in the Second Stage" before the Hon'ble Commission vide Letter dated 20.02.2019 bearing Ref No. HMEL/WBERC/2018-19/1862. In the said petition, HMEL had requested for approval of revised project cost for Unit 1 & 2 as on 31.12.2017 which was needed to be approved for determination of tariff for electricity generated from those two units. However, the said petition was disposed of by the Hon'ble Commission directing HMEL in Para 10.0 of the said order to submit fresh Petition for approval of the Final Project Cost as per the provisions of Regulation 2.8.1.4.13 of the Tariff Regulations, along with the audited figures and substantial documents in support of variation in project cost from the in-principle cost approved in the Order dated 21.11.2017 of the Hon'ble Commission. HMEL sought time extension for submission of final project cost petition by 2 more years, i.e. up to 31.12.2022 on specific



grounds vide its submission bearing Ref. no. HMEL/WBERC/2020-21/005 dated 09.12.2020 . The Hon'ble Commission granted the time extension up to 31.12.2022 vide its order dated 22.02.2021 in Case no. OA-299/18-19(part 3). This has been further extended by six months up to 30.06.2023 by the Hon'ble Commission vide letter no. WBERC/B-107/1/3265 dated 16.12.2022 on a specific prayer by the Petitioner through letter no HMEL/WBERC/2022-23/14 dated 28.11.2022.

1.1.6. HMEL had submitted the Petition for Determination of Tariff for 6th MYT Control Period (FY 2018-19 & 2019-20) for Unit 1 & 2 before the Hon'ble Commission vide Letter dated 01.07.2019 bearing Ref No. HMEL/WBERC/2019-20/787. The tariff order for the said control period was issued on 31.05.2021 in Case no. TP-82/19-20. Being aggrieved by few errors in determination of certain costs in the said order, the Petitioner had filed a review petition before the Hon'ble Commission on 11.06.2021. The Hon'ble Commission has passed an order in Case no. TP(R)-33/21-22 on Review of 6th Control Period MYT Order on 18.03.2022 allowing some of the Petitioner's prayers. The Petitioner has also preferred an appeal before the Hon'ble APTEL on the various principle issues in the Tariff Order. The matter is under sub judice before the Hon'ble APTEL in Appeal No. 104 of 2023. As per the latest case status, the appeal has been admitted and included in list of finals of Court-I of the Hon'ble APTEL.

1.1.7. During FY 2020-21, before the issuance of 6th Control Period MYT Order, the Petitioner and the Respondent had entered into a 2nd supplementary agreement on 03.07.2020 with a mutually agreed ad hoc tariff of Rs. 4.40/unit (Capacity charges of Rs. 1.44/unit & Energy Charges of Rs. 2.96 Rs/unit inclusive of MFCA) based on the average pooled power purchase cost of WBSEDCL from WBPDC plants during FY 2019-20 (unaudited). The Hon'ble Commission accepted the ad hoc tariff and issued an order dated 15.10.2020 in Case No. PPA-88/18-19. This adhoc-tariff was an interim arrangement pending determination of tariff by the Hon'ble Commission. After determination of Multi-Year tariff by the Hon'ble Commission for the 6th control period, this difference of tariff between agreed Ad hoc Tariff in the supplementary agreement and the final tariff determined by the Commission was to be adjusted by the Petitioner. Accordingly, the Petitioner has complied with the direction for adjustment after issuance of 6th MYT Order subsequently. The Petitioner had further prayed in its supplementary petition dated 29.12.2020 in respect of capital cost to be considered in MYT Application for 6th Control Period that HMEL may kindly be allowed to adjust the balance amount arising out of the difference in tariff approved based on Final Project Cost and tariff based on Project Cost considered in the MYT 6th Control period proceedings retrospectively from the commencement of supply of power to WBSEDCL. In place of the



final project cost nos as on COD for 2 units as submitted, the Hon'ble Commission had admitted the capital cost equivalent to $2/3^{rd}$ of the in-principle approved project cost of 3 units. It is humbly prayed before the Hon'ble Commission that such an adjustment for differential fixed cost due to difference in project cost consideration may also be allowed post approval of final project cost for this project.

Para 1.8 and 1.10 of the supplementary petition dated 29.12.2020 is reproduced below:

1.8 "While the Hon'ble Commission may exercise its regulatory discretion as per Regulation 2.8.1.4.13 and determine the tariff based on submitted project cost as indicated in para 1.5 hereinabove and included in 6th MYT tariff application, with due reduction in Capital cost as per the discretion of the Commission, as has been exercised in case of few utilities in West Bengal by the Hon'ble Commission in the past by reducing the Capital Cost by 5%, the Petitioner as an abundant caution and to substantiate the tariff petition in light of order dated 14.10.2020 and in the absence of approval for final project cost in second stage in the Petitioner's case, proposes for kind consideration of Hon'ble Commission that the Capital Cost for tariff for 6th MYT may be based on approved in-principle clearance amount pro-rated for 2 units i.e. Rs 1781.39 Crores [2/3rd of Rs 2672.09 crores] without any further reduction subject to necessary adjustment and truing up as per regulation 2.5.3(iv) , 2.5.4 (iii) and other applicable provisions of WBERC Tariff Regulations. While, practically common expenses ought to be front loaded based on installed capacity, however, in this instant case, the petitioner has simply pro-rated the entire approved in-principle project cost based on no. of units installed (2) out of total units approved (3) in line with common asset cost allocation principle specified in Reg 5.6.4.2 (vi) of WBERC Tariff Regulations. As the in-principle Capital Cost is already approved by the Commission after following the due process and in accordance with Regulation 2.8.1.4, the entire in-principle approved cost needs to be considered under this approach. It is further humbly prayed that HMEL may kindly be allowed to adjust the balance amount arising out of the difference in tariff approved based on Final Project Cost and tariff based on Project Cost considered in the MYT 6th Control period proceedings retrospectively from the commencement of supply of power to WBSEDCL. This is also in line with the provision under Supplementary PPA dated 06.04.2018, wherein the parties agreed that the billing difference between the two tariffs (adhoc/determined) will be subject to appropriate adjustments as and when the tariff is determined by the Hon'ble Commission. "

1.10 This submission is made as an abundant caution and to support the relief required expeditiously due to inadequate adhoc tariff at present, since the in-principle cost (without any further reduction on 1st stage approved cost) is already approved vide order dated 20.11.2017 and that the submitted cost is much higher, the same may help in expeditious disposal of tariff petition subject to necessary adjustment of the balance amount arising out of the difference in tariff approved based on Provisional Project Cost considered in MYT Order for 6th Control Period and tariff approved based on final Project Cost in case Hon'ble Commission deems fit to exercise this option based on this submission. This may be treated as interim measure only and limited to this specific control period. "

The Hon'ble Commission at para 5.2.3 and 5.2.4 of the Tariff order for 6th Control period stated as follows:

"5.2.3 HMEL vide a petition dated 09.12.2020, has sought time extension till 31.12.2022 for filing final project cost approval under regulation 2.8.1.4.13 of the Tariff Regulations, which has been allowed by the Commission. Subsequently vide another supplementary



submission dated 29.12.2020, HMEL proposed to consider the already approved "in-principle" clearance amount pro-rated for two units for determination of tariff at this stage. They have also submitted that, HMEL may be allowed to adjust the balance amount arising out of the difference in the tariff approved based on final project cost and tariff based on project cost considered in this MYT 6th control period proceedings retrospectively from the commencement of supply of power to WBSEDCL, in line with the supplementary PPA dated 06.04.2018 between HMEL and WBSEDCL.

5.2.4 Keeping in line with the observation made by the Commission during the 'in-principle' approval order, it is prudent to consider the 'in-principle' approved amount for computation of ARR till the final project cost is approved. Accordingly, the Commission, decides to consider the proportionate amount of project cost for Unit 1 & 2 amounting to Rs. 1781.39 crore (Rs. 2672.09 X 2/3) provisionally and proceeds to determine Aggregate Revenue Requirements (ARR) for the year 2018 - 2019 and 2019-20. Any variation in fixed charges on the basis of final project cost shall be adjusted from the beneficiary subsequently, in terms of the PPA."

1.1.8. Para 1.8 read with para 1.10 of the supplementary petition clearly specified that the Petitioner had sought the relaxation in terms of consideration of approved in-principle investment amount for the purpose of tariff determination for 6th MYT Control Period only and that too as an interim measure. Further, the Petitioner had also prayed that HMEL may kindly be allowed to adjust the balance amount arising out of the difference in tariff approved based on Final Project Cost and tariff based on Project Cost considered in the MYT 6th Control period proceedings retrospectively from the commencement of supply of power to WBSEDCL.

The Hon'ble Commission has supposedly accepted the Petitioner's submission in entirety in the supplementary petition dated 29.12.2020 with the specific prayers for allowing adjustment of the balance amount arising out of the difference in tariff approved based on Final Project Cost and tariff based on Project Cost considered in the MYT 6th Control period proceedings from the date of COD, as the Hon'ble Commission has not returned any specific finding to the contrary on any specific prayer on this aspect in the said petition. The Hon'ble Commission in the said order decided to consider the proportionate amount of project cost for Unit 1 & 2 amounting to Rs. 1781.39 crore (Rs. 2672.09 X 2/3) provisionally and proceeded to determine Aggregate Revenue Requirements (ARR) for the year 2018 - 2019 and 2019-20 .



1.1.9. After the said order dated 15.10.2020, the Petitioner had filed the MYT Petition for 7th Control Period covering FY2020-21, FY 2021-22 and FY 2022-23 on 16.10.2020. The tariff order for FY 2020-21 & FY 2021-22 was issued by the Hon'ble Commission on 25.08.2021 and for FY 2022-23 on 22.07.2022. The Petitioner filed a review petition against erroneous determination of certain ARR items in the 7th MYT order on 07.10.2021. The review petition has been disposed off by the Hon'ble Commission without allowing any of the Petitioner's prayers as the Petitioner has also preferred an appeal before the Hon'ble APTEL on the various principle issues in the Tariff Order. The matter is sub judice before the Hon'ble APTEL in Appeal No. 54 of 2023 . As per the latest case status, the appeal has been admitted and included in the list of finals of Court-I of the Hon'ble APTEL. The appeal against Tariff order for FY 2022-23, bearing Appeal No. 433 of 2023 is also listed in Court-1 as per the latest information.

1.1.10. Following is the list and status of petitions that HMEL has filed before the Hon'ble Commission :

Sl.	Petition	Date of filing	Date of Order
1	Petition for In-principle clearance for setting up 3x150 MW Coal based TPP at Haldia	18.10.2012	20.11.2017
2	Supplementary petition for 'In-principle clearance for setting up 3x150 MW Coal based TPP at Haldia	24.07.2015	
3	Supplementary Petition for 1st stage in principle clearance for setting up 3x150 MW Coal based TPP at Haldia	14.10.2015	
4	Petition for Final approval of the investment proposal in the 2 nd stage of Hiranmaye Energy Limited	20.02.2019	14.10.2020
5	MYT Petition for Unit-1 & 2 for the 6 th Control Period from FY 2018-19 to FY 2019-20.	01.07.2019	31.05.2021
6	MYT Petition for Unit-1 & 2 for the 7 th Control Period from FY 2020-21 to FY 2022-23.	16.10.2020	25.08.2021 & 22.07.2022
7	Application seeking time extension for filing project cost approval petition for 3x150 MW TPP at HMEL.	09.12.2020	22.02.2021
8	Petition filed under Regulation 2.8.4 of WBERC (Terms and Conditions of Tariff) Regulations, 2011 and	20.01.2021	08.09.2021



	amendments thereof seeking approval of Hon'ble Commission regarding admissible final cost of transmission assets and its recovery under Supplementary Agreement dated 14.01.2021 read with Original Connection Agreement between Hiranmaye Energy Limited (HMEL) and West Bengal State Electricity Transmission Company Limited (WBSETCL) entered on 22.08.2016		
9	Petition under sec 94(1)(f) of the Electricity Act ,2003- Code of Business for review of order dated 22.02.2021 issued by WBERC in Case no. OA-299/18-19 (Part 3) in regard to the erroneous consideration of foreclosure of unit 3 by the Hon'ble Commission.	23.04.2021	
10	Review Petition against the 6th MYT Order for the Control period FY2018-19 to 2019-20.	11.06.2021	18.03.2022
11	Petition seeking in-principle cost approval for installation of FGD (Flue Gas Desulphurization) and other emission control systems for 3X150 MW thermal power station of HMEL	13.07.2021	02.02.2022
12	Review Petition against the 7 th MYT Order of HMEL issued on 25.08.2021 for FY2020-21 & FY 2021-22 of Seventh Control Period.	07.10.2021	03.05.2023
13	Petition filed under the Provisions of Regulation 6.4.3 of WBERC (Terms and Conditions of Tariff) Regulations, 2011 and amendments thereof seeking relief from Hon'ble Commission for recovery of capacity charge for availability affected on account of shortage in coal supply due to reason beyond control of the generating company	21.10.2022	

1.1.11. The following matters are pending adjudication before the Hon'ble APTEL against various petitions / Tariff Orders for previous years (collectively referred to as 'Pending matters') :

Forum	Number	Brief Description
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APTEL	Appeal No. 104 of 2023	Appeal under section 111 of the electricity act, 2003 against the impugned order dated 31.05.2021 passed by the Hon'ble West Bengal Electricity Regulatory Commission in TP-82/19-20 for FY2018-19 & 2019-20
APTEL	Appeal No. 54 of 2023	Appeal under section 111 of the electricity act, 2003 against the impugned order dated 25.08.2021 however subsequently on 10.09.2021 the respondent commission Issued a corrigendum in regard to the order dated 25.08.2021 passed by the Hon'ble West Bengal Electricity Regulatory Commission in Case No. TP-97/20-21 for FY2020-21 & 2021-22
APTEL	Appeal No. 433 of 2023	Appeal under section 111 of the electricity act, 2003 against the impugned order dated 22.07.2022 passed by the Hon'ble West Bengal Electricity Regulatory Commission in Case No. TP-97/20-21 for FY2022-23

In the event that any of the above pending matters is decided before the issuance of Tariff Order for the FY 2023-24 to FY 2025-26, it is humbly prayed before the Hon'ble Commission to consider/implement the outcome of the same in the tariff order. In the event of order(s) being declared after the issuance of the tariff order, it is humbly submitted that the impact of the same be allowed forthwith along with carrying cost as per Reg. 2.6.6. of the WBERC (Terms and conditions of Tariff) (4th Amendment) Regulations, 2023.

1.2. PRESENT PETITION

- 1.2.1 The Petitioner humbly submits that the construction of the project was to start from the year 2011 and commission within a scheduled date. However, the project execution activity was subjected to delays due to multiple uncontrollable factors such as moratorium imposed by Ministry of Environment and Forest (MOEF) between Jan 2011 & Sep 2013, termination & novation of EPC contract, Delays on account of BHEL, design issues in synchronisation & full load operations along with other technical & material issues, etc. Whereas Unit 1 COD was declared on 13.08.2017 principally in compliance to Tariff Regulations and Unit 2 COD was achieved after attaining full load post trial run on 31.12.2017. A copy of letter dated 18.10.2018 from Central Electricity Authority ("CEA")



indicating the COD dates of Unit1 & 2 are hereby placed before the Hon'ble Commission as **Annexure-8**.

- 1.2.2 HMEL is filing this instant petition for determination of tariff of Unit #1 & Unit #2 of the generating station for the 8th Control Period starting from FY 2023-24 to FY 2025-26 based on order issued by the Hon'ble Commission in Case No. SM-31/22-23 dated 31.08.2022 determining that the 8th Control Period would cover 3 years (FY2023-24, 2024-25 & 2025-26) on the revised project cost covering capital cost as on 31.12.2017 for unit 1 & 2 and additional capital expenses incurred till 31.12.2022

Table 1: Brief Profile of the HMEL Power Plant

S. No.	Particulars	Details
1.	Name of the Project	Hiranmaye Energy Limited (HMEL)
2.	Capacity /Unit Configuration	450 MW (3x 150 MW)
3.	Location	Haldia, District: Purba Medinipur District
4.	Capital Cost considered for Unit 1 & 2 as on 31.12.2022	Rs 2721.95 Crore
5.	Debt & Equity (as per capital cost for unit 1 & 2)	Debt: Rs. 1961.08 Crores Equity: Rs. 760.87 Crores
6.	Water	Raw Water Received From HDA (Haldia Development Authority) by Pump with capacity of 1681 cmph, Capacity Of Reservoir-336000 cm
7.	Evacuation	220 kV Double Line (Capacity 1805 A each) from HMEL Plant to New Haldia 220/132 kV Sub-Station. Distance 2.5 kms, ACCC conduct
8.	Fuel Supply	Long-term Fuel Supply Agreements with Mahanadi Coalfields Ltd (MCL) – Talcher & IB Valley under SHAKTI Scheme
9.	Power Sale	Power Purchase Agreement for a contracted capacity of 300 MW & surplus capacity available, if any with WBSEDCL for 25 years



2. Capital Cost and Financing of the Project

2.1. Capital Cost

2.1.1. As per the PPA entered between HMEL and WBSEDCL, the contracted capacity is 300 MW plus surplus capacity, if available, for a term of 25 years. HMEL humbly submits that the present petition is for determination of tariff for installed capacity of 300MW comprising of first two units , which have achieved COD. Post COD, the power supply to WBSEDCL has actually commenced from 10.11.2018.

2.1.2. For the purpose of tariff determination for Unit 1 & 2, the Petitioner hereby submits the provisional capital cost based on applicable regulatory principles for the said two units as on 31.12.2022, works out to be Rs. 2721.95 Crores including additional capital expenses incurred till 31.12.2022. It is humbly submitted that based on CA certificate issued on 28.01.2023 ,the audited capital cost for all three units (where Unit #3 is in progress) as on 31.12.2022 stands at Rs 3584.45 Crores.

Table 2: Capital Cost for Project (three units) as on 31.12.2022

Sl.	Particulars	Project Cost (As on 31.12.2022)				
		U-1	U-2	U-3	Common Expense	Total
A	Land +R&R & Site Development	22.19	22.18	7.73		52.1
B	Building and Civil Works	205.2	199.79	48.18	249.81	702.99
C	Boiler-Turbine Generator (BTG)	482.18	442.26	135.94		1060.38
D	Balance of Plant (BOP)	13.17	13.09		504.09	530.35
E	Pre-operative expenses incl. preliminary exp				140.17	140.17
F	Start Up Cost (incl. Fuel	21.64	11.95			33.59
G	Transmission Infra				26.47	26.47
H	Contingency					0
I	Interest during Construction (IDC)				1030.2	1030.2
J	Margin money for Working Capital					0
K	Employee Accommodation	4.1	4.1			8.2
L	TOTAL Cost (Rs. Crore)	748.48	693.37	191.85	1950.74	3584.45

2.1.3. The Chartered Accountant certificate of the project cost as on 31.12.2022 is attached as **Annexure- 9**. It is humbly submitted that no major capital expenditure has been incurred after 31.12.2017 (COD of Unit # 2) as the project execution activity of Unit # 3 is delayed due



to various reasons including litigations with vendors and arbitration with BHEL. As on 31.12.2022, the total Capital Expenditure for the project stands at Rs. 3584.45 Crores.

2.1.4. The Capital Expenditure presented in **Table 2** above comprises of both 'Standalone' and 'Common' expenditures. The standalone expenditure are the specific expenditures pertaining to each of the Unit #1, Unit #2 and Unit # 3 separately identifiable as on the said date. Common expenditures are the expenditure made in creating common assets covering more than one unit of the generating station. The common expenditures have been allocated to individual unit based on the principle specified in Regulation 2.8.5.3(A) of the Tariff Regulations. It provides that common expenditure covering more than one unit of the generating station will be considered on the basis of proportional allocation to the installed capacity of the unit concerned with reference to the total installed capacity of the project under construction. Regulation 2.8.5.3 A of the Tariff (4th Amendment) Regulations, 2023 is reproduced below:

"2.8.5.3(A) No interest during construction for any unit of a generating station shall be allowed to be capitalized for the period beyond the scheduled date of commercial operation (COD) as set out in the contract agreement of boiler and /or turbine-generator or the COD as per norms under Schedule-9C, whichever is earlier. However, if Commission considers it appropriate, then it can allow additional capitalization that arises out of force majeure events or extenuating circumstances. No interest during construction for any unit of a generating station whose order for construction has been placed before 15.10.2007 shall be allowed to be capitalized for the period beyond the scheduled date of commercial operation (COD) as set out in the contract agreement of boiler and/or turbine- generator or the COD as per norms under Schedule-9C, whichever is later. For common assets covering more than one unit of the generating station, it will be considered on the basis of proportional allocation to the installed capacity of the unit concerned with reference to the total installed capacity of the project under consideration. Such interest during construction, which has been disallowed to be capitalized, shall also not be allowed to be recovered subsequently through tariff in any form whatsoever."

2.1.5. Accordingly, in the said project with proposed 3 units of 150 MW capacity each, allocation of common expenditures have been done pro-rata as per respective proportional capacity of each unit as compared to total proposed installed capacity of 450 MW as presented subsequently in **Table 3** of the instant petition.



2.1.6. Interest During Construction (IDC)

For Interest During Construction (IDC), regulation 2.8.5.3(A) (vi) as shown in para 2.1.4. above specifies that IDC for any unit of a generating station shall not be allowed to be capitalized for the period beyond the scheduled date of commercial operation (COD) as set out in the contract agreement of boiler and/or turbine-generator or the COD as per norms under Schedule-9C, whichever is earlier. While the Petitioner for the present petition during the said control period has considered IDC for the already commissioned units as per their actual COD, it is humbly submitted that given that the investment approval was for all the three units and the contracts were entered in view of all the three units which includes substantial common expenses, the IDC for the project including those of units already commissioned but cost not capitalised so far, shall depend upon the COD of the last unit of the project, i.e. COD of Unit #3. It is humbly prayed that any deviation in IDC submitted herein and the change till commissioning of Unit #3 may be allowed subsequently as the Hon'ble Commission deems appropriate as per the applicable regulation while also allowing additional capitalization that arises out of force majeure events or extenuating circumstances.

The COD for Unit # 1 & 2 was achieved on 13.08.2017 and 31.12.2017 respectively due to the reasons beyond the control of the Petitioner such as moratorium imposed by Ministry of Environment and Forest (MOEF) between Jan 2011 & Sep 2013, termination & novation of EPC contract, Delays on account of BHEL, design issues in synchronisation & full load operations alongwith other technical & material issues etc.

2.1.7. Cut –off Date

The Petitioner submits that Tariff Regulations specify 'Cut-off date' as the date of closing of the first financial year after two year from the date of commercial operation of a project. Further, the 'Date of Commercial Operation' in relation to a generating station has been specified as the date of commercial operation of the last unit or block of the generating station. The relevant extract of Tariff Regulations defining 'Cut – off date' and 'Date of Commercial Operation' as per 'Definitions' in regulation 1.2.1 (xxxiii) of the Tariff Regulations have been reproduced below for ready reference of the Hon'ble Commission:

“(xxxiii) “Cut-off Date” means the date of closing of the first financial year after two year from the date of commercial operation of a project;

(xxxiv) “Date of commercial operation” or COD means, —



(a) In relation to a unit, the date declared by the generator after demonstrating the maximum continuous rating (MCR) or installed capacity (IC) through a successful trial run after notice to the beneficiaries;

(b) In relation to a generating station, the date of commercial operation of the last unit or block of the generating station in accordance with clause (a) above;

(c) In case of (a) above, the date of commercial operation shall not be more than 90 days from the date of unit synchronization to the grid; "

In view of above, it is humbly submitted that the 'Cut-off date' for the instant 3 x 150 MW Thermal Power Project of the Petitioner be determined based on the COD of the last unit of the project i.e. Unit # 3 for which the status is explained in the following paragraph.

2.1.8. Status of Unit #3

The Petitioner humbly submits that the in-principle Investment approval was for all three units of the proposed 3 x 150 MW Thermal Power Project. The first two units, Unit #1 and Unit #2 have already been commissioned on 13.08.2017 and 31.12.2017 respectively. Unit # 3 of the proposed 3 x 150 MW Thermal Power Project of the Petitioner is under active consideration for completion. The Petitioner is actively pursuing with various vendors for completion of Unit#3. Meanwhile, in line with recital (C) and Article 5.1.3 of PPA dated 28.12.2010, the Petitioner has informed WBSEDCL, the existing beneficiary (Buyer) regarding the Unit #3. Recital (C) and Article 5.1.3 of PPA dated 28.12.2010 states as follows:

"Recital under para (C) of PPA dated 28.12.2010

Buyer is agreed to purchase the contracted capacity of 300 MW and also the surplus power, if available. Available capacity shall be declared annually by the Seller in the first week of January of each year for onward sale in accordance with the terms and conditions of this agreement. Accordingly, contracted capacity for that contract year shall be 300 MW along with the surplus capacity declared.

Article 5.1.3 of PPA dated 28.12.2010

The buyer shall have the proportionate right on available generation of the power station limited to contracted capacity of 300 MW with effect from the COD. Any surplus power, if available for sale to Buyer, shall have to be declared by the seller in first week of January in each year and the same along with the 300 MW shall be treated as contracted capacity for that year."

Further the 1st stage Investment approval dated 20.11.2017 was for all the 3 units of 3x150 MW power project and given that the 3rd Unit construction is being pursued by the Petitioner at this stage and is presently under progress, the Petitioner humbly submits that the Hon'ble Commission may proceed with the tariff determination as per Regulation 2.8.1.4.13 with the present submitted cost of Rs. 2721.95 Crores for the two units in this



control period. It is further humbly prayed before the Hon'ble Commission that in case of synchronization of Unit # 3 within the ensuing year of the 8th Control Period that is after filing of the instant tariff petition/tariff order then, the Hon'ble Commission may consider the same and determine the tariff for the said unit in accordance with Regulation 2.5.1 (v) of the tariff regulations. Further, it is also humbly prayed that the recovery of such tariff determined under Regulation 2.5.1 (v) may please be allowed under Regulation 2.5.4 (ii) of the tariff regulations till the composite tariff of the generating station takes place through determination or amendment after including the 3rd Unit with the existing generating station.

The relevant extract of Regulation 2.5.1 (v) and 2.5.4 (ii) of the tariff regulations have been reproduced below for ready reference of the Hon'ble Commission:

"2.5 Multi year Tariff (MYT) Framework

2.5.1 MYT framework shall be based on the following elements, for calculation of ARR and ERC of each ensuing year and determination of tariff for first ensuing year and amendment of the tariff in the second and onwards ensuing year after due permitted adjustment with the ARR of the ensuing year as determined in the first ensuing year. :

.....

(v) Any generating station or generating unit of any generating company or licensee, commissioned in intermediate period of an ensuing year of a control period and for which tariff/ARR has not been determined under the tariff order of the first ensuing year of the control period, will be considered for tariff determination for the remaining period of that ensuing year and determination of ARR for the remaining period of that control period on submission of application for tariff determination 120 days before the proposed date of synchronization of the generating station/unit and the Commission may give its effect immediately or subsequently, as may be decided by the Commission.

Provided that such generating station/unit shall go for synchronization with all load bearing equipments available and all systems on the date of the synchronization and accordingly the status of all equipments of such generating station/unit is to be provided with the application for tariff determination. On the basis of the status of the equipments and other requirements as per regulations, the Commission, at its discretion, will take its decision for admitting such application for tariff determination or otherwise.

.....

2.5.4 Impact of Commencement of Generating Station within a control period of Multiyear Tariff.



....

ii) If the generating station/unit for whom ARR is being determined under regulation 2.5.1(v) is owned by a generating company who is supplying power to a distribution licensee, the Commission may allow the generating company to charge Adhoc Generation Cost for recovery of the determined ARR under regulation 2.5.1 (v) from the recipient of electricity directly for the energy supplied till the composite tariff of the generating station takes place through determination or amendment after including the unit with the existing generating station.

"

2.1.9. Transmission cost aspects

2.1.9.1. The Petitioner had entered into a connection agreement with WBSETCL on 22.08.2016 for necessary connection with state grid to synchronize its units with the grid and to supply power to IPCL using the state grid. The Petitioner accordingly constructed 220 KV D/C line from its power station to New Haldia 220 KV substation of WBSETCL and 2 no. of 220 kV bays at New Haldia substation at their cost considering the line as a dedicated transmission line under section 10 of the Electricity Act 2003 in terms of the Connection Agreement. The approximate length of the transmission line is 2.748 kms (2.522 kms Over-Head and 0.226 kms Under-Ground). The total capital expenditure towards the said transmission line along with 2 nos. of bays works out to be Rs 26.47 Crores as indicated in the Auditor Certificate (Annexure 9) and supplementary connection agreement dated 14.01.2021, annexed hereto and marked as **Annexure 11**

2.1.9.2. The requirement for execution of supplementary connection agreement dated 14.01.2021 arose after the PPA with WBSEDCL was implemented, wherein the delivery point for sale of power from HMEL to WBSEDCL was the switchyard outgoing terminal of the power station. Hence, in view of change in delivery point, a supplementary connection agreement dated 14.01.2021 with amendments to original Connection Agreement dated 22.08.2016 was executed with WBSETCL.

2.1.9.3. As per the earlier understanding that the transmission asset would be taken over by WBSETCL and the transmission asset cost shall be reimbursed by the WBSETCL, both the parties executed the supplementary connection agreement dated 14.01.2021. The Petitioner with this understanding approached the Hon'ble Commission vide petition dated 20.01.2021 on the issue of reimbursement of the cost of this transmission asset. It is humbly submitted that vide order dated 08.09.2021 in case no. OA-354/20-21, the Hon'ble



Commission directed that the 220 KV D/C Transmission line between HMEL and New Haldia substation of WBSETCL is a point to point dedicated transmission line and to be established, operated and maintained by the generating company in terms of sub-section (1) of Section (10) of the Electricity Act 2003.

2.1.9.4. As per above mentioned order, the earlier understanding of not keeping the transmission asset cost as part of the overall project cost of 3x150 MW project has now changed so as the mode of recovery of the transmission asset cost. Now, as per the aforesaid order dated 08.09.2021; transmission asset cost has to be considered within the original project cost of 3x150 MW and to be recovered from WBSEDCL (Procurement under PPA) through tariff.

In view of the above, the Petitioner humbly prays before the Hon'ble Commission to consider the transmission asset cost as part of the submitted original capital cost for the purpose of tariff determination for the MYT period.

As per article 4.12 of the PPA dated 28.12.2010, transmission losses are to be borne by the Procurement (WBSEDCL) and the power lost on account of transmission losses would be to the account of the Procurement. In view of the same, the Petitioner is not considering the transmission losses of the line connecting the plant to New Haldia 220 KV substation. An ABT meter is installed for recording the ex-bus energy for billing purpose as the delivery point as per PPA is the ex-bus of the power station to which the outgoing feeders are connected. .

As per the Statement of Reasons (SOR) issued in case of WBERC(Terms and Conditions of Tariff) (4th Amendment) Regulations, 2023, the Hon'ble Commission at para 5.10.7 of the SOR that O&M transmission charge for its dedicated transmission line are required to be allowed separately.

Further, in the para C4(b) under Schedule-9A in the 4th Amendment to Tariff Regulations, 2023, the Hon'ble Commission has specified as follows:

“(b) For dedicated transmission line :

Composite O&M expenses for dedicated transmission line and bays of dedicated transmission line of any generating station for any ensuing years shall be determined based on the trued-up expenses of the last five years. O&M expenses for base year shall be computed considering the average of last 5 years', preceding to base year, trued up figures duly normalized after applying hybrid inflation index considering 60% wholesale price index (WPI) and 40% consumer price index (CPI) notified by the Government of India. O&M



expenditure for the ensuing year shall be determined by applying average hybrid inflation index of last 5 years over the derived base value.”

In the absence of separate norms for its dedicated transmission line in the past, the Petitioner has projected the O&M charges for its dedicated transmission asset for ensuing year, keeping the norms specified for WBSETCL as the base and considering a scale factor of 1.25 times over WBSETCL norms to take into account given that WBETCL would have much higher transmission asset base to serve as compared to HMEL aforesaid dedicated transmission system of only ~2.748 kms of 220 KV line .

The O&M charge for the Petitioner’s dedicated transmission line has been projected under para 3.2.8 of this petition as Rs 23.64 Lakhs for FY23-24, Rs 24.85 Lakhs for FY24-25and Rs 26.12 Lakhs for FY25-26.

2.1.10. Submitted Project Cost

The Hon’ble Commission in the earlier Tariff orders dated 31.05.2021, 25.08.2021, 22.07.2022 respectively had considered Rs. 1781.39 Crores as project cost based on 2/3rd of in-principle investment approved amount of Rs. 2672.09 Crores based on the specific prayer of the Petitioner pertaining to 6th MYT control period in its supplementary submission dated 29.12.2020 to consider the capital cost based on 2/3rd of in-principle investment approved amount of Rs. 2672.09 Crores for the purpose of tariff determination on an interim basis and limited to 6th MYT control period only. Such prayer was made by the Petitioner primarily for immediate resolution of the financial problem faced by the Petitioner due to inadequate ad hoc tariff arrangement prevailing at that time resulting in the then severe cash flow problems and was specifically prayed for 6th MYT Control Period only as per our submission dated 29.12.2020 during the said MYT submission.

However, the Hon’ble Commission continued the same principle for determining the project cost of HMEL in its 7th MYT Order instead of considering the submitted cost by the Petitioner. It is humbly submitted that the Petitioner had prayed for adopting the in-principle approved capital cost for the purpose of tariff determination for 6th MYT Control period only as explained in para 1.1.7 above. However, the same capital cost has been considered by the Hon’ble Commission in 7th MYT order as well, though that the Petition had submitted the actual project cost for 2 units as on 31.12.2017 and it was also expressly prayed by the Petitioner to consider the submitted project cost in 7th MYT Petition as per the Reg 2.8.1.4.13 of the Tariff Regulations. The said matter pertaining to 7th MYT order dated 25.08.2021 & 22.07.2022 is under Appeal before the APTEL in Appeal No. 54 of 2023



& 433 of 2023. The Petitioner humbly submits that as per Reg. 2.8.1.4.13 of WBERC Tariff Regulations, the submitted capital cost during the tariff petition may be considered by the Hon'ble Commission for the purpose of tariff determination. Accordingly, it is humbly prayed before the Hon'ble Commission to consider the submitted capital cost figure for Unit #1 & 2 as indicated in this instant petition for tariff determination in this control period. Further, in line with earlier submissions, it is also prayed that once the final project cost is approved under Reg. 2.8.1.4.13 of Tariff Regulations,, HMEL may kindly be allowed to adjust the balance amount arising out of the difference in tariff approved based on Final Project Cost and tariff based on Project Cost considered in the MYT orders for the prior period from the commencement of supply of power to WBSEDCL, i.e. the adjustment for the period from COD onwards may be allowed to the Petitioner

In this 8th control period, it is humbly prayed before the Hon'ble Commission to consider the submitted capital cost as per submission below and in line with CA certificate on the Capital Cost annexed as **Annexure 9** in the instant petition i.e. in line with Regulation 2.8.1.4.13 of WBERC Tariff Regulations, 2011 which states as follows:

"2.8.1.4.13 Within three years of COD of the last unit of a generating station the generating company or the licensee shall submit a detailed report showing whether the provisions of different penalty(ies) or incentive(s) of contractual conditions are applied or not. The fact of waiver or non-application of penalty or incentive shall be specifically mentioned. Such analysis shall be given against each such provision specifically as stipulated in the contract. Only on submission of such reports, the final project cost of the generating station will be determined. Till submission of such report, the submitted project cost as mentioned in any tariff application will be reduced by at least 5% as per the discretion of the Commission. On submission of such report, the Commission will finally decide the final project cost to be approved for capitalization for the purpose of the tariff determination and such fresh capitalization on the basis of approved project cost will be considered from the date of approval of the project cost."

It is humbly submitted that as per Regulation 2.8.1.4.13, the Hon'ble Commission may determine the tariff based on submitted project cost as indicated in para 2.1.2 and table 4 below and included in 8th MYT tariff application. The Petitioner humbly prays before the Hon'ble Commission to provide relief to the Petitioner from reduction of submitted capital



cost by applying regulatory discretion and not reducing 5% from the submitted cost for the purpose of the tariff determination of 8th MYT period for non-submission of requisite detailed report under regulation 2.8.1.4.13 of the Tariff Regulations due to reasons beyond control of the Petitioner as also considering that the tariff approved for 6th MYT control period has been done at much lower capital cost than the actual project cost to be approved by Hon'ble Commission subject to further due-diligence as required. The Petitioner humbly prays for seeking liberty to submit the detailed report as per aforesaid regulation in due course of the proceedings and as per the extension granted by Hon'ble Commission vide Letter no. WBERC/B-107/1/3265 dated 16.12.2022. The Petitioner humbly prays before the Hon'ble Commission to consider the submitted project cost of Unit #1 & 2 for the purpose of tariff determination

Based on above submission, the Petitioner humbly submits the capital cost of Unit # 1 & 2 as on 31.12.2022 for consideration as submitted cost for tariff determination purpose as follows:

Table 3: Capital Cost for Two Units as on 31.12.2022

(Rs. Crores)

Particulars		Derivative	Unit # 1	Unit # 2	Total
Standalone	Standalone Cost as on 31.12.2022	a	748.48	693.37	1441.85
Common Expenses	Common Cost as on 31.12.2022	b	920.55		
	Allocation to each unit based on Regulation 5.6.4.2 (vi) of the tariff regulations	$c = b * 150/450$	306.85	306.85	613.70
IDC	As on 13.08.2017 (COD of Unit # 1)	d	907.79		
	As on 31.12.2017(COD if Unit # 2)	e	1030.19		
	Allocation of IDC to individual units	f	$907.79/3 = 302.60$	$907.79/3 + (1030.19-907.79)/2 = 363.80$	666.4
Total			1357.93	1364.02	2721.95



2.2. Financing Pattern of the Project as on COD on Actual basis:

2.2.1. The financing pattern of the capital cost for Unit # 1 and 2 of the Project as on 31.12.2022 is provided in Table 5 below. The detailed computation for the Actual Debt and Equity is provided in Tariff form C, 1.20a and 1.20b.

Table 4: Financing Pattern of Unit # 1 & 2 as on 31.12.2022 (Rs Crore)

Total Provisional Project Cost for Unit 1& 2	2721.95
Actual Debt	1751.32
Net Current Liability	209.76
Total Debt (Actual Debt + Net Current Liability)	1961.08
Total Actual Equity	760.87

Table 5: Normative Financing Pattern of the Two Units of Project Cost (Rs Crore)

Total Provisional Project Cost for Unit 1& 2	2721.95
Normative Debt @ 70% of Capital Cost for Unit- 1 &2	1905.37
Normative Equity @ 30% of Capital Cost for Unit- 1 &2	816.56

2.2.2. The Petitioner hereby submits that since Unit-3 is under development, therefore the Petitioner for the purpose of this petition has relied upon the actual capital cost incurred for Unit 1 and Unit 2 only as on 31.12.2022 to fulfil the requirement of determining the tariff based on latest revised investment in the project as mentioned in regulation 2.8.1.4.1 of Tariff Regulation.

2.2.3. It is further humbly submitted that Reg 5.6.1.1. of the WBERC Tariff (4th Amendment) Regulations, 2023 specifies as follows:

"5.6.1.1 Return on equity for generating station of a Generating Company or a Distribution Licensee and transmission assets of a Transmission Licensee shall be computed on the equity capital determined in accordance with these Regulations at the rate of 14.00% per annum for all assets commissioned on and from 01.04.2024. For assets commissioned prior to 01.04.2024 return on equity shall continue at 15.50%...."

In view of the above, the Petitioner humbly submits before the Hon'ble Commission that Unit 1 & 2 of the Project were commissioned on 13.08.2017 and 31.12.2017 respectively and as such they are subjected to 15.5% ROE regime under the applicable tariff regulations. The Petitioner has accordingly for the purpose of this petition considered the ROE of 15.5% for the existing asset capitalised as per Table 3 above and any additional capitalization beyond 01.04.2024 has been subjected to 14% of ROE in line with the Tariff (4th Amendment



) Regulations. It is humbly prayed before the Hon'ble Commission that Unit 3 may be treated separately for the purpose of ROE as per Tariff (4th Amendment) Regulations as and when it is capitalized .

2.2.4. Status of PG test of the Operating units

The Petitioner humbly submits that it has been pursuing with BHEL as the EPC Contractor for conducting the PG Test. HMEL had shared the details of the proposed/actual shutdown of the units with BHEL in order to facilitate the latter in conducting the said tests. However, there is reluctance on part of BHEL in undertaking the PG test and they haven't responded to HMEL's letters. In the absence of any response and due to on-going arbitration with BHEL it is expected that BHEL may not be willing to adhere to the contracting terms for conducting the PG test.

It is humbly prayed before the Hon'ble Commission that given the present impasse faced by the Petitioner due to non-co-operation by BHEL leaving very limited scope for the Petitioner to have done it without their involvement which is beyond the control of the Petitioner, hence the PG Test requirement may be for the time being be allowed to be waived off or given the liberty to be kept in abeyance till satisfactory resolution of present dispute. Moreover, the Petitioner is also planning to further evaluate to carry out the test through third party(ies) and also in compliance with the Grid Code and relevant Regulation and humbly seeks liberty to file additional submission in case the above plan through Third Party is found to be feasible.

Furthermore, it is prayed that considering the above circumstances which is beyond the control of the Petitioner, no deduction on this account be made for the purpose of tariff determination. However, if any amount is withheld from ROE on account of delay in submission of such PG Test Report during ARR, it is humbly prayed before the Hon'ble Commission that the same may be allowed during APR stage.

2.2.5. Additional Capitalization Plan for 8th MYT

Regulation 5.2 of the tariff regulations provides that the capital expenditure incurred within the original scope of work approved by the Hon'ble Commission after the date of commissioning and up to the cut-off date of the project may be allowed by the Hon'ble Commission for inclusion in the Original Project Cost, subject to prudence check. It also provides that the capital expenditure incurred after the cut-off date of specified nature may be allowed by the Hon'ble Commission for inclusion in the original cost of project, subject to



prudence check. The original project constituted of 3 units, therefore in view of the above, the Petitioner humbly submits that as Unit # 3 of the project is yet to be commissioned, the cut-off date for the project shall be finally based on the COD of Unit # 3. This is in accordance with Regulation 1.2.1(xxxiii) of the tariff regulations. The Petitioner humbly seeks liberty to approach before the Hon'ble Commission for subsequent determination of cut-off date based on the progress of Unit #3 and its COD.

For the 8th Control Period, the Petitioner proposes to undertake some additional capitalization for regular asset addition aimed towards improvement in plant efficiency, safety infrastructure, redundancy and cost optimization. The scheme wise details along with Capitalization phasing plan have been provided in Tariff form 1.19 of the instant petition for kind reference of the Hon'ble Commission. Summary of the capitalization phasing in the ensuing years of the 8th Control Period is presented below for ready reference:

Table 6: Capitalization Phasing Plan for the 8th Control Period

Financial Year	FY 2023-24	FY 2024-25	FY 2025-26
Additional Capitalization Plan (in Rs. Crores)	74.02	11.77	210.75

It is humbly submitted that most of the additional capex proposed during the control period are within the norm of Rs. 300 Crores or 5% of GFA of the Plant, whichever is lower and does not require separate specific approval as per Regulation 2.8.4.1 of WBERC Tariff Amendment Regulations, 2013. However, for capex proposals exceeding such norms, the Petitioner shall separately seek specific investment approval from the Hon'ble Commission. The means of financing the additional capex has been projected at normative debt equity ratio of 70:30 as per Regulation 5.4.2 of the Tariff Regulations. .

2.2.6. Capital Spares

It is humbly submitted that the Hon'ble Commission in its earlier orders have overlooked the expenses towards capital spares, in the earlier orders for 6th & 7th MYT period and the same is a matter of Appeal before APTEL in Appeal Nos. 104 of 2023, 54 of 2023 and 433 of 2023 . The regulation 5.1(vi) of the Tariff Regulations stipulates that the capital cost may include capitalized initial spares up to 2.5% of original capital cost in case of coal based generating station. The capital spares as considered in this petition is based on the spares procured so far for the commissioned generating units. The present cost is inclusive of



capital spares procured in the course of commissioning of Unit 1 & 2. Since, the procurement of the capital spares for Unit #3 will also come into picture given that the third unit of the project is still under progress, the final value of capital spares would change subsequently based on commissioning of total project. Hence, the Petitioner humbly prays before the Hon'ble Commission to grant liberty to approach the Commission regarding the change in capital spares cost including mandatory initial spares up to commissioning of Unit #3 while seeking final project cost approval for all the three units.



3. Annual Fixed Cost for HMEL

3.1. Regulation 5.18 of the Tariff Regulations provides that the fixed cost of the generating station shall comprise of but not limited to the following elements.

Sl.	Components of Fixed Cost
1	Operation and Maintenance Expenses
2	Employee Cost
3	Water Charges
4	Rates & Taxes
5	Depreciation
6	Interest on Long-term Loans
7	Interest on Working Capital
8	Return on Equity (RoE)
9	Tax on Income
10	Other Finance Charges

In the following paragraphs, the Petitioner has explained the rationale for calculating the fixed cost components:

3.2. Operation and Maintenance (O&M) Expenses

3.2.1. The Hon'ble Commission has determined the norm for O&M expenses of HMEL in the the Tariff Regulations. For the control period, O&M expenses considering Repair & Maintenance expenses, Administrative and General Expenses, Coal & Ash Handling charges and Insurance charges have been approved as per schedule 9A of the Tariff Regulations . The normative O&M expenses in Rs. Lakhs/MW for DPS generating Station approved for the control Period is as under:

	FY 2023-24	FY 2024-25	FY 2025-26
O&M(Rs. lakhs/MW)	11.20	11.62	12.06

3.2.2. It is further humbly submitted that the Hon'ble Commission has computed the likely norms considering the methodology specified for determination of norms for O&M expenses in



the Statement of Reasons (SOR) based on a composite O&M expense including expenses on account of Rent, insurance and coal and ash handling charges and the normalised average expenses based on the approved figures for the past 5 years. The approved figures of past O&M expenses are the subject matter of Appeal before the APTEL. Accordingly, the Petitioner observes that the norms for O&M charges derived by the Petitioner will be different from that approved by the Hon'ble Commission.

3.2.3. Without prejudice to our appeals filed on the aspects of inadequate O&M expense norms for the 6th Control Period (FY2018-19 & 2019-20) and 7th Control Period (FY2020-21 to 2022-23), the Petitioner in this instant petition has considered the norms specified for 8th Control Period in the WBERC Tariff (4th Amendment) Regulations, 2023. The Petitioner humbly prays before the Hon'ble Commission to allow the Petitioner the O&M expense on actual basis during the APR of the respective year.

3.2.4. In the context of the O & M expenses, the Petitioner also submits that as per Regulation 2.8.6.1 of the tariff regulations as stated above in para 3.2.2., the O & M Expenses for a coal fired station which is under Operation or/ and under Construction will be provided in the tariff order of the 1st ensuing year of any control period applying average inflation rate of last control period on the basis of actual expenditure of the last available completed year of that last control period. Accordingly, in the 7th Control Period, FY 2020-21 and FY 2021-22 have been completed. The actual O & M expenditure incurred in these years have been presented below:

Table 9 : Actual O & M Expenses for FY 2020-21 and FY 2021-22

Particulars	FY 2020-21	FY 2021-22	Actual Increase
(1)	(2)	(3)	(4) = {(3) – (2)} / (2) * 100
Actual O & M Expenditure (Rs. Lakh)	2101.26	3541.74	68.41%



3.2.5. As can be seen above, the actual O & M expenditure in the stabilization period is significantly lower as compared to present years' of stable operation given higher PLF, machine availability and more starts/stops. Hence, the Petitioner prays before the Hon'ble Commission, for the purpose of tariff determination for the 8th Control period i.e. from FY

2023-24 to FY 2025-26 to allow an annual escalation of 9.83% Y-o-Y (being the average rate of inflation for the year FY 2021-22 giving 60:40 weightage to WPI:CPI - as considered by the Hon'ble Commission in its Order dated 25.08.2021) on the projected O & M Expense norm of Rs. 12.31 Lakh/MW for FY 2022-23 in the 7th MYT submission. This is in line with the appeal filed before the Hon'ble APTEL. Accordingly, the year wise O & M expenses for the 8th Control period should have been as indicated below in Table 10 below :

Table 10: O & M Expenses expected for the 8th Control Period

Particulars	UoM	O & M Expenses claimed in 7th MYT Submission	O & M expenses likely to be incurred in 8th Control Period			
		FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	
		(1)	(2) = (1) x 1.0983	(3) = (2) x 1.0983	(4) = (3) x 1.0983	
O & M expenses	Rs. Lakh/MW	12.31	13.52	14.85	16.31	
	Rs. Lakh (Contracted Capacity – 300 MW)	3694.00	4056.02	4454.73	4892.63	

3.2.6. However, as per the latest WBERC Tariff (4th Amendment) Regulations, 2023, the Hon'ble Commission has specified the following norms of O&M expenses (including Coal & Ash handling charges, insurance and rent) for the Petitioner for FY2023-24 to 2025-26 as indicated below in Table 11:

Table 11: O & M Expenses norms specified for the 8th Control Period

Year	2023-24	2024-25	2025-26
O&M expense (Rs. Lakhs/ MW)	11.2	11.62	12.06
O&M expense for 300 MW (Rs. Lakhs)	3360	3486	3618

In addition, the aforesaid amendment also specifies that there will be separate norm for O&M expense of transmission asset as well. The Petitioner hereby estimates the O&M expense for the 220 KV transmission line between the plant and New Haldia 220 KV substation and 2 number of 220 KV bays at the said substation in line with the norms specified for WBSETCL as follows:

Table 12: Proposed Operational Expense for HMEL Transmission System (Rs Lakhs)

Particulars	FY24	FY25	FY26
Two 220kV bays	6.70	6.96	7.22



220 KV D/C	0.49	0.52	0.55
Total	7.19	7.48	7.77
Specialized Manpower			
Man/ckm	0.35	0.35	0.35
Man	0.96	0.96	0.96
Rs Lakhs/man	12.18	12.89	13.65
Manpower cost	11.71	12.40	13.13
Total O&M cost as per WBSETCL norms	18.91	19.88	20.90
Total O&M cost for HMEL Transmission system @ 1.25 times of WBSETCL Norms	23.64	24.85	26.12

3.2.7. The Petitioner humbly submits that though it has considered the normative O&M expense for the purpose of this instant petition, however, the Petitioner humbly submits that the Hon'ble Commission may kindly allow the above O&M expense norms for HMEL 2 units as Rs 13.52 Lakh/MW for FY2023-24, Rs 14.85 Lakh/MW for FY2024-25 and Rs 16.31 Lakh/MW for FY 2025-26 respectively based on the principle mentioned in above paragraph and also considering the fact that coal & ash handling charge, insurance and rent have been merged into O&M expense.

3.3. Employee Cost

3.3.1. It is submitted that the norms of employee cost for existing or new thermal generating stations has not been specified in the Tariff Regulations. In this context the Tariff Regulations only specifies about Man/MW Ratio. Accordingly, the Hon'ble Commission has approved the Man/MW ratio for HMEL Power project as 1.35 in the recent Tariff (4th Amendment) Regulations, 2023.

3.3.2. Without prejudice to our contentions raised on employee man/MW norm in earlier tariff petitions, , the Petitioner in this instant tariff petition for 8th Control period has considered the approved norm of 1.35 Man/MW, though praying for approval of 1.55 Man/MW ratio.

Table 14: Employee Expense Norms Approved by WBERC for HMEL

Particulars	UoM	Details
Man/MW for Hiranmaye Energy Ltd		1.35
Installed Capacity	MW	300
No. of Employee based on approved Man/MW ratio	Nos.	405



3.3.3. For the purpose of employee cost for the 8th Control Period, HMEL has considered an escalation of 5.89% Y-o-Y (being the average CPI of last three completed years starting from FY 2019-20 to FY 2021-22). The numbers have been derived from the approved employee cost in the review order dated 18.03.2022 as stated in para 3.3.5. above. The projected values have been indicated in Form 1.12 and 1.17h of the Tariff forms and is also presented below:

Table 15: Employee Cost Proposal of HMEL for the 8th Control Period

Particulars	UoM	FY 2023-24	FY 2024-25	FY 2025-26
Approved Man/MW ratio for HMEL	Ratio	1.35	1.35	1.35
Installed Capacity for HMEL (Unit 1 & Unit 2)	MW	300	300	300
Estimated number of Employee for HMEL	Nos.	405	405	405
Employee Cost Norms for HMEL	Rs. Lakh/Man	12.18	12.89	13.65
Employee Cost for HMEL	Rs. Lakh	4933	5220	5528

3.3.4. Further, the Petitioner seeks liberty of the Hon'ble Commission to approach with supplementary petition for revision of employee cost based on actual trend and assessment so that such incremental/additional manpower cost can be added with the ARR of FY 2024-25 or FY 2025-26 as determined in the 1st year order of MYT for 8th control Period. If required, stakeholder's consultation may be considered for determination of new norms for manpower cost. However, the Petitioner is not in favour of waiting till APR order as that will force it to rely on borrowing which will have a significant carrying cost. As a result there will be a possibility of increase in tariff of the consumer and also may be a possibility of creation of regulatory asset which is not a desirable solution at all from angle of any stakeholder's interest. Therefore, the Petitioner would prefer the supplementary petition rather than squaring in APR, in order to avoid the incidence of carrying cost.

3.4. Water Charges

3.4.1. The expenses towards water charges have been projected based on the water consumption estimated and rate specified by Haldia Development Authority (HDA) as indicated in the following table for FY2023-24 to FY2025-26.

3.4.2. As per HDA, from 01.11.2019 onwards, Haldia Water Services Private Limited (HWSPL - the Concessionaire) has been entrusted for operation, maintenance, repair, up gradation of the project facilities including invoicing and collection of water charges from the customers of



Haldia Water Supply Project. On 02.11.2022, HMEL received Letter No. I/334982/2022 from HDA on enhancement of water charges from Rs. 20.23 per Kilo Litre to Rs. 21.24 per Kilo Litre w.e.f. 01.11.2022 to 31.10.2023 (4th Concession Year) in accordance with Concession Agreement signed between HDA and HWSPL. A copy of the letter received is attached herewith as **Annexure 12** for kind reference of the Hon'ble Commission. Prior Water tariff of Rs. 20.23 per Kilo Litre was effective from November 2021 to October 2022 (3rd Concession Year). Following is the trend of water tariff claimed by HDA starting from 1st Concession Year *i.e.* after execution of the Concession agreement between HDA and HWSPL. It is observed that water tariff has increased at an annual growth rate of 5% starting from the 1st Concession Year till the on-going 4th Concession Year.

Table 16: Water Tariff Concession Year wise

Particulars	UoM	Concession Year			
		1 st	2 nd	3 rd	4 th
Water Tariff	Rs./kL	18.35	19.27	20.23	21.24
Rate of Increase	%		5%	5%	5%

3.4.3. Based on above, for the purpose of determination of tariff for the 8th Control Period, expected water charges have been forecasted and indicated in Form 1.12 of the Tariff forms and is also presented below for kind consideration of the Hon'ble Commission :

Table 17: Water Charges for HMEL Unit 1 & 2 for the 8th Control Period

Particulars	UoM	Proposal for the 8th Control Period		
		FY 2023-24	FY 2024-25	FY 2025-26
Annual Generation	MWH	2233800	2233800	2233800
Water Consumption Rate	kL/MWH	3	3	3
Total Water Requirement	kL	6701400	6701400	6701400
Rate as per HAD	Rs/kL	21.68	22.77	23.90
Annual Water Charges	Rs. Lakh	1453.03	1525.68	1601.97

3.4.4. It is requested that the Hon'ble Commission may kindly consider the actual applicable rate and any other adjustment amount for the past period at the time of filing APR if there is any



change in rate for water supplied by Haldia Development Authority (HDA) during the 8th control period.

3.5. Rates & Taxes (separately allowed as per WBERC Tariff (4th Amendment) Regulations)

The Petitioner submits that it has projected rate & taxes for the 8th Control Period by considering an escalation of 6.31% per annum Y-o-Y on the approved amount by the Hon'ble Commission for FY 2022-23 in the 7th MYT Order. The escalation of 6.31% is based on hybrid index comprising of weighted average WPI index (60%) based inflation rate and CPI index (40%) based inflation rate by averaging of past two years as explained in subsequent para 3.8 of this petition, in line with principles adopted for norm setting in regulations of CERC. The Hon'ble Commission may kindly consider the actual applicable rate during APR if there is change in rate of Rent, Taxes, Duties, etc. by the appropriate authority. The same has been indicated in Form 1.12 of the Tariff forms.

Table 18: Rates & Taxes for HMEL Unit 1 & 2

Particular	UoM	FY 2023-24	FY 2024-25	FY 2025-26
Rates & Taxes	Rs. Lakh	188.39	200.27	212.91

3.6. Escalation Factor Index

The fixed charges components are linked to movement of different types of commodity indices and Consumer Price Index for services. The petitioner has analysed the trend of growth in past 3-4 years of these indices which are shown below:

- Consumer Price Index Industrial Workers (CPI-(IW))
- Wholesale Price Index (WPI)
- WPI-CPI (60:40 Ratio) as per CERC guideline

Table 19: WPI – CPI Chart

Inflation	2018-19	2019-20	2020-21	2021-22	Average of last 2 years
WPI	4.26%	1.67%	1.31%	12.97%	7.14%
CPI	5.45%	7.53%	5.02%	5.13%	5.07%
Composite Index (60% WPI : 40% CPI)	4.74%	4.01%	2.80%	9.83%	6.31%

The petitioner has considered the last two years inflation as basis for escalation to applicable cost components for HMEL Haldia Power plant to reflect more realistic scenario for future escalation purpose.



3.7. Depreciation

3.7.1. As per Regulation 5.6.2 of the Tariff Regulations For the purpose of tariff, depreciation shall be computed in the following manner:

"The Generating Company and/ or Licensee shall be permitted to recover depreciation on the value of fixed assets used in their respective businesses, computed in the following manner:

(i) The approved original cost of the fixed asset, including approved additional capitalization, if any, shall be the value base for calculation of depreciation.

Provided that where capitalization of part or full assets has been done but the final approval of the project under regulation 2.8.5 is yet to done, depreciation will be allowed upto 95% of the capitalized value as reflected in the audited account, limited to a ceiling of investment approval. After final project cost approval depreciation will be trued-up accordingly.

Provided further that for the small assets, which are not covered under the approval mechanism specified in regulation 2.8.5 of these regulations, the original cost of assets as reflected in the audited accounts of the Generating Company or Licensee shall be considered by the Commission subject to prudence check. Generating Company or Licensee shall categorically mention such details in their tariff as well as APR applications:

Provided also that depreciation shall be allowed on the entire capitalised amount after reducing the approved original cost of the retired or replaced or de-capitalised assets.

(ii) The depreciation shall be calculated annually, based on straight line method at the rates prescribed in the Annexure – A(I) to these regulations.

Provided that the Generating Company or Licensee shall ensure that once the individual asset is depreciated to the extent of 70%, remaining depreciable value as on 31st March of the year closing shall be spread over the balance useful life of the asset including the extended life , if any, allowed under renovation & modernization:

Provided further that in case a Generating Company or a Licensee is unable to identify individual asset specific depreciation for older assets, then the Generating Company or Licensee may consider assets upto 31st March 2022, or some earlier date, as a block of assets of specific category for the purpose of ensuring that after 70% depreciation has been arrived the balance depreciable value shall be spread over useful life. For this purpose, total depreciable value will be considered based on cumulative depreciation and AAD allowed by the Commission and the Generating Company or Licensees have to maintain separate fixed asset register for such old assets:

Provided further that, in case of any life extension programme taken up with approval of the Commission after the cut-off date, depreciation on the additional capex incurred and duly capitalised will be charged uniformly over the balance useful life of such assets as extended.



Provided further that, licensees have to submit a summary of their asset register duly certified by statutory auditor as per the format specified under Annexure-10 along with their tariff as well as APR petition.

(iii) The salvage value of the asset shall be considered at 10% of the allowable capital cost and depreciation shall be allowed up to a maximum of 90% of the allowable capital cost of the Asset.

(iv) Freehold land is not a depreciable asset and its cost shall be excluded from the capital cost while computing depreciable value of the assets.

(v) In case of existing assets, the balance depreciable value as on 1st April shall be worked out by deducting the cumulative depreciation as admitted by the Commission upto 31st march of the previous year, from the gross depreciable value of the assets.

(vi) Depreciation shall be chargeable from the first year of operation. In case of operation of the asset for part of the year, depreciation shall be charged on prorata basis. However, during tariff determination depreciation for ensuing years shall be computed based on average of opening and closing value of assets.

(vii) Depreciation shall be re-computed for assets capitalised at the time of Annual Performance Review based on Audited Accounts and documentary evidence of assets capitalised by the Petitioner, subject to the prudence check by the Commission."

In accordance with the provision stated above, the petitioner has computed the depreciation amount Y-o-Y for the 8th Control Period as shown in the Table 20 below. The detailed depreciation statement has been attached in **Form B** of Tariff Forms for ready reference of the Hon'ble Commission.

3.7.2. As the final project cost of the instant 3 x 150 MW thermal power project is yet to be determined, for the purpose of computation of Depreciation the petitioner has considered the provisional project cost as shown in Table 4 above i.e. Rs. 2721.95 Crores (Proportionate cost for Unit # 1 & Unit # 2) as on 31.12.2022.

Table 20: Depreciation for HMEL Unit-1 & 2 proposed for the 8th Control Period

Particulars	UoM	Proposed for the 8th Control Period		
		FY 2023-24	FY 2024-25	FY 2025-26
Depreciation	Rs. Lakh	14195	14422	15009



It is further humbly submitted that as per first proviso to Reg 5.6.2(i) of the WBERC Tariff (4th Amendment) Regulations, 2023,

"..... where capitalization of part or full assets has been done but the final approval of the project under regulation 2.8.5 is yet to done, depreciation will be allowed upto 95% of the capitalized value as reflected in the audited accounts, limited to a ceiling of investment approval. After final project cost approval depreciation will be trued-up accordingly."

The Petitioner humbly prays for consideration of submitted project cost in this instant petition.

The summary of Fixed Asset Register in the specified format as required under the Tariff (4th Amendment) Regulations, 2023 is under preparation. The Petitioner humbly seeks liberty to submit the same during the course of proceedings. It is humbly submitted that the audited summary will be submitted at the time of APR stage.

3.8. Interest on Loan Capital

3.8.1. The Petitioner hereby submits that Regulations 5.6.4 of the WBERC Regulations allows the generating company to recover the interest expenses on all borrowings towards capital works as per terms of such borrowing.

3.8.2. The proposed 3 x 150 MW thermal power project has loan borrowings from two sources viz. REC and PFC for an amount of Rs. 1347.12 Crores and Rs. 958.85 Crores, respectively. However, for the purpose of this petition, the Petitioner has considered the Normative Debt @70% of the original project cost of Unit # 1 & 2 i.e. Rs.1905.37 Crores (70% x Rs. 2721.95 Crores). This is based on Regulation 5.4.2 of the WBERC Tariff Regulations which provides for the purpose of determination of tariff on new capital expenditure including expansion of existing business, debt-equity ratio as on the date of commercial operation of generating station after the notification of these regulations shall be 70:30. The relevant extract of Regulation 5.4.2 of the WBERC Tariff Regulations is presented below for ready reference of the Hon'ble Commission:

"

*5.4.2 For the purpose of determination of tariff on new capital expenditure including expansion of existing business, debt-equity ratio as on the date of commercial operation of generating station and transmission projects, sub-station, distribution lines or capacity expanded **after the notification of these regulations shall be 70:30**. Where equity employed is more than 30%, the amount of equity shall be limited to 30% and the balance amount shall be considered as normative loan capital. The rate of interest on normative loan capital shall not be more than the short term prime lending rate of State Bank of India as on the 1st April of the year preceding the year for which tariff is proposed to be determined. During APR for the concerned year, interest on normative loan capital will be allowed on the basis of short term prime lending rate of State Bank of India as on the 1st*



April of the applicable year or the weighted average interest rate paid on capital borrowings during the applicable year, whichever is less. "

3.8.3. Whereas, in line with regulation 5.6.4 of the tariff regulations as stated 3.10.1. above, the actual weighted average rate of interest of both the debt tranches has been considered for interest calculation for FY 2023-24, FY 2024-25 and FY2025-26. It is to be noted that the project has not yet started the repayment of debt to its lenders and is in active negotiation to modify the debt schedule going forward. Pursuant to above, the Interest on Loan claimed for the 8th Control Period is presented in Table 21 below. Detailed calculation is in **Form C**.

3.8.4. The Petitioner humbly submits that for the additional capitalization proposed in the ensuing years of the 8th Control Period, a Normative Debt Equity Ratio of 70:30 has been considered for the purpose of computation of Loan Capital as per abovementioned Regulation 5.4.2 of the tariff regulations. For interest calculation, the actual weighted average rate of Interest for the existing debt tranches as mentioned in para 3.11.2 and 3.11.3 above has been considered as normative rate of Interest for the proposed Additional Capitalization. The same has been indicated in Form 1.20b of the Tariff forms.

Table 21: Interest on Loan Capital for HMEL proposed for 8th control period

Particulars		FY2023-24	FY2024-25	FY2025-26
Approved GFA at the beginning of the year (excluding Fixed Asset out of grant ,deposit work ,contributions)	A	279597.10	280774.05	301848.55
Admissible Equity Base at the beginning of the year [form 1.20 (a)]	B	76087.01	78307.64	78660.73
Opening Gross Normative Loan	C=A-B	203510.09	202466.41	223187.83
Cumulative depreciation and AAD,if any upto previous year	Derivative	57333.16	71528.47	85950.28
Open balance of Net Normative Loan	E=C-D	146176.93	130937.94	137237.55
Net additiona to the original cost of fixed assets during the year (vide submission in form 1.18))other than asset created under regulation 5.15.1 (iv) as per SI 7 of form 1.20 (a)	F	7,402.10	1,176.95	21,074.50



a) Actual additional equity during the year as per SI 9 of form 1.20(a)	G	2220.63	353.09	6322.35
b) Add. 70% of total Sale proceeds invested in creating Asset under regulation 5.15.1 (iv)	H	0	0	0
.Addition to Equity base considered for the year lower of (3) and (8)	I=F-G+H	2220.63	353.09	6322.35
Depreciation during the year	J	14195.32	14421.80	15009.24
Closing balance of Net Normative Loan	K=E+I-J	134202.25	116869.22	128550.66
Average balance of Net Normative Loan	L=(E+K)/2	1,40,189.59	1,23,903.58	1,32,894.10
Weighted average rate of interest of actual loan	Actual %	13.19%	13.19%	13.19%
Allowable interest on Capital Loan	N=LXM	18,491.01	16,342.88	17,528.73

3.9. Return on Equity

3.9.1. The Petitioner hereby submits that Regulation 5.4.2 of the WBERC Tariff Regulations provides that in case of New Capital expenditure including expansion of existing business, for the purpose of determination of tariff, equity capital shall be considered at 30% of the total Capital Cost. Therefore, in the instant petition for the purpose of determination of tariff for Unit # 1 & 2, the Petitioner has considered the actual equity capital of Rs. 760.87 Crores i.e. ~28% of the original project cost of Rs. 2721.95 Crores. Also, for the additional capitalization proposed year wise in the 8th control period, equity capital has been considered at 30% of the proposed additional capitalization in the respective years.

3.9.2. Pursuant to above, the Equity base and the Return on Equity in the 8th Control Period for Unit # 1 & 2 of the 3 x 150 MW Thermal Power Project, has been computed in form 1.20a & 1.22 of the Tariff forms respectively and presented in the table below for kind consideration of the Hon'ble Commission:

Table22: Return on Equity for HMEL Unit 1 &2 proposed for the 8th control period

Particulars	UoM	Derivative	Proposed for the 8th Control Period		
			FY 2023-24	FY 2024-25	FY 2025-26
Original Project Cost					
Opening Equity	Rs. Lakh	a	76087.01	78307.64	78660.73
Additional Capitalization	Rs.	b	7402	1177	21075



during the year	Lakh				
Additional Equity due to addition during the year (30% of Add Cap)	Rs. Lakh	$c = 30\% * b$	2220.6	353.1	6322.5
Closing Equity	Rs. Lakh	$d = a + c$	78307.64	78660.73	84983.08
Average Equity	Rs. Lakh	$e = \text{average}(a, d)$	77197.33	78484.18	81821.90
Rate of Return on Equity (upto 31.03.24)	%	f	15.50%	15.50%	15.50%
Rate of Return on Equity (New Asset after 01.04.24)	%	f		14.00%	14.00%
Return on Equity (Post-Tax)	Rs. Lakh	g	11965.59	12162.40	12383.68

3.10. Other Finance Charges

The Petitioner also submits that a process of exploring possibility of debt restructuring is under discussion with the lead financiers of the project, i.e. REC & PFC. Based on the outcome of such exercise, the Project financing proposition may undergo changes and upon successful execution of the debt restructuring exercise may result in change in project financing components. Hence, an amount of Rs. 259 Lakh has been claimed in each ensuing year of the 8th Control period towards Bank charges, LC charges and fees & expenses for restructuring in **Form 1.17(c)** of the tariff forms. The petitioner pleads before the Hon'ble Commission to allow above expenditure on normative basis subject to true-up during APR as per the tariff regulations. The Petitioner humbly prays before the Hon'ble Commission to grant liberty to approach the Hon'ble Commission with any subsequent developments.

3.11. Tax on Income

In terms of the Regulation 5.13 of the Tariff Regulations, the taxes payable on income from the core business of the Petitioner and other taxes under the provisions of Income Tax Act are recoverable as pass through to the consumers. Accordingly, for the purpose of tariff determination for the 8th Control Period, the Petitioner has projected the income tax as follows:

Table23: Tax on Income for HMEL Unit 1 &2 proposed for the 8th control period

	FY23-24	FY24-25	FY25-26
ROE (Rs Lakhs)	11965.59	12162.40	12383.68
Tax Rate (%)	22%	22%	22%
Surcharge (%)	10%	10%	10%
Higher Education Cess(%)	4%	4%	4%
Tax on Income (Rs. Lakhs)	3011.74	3061.28	3116.97



However, the Petitioner humbly seeks liberty of the Hon'ble Commission for truing-up at actual during the course of filing APR.

3.12.Filing Charges

The Petitioner humbly submits for the purpose of filing the instant MYT petition for the 8th Control Period it has claimed an amount of Rs. 10 Lakh in the 1st ensuing year (FY 2023-24) of the 8th Control Period. These are as per Hon'ble WBERC (Fees) Regulations, 2013.

3.13.Interest on Working Capital

3.13.1. As per WBERC Tariff Regulations the interest on working capital shall be allowed on normative basis as per the parameters specified therein in Form 1.17b.

Working Capital Requirement is computed in accordance with the Regulation 5.6.5.1 of WBERC (Terms and Conditions of Tariff)(4th Amendment) Regulations, 2023 which specifies as under:

"Generation:

(a) In case of coal based generating stations, working capital shall cover:

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

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

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

(iv) O&M expenses, employee cost and water charges for one month;

(v) Maintenance spares @ 20% of O&M expenses including water charges; and

(vi) Receivables equivalent to 45 days of capacity charges and energy charges for sale of electricity computed on the normative annual availability factor and excluding incentives, if any;

Provided that in case of own generating station of any licensee, no amount shall be allowed towards receivables, to the extent of supply of power by the generation business to the distribution business, in computation of working capital in accordance with these regulations:

Provided that in case of own generating station of any licensee, the working capital requirement shall be further adjusted with the balance amount of cash security deposit, if



any, held by the licensee after meeting the working capital requirement of its distribution business:

Provided further that for the purpose of Truing-up, the working capital shall be computed based on the scheduled generation or targeted availability of generating Station, whichever is lower:

Provided also that for the purpose of Truing up, the working capital shall be computed based on the actual average stock of coal or lignite and limestone or normative stock of coal or lignite and limestone of the generating Station, whichever is lower:

Provided also that for the purpose of Truing-up for any year, the working capital requirement shall be re-computed on the basis of the values of revised normative Operation & Maintenance expenses and actual Revenue from sale of electricity excluding incentive, if any, and other components of working capital approved by the Commission in the Truing-up before sharing of gains and losses;" Accordingly the Petitioner has considered the following for the purpose of computing the amount of working Capital:

- i. Cost of coal towards stock for 20 days*
- ii. Advance payment for 30 days towards cost of coal*
- iii. O&M expenses, employee cost and water charges for one month;*
- iv. Maintenance spares @ 20% of O&M expenses including water charges*
- v. Receivables equivalent to 45 days of capacity charges and energy charges for sale of electricity has been considered*

The rate of interest to be considered on Working Capital is specified under Regulation 5.6.5.(c) of WBERC (Terms and Conditions of Tariff)(4th Amendment) Regulations, 2023 which shall be SBI MCLR rate (for 01st April of preceding year) + 2.5% .As on 01.04.2022, the MCLR rate was 7% , so the rate of interest on working capital has been considered as 9.50% for FY2023-24. Similarly, the latest SBI MCLR as on 01.04.2023 is 8.30%. Hence, for the next two years 2024-25 & 2025-26 , the rate of interest on working capital has been considered as 8.30%+2.50%, i.e. 10.80%. The Interest on working Capital for generation business has been shown in Form 1.12 and 1.17(b) of the Tariff Petition.

The Petitioner prays before the Hon'ble Commission to provide the interest on working capital for prevailing year of the control period as indicated in Form 1.17 b of the Tariff forms and in table below:



Table 24: Interest on Working Capital for HMEL Unit 1 &2 proposed for the 8th control period

Computation of IoWC	FY24	FY25	FY 26
20 days coal stock value	4,130	4,151	4,174
30 days coal advance	6,194	6,227	6,261
2 months secondary fuel cost	296	296	296
O&M expense- 1 month	282	293	304
Employee cost - 1 month	411	435	461
Water charges - 1 month	121	127	133
Maintenance spare @ 20% of O&M and water charges	967	1,007	1,049
Receivables for 45 days	16,992	16,943	17,319
Less: CSD			
WC requirement	29,393	29,479	29,998
Rate = SBI MCLR+250 bps	9.500%	10.80%	10.80%
IOWC	2,792	3,184	3,240

3.14. Annual Fixed Charges

The Petitioner hereby submits that based on the above the annual fixed charges based on aforementioned rationale, for the FY 2023-24, FY 2024-25 and FY 2025-26 are provided below:

Table25: Annual Fixed Charges for HMEL proposed for the 8th Control period

(in Rs. Lakh)				
Particulars	Derivative	2023-24	2024-25	2025-26
Operation & Maintenance	A	3384	3511	3644
Employee cost	B	4933	5220	5528
Water charges	C	1453	1526	1602
Rates & taxes	D	188	200	213
Filing charges	E	10	0	0
Depreciation cost	F	14195	14422	15009
Interest on Loan capital	G	18491	16343	17529
Other Finance Charge	H	259	259	259
Interest on Working Capital	I	2792	3184	3240
Return on Equity	J	11,966	12,162	12,384
Tax on Income	K	3012	3061	3117
Annual Fixed Charge	I = \sum a to k	60683	59888	62525



4. Annual Energy Charge for HMEL

4.1. Operational Norms Related to Energy Cost Calculation:

4.1.1. The Petitioner had submitted an application before the Hon'ble Commission under Regulation 2.8.1.4.9 for approval of Operational parameters for its 3 x 150 MW Coal based thermal power project at Haldia vide Petition Reference No. HMEL/WBERC/2018-19/001 dated 23.07.2018. The Hon'ble Commission while disposing of the above petition vide its Order No. OA-287/18-19 dated 13-09-2018 has approved the Operational parameters as shown below and stated that the parameters as decided in the above-mentioned order for the years 2017-18, 2018-19 and 2019-20 will be considered in determination of generation tariff of HMEL for the respective years. It is also mentioned in para 4.0 of the order dated 13-09-2018 that the norms approved by the Hon'ble Commission are subject to revision from time to time as per notification issued by the commission.

Table 26: HMEL Norms Approved by Hon'ble WBERC

Sl.	Particulars	Unit	As prayed by HMEL	WBERC Approved Value
1	Gross Station Heat Rate	Kcal/kWh	2477.15	2477.15
2	Secondary Oil Consumption	ml/kWh	1.0	1.0
3	Auxiliary Consumption	%	10.5	10.5
4	Plant Availability Factor	%	85	85
5	Plant Load Factor	%	80	80
6	Transit & Handling Loss	%	1.6	0.80

4.1.2. The Hon'ble Commission in the recent Tariff (4th Amendment) Regulations, 2023 has retained the earlier operating norms as approved in order dated 13.09.2018 for FY23-24 to 25-26. The Petitioner for the purpose of this petition has considered the same except for PLF , which has been considered as 85% for this petition.

4.1.3. Without prejudice to above, the Petitioner believes that the MYT Submission for any control period is the right time to submit the proposal for change in norms for the concerned control period. Also, the Petitioner now has a reasonable period of operating plant data at actual site conditions which are also covered in this petition in relevant Forms as required under the Regulation. Accordingly, it pleads before the Hon'ble Commission to consider the change proposed by the Petitioner in the instant petition for few of the operational parameters as mentioned below by exercising its power to remove difficulties.



a) Plant Load Factor

The Petitioner humbly submits that in its petition for approval of operational parameters dated 23.07.2018 as mentioned in para 4.1.1. above, it had proposed for approval of normative Annual Plant Load Factor of 80% in line with Proviso A(4) of the Schedule 9D of the Tariff Regulations which provides that the minimum PLF to be considered for determination of eligibility of incentives, shall be 80% for non-ABT compliant station and subject to other conditions under the tariff regulations. The relevant extract of the said regulation is presented below for ready reference of the Hon'ble Commission :

"4) Plant load Factor (PLF)

The normative PLF of a new coal fired thermal generating stations as a whole or part of it or of an already existing coal fired thermal generating stations due to addition of any new unit, not covered in

Schedule-9A, shall be as may be determined by the Commission subject to the condition that the minimum PLF to be considered for determination of eligibility of incentives, shall be 80% for non-ABT compliant station and subject to other conditions under these regulations.

The PLF of any coal fired thermal generating station, shall always be computed on the basis of generating station as a whole without any special consideration being given to the possible impact of any individual unit on the plant."

Whereas, for the purpose of recovery of Capacity charges/ Fixed Cost it is imperative for a generating company to make available its station(s) at a Plant Availability factor of 85%. This is in reference to Proviso A(5) of Schedule 9D of the Tariff Regulations in accordance of which the Petitioner had claimed for approval of Normative Annual Plant Availability Factor of 85% in its petition for approval of Operational Parameters dated 23.07.2018. The relevant extract of Proviso A(5) of Schedule 9D of the Tariff Regulations has been extracted below for ready reference of the Hon'ble Commission :

"5) Plant Availability Factor (PAF)

The normative plant availability factor of a new coal fired thermal generating stations as a whole or part of it or of an already existing coal fired thermal generating stations due to addition of any new unit, not covered in Schedule-9A, shall be as may be determined by the Commission, subject to the condition that the availability factor to be considered for recovery of capacity charges, shall not be less than 85% and subject to other conditions under these regulations.

The availability of any coal fired thermal generating station, shall always be computed on the basis of generating station as a whole without any special consideration being given to the possible impact of any individual unit on the plant."



From the above-mentioned Schedule 9D Proviso A(4) and A (5), it can be noticed that despite of the provision for achieving minimum PLF of 80% the Petitioner will have to plan sourcing of fuel to achieve a PLF of at least 85% corresponding to minimum Plant Availability Factor of 85% *vis-à-vis* recovery of Capacity charges or else any lesser coal availability than to run the plant at 85% output would not entitle the Petitioner to recover the reasonable and full fixed cost as allowed in the ARR process which shall be unjustifiable..

Further, in the Terms and Conditions (4th Amendment) Regulations, 2023 notified by the Hon'ble Commission it has been specified that in case of coal based generating stations, working capital covering (i) Cost of coal towards stock (ii) Cost of coal towards storage and (iii) Cost of secondary fuel oil for two months shall be determined for generation corresponding to the normative annual plant availability (for HMEL, it is 85%). The relevant extract of the said amendment has been reproduced below for ready reference of the Hon'ble Commission:

5.6.5.1 Generation:

(a) In case of coal based generating stations, working capital shall cover:

- (i) Cost of coal towards stock for 10 days for pit head generating stations and 20 days from non-pit-head generating stations for generation corresponding to the normative annual plant availability factor or maximum coal stock storage capacity, whichever is lower;*
- (ii) Advance payment for 30 days towards cost of coal for generation corresponding to the normative annual plant availability factor;*
- (iii) Cost of secondary fuel oil for two months for generation corresponding to the normative annual plant availability and in case of use of more than one secondary fuel oil, cost of oil stock for main secondary fuel oil;*
- (iv) O&M expenses, employee cost and water charges for one month;*
- (v) Maintenance spares @ 20% of O&M expenses including water charges; and*
- (vi) Receivables equivalent to 45 days of capacity charges and energy charges for sale of electricity computed on the normative annual availability factor and excluding incentives, if any;"*

Accordingly, for the determination of fuel quantum and subsequent computation of energy charges in any control period, Plant Load Factor (generation) should have been considered in resemblance and equivalent to the Plant Availability Factor. However, the Hon'ble Commission while determining the Fuel Cost of HMEL in previous MYT submission(s) have consider a normative Plant Load Factor of 80%, thus by not considering the generation corresponding to Normative Plant Availability Factor of 85%.

Hence, the Petitioner facing the above-mentioned difficulties prays before the Hon'ble Commission to determine the Fuel Cost by considering the generation (or PLF) of Unit # 1 &



2 of the 3 x 150 MW thermal power project of the petitioner corresponding to Normative Plant Availability Factor of 85% by exercising its power to remove difficulties as per applicable provision(s) in the tariff regulations.

b) Gross Station Heat Rate (GSHR)

The Hon'ble Commission has approved a normative GSHR of 2477.15 kCal/kWh for the purpose of determination of tariff of the 3 x 150 MW Thermal Power Project of the Petitioner. This is in as per Proviso A(1) Schedule 9D of the tariff regulations. The relevant extract of Proviso A(1) of Schedule 9D of the Tariff regulation has been presented below for ready reference of the Hon'ble Commission:

"1) Gross Station Heat Rate (GSHR):

(a) Coal-based and lignite-fired Thermal Generating Stations

$$GSHR = 1.065 \times \text{Design Heat Rate (kCal/kWh)}$$

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

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

Pressure Rating (Kg/ cm ²)	150	170	170	247	247
SHT/ RHT (0C)	535/535	537/537	537/565	537/565	565/593
Type of BFP	Electrical Driven	Turbine Driven	Turbine Driven	Turbine Driven	Turbine Driven
Max Turbine Cycle Heat rate (kCal/kWh)	1955	1950	1935	1900	1850
<u>Min. Boiler Efficiency</u>					
Sub-Bituminous Indian Coal	0.85	0.85	0.85	0.85	0.85
Bituminous Imported Coal	0.89	0.89	0.89	0.89	0.89
Max Design Unit Heat rate (kCal/ kWh)					
Sub-Bituminous Indian Coal	2300	2294	2276	2235	2176
Bituminous Imported Coal	2197	2191	2174	2135	2079

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

However, based on the experience in operating the units # 1 & 2 for over past 4 years, the Petitioner has observed that the GSHR of the station remaining in the range of 2550 kCal/kWh to 2600 kCal/kWh which is higher as compared to approved Heat Rate of 2477.15 kCal/kWh approved by the Hon'ble Commission for Unit # 1 & 2 of HMEL as stated in para 4.1.1. and Table 26 above. This is mainly due to partial scheduling of the units by State Load Dispatch Centre & site related ambient conditions and is not attributable to the operational efficiency of Petitioner. The actual GSHR of the station for the previous years have been presented in Form 11 of the tariff forms and shown below for ready reference of the Hon'ble Commission.

Table 27: Actual GSHR of HMEL

FY	2019-20	2020-21	2021-22
Heat Rate (in kCal/kWh)	2609	2522	2561

In view of above, the Petitioner humbly prays before the Hon'ble Commission that though the Petitioner has considered the approved normative GSHR of 2477.15 kCal/kwh for the purpose of determination of tariff in the ensuing years of the 8th Control period in absence of the revised norm at this tariff application stage, however, it is earnestly prayed that the Hon'ble Commission may consider a GSHR of 2564 kCal/kwh (average of last 3 years) for this MYT control period or allow actual GSHR in a year to be considered at the time of truing up during Annual Performance Review thus by restoring the Petitioner to same economic position.



In view of above, the Petitioner prays before the Hon'ble Commission for consideration of the following parameters for computation of the Energy Charges:

Table 28: Change in operating norms proposed for 8th Control Period

Sl.	Particulars	Unit	WBERC Approved Value	Proposed by HMEL in 8th MYT	Remarks
1	Gross Station Heat Rate	Kcal/kWh	2477.15	2564 kCal/kwh (At actual – during APR)	Change proposed (to be considered during APR)
2	Secondary Oil Consumption	ml/kWh	1.0	1.0	NO Change proposed
3	Auxiliary Consumption	%	10.5	10.5	NO Change proposed
4	Plant Availability Factor	%	85	85	NO Change proposed
5	Plant Load Factor	%	80	85	Change Proposed
6	Transit & Handling Loss	%	0.80	0.8	NO Change proposed

4.2. Annual Energy Charges Computation

4.2.1. Regulation 5.8.1 of the Tariff Regulations stipulates the guideline for determination of the Energy Charges for thermal generating station as follows :

“5.8.1 Determination of the Energy charges for thermal generating stations shall be done on the basis of the landed fuel cost (LFC) of a generating station and shall consist of the following costs:

- (a) Landed Fuel Cost of primary fuel;*
- (b) Landed Cost of secondary fuel oil; and*
- (c) Landed Cost of limestone or any other reagent, for the purpose of removing SO₂ and NO_x as applicable:*

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

Provided further that the supplementary energy charges, if any, on account of meeting the revised emission standards in case of a thermal generating station shall be determined separately by the Commission.”



4.2.2. Landed Fuel Cost of Primary Fuel

4.2.2.1. Regulation 5.8.2 of the tariff regulations specifies the principle for determination of landed cost of primary fuel as follows:

"5.8.2 Landed fuel cost of primary fuel: The landed fuel cost of primary fuel for any month shall consist of base price or input price of fuel corresponding to the grade and quality of fuel and shall be inclusive of statutory charges as applicable, washery charges, transportation cost by rail or road or any other means and loading, unloading and handling charges:

Provided that procurement of fuel at a price other than Government notified prices may be considered, if it is based on competitive bidding through transparent process. Detailed documents of competitive bidding are to be submitted along with the application for FCA/FPPCA:

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

Provided that, no demurrage charge of railway rakes shall generally be allowed. However, for any demurrage charge cause of which is not attributable to generating company may be allowed subject to prudence check by the Commission. Generating company has to ensure that it has taken sufficient measures to avoid the occurrence of any demurrage.

Provided also that in case of coal-fired thermal generating station, the Gross Calorific Value shall be measured by third party sampling and the expenses towards the third-party sampling facility shall be reimbursed by the beneficiaries.

”

4.2.2.2. Regulation 5.8.7 of the tariff regulations provides the principle to be followed by the Hon'ble Commission while approving the fuel mix, price of fuel, price escalation rates in the ensuing years of the Control Period. The relevant extract of the regulation 5.8.7 is presented below for ready reference of the Hon'ble Commission”

5.8.7: The Commission through specific tariff orders to be issued for each generating station shall approve the energy charge rate at the start of the control period. During tariff determination, fuel mix of different type of fuels or among different quality of same type of fuel shall be considered as per mixing proportion of last one year, subject to specific provision in the PPA, if any, or any proposed deviation by the licensee or generating company with proper supporting document and also subject to prudence check. The price of each type of fuel for the first ensuing year shall be as per the latest declared price of such fuel received from the tariff applicant or from the declared price



list of the coal company. The energy charge rate for subsequent years shall be computed considering the escalation rates notified by the CERC for payment purposes from time to time under competitive bidding guidelines:

Provided that, during FPPCA/ FCA calculations, actual price of fuel shall be considered. However, in case where applicant cannot provide actual data of different fuels, fuel mix of different type of fuels or among different quality of same type of fuel, it shall be considered as per mixing proportion of the fuels received in the year for which FPPCA / FCA is under calculation."

4.2.2.3. In view of above, the Petitioner hereby submits that Coal is used as the primary fuel in Units # 1 & 2 of the 3 x 150 MW thermal power project at Haldia. The Petitioner has entered into two long-term Fuel Supply Agreements (FSAs) with Mahanadi Coalfield Limited (MCL), a subsidiary of Coal India Ltd. (CIL) for supply of a total quantum of 15,02,300 Ton per Annum of coal till the expiry of the PPA terms. The Petitioner was able to secure the above-mentioned coal quantum through e-auction conducted under the Scheme for Harnessing and Allocating Koyala (Coal) Transparently in India (SHAKTI) introduced by Ministry of Coal (MoC) in 2017 by providing a Levelised discount of 7 Paise/kWh in Tariff on the proportionate generation due to consumption of SHKATI Coal.

4.2.2.4. It is also submitted that with the 100% quantum of the coal sourced under SHAKTI Scheme the Petitioner can achieve generation level maximum up to 76.50% of the installed capacity for Unit # 1 & 2. The sourcing details have been provided below for ready reference of the Hon'ble Commission:

Table 29: SHAKTI Scheme Coal Details and Discount as per Loi

FSA	Coal Grade/ Area/ Mode of Supply	Reference of LOI	Allocation (Tonnes Per Annum)	Levelised Tariff Discount (Paise/kWh)
FSA - 1	G 12 – G 14 Grade, MCL Talcher Coalfield Rail/Road/Captive	MCL/SBP/COMM/GM (M&S)/2019-20/1093 dated 16.07.2019	749,900	7.00
FSA- 2	G 12 – G 14 Grade, MCL IB Valley & Basundhara Coalfield (including Sardega Siding) Rail/Road/Captive	MCL/SBP/COMM/GM (M&S)/2019-20/1094 dated 16.07.2019	752,400	7.00
Total Annual Coal Quantity		15,02,300		
Wt. Avg. Tariff Discount		7.00		



4.2.2.5. Fuel Mix

In the instant petition, for the purpose of determination of Energy charges for the 8th Control Period the Petitioner has considered sourcing of 100% SHAKTI Coal and the balance quantum as Imported Coal (Indonesian Coal) sourced through competitive bidding to meet a target availability of 85%. However, the Petitioner seek liberty of the Hon'ble Commission to explore open market sources viz. Spot E auction, Special Forward E auction and others depending upon the coal price volatility, availability, variation in exchange rate , policy changes, etc.

- i) By proposing Imported Coal in the fuel mix for the 8th Control Period the Petitioner has deviated from the existing provision under Regulation 5.8.7 of the tariff regulations which provides for consideration of mixing proportion as per consumption of last one year, subject to specific provision in the PPA. The relevant extract of the regulation may be referred in para 4.2.2.2. above.
- ii) The Petitioner would like to humbly submit that the reason for preferring Imported Coal in the Fuel Mix is due to various notifications notified by Ministry of Power (MoP), Govt. of India on dated 28.04.2022, 28.05.2022, 01.06.2022, 01.08.2022, 09.01.2023 (**Annexure 13**) directing the Generating companies for sourcing of Imported Coal in varying proportion for blending purpose to meet the unprecedented increase in energy demand of our country. This is in view of the persisting logistic constraint and other issues for transportation of domestic coal. In its recent notification dated 09.01.2023 MoP has directed all generating companies to import coal for blending of 6% (by weight) so as to have coal stocks in the plants for smooth operations till September 2023.
- iii) Further, the Petitioner humbly submits that it had used imported coal from Indonesia in FY 2018-19 and FY 2019-20 and the blending was found to be suitable for the performance of the Boiler.

In accordance with above, the fuel mix for the ensuing years of the 8th Control Period has been depicted in Table 30 below for kind reference of the Hon'ble Commission.

4.2.2.6. Gross Calorific Value (GCV)

Regulation 5.8.4(1) of the tariff regulations provides that the Gross Calorific Value for computation of energy charges shall be done considering weighted average 'GCV of coal as received', in kCal/kg for coal based station less 120 kCal/kg on account of variation during



storage at generating station. The relevant extract of the said regulation is presented below for ready reference of the Hon'ble Commission:

"5.8.4 Gross Calorific Value (GCV) of primary fuel:

- (1) The gross calorific value for computation of energy charges as per paragraph 8.1(ii) of Schedule-I of these regulations shall be done considering **weighted average 'GCV of coal as received', in kCal / kg for coal-based stations less 120 kCal/Kg on account of variation during storage at generating station.***
- (2) The generating company shall provide to the beneficiary licensee(s) of the generating station the details in respect of GCV and price of fuel, i.e., domestic coal procured through linkage, coal from captive mine, e-auction coal, imported coal, natural gas, RLNG, liquid fuel etc. as per the Form D and Form D(a) to D(e) as prescribed at Annexure-I to these regulations along with monthly bills and submit the yearly details to the Commission during FCA/FPPCA, as the case may be:*

Provided that the additional details of blending ratio of the imported coal with domestic coal shall be provided, along with the bills of the respective month:

Provided further that copies of the bills and details of parameters of GCV and price of fuel such as domestic coal procured through linkage, coal from captive mine, e-auction coal, imported coal, natural gas, RLNG, liquid fuel, details of blending ratio of the imported coal with domestic coal, proportion of e-auction coal shall also be displayed on the website of the generating company."

The Petitioner for the purpose of computation of energy charges for the 8th Control Period has considered "as Received GCV" of SHAKTI coal types as per Monthly Fuel Cost Adjustment sheet notified for the month of March 2023 (**Annexure 14**) as published most recently. For the Imported Coal, the Petitioner has considered "as Received GCV" of 4200 kCal/kg for computation of the yearly coal quantum required to meet the normative generation of 85% corresponding to Normative Availability 85%. However the Hon'ble Commission seeks liberty of the Hon'ble Commission to consider the actual 'as Received GCV' of Imported coal at the time of APR / FPPCA as per the coal sampling reports in line with Regulation 5.8.2 as stated in para 4.2.2.1. above.

Following table represents the as Received GCV, Fuel Mix of different fuel type considered for the purpose of computation of energy charges for Unit # 1 & 2 of the 3 x 150 MW thermal Power project of the Petitioner for the 8th Control Period starting from 2023-24 to 2025-26.



Table30:Fuel Mix proposed for each year of the 8th Control Period

Source Type →		SHAKTI Coal			Imported Coal	Total
Particulars ↓	UoM	MCL-Talcher-Linkage	MCL-IB Valley Linkage		Indonesia	
GCV as received	kCal/kg	3545.88	3154.97	3130.92	4200	3433*
Allowable value of GCV (after adjusting 120 Kcal/kg storage loss)	kCal/kg	3425.88	3034.97	3010.92	4080	3313*
Qty. received at unloading point	MT	743901	373190	373190	172708	1662990
Total Qty. to be purchased	MT	749900	376200	376200	174101	1676401
Fuel Mix	Percentage	45%	22%	22%	10%	100%

*Weighted Average GCV of the fuel mix

4.2.2.7.Regulation 5.8.7 of the tariff regulations as stated in para 4.2.2.2. provides that during tariff determination, the price of each type of fuel for the first ensuing year shall be as per the latest declared price of such fuel received from the tariff applicant or from the declared price list of the coal company. The Energy Charge Rate for subsequent years shall be computed considering the escalation rates notified by CERC for payment purposes from time to time under competitive bidding guidelines.

4.2.2.8.In accordance with regulation 5.8.7, for the purpose of determination of energy charge rate for the first ensuing year (FY 2023-24) of the 8th Control Period, the Petitioner has considered the landed cost of SHAKTI Coal as declared under MFCA for the month of March 2023. For Imported Coal, the Petitioner has considered the landed cost based on realistic estimates.

4.2.2.9.Escalation Rate for 'Coal Price' and 'Inland Transportation Charges'

The Petitioner humbly submits that an annual escalation of 2 % has been estimated year – over – year for determination of landed cost of imported coal in the ensuing years of the 8th control period. For SHAKTI Coal, as provided in Regulation 5.8.7 of the tariff regulations (relevant extract in para 4.2.2.2. above) 'escalation rate' as per recent Hon'ble CERC Notification on Six Monthly Escalation rate for payment purpose has been considered which stands at '0%' for both Coal Price and Transportation charges. CERC Notification on Six Monthly Escalation Rate vide No. ECO-2/2022-CERC dated 01.10.2022 is attached herewith and marked as **Annexure 15** for kind reference of the



Hon'ble Commission. Also, the said Notification summary has been tabulated below for ready reference:

Table31: Escalation rate – Domestic coal of CERC Notification for Payment Purpose

Year	Period	Notification No.	Notification Date	Escalation Rate of CERC					
				Domestic Coal	Inland Transportation of coal				
					Up to 125 km	Up to 500 km	Up to 1000 km	Up to 2000 km	Beyond 2000 km
2022-23	H2	CERC Notice No. ECO-2/2022-CERC	01-10-2022	0.00%	0.00%	0.00%	0.00%	38.80%	50.00%

Based on above landed cost of each type of coal considered for the 8th Control Period has been presented in Table 32 below for ready reference of the Commission. Same has also been presented in Tariff forms 1.11, D, Da and Dd for kind review and consideration of the Hon'ble Commission.

Table33: Landed cost of coal for each year of the 8th Control Period

(in Rs./MT)

Coal Source	Landed Cost - March 2023	Proposed for the 8th Control Period		
		FY 2023-24	FY 2024-25	FY 2025-26
MCL-Talcher-Linkage (G 12)	3749.24	3749.24	3749.24	3749.24
MCL-IB Valley Linkage (G 13)	3675.22	3675.22	3675.22	3675.22
MCL-IB Valley Linkage (G 14)	3598.83	3598.83	3598.83	3598.83
Imported Coal (Indonesia)	Not Applicable	11421	11648	11889

4.2.3. Any issues related to coal quality; change in source, change in transportation mode, etc. may be submitted before the Hon'ble Commission through additional submission, as and when applicable. In the earlier tariff orders for FY2019-20, 2020-21, 2021-22 & 2022-23, the Hon'ble Commission had approved a road transportation charge of Rs 533/Tonne as compared to the Petitioner's projection of Rs 1365/Tonne. The Petitioner in this instant petition, humbly seeks liberty from the Hon'ble Commission to recover any deviation from the approved road transportation charges during this control period through MFCA and approach the Hon'ble Commission on this aspect during APR /FPPCA stage.

4.2.4. It is humbly submitted that the Petitioner in the past has faced issues in road transport due to the following factors:



- (a) Various Unions for different types of multiple activities at Haldia dock. Under the interference from Unions, Unloading is to be done by labour manually rather than mechanical unloading at Haldia based on the local requirements.
- (b) Non-availability of dedicated fleet round the clock for smaller quantum of consignment
- (c) Co-ordination issues at various levels due to heavy traffic of goods and consignments at Haldia Dock
- (d) Route congestion, issues in night transportation and other manpower related issues with respect to transport services.
- (e) Other unavoidable interferences from various outfits – Political, Trade Unions, etc.
- (f) Pilferage and other losses during transit results in reduction in received quantity of coal
- (g) Haldia Dock Complex siding is common user siding and the Petitioner is given only half rake siding with only 3-4 hours of free time for unloading of coal, therefore the Petitioner is required to undertake round the clock shifting. the Petitioner had to evacuate the siding and shift the material to another plot near to railway track. Thus , there is multiple incidence of loading and unloading for final transportation of the coal to plant, i.e. handling of coal 5 times.

In view of the above, the Petitioner in this instant petition, humbly seeks liberty from the Hon'ble Commission to recover any deviation from the approved road transportation charges during this control period through MFCA and approach the Hon'ble Commission on this aspect during APR /FPPCA stage

4.2.5. Landed Cost of Secondary Fuel

The Petitioner humbly submits that it procures Light Diesel Oil (LDO) from different oil refining company viz. HPCL / BPCL on as & when required basis. For the purpose of computation of energy charges for Unit # 1 & 2 for the 8th Control Period, the Petitioner has considered the price and GCV of LDO as notified in the Monthly Fuel Cost Adjustment sheet for the month of January 2023 being published most recently.

Table 34: Landed Cost and GCV of Secondary Fuel (LDO)

Particulars	UoM	Value
Landed Cost	Rs./kL	79489
GCV	kCal/kg	10756



4.2.6. Discount in Tariff on account of consumption of SHAKTI Coal

Based on the discount quoted in SHAKTI-Scheme and amended PPA executed with WBSEDCL, a discount of 7 paise per kWh is to be provided to WBSEDCL for the sale of energy generated by using the coal sourced under SHAKTI Scheme. The petitioner has not considered any discount amount in the total Annual Revenue Requirement (ARR) and this shall be calculated on monthly basis and shall be shown as a separate item in the energy bill to be raised to WBSEDCL.

4.2.7. Annual Energy Charges

Based on aforementioned assumptions and projected days of energy generation, the energy cost projected for the prevailing years of the control period is as below. Detailed computation is available in Form 1.11 of the Tariff forms.

Table 35: Energy Cost of HMEL over control period

Sl.	Particulars	Unit	2023-24	2024-25	2025-26
1	Generation (PLF – 85%)	MU	2233.8	2233.8	2233.8
2	Rate of Auxiliary Consumption	%	10.5%	10.5%	10.5%
3	Auxiliary consumption	MU	234.5	234.5	234.5
4	Ex-bus generation (4=1-3)	MU	1999.3	1999.3	1999.3
5	Station Heat rate	Kcal/KWh	2477.15	2477.15	2477.15
6	Total Heat required (6=1 x 5)	GCal	5533457.7	5533458	5533458
7	Specific Oil Consumption rate	ml/KWh	1	1	1
8	Oil Consumed (8=1 x 7)	KL	2233.8	2233.8	2233.8
9	Heat Value of Oil	Kcal/lit	10756	10756	10756
10	Heat Generated from oil (8 x 9/1000)	GCal	24026.753	24026.75	24026.75
11	Heat Generated from Coal (6 - 10)	GCal	5509430.9	5509431	5509431
12	As received GCV of coal	Kcal/kg	3433	3433	3433
13	Allowable Value of Coal (after adjusting 120 kCal/kg)	Kcal/Kg	3313	3313	3313
14	Coal required [(11/13)x1000]	Tonne	1662973.4	1662973	1662973
15	Coal required at 0.80% Transit Loss	Tonne	1676384.5	1676384	1676384



16	Average Price of Oil	Rs./KL	79489	79489	79489
17	Average Price of coal	Rs./Tonne	4495.62	4519.19	4544.22
18	Cost of oil [(8 x 16)/100000]	Rs. Lakh	1776	1776	1776
19	Cost of Coal [(15x17)/100000]	Rs. Lakh	75365	75760	76179
20	Total Cost of Fuel (18 + 19)	Rs. Lakh	77140.34	77535.38	77954.98
21	Cost of Fuel	Rs./kWh	3.86	3.88	3.90

The above Energy charge rates are excluding the discount applicable under SHAKTI Scheme coal to be utilized.

4.2.7 It is humbly prayed before the Hon'ble Commission that the cost involved in MFCA publications may be allowed to be recovered from the Beneficiary/Procurer at actuals , whenever such publication of MFCA notification is carried out.



5. Aggregate Revenue Requirement for HMEL

5.1. The Petitioner submits that the Aggregate Revenue Requirement for the 8th Control Period for a contracted capacity of 300 MW of HMEL for the FY 2023-24, FY 2024-25 and FY 2025-26 works out to be Rs. 137812 Lakh, Rs. 137410 Lakh & Rs. 140465 Lakh, respectively and is indicated in Form E(A) of the Tariff forms.

Table36: ARR for HMEL for the 8th Control Period

Sl.	Particulars	2023-24	2024-25	2025-26
1	Fuel cost	77140	77535	77955
2	O&M Expenses	3384	3511	3644
3	Employee cost	4933	5220	5528
4	Water charges	1453	1526	1602
5	Rent, Rates & taxes	188	200	213
6	Filing charges	10	0	0
7	Depreciation cost	14195	14422	15009
8	Interest on Loan capital	18491	16342	17529
9	Other Finance Charge	259	259	259
10	Interest on WC	2792	3184	3240
11	Return on Equity	11,966	12,162	12,384
12	Income Tax	3012	3061	3117
13	Gross Revenue Requirement (13 = Sum 1 to 12)	1,37,823	1,37,423	1,40,479
14	Less: Misc. other income	0	0	0
15	Less: Interest Credit	0	0	0
16	Net Total Revenue Required (16=13-14-15)	1,37,823	1,37,423	1,40,479

5.2. Mechanism of recovery of arrear or price adjustment:

HMEL propose to recover the arrear by using the following principles for the eighth control period:

- After issuance of tariff order for HMEL for eighth control period any variation in Energy charge arising out of actual generation will be adjusted by following the regulation 5.8.9 of Tariff Regulations.



- ii) *Any Variation in Fixed Cost and Fuel Cost arising out of the Actual generation throughout the year will be recover through the appropriate order(s) of Annual Performance Review and FPPCA by the commission for the concern year after adjusting the revenue recovery against the tariff order and application of MFCA with carrying cost.*
- iii) *The arrear recovery arising out of tariff determined against this petition and amount collected as per last applicable tariff during the respective year of control period may be allowed to be recovered in six equal monthly instalments.*

5.3. It is humbly prayed before the Hon'ble Commission that in case any decision is likely to be taken for deviation from the existing regulation, the stakeholder's views & suggestion may also be taken.

5.4. Litigation with Vendors and Arbitration Proceedings

The Petitioner humbly submits that during the course of the project execution, there are presently a number of litigations and arbitration proceedings which are in various stages of the progress in respect of the Petitioner's project. A list of the same and current status is annexed hereto and marked as **Annexure-16**

The outcome of such proceedings may be expected to be issued during this concerned control period, which is likely to have an impact on the cost aspect of the project.

The Petitioner humbly prays before the Hon'ble Commission seeking liberty to approach the Hon'ble Commission, once the outcome of such proceedings achieves finality. It is further prayed that the impact of such outcome may be considered separately, as and when the Petitioner submits the same through supplementary submission during this MYT proceeding and/or at the time of APR

5.5. Gist of this petition is attached herewith as **Annexure- 7**.



6. Additional Support Requested from the Hon'ble Commission

The Petitioner humbly submits that after operating the generating units for more than four years it has come out with certain observations which it intends to put before the Hon'ble Commission for kind review and consideration for smooth operations of the units in the long run.

6.1. Demonstration of Declared capacity under Regulation 6.7 of the WBERC Tariff Regulations 2011

- 6.1.1. It is humbly submitted before the Hon'ble Commission that in case of shortage of Coal, the Petitioner provides different actual and notional declared capacity for respective dates as per the provisions of Reg 6.4.3 of WBERC Tariff Regulations. WBSLDC regularly issues demonstration instruction on those dates either suo moto or on insistence of the beneficiary (WBSLDC) as per the provisions of Reg 6.7.1 of the tariff Regulations. Such demonstration instructions have been frequent during peak hours and for much larger number of timeblocks, whereas the aforesaid regulation specifies atleast one time block of 15 minutes. It is humbly submitted that such frequent and longer stretch of demonstration may not be required as the declared capacity can be established in even one time block of 15 minutes of demonstration time block excluding ramp up/ramp down time. Such frequent and longer duration of demonstration has an adverse impact on the machines and equipments as well as lead to expeditious depletion of limited coal stock of the plant on such days of coal shortage. The Petitioner has filed its views and concern before WBSLDC and a separate petition before the Hon'ble Commission shall be filed for seeking relaxation.
- 6.1.2. It is humbly submitted that the process of demonstration of **"Notional Declared Capacity"** for multiple occasions in a day and for such longer durations affects the life of equipment and related performances and also results in depleting the limited available coal stock expeditiously, which eventually defeats the very purpose/basis of declaring the separate declared capacity under notional availability in cases of shortage of coal scenario. The reduction in life of equipment and the depleting coal availability will lead to further less availability of the power plant which will affect the ultimate customers.
- 6.1.3. The Petitioner has been abiding by the **"Demonstration Instruction"** as per the applicable Regulations. However, it has also raised the aforesaid concern before the WBSLDC vide letters dated 28.10.2022 and 31.10.2022 as annexed hereto and marked as **Annexure- 17**. The Petitioner requested for shorter demonstration stretches and restricting the number of occasions for demonstration in future for the reasons mentioned above. However, the Petitioner's grievance was not addressed by WBSLDC



and they continued to issue demonstration instructions contrary to the provisions of the tariff regulations.

- 6.1.4. The Petitioner humbly submits that the present requirement of demonstration of **"Declared Capacity"** for a longer stretch of time may not be congruent to the above provision under Reg 6.7.1 of WBERC Tariff Regulations in so far as the demonstration as required under the above regulation is meant to only establish that the difference in **Notional and Actual Declared Capacity** of the plant is only on account of shortage of coal and not on other factors. Further, the Generator is required to be ready to demonstrate the **"Declared Capacity"** as and when asked and as such a long duration of demonstration is not required to establish the demonstrated capacity. Accordingly, the tariff regulations provide for the demonstration of capacity for one time block only excluding the time taken in ramping up and ramping down. Thus, WBSLDC's directions seeking demonstration for longer period is contrary to the provisions of the tariff regulations.
- 6.1.5. That the **"Demonstration Instructions"** received from WBSLDC clearly mentions demonstration to be carried out for a longer stretch of time i.e for several time block of 15 minutes each at a stretch. The said presumption of WSLDC even before the **"Actual Demonstration"** in the most respectful submissions of the Petitioner is contrary to the intent of Reg 6.7.1 of WBERC Tariff Regulations, 2011 which mandates **"Atleast"** 1 demonstration of 15 minutes and if in the said 15-minute demonstration, the capacity is not established then only it can be stretched to another time block.
- 6.1.6. It is further humbly submitted that in the past, on similar circumstances, WBSLDC had given directions for demonstration of **"Declared Capacity"** for shorter durations on few dates in the month of July 2022 and also given the fact that the difference in **Actual Declared and Notional Capacity** is arising out of the coal shortage that the Petitioner is facing and for which the Petitioner had submitted a **"Capacity Declaration"** pursuant to Regulation 6.4.3 of the Tariff Regulations.
- 6.1.7. Further, as per 3rd proviso of Reg 6.4.3 of WBERC Tariff Regulations, in case of any dispute on coal stock position, physical check by the beneficiaries in the presence of SLDC representative will be done in order to verify the stock position. In case of dispute, SLDC's decision on coal-stock will be final for the purpose of capacity charge recovery. However, in this instant case, no such check has been requested nor done and recourse to demonstration is mainly directed to ascertain that there is no mis-declaration, which is also technically possible to ascertain within one time block as well. The Petitioner most humbly submits that the action of WBSLDC in a way makes 3rd proviso of Reg 6.4.3 of



WBERC Tariff Regulations, 2011 redundant as no recourse is taken under the said provision and a direct recourse for “**Demonstration**” is undertaken under Reg 6.7.1 of WBERC Tariff Regulations.

- 6.1.8. Further, it is observed from the WBSLDC statement of DC approved for the month of July 2022 as a sample case, that there has been deviation between the principle to be adopted for determination of resultant “**Notional/Actual Declared Capacity**” achieved in case of mis-declaration as per Reg 6.7.7 and Reg 3(ii) of the WBERC (Balancing and Settlement Code) Regulations, 2021.
- 6.1.9. It is humbly submitted that based on the “**Demonstrated Capacity**” in any 15 minutes time block, the resultant “**Notional Declared Capacity/resultant Actual Declared Capacity**” is required to be ascertained/computed for whole day in line with the Reg 6.7.7 of WBERC Tariff Regulations and Reg 3(ii) of WBERC (Balancing and Settlement Code) Regulations, 2021. However, it is observed that the effect of such Regulation has been provided by WBSLDC for the respective 15 minute time blocks only wherein demonstration has taken place.
- 6.1.10. The Petitioner humbly states that as per aforesaid Regulation, the Petitioner also seeks the intervention of the Hon’ble Commission in establishing that the computation of “**Resultant Availability /Capacity**” by the WBSLDC must be in sync with applicable clauses under Reg 6.7.7 of WBERC Tariff Regulations and Reg 3(ii) of WBERC (Balancing and Settlement Code) Regulations, 2021.

6.2. Compensation towards degradation in Heat Rate, Auxiliary Power Consumption and additional Oil Consumption

The Petitioner humbly submits that based on the operational feedback of the past plant operation , it is observed that the Plant do operates when required by SLDC at partial load etc which should otherwise require appropriate Compensation towards degradation in Heat Rate, Auxiliary Power Consumption and additional Oil Consumption. In this regard, Hon’ble Central Electricity Regulatory Commission through it 4th amendment dated 06.04.2016 to Indian Electricity Grid Code Regulations, 2010 provided that the Central Generating Stations and Inter State Generating stations shall be compensated for (i) Degradation in Heat Rate, (ii) Degradation in Auxiliary Power Consumption (AUX) and (iii) Additional oil consumption incurred on account of partial scheduling of the units and Reserve shutdown as per the direction of the concerned Regional Load Dispatch Centre (RLDC). The relevant extract of the said amendment is presented below for ready reference of the Hon’ble Commission:

“

6.3B - Technical Minimum Schedule for operation of Central Generating Stations and Inter-State Generating Stations



1. The technical minimum for operation in respect of a unit or units of a Central Generating Station or inter-State Generating Station shall be 55% of MCR loading or installed capacity of the unit of the generating station.
2. The CGS or ISGS may be directed by concerned RLDC to operate its unit(s) at or above the technical minimum but below the normative plant availability factor on account of grid security or due to the fewer schedules given by the beneficiaries.
3. Where the CGS or IEGS, whose tariff is either determined or adopted by the Commission, is directed by the concerned RLDC to operate below normative plant availability factor but at or above technical minimum, the CGS or ISGS may be compensated depending on the average unit loading duly taking into account the forced outages, planned outages, PLF, generation at generator terminal, energy sent out ex-bus, number of start-stop, secondary fuel oil consumption and auxiliary energy consumption, in due consideration of actual and normative operating parameters of station heat rate, auxiliary energy consumption and secondary fuel oil consumption etc. on monthly basis duly supported by relevant data verified by RLDC or SLDC, as the case may be.

Provided that:

- (i) In case of coal/lignite based generating stations, following station heat rate degradation or actual heat rate, whichever is lower, shall be considered for the purpose of compensation:

S. No.	Unit loading as a % of Installed Capacity of the unit	Increase in SHR (for supercritical units) (%)	Increase in SHR (for sub-critical units) (%)
1	85-100	Nil	Nil
2	75-84.99	1.25	2.25
3	65-74.99	2	4
4	55-64.99	3	6

- (ii) In case of coal/lignite based generating stations, the following Auxiliary Energy Consumption degradation or actual, whichever is lower, shall be considered for the purpose of compensation:

Sl. No.	Unit Loading (% of MCR)	% Degradation in AEC admissible
1.	85-100	NIL
2.	75-84.99	0.35
3.	65-74.99	0.65
4.	55-64.99	1.00

- (iii) Where the scheduled generation falls below the technical minimum schedule, the concerned CGS or ISGS shall have the option to go for reserve shut down and in such cases, start-up fuel cost over and above seven (7) start/stop in a



year shall be considered as additional compensation based on following norms or actual, whichever is lower:

Unit Size	Oil Consumption per Start Up (kL)		
	Hot	Warm	Cold
2000/210/250 MW	20	30	50
500 MW	30	50	90
600 MW	40	60	110

- (iv) In case of gas based Central Generating Station or inter-State Generating Station, compensation shall be decided based on the characteristic curve provided by the manufacturer and after prudence check of the actual operating parameters of Station Heat Rate, Auxiliary Energy Consumption, etc.
- (v) Compensation for the Station Heat Rate and Auxiliary Energy Consumption shall be worked out in terms of energy charges.
- (vi) The compensation so computed shall be borne by the entity who has caused the plant to be operated at schedule lower than corresponding to Normative Plant Availability Factor up to technical minimum based on the compensation mechanism finalized by the RPCs.

..

In view of above the Petitioner humbly prays before the Hon'ble Commission to allow compensation towards degradation in Heat Rate, AUX and Additional Oil Consumption for the reasons not attributable to the Petitioner that is in line with the provisions laid down in the Central Regulations to safeguard from any economic impact.

6.3. Security Expenses

The Petitioner humbly submits that the Hon'ble Central Electricity Regulatory Commission under Regulation 35(1) (6) of its (Terms and Conditions of Tariff) Regulations 2019 including amendments thereof has specified that Security Expenses for thermal generating stations shall be allowed separately over and above the normative O & M expenses after prudence check.

As per Clause 35. Operation and Maintenance Expenses of Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019:

35 (6) The Water Charges, Security 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, 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;

In line with the above central regulations, the Petitioner pleads before the Hon'ble Commission to consider security expenses over and above the normative O & M expenses which is presently being allowed as a part of normative O & M expenses.

6.4. Emission Control Systems

The Hon'ble Commission vide its order dated 02.02.2022 in Case no. No. OA-372/20-21 directed the Petitioner to review the entire process towards optimization of cost towards installation of Emission Control Systems to comply with the revised emissions norms notified Ministry of Environment, Forest & Climate Change (MoEFCC) keeping in mind the timeline target set by the Hon'ble Supreme Court and communicated and monitored by MoEF.

In compliance to the above direction the Petitioner humbly submits that it is working towards compliance to the MoEFCC circular and seeks liberty of the Hon'ble Commission to submit specific investment proposal based on discovered price after tender evaluation.

6.5. Recovery of supplementary charges due to installation of Emission Control Systems

The Petitioner humbly submits that the Hon'ble Central Electricity Regulatory Commission through its 2nd Amendment to its Terms and Conditions of Tariff, Regulations 2019 has come out with the provision for recovery of supplementary capacity and energy charges on account of capital cost to be incurred by Central and Inter State Generating Stations towards installation of Emission Control Systems to comply with the revised emission norms notified by Ministry of Environment Forest & Climate Change.

In view of above, the Petitioner humbly prays before the Hon'ble Commission to notify the terms for recovery of supplementary capacity and energy charges for state generators on account of installation of Emission Control Systems to meet the revised emission norms.

6.6. Renewable Generation Obligation (RGO)

Various measures are being taken by Hon'ble Ministry of Power (MoP) for promotion of RE in the country. In order to create an additional avenue for promotion of RE, the tariff policy notified on January 28, 2016, under Clause 6.4.5 provided as under:



*"In order to promote renewable energy sources, any generating company proposing to establish a coal/lignite based thermal generation station after a **specified date** shall be required to establish **such renewable energy generating capacity or procure and supply renewable energy equivalent to such capacity**, as may be prescribed by the Central Government from time to time after due consultation with stakeholders. The renewable energy produced by each generator may be bundled with its thermal generation for the purpose of sale. In case an obligated entity procures this renewable power, then the SERCs will consider the obligated entity to have met the Renewable Purchase Obligation (RPO) to extent of power bought from such renewable energy generation stations." [Emphasis supplied]*

In accordance with above, MoP has now proposed the date and capacity to be specified as under para 6.4.5 of the tariff policy by its notification no. 09/02/2022 – RCM dated November 07, 2022 named as 'Notification of Renewable Generation Obligation as per Revised Tariff Policy 2016' and has sought for stakeholder comments. The MoP has proposed to be specified as under :

- a) The specified date as **01st April 2024**
- b) The capacity of renewable energy to be established/ procured/ supplied by new coal/lignite based thermal generating station to be **minimum twenty five percent (25%)** of the capacity of thermal generating station being established.

The Petitioner has submitted its observation to the above notification of Hon'ble MoP on December 09, 2022 and submitted a copy of the same before the Hon'ble Commission vide its letter no. HMEL/WBERC/2022-23/18 dated December 09, 2022. A copy of the said letter is attached herewith and marked as **Annexure 18** for ready reference of the Hon'ble Commission.

6.7. Proposed Ancillary Market related comments

The Hon'ble Commission has recently issued a draft WBERC (Ancillary Services) Regulations, 2023. Vide its notification no. *WBERC/Regulation-74/22-23/3642*, the Hon'ble Commission had sought comments and suggestions of stakeholders in respect of the proposed Regulations. The Petitioner has submitted the following comments, which is being reproduced for the reference of the Hon'ble Commission as follows:

- (a) Reg 9(2) - SRAS providers (other than ones u/s Section 62) can value the secondary reserve differently in various time slots. The same needs to be allowed in the Regulations while declaring variable/compensation charges.
- (b) Reg 9(5) - The scenario of generation plant having different units, with a few unit(s) under Section 62 and some other units/capacity of the same plant not necessarily under Section 62 may be also outlined.
- (c) Reg 9(9) - Commitment Charge may be provided to the SRAS providers in order to promote initial efficiency of the generating Stations.



Further, suitable compensation mechanism scheme needs to be provided in case of ramping/backing down of the generating station since the performance parameters of the Generating station viz. Station Heat Rate, Auxiliary consumption gets degraded due to partial operation of the generating Station leading to degradation in operational norms.

SRAS-Down signal to a thermal generating station would mean that the generator has to start backing down which would impact its efficiency adversely. The participating thermal generator must be compensated for such potential degradation in operational norms.

- (d) Reg 14 - It is humbly submitted that there could be instances wherein a generating Station has multiple units out of which the Tariff for one unit is not approved by the Commission under Section-62 and contracted separately have different PPA terms. Hence, generating Station may be replaced with generating unit/capacity.

6.8. Directions/Compliances

In the earlier tariff orders for 6th and 7th control period, the Hon'ble Commission had issues certain directives for compliance. The status in this regard is as follows:

- (1) **Regarding Connectivity of plant through conveyor or rail** - It is humbly submitted that the feasibility proposal is presently being prepared and evaluated internally and land survey is being carried out.
- (2) **Regarding submission of APR** - The Petitioner humbly prays before the Hon'ble Commission that the APR submission for FY2018-19 onwards has not been made due to pendency of final project cost petition. The Petitioner vide letter no. HMEL/WBERC/2021-22/028 dated 31.08.2021 and HMEL/WBERC/2022-23.002 dated 08.04.2022 had sought time extension for 3 months beyond submission of final project cost petition. It is humbly submitted that the Hon'ble Commission has granted time extension for submission of final project cost petition for 2 units upto 30.06.2023 vide letter no. WBERC/B-107/1/3265 dated 16.12.2022. The Petitioner seeks liberty to submit the APR & FCA petitions pursuant to submission of final project cost petition.



7. Prayers

In view of the abovementioned submissions, the Petitioner humbly prays before the Hon'ble Commission to:

- Admit the petition.
- Approve the recoverable fixed charge of Rs 60683 Lakhs for FY 23-24, Rs. 59888 Lakhs for FY 24-25 and Rs 62525 Lakhs for FY 25-26 for Unit-1 & 2 of HMEL's project as submitted in paragraph 4.13 of the petition.
- Approve the recovery of Energy charge of Rs 3.86/kWh for FY 23-24, Rs 3.88./kWh for FY 24-25 and Rs 3.90/kWh for FY 25-26 for Unit-1 & 2 of HMEL's project as submitted in paragraph 5.5 of this tariff application.
- Determine revised/relaxed norms of operational parameters such as PLF of 85%, and SHR at actual due to partial scheduling of the generating units.
- Condone the cut-off date of 2 commissioned units as the last unit (Unit-3) of project is under progress.
- To consider the submitted capital cost for the purpose of the tariff determination of 8th MYT period
- Allow Specific approval of additional Capital Investment as required
- Allow the carrying cost on recovery of past arrears;
- Issue appropriate direction to WBSEDCL and SLDC so that in case of under/partial loading of our generating stations due to partial drawl of power by WBSEDCL against the declared capacity by HMEL, the compensation for station-heat rate, auxiliary energy consumption and oil consumption may be given in line with the provisions as laid down in Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 read with Regulation 6.3 B of the CERC (Indian Electricity Grid Code) Regulations, 2010.
- Dispose of the petition expeditiously.
- Condone any inadvertent omissions/error/rounding off differences/submitted in the petition
- Allow additions/alternations/modifications/amendments to the petition at a future date.
- Allow any other relief, order or direction which the Hon'ble Commission deems fit.

