



सत्यमेव जयते



**ORDER  
OF THE  
WEST BENGAL ELECTRICITY REGULATORY COMMISSION**

**FOR THE YEAR  
2023 – 24 & 2024 – 25**

**IN**

**CASE NO: TP – 107 / 23 – 24**

**IN REGARD TO THE MULTI YEAR TARIFF  
APPLICATION UNDER EIGHTH CONTROL PERIOD OF  
HIRANMAYE ENERGY LIMITED FOR THE YEARS 2023 –  
24, 2024 – 25 AND 2025 - 26 UNDER SECTION 64(3)(a) READ  
WITH SECTION 62(1) OF THE ELECTRICITY ACT, 2003**

**PRESENT:**

**DR MALLELA VENKATESWARA RAO, CHAIRPERSON  
SRI PULAK KUMAR TEWARI, MEMBER**

**DATE: 12.03.2024**



## CHAPTER – 1

### INTRODUCTION

- 1.1 The West Bengal Electricity Regulatory Commission (hereinafter referred to as the “Commission”), a statutory body under the first proviso to section 82(1) of the Electricity Act, 2003 (hereinafter referred to as the “Act”), has been authorized in terms of the section 86 and section 62(1) of the Act to determine the tariff for a) supply of electricity by a generating company to a distribution licensee, b) transmission of electricity, c) wheeling of electricity and d) retail sale of electricity, as the case may be, within the State of West Bengal.
- 1.2 The Hiranmaye Energy Limited (hereinafter referred to as HMEL), [formerly known as India Power Corporation (Haldia) Limited] registered under the Companies Act, 1956, is a generating company in terms of section 2(28) of the Act and is engaged in the business of generation of electricity within the State of West Bengal and the generation tariff of HMEL shall be determined by the Commission.
- 1.3 In terms of definition contained in regulation 1.2.1 (xxx) of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011, as amended from time to time (hereinafter referred to as the ‘Tariff Regulations’), the Commission vide its order dated 31.08.2022 in case no. SM-31/22-23 decided that the eighth control period shall be for three years consisting of 2023 – 24, 2024 – 25 and 2025 – 26. In terms of regulation 2.7.1 of the Tariff Regulations, application for determination of tariff under Multiyear Tariff framework has to be submitted 120 days in advance from the effective date of the start of the control period. Considering the prayer of HMEL, the Commission extended the date of filing of tariff petition by 31.05.2023 vide letter dated 14.03.2023.
- 1.4 HMEL has submitted MYT Petition for determination of Tariff, Aggregated Revenue Requirement and Expected Revenue for the eighth control period for



unit 1 and 2 of its 3 x 150 MW generating station on 31.05.2023. The petition was admitted by the Commission on 25.07.2023 in Case No. TP – 107/ 23 – 24.

- 1.5 The Commission directed HMEL to publish the gist of their Tariff Application, as approved by the Commission, in the newspapers and also in their website as per provisions of the Tariff Regulations. The gist was, accordingly, published simultaneously on 14.01.2024 in the newspapers - (i) the 'Bartaman' (Bengali), (ii) the 'Aajkaal' (Bengali), (iii) 'The Statesman' (English) and (iv) the 'Pravat Khabar' (Hindi). The gist along with the tariff application was also posted in the website of HMEL. The publication invited the attention of all interested parties, stakeholders and the members of the public to the application for determination of tariff of HMEL for the eighth control period and requested for submission of suggestions, objections and comments, if any, on the tariff application to the Commission latest by 03.02.2024.
- 1.6 No objection/suggestion/comment has been received from the stakeholders within the stipulated due date i.e. 03.02.2024.
- 1.7 The Commission now determines the tariff in accordance with the Electricity Act, 2003 and the Tariff Regulations framed thereunder.



## CHAPTER - 2

### THE CASE OF HIRANMAYE ENERGY LIMITED

- 2.1 H MEL has submitted a composite Tariff Application in respect of unit 1 and unit 2 of its 3 x 150 MW generating station for the years 2023-24, 2024-25 and 2025-26 under the eighth control period in accordance with the Tariff Regulations. The applicant has proposed the ARR and tariff for the eighth control period and has prayed for allowing the same. H MEL has also prayed for other dispensations which are mentioned in subsequent paragraphs.
- 2.2 H MEL has submitted the present application for determination of tariff of Unit 1 (150 MW) and Unit 2 (150 MW). The dates of commercial operation (COD) of Unit 1 and Unit 2 are 13.08.2017 and 31.12.2017 respectively. H MEL also submitted that the tariff application is based on the provisional capital cost of Rs. 2721.95 Crore based on applicable regulatory principles for the two units as on 31.12.2022. H MEL has considered an amount of Rs. 1961.08 Crore as debt and Rs. 760.87 Crore as equity for tariff determination.
- 2.3 H MEL in its petition submitted that they have considered Plant Load Factor of 85% for the years 2023 – 24, 2024 – 25 and 2025 – 26 in resemblance and equivalent to the Plant Availability Factor. Projected gross generation by H MEL for the eighth control period are as below:

**Table 1 : Gross Generation of 2 x 150 MW Generating Station of H MEL (MU)**

Generating station	2023-24	2024-25	2025-26
Hiranmaye Energy Limited [ 2 x 150 MW]	2233.80	2233.80	2233.80

- 2.4 H MEL has submitted that they have entered into two long-term Fuel Supply Agreements with Mahanadi Coalfield Limited for supply of a total quantum of 15,02,300 Tonnes per annum till the expiry of the PPA terms through SHAKTI scheme. For the purpose of determination of Energy Charges for the 8<sup>th</sup> Control Period they have considered sourcing of 100% SHAKI coal through which they



can achieve generation level maximum upto 76.50% of the installed capacity for Unit 1 & 2. For the balance quantum they have preferred imported coal (Indonesian Coal) sourced through competitive bidding to meet a target availability of 85%. HMEL also submitted that the reason for preferring imported coal in the fuel mix is due to various notifications of Govt. of India, Ministry of Power directing the generating companies for sourcing of imported coal in varying proportion for blending purpose to meet the unprecedented increase in energy demand of country.

- 2.5 In view of the above, HMEL has considered to meet its coal requirement during the eighth control period from linkage and balance from import. Accordingly, HMEL has projected the total fuel cost on the basis of normative operating parameters as Rs. 77140.34 Lakh, Rs. 77535.38 Lakh and Rs. 77954.98 Lakh for the years 2023 – 24, 2024 – 25 and 2025 – 26 respectively.
- 2.6 HMEL has projected employee expenses as Rs. 4932.89 Lakh, Rs. 5220.45 Lakh and Rs. 5528.25 Lakh for the years 2023 – 24, 2024 – 25 and 2025 – 26 respectively which includes own employees and contractual employees.
- 2.7 HMEL has projected the Operation and Maintenance Expenses for unit 1 and unit 2 of its 3 x 150 MW generating station as Rs. 3360.00 lakh, Rs. 3486.00 lakh and Rs. 3618.00 lakh for the years 2023 – 24, 2024 – 25 and 2025 – 26 respectively, as per the norms specified by the Commission in Tariff Regulation. HMEL, in their petition also has claimed Rs.23.64 lakh, 24.85 lakh and 26.12 lakh for the years 2023 – 24, 2024 – 25 and 2025 – 26 respectively for operational expenses of HMEL transmission line @1.25 times of WBSETCL norms.
- 2.8 HMEL has projected the Water Charges at a rate of Rs. 21.68/ kL, 22.77/kL and 23.90/kL for the years 2023-24, 2024-25 and 2025-26 respectively for water supplied by Haldia Development Authority (HDA). The amount projected for the years 2023-24, 2024-25 and 2025-26 is Rs. 1453.03 Lakh, 1525.68 lakh and 1601.97 lakh respectively.



- 2.9 HMEL submitted that, they have projected the depreciation for the years 2023 – 24, 2024 – 25 and 2025 – 26 has been computed in terms of Tariff Regulations. HMEL in the petition has further stated that as the final project cost of 3 X 150 MW thermal power plant is yet to be determined, they have considered the provisional project cost of Rs. 2721.95 crores i.e. proportionate cost for unit 1 and unit 2 as on 31.12.2022.
- 2.10 HMEL submitted that, it has projected the interest cost of the capital loan for the ensuing years on the basis of weighted average interest rate of outstanding loans as on April, 2023.
- 2.11 HMEL has proposed the interest on working capital for the years 2023 – 24, 2024 – 25 and 2025 – 26 on normative basis in terms of the Tariff Regulations. HMEL has considered SBI MCLR rate of 7% as on April 01, 2022 plus 2.50% for 2023-24 ( 9.50%) and SBI MCLR of 8.30% as on April 01, 2023 plus 2.5% equalling to 10.80% (8.30% + 2.50%) for the years 2024-25 and 2025-26 as rate of interest.
- 2.12 Based on the above projections, HMEL has estimated the energy charges and capacity charges recoverable by them for its 2 x 150 MW generating station during the years 2023 – 24, 2024 – 25 and 2025 – 26 as given below:

**Table 2: Capacity Charge and Energy Charge claimed by HMEL for the Eighth Control Period**

Hiranmaye Energy Limited (2 x 150 MW)	Tariff for the Eighth Control Period		
	2023-24	2024-25	2025-26
a) Annual Capacity Charge (in Rs. Lakhs)	60682.97	59888.31	62524.64
	At Targeted Plant Availability of 85%		
b) Energy Charge Rate (excluding discount applicable under SHAKTI scheme)	3.86	3.88	3.90



---

2.13 Submissions of HMEL has been analysed by the Commission in subsequent chapters while determining the variable cost and fixed cost of the thermal power plant.



## CHAPTER – 3

### VARIABLE COST & EXPENDITURE

**3.1** Examination of fuel cost as claimed by HMEL for the years 2023 – 24, 2024 – 25 and 2025 – 26 of the eighth control period for its generating station has been taken up in this chapter. For the purpose of calculation of fuel cost and determination of energy charge, the operating parameters from the generating station has been considered as per normative parameters of the generating station specified in the Tariff Regulations.

**3.2 Installed capacity:**

HMEL owns and operates a 2 X 150 MW coal fired Thermal Power Station located at Haldia, East Midnapore. The dates of commercial operation of these two units are 13.08.2017 and 31.12.2017. The total installed capacity is 300 MW.

**3.3 Gross Generation:**

HMEL has proposed gross generation of 2233.80 MU for each year of the 8<sup>th</sup> control period on the basis of Plant Load Factor of 85%. The Commission finds it suitable to admit the projected generation for the ensuing years of eighth control period based on the normative PLF of the generating station i.e., 80%. Accordingly, the admissible gross generation figures of HMEL during the eighth control period stand as follows:

**Table 3:- Total Gross Generation**

Year	Projected by HMEL	Admitted by Commission
2023 – 24	2233.80	2108.16*
2024 – 25	2233.80	2102.40
2025 – 26	2233.80	2102.40

\*Being Leap Year





**3.4 Normative parameters:**

The Commission in terms of regulation 2.8.6.1 of the Tariff Regulations has to determine the revenue requirement of a generating station based on the operating norms as specified in Schedule – 9A of the Tariff Regulations. The operating norms, thus specified for fuel cost computations in respect of HMEL are as below:

**Table 4: Normative operating Parameter**

Name of the Generating Station	Unit Size	SHR	PLF	PAF	AEC	Secondary Fuel Oil consumption	Man/MW ratio	Transit and handling loss of coal
		(Kcal/kwh)	(%)	(%)	(%)	(ml/kWh)		(%)
HMEL	2x150 MW	2477.15	80	85	10.5	1.00	1.35	0.80

**3.5 Auxiliary consumption and Sent-out Energy Generation:**

HMEL has projected the auxiliary consumption and sent-out generation during the years 2023 – 24, 2024 – 25 and 2025 – 26 considering the auxiliary consumption norms specified in the Tariff regulations. The Commission considered that same and the admissible gross generation, auxiliary consumption and sent-out energy generation based on normative values are given as below:

**Table 5: Auxiliary Consumption and Sent-out Energy admitted by the Commission**

(In MU)

Admitted Gross Generation			Auxiliary Consumption			Sent Out Generation (Ex-bus)		
2023-24	2024-25	2025-26	2023-24	2024-25	2025-26	2023-24	2024-25	2025-26
2108.160	2102.400	2102.400	221.357	220.752	220.752	1886.803	1881.648	1881.648



### 3.6 Fuel Cost determination:

#### 3.6.1 Coal Requirement during the eighth control period:

- 3.6.1.1 In the Tariff Application, HMEL has projected that the coal requirement during the years 2023 – 24, 2024 – 25 and 2025 – 26 will be met from the coal sourced from linkage source as per the Fuel Supply Agreement with Mahanadi Coalfields Limited (MCL). HMEL in their petition also submitted that they have considered sourcing of 100% SHAKTI coal through which they can achieve generation level maximum upto 76.50% of the installed capacity. For achieving the target PLF, HMEL projected that the balance coal requirement shall be made from imported coal (Indonesian Coal) sourced through competitive bidding.
- 3.6.1.2 The Commission observes that, HMEL has projected the GCV value less than the minimum GCV of the respective Grade as notified by Coal India Limited (CIL). The Commission is of considered opinion that, in case the 'as received' GCV of any coal grade is less than the notified values, then it is the responsibility of the generating station to take-up the issue of such grade slippage with the coal company. For the purpose of tariff determination, the Commission finds it reasonable to consider mid value of the GCV range of the respective coal grade as notified by CIL.
- 3.6.1.3 The Commission decides to determine the requirement and price of coal based on the following principles:
- (i) The quantum and price of coal from linkage sources as proposed by HMEL are found within the FSA terms and rates notified by CIL, and the same is considered. However, the GCV of coal is considered as mid value of the range notified by CIL for respective coal grade.
  - (ii) The Commission observes that HMEL has not projected any bio-mass pellet in the proposed fuel mix as per the policy of the Ministry of Power, Government of India. In view of the above, the Commission decides to



consider the consumption of bio-mass pallet at 5% for 2023 – 24 and 7% for 2024 – 25 and 2025 – 26 following the revised guideline of Ministry of Power, Government of India. Since no projection in this respect has been made by HMEL in their tariff petition, the Commission finds it prudent to consider the heat value and price of bio-mass pellet as considered at the time of determination of fuel cost of Haldia Energy Limited for 8th control period.

- (iii) Regarding transportation cost of coal, HMEL has claimed weighted average coal transportation cost for the 8<sup>th</sup> control period @ Rs. 1877.24 per tonne without any break-up therein. The Commission also observes that the handling and sampling charge for linkage coal has been proposed as Rs. 85.00 per tonne for the eighth control period.
- (iv) In the tariff order dated 31.05.2021 for the years 2018 - 19 and 2019 - 20, the Commission has already expressed its concern over the road transportation of coal on the ground of economic and environmental issues and directed HMEL to establish connectivity either by conveyor or by rail upto their plant. The Commission allowed coal transportation rate of Rs. 1906 per tonne for the year 2019 -20 comprising of Rs. 1289 per tonne as railway freight from MCL mines, Rs. 533 per tonne as road transportation cost and Rs. 84 per tonne as other charges. In the tariff order for the 7th Control Period, the Commission considered the same coal transportation rate of Rs. 1906 per tonne for the years 2020 -21, 2021-22 and 2022 - 23.
- (v) The Commission observes that HMEL has proposed for additional capital expenditure of their railway siding plant during 2025 – 26 in its tariff application. Pending readiness of such suitable expenditure, the road transportation cost is subject to normative analysis as has been decided in the previous tariff orders of the Commission. In view of the above, the Commission after considering the zero escalation of transportation cost



of domestic coal as notified by CERC in its notification No. Eco-1/2023-CERC dated 05.04.2023, considers the same transportation rate of Rs. 1906 per tonne for the years 2023 – 24, 2024 – 25 and 2025 – 26.

3.6.1.4 In view of the above considerations, the quantum, price and heat value of ‘as received’ coal as admitted by the Commission for the eighth control period consisting of the years 2023 – 24, 2024 – 25 and 2025 – 26 is given below:

**Table 6: Quantum and GCV of ‘As received’ coal during eighth control period**

Particulars	Projected		Admitted	
	FSA coal	Imported coal	FSA coal	Biomass pellets
<b>For the year 2023 – 24</b>				
As received GCV (in kCal/kg)	3344.16	4200.00	3624.63	3455.00
Quantum (in MT)	1502300	174101	1424255	74961
Coal price (Rs. / MT)	1730.67	9935.00	1730.67	11760.00
Transportation cost (Rs. / MT)	1877.24	1486.00	1906.00	0.00
Handling and Sampling (Rs. / MT)	85.00	0.00		0.00
Landed price of coal (Rs. / MT)	3692.91	11421.00	3636.67	11760.00
<b>Wt. avg GCV (in KCal/kg)</b>	<b>3433.04</b>		<b>3616.15</b>	
<b>Wt. avg price (Rs. / MT)</b>	<b>4495.50</b>		<b>4042.84</b>	
<b>For the year 2024 – 25</b>				
As received GCV (in kCal/kg)	3344.16	4200.00	3624.63	3455.00
Quantum (in MT)	1502300	174101	1391811	104760
Coal price (Rs. / MT)	1730.67	10030.00	1730.67	11760.00
Transportation cost (Rs. / MT)	1877.24	1618.00	1906.00	0.00
Handling and Sampling (Rs. / MT)	85.00	0.00		0.00
Landed price of coal (Rs. / MT)	3692.91	11648.00	3636.67	11760.00
<b>Wt. avg GCV (in KCal/kg)</b>	<b>3433.04</b>		<b>3612.76</b>	
<b>Wt. avg price (Rs. / MT)</b>	<b>4519.08</b>		<b>4205.30</b>	
<b>For the year 2025 – 26</b>				
As received GCV (in kCal/kg)	3344.16	4200.00	3624.63	3455.00
Quantum (in MT)	1502300	174101	1391811	104760
Coal price (Rs. / MT)	1730.67	10127.00	1730.67	11760.00
Transportation cost (Rs. / MT)	1877.24	1762.00	1906.00	0.00



Particulars	Projected		Admitted	
	FSA coal	Imported coal	FSA coal	Biomass pellets
Handling and Sampling (Rs. / MT)	85.00	0.00		0.00
Landed price of coal (Rs. / MT)	3692.91	11889.00	3636.67	11760.00
<b>Wt. avg GCV (in KCal/kg)</b>	<b>3433.04</b>		<b>3612.76</b>	
<b>Wt. avg price (Rs. / MT)</b>	<b>4544.10</b>		<b>4205.30</b>	

3.6.1.5 However, HMEL shall have the liberty to purchase e-auction coal or imported coal on the basis of the actual coal requirement during the years 2023 – 24, 2024 – 25 and 2025 – 26 as per the provisions of the Tariff Regulations. In case of purchase of e-auction or imported coal during the control period, HEL shall consider the economical sources of e-auction or imported coal and submit a report along with their APR petition that the economical sources has been duly explored while purchasing such coal.

**3.6.2 Price and heat value of oil during the eighth control period:**

HMEL has stated that Light Diesel Oil (LDO) is used as the secondary fuel in the power station. HMEL has projected the price and Heat Value of LDO as was prevalent during the month of January 2023. The Commission considers the same and admits the price and heat value of secondary fuel as claimed by HMEL during the eighth control period.

**Table 7: Price and Heat Value of Secondary Fuel during the eighth control period**

Average Heat Value of Oil in kCal/ L			Average Oil Price in Rs. / KL		
2023 – 24	2024 – 25	2025 – 26	2023 – 24	2024 – 25	2025 – 26
10756.00	10756.00	10756.00	79489.00	79489.00	79489.00



3.6.3 No hike in price of FSA coal or oil has been projected by HMEL for the years, 2024 – 25 and 2025 – 26. Accordingly, the Commission does not consider any hike in price of coal or oil during the tariff determination stage for the eighth control period. The Commission, however, views that if there is any variation in fuel price in future from the fuel price considered in this order for ensuing years or any change in fuel mix, HMEL should take recourse of Monthly Fuel Cost Adjustment (MFCA) in terms of regulation 5.8.9 and 5.8.10 of the Tariff Regulations.

### 3.7 Fuel Cost

3.7.1 On the basis of above average price and heat values of primary and secondary fuel and the normative parameters as specified in Schedule 9A of the Tariff Regulations, and after allowing a margin of 120 kCal/kg in heat value in terms of regulation 5.8.4 (1) of the Tariff Regulations, the detailed computation of allowable fuel cost for the years 2023 – 24, 2024 – 25 and 2025 – 26 has been shown in the table at Annexure – 3 to this chapter.

3.7.2 The summarized statement of admitted fuel cost for the power station of HMEL for the eighth control period vis-à-vis the cost claimed by HMEL is given hereunder.

**Table 8: Total Fuel Cost claimed by HMEL and admissible by the Commission**

Figures in Rs. Lakh

Total Fuel Cost as claimed by HMEL			Admissible Fuel Cost		
2023-24	2024-25	2025-26	2023 – 24	2024 – 25	2025 – 26
77141.00	77536.00	77955.00	62286.68	64606.49	64606.49

3.7.3 An additional discount @ 7 paisa per kWh is applicable to the extent of usage of coal under SHAKTI scheme as per the provisions of the amended PPA between HMEL and WBSEDCL. For computation of the energy charge rate,



the Commission considers the additional discount of 7 paise per kWh on the quantum of coal considered during the fuel cost computation. The detailed computation of SHAKTI Discount for the years 2023 – 24, 2024 – 25 and 2025 – 26 has been shown in the table at Annexure – 3B to this chapter. However, HMEL shall compute the same every month based on the coal used from SHAKTI scheme and show the adjustment in its energy bill.

3.7.4 Considering the sent-out generation of HMEL, the energy charge rates are computed as below:

**Table 9: Admitted Energy Charge of HMEL**

Particulars	Unit	2023 – 24	2024 – 25	2025 – 26
Admitted Fuel Cost (As per Table 8)	Rs. in Lakh	62286.68	64606.49	64606.49
Less: SHAKTI Discount @ 7 paise per kWh		1257.77	1229.12	1229.12
Fuel cost considering SHAKTI Discount		61028.91	63377.37	63377.37
Sent Out Energy (As per Table 5)	MU	1886.803	1881.648	1881.648
<b>Admitted Energy Charge</b>	<b>Rs. Kwh</b>	<b>3.235</b>	<b>3.368</b>	<b>3.368</b>



**Annexure – 3**

**Fuel cost of Hiranmaye Energy Limited**

SL No	Particulars	Units	Derivation	2023 - 24	2024 - 25	2025 - 26
A	Installed Capacity	MW		300	300	300
B	PLF	%		80.00%	80.00%	80.00%
C	PAF	%		85.00%	85.00%	85.00%
1	Gross Generation	MU	1	2108.160	2102.400	2102.400
2	Auxiliary Consumption	MU	2	221.357	220.752	220.752
3	Sent Out Energy	MU	3 = 1 - 2	1886.803	1881.648	1881.648
4	Station Heat Rate	kCal/kWh	4	2477.15	2477.15	2477.15
5	Total Heat Required	GCal	5 = 1 x 4	5222228.54	5207960.16	5207960.16
6	Specific Oil Consumption	MI/kWh	6	1.00	1.00	1.00
7	Oil Consumption	KL	7 = 6 x 1	2108.16	2102.40	2102.40
8	Heat Value of Oil	kCal/Litre	8	10756.00	10756.00	10756.00
9	Heat from Oil	GCal	9 = 7 x 8 / 1000	22675.37	22613.41	22613.41
10	Permitted Heat from Blended Primary Fuel (Coal, Biomass Pellet)	GCal	10 = 5 - 9	5199553.17	5185346.75	5185346.75
11	Heat Value of Blended Primary Fuel (Coal, Biomass Pellet)	kCal/kg	11	3496.15	3492.76	3492.76
12	Permitted Blended Primary Fuel (Coal, Biomass Pellet) Consumption	Tonne	12 = 10 / 11 x 1000	1487222.56	1484598.64	1484598.64
13	Permitted Blended Primary Fuel (Coal, Biomass Pellet) Consumption considering Transit Loss	Tonne	13 = 12 / (1 - 0.80%)	1499216.29	1496571.21	1496571.21
14	Average Price of Oil	Rs./KL	14	79489.00	79489.00	79489.00
15	Average Price of Blended Primary Fuel (Coal, Biomass Pellet) per Tonne	Rs./Tonne	15	4042.84	4205.30	4205.30
16	Cost of Oil	Rs. Lakh	16 = 7 x 14 / 10 <sup>5</sup>	1675.76	1671.18	1671.18
17	Cost of Blended Primary Fuel (Coal, Biomass Pellet)	Rs. Lakh	17 = 13 x 15 / 10 <sup>5</sup>	60610.92	62935.31	62935.31
18	Total Fuel Cost	Rs. Lakh	18 = 16 + 17	<b>62286.68</b>	<b>64606.49</b>	<b>64606.49</b>





**Annexure – 3A**

**Weighted average rate determination of coal & biomass:**

Source	2023-24			2024-25			2025-26		
	GCV	Quantity	Landed price	GCV	Quantity	Landed price	GCV	Quantity	Landed price
	kCal/kg	MT	Rs./MT	kCal/kg	MT	Rs./MT	kCal/kg	MT	Rs./MT
FSA Coal	3624.63	1424255	3636.67	3624.63	1391811	3636.67	3624.63	1391811	3636.67
Bio Mass Pallets	3455.00	74961	11760.00	3455.00	104760	11760.00	3455.00	104760	11760.00
<b>Total / Weighted Average</b>	<b>3616.15</b>	<b>1499216</b>	<b>4042.84</b>	<b>3612.76</b>	<b>1496571</b>	<b>4205.30</b>	<b>3612.76</b>	<b>1496571</b>	<b>4205.30</b>
<b>GCV as received less 120 kCal/ Kg</b>	<b>3496.15</b>			<b>3492.76</b>			<b>3492.76</b>		

**Annexure – 3B**

**Computation of SHAKTI Discount for the years 2023 – 24, 2024 – 25 and 2025 – 26**

SL No	Particulars	Units	Derivation	2023 - 24	2024 - 25	2025 - 26
1	Coal considered from FSA as per SHAKTI Scheme	Tonne	1	1424255	1391811	1391811
2	Coal consumption after normative transit loss @ 0.80%	Tonne	$2 = 1 \times (1 - 0.80\%)$	1412861	1380677	1380677
3	Heat Value of FSA Coal less 120 kCal/kg	kCal/Kg	3	3504.63	3504.63	3504.63
4	Total Heat from FSA Coal	GCal	$4 = 2 \times 3 / 1000$	4951556	4868761	4838761
5	Specific Oil Consumption	ml/kWh	5	1.00	1.00	1.00
6	Oil Consumption	KL	$6 = 5 \times 11$	2007.61	1961.88	1961.88
7	Heat Value of Oil	kCal/Litre	7	10756.00	10756.00	10756.00
8	Total Heat from Oil	GCal	$8 = 6 \times 7 / 1000$	21594	21102	21102
9	Total Heat	GCal	$9 = 4 + 8$	4973150	4859863	4859863
10	Station Heat Rate	kCal/kWh	10	2477.15	2477.15	2477.15
11	Gross Generation from SHAKTI Coal	MU	$11 = 9 / 10$	2007.609	1961.877	1961.877
12	Auxiliary Consumption @ 10.50%	MU	$12 = 11 \times 10.50\%$	210.799	205.997	205.997
13	Sent Out Energy from SHAKTI Coal	MU	$13 = 11 - 12$	1796.810	1755.880	1755.880
14	SHAKTI Discount	Paisa/kWh	14	7.00	7.00	7.00
15	<b>Total Discount from SHAKTI Coal</b>	<b>Rs. in Lakh</b>	$15 = 13 \times 14 / 10$	<b>1257.77</b>	<b>1229.12</b>	<b>1229.12</b>



## CHAPTER – 4

### FIXED COST FOR GENERATING STATION

- 4.1 An examination of the projected fixed charges claimed by HMEL for the years 2023 - 24, 2024 – 25 and 2025 – 26 under different heads for unit 1 and unit 2 of its 3 X 150 MW generating station has been taken up in this chapter.
- 4.2 **Project cost of Unit 1 & Unit 2:**
- 4.2.1 HMEL [formerly known as IPC(H)L] had submitted a petition on 19.10.2012 for 'in-principle' investment approval for 3 X 150 MW coal based TPP project in Haldia with estimated cost of Rs 2672.00 Crore. Subsequently, HMEL vide a supplementary petition dated 24.07.2015 revised the estimated cost to Rs 3307.00 Crore. The Commission vide its order in Case no. OA-159 /12-13 dated 20.11.2017 accorded 'in-principle' approval of Rs. 2672.09 Crore for 3 X 150 MW power plant. The Commission in the said order under paragraph 15.0 observed the following:
- [Quote]
- .... enhanced cost under IDC and building & civil works including employee accommodation are not tenable and for the time being agree to the estimated project cost submitted in the initial petition. However, the Commission will take final view of the project cost after completion of the project and submission of all necessary documents with audited figures and with prudence check during final approval of project cost....
- [Unquote]
- 4.2.2 After declaration of COD of first two units (13th August 2017 and 31st December 2017 respectively) HMEL had submitted a petition on 20.02.2019



seeking 2nd stage final approval of the investment proposal for an amount of Rs. 4274.79 crore in terms of regulation 2.8.1.4.3 of the Tariff Regulations. The Commission in its order dated 14.10.2020 in Case no OA-299/18-19 inter-alia observed that, seeking 2nd stage approval after completion of COD of two units is not tenable under regulation 2.8.1.4.3 of the Tariff Regulations and directed HMEL to submit fresh petition for the final project cost as per the provision of regulation 2.8.1.4.13 of the Tariff Regulations along with audited figures and substantial documents in support of variation in project cost from the 'in principle' approval order.

- 4.2.3 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.
- 4.2.4 HMEL further vide letter dated 28.11.2022 has sought for extension of time of six months before the Commission for submission of petition for approval of the final project cost for 3 X 150 MW thermal power plant and the same has been allowed by the Commission vide letter dated 16.12.2022.
- 4.2.5 On the above grounds, especially keeping in mind the observation made by the Commission during the 'in-principle' approval order, it is found 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. 1781.3933 crores (Rs.2672.09 X 2/3) provisionally and proceeds to determine Aggregate Revenue Requirements (ARR) for the years 2023-24, 2024-25 and 2025-26 following the same principle as adopted in the Tariff Order dated 31<sup>st</sup> May, 2021 and 25<sup>th</sup> August, 2021.

#### 4.3 Employee Cost

- 4.3.1 HMEL has projected its own employee cost which includes salaries and wages, terminal benefits, leave encashment for the years 2023 – 24, 2024 – 25 and



2025 – 26 respectively applying an escalation of 5.89%. The numbers have been obtained from the approved employee cost as per review order dated 18.03.2022.

The proposed number and cost of own employee and contractual manpower of HMEL during the eighth control period are as follows:

**Table 10: Employee cost claimed by HMEL for the 8th control period**

Activity	Figures in Rs. Lakh								
	2023 – 24			2024 – 25			2025 – 26		
	Own Employee	Employees on Contract	Total Employee Cost	Own Employee	Employees on Contract	Total Employee Cost	Own Employee	Employees on Contract	Total Employee Cost
Generation	4896.04	36.85	4932.89	5181.43	39.02	5220.45	5486.93	41.32	5528.25

**Table 11: Number of Employees projected by HMEL for the 8th control period**

Activity	Figures in Nos.								
	2023 – 24			2024 – 25			2025 – 26		
	Own Employee	Employees on Contract	Total Employee	Own Employee	Employees on Contract	Total Employee	Own Employee	Employees on Contract	Total Employee
Generation	390	12	402	390	12	402	390	12	402

4.3.2 Employee cost has been recognized as an uncontrollable element in the Tariff Regulations subject to normative Man/ MW ratio. Normative Manpower perMW for HMEL has been specified as 1.35 in Schedule 9A of the Tariff Regulations. Accordingly, normative employee admissible for HMEL is 405. The Commission observed that, the number of employees as projected by HMEL for 8<sup>th</sup> control period is within the admissible limit.

4.3.3 From the submitted audited Financial Statement of HMEL for the year 2019-20, it is observed that no employee cost is reflected on the Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2020. Further, while analyzing the audited financial statement of HMEL for FY 2019-20, it is observed that the auditor's report on the financial statement of HMEL is qualified on the



capitalization of borrowing cost and revenue expenses even after achieving COD.

- 4.3.4 In the light of the above, the Commission keeps the Employee Cost unaltered for different years under 8 th MYT w.r.t. the employee cost as admitted in the tariff order dated 25<sup>th</sup> August, 2021 for the year 2022-23. Thus the Commission admits the following as Employee Cost for the years 2023-24, 2024-25 and 2025-26 :-

**Table 12: Employee cost admitted by the Commission for the 8th control period**

Activity	Figures in Rs. Lakhs.		
	2023 – 24	2024 – 25	2025 – 26
Generation	4485.00	4485.00	4485.00

- 4.3.5 HMEL shall furnish relevant information duly certified by the auditors and supporting documents in this respect with the application for APR for the concerned year and the same will be scrutinised by the Commission for adjustment in APR to the extent found reasonable. Along with the information and documents as mentioned above, HMEL shall, in the application for APR for the concerned year, also furnish the information in the format given in Form 1.17(h) of Annex - 1 to the Tariff Regulations indicating details in respect of both regular and contracted employees engaged in Unit 1 and Unit 2.

#### **4.4 Operation and Maintenance:**

- 4.4.1 As per regulation 5.7 of the Tariff Regulation, as amended from time to time, the Operation and Maintenance (O&M) expenses includes Repair & Maintenance (R&M) Expenses and Administrative & General (A&G) Expenses. Further the A&G expenses includes rent, lease charges, legal charges, auditor's fees, consultancy charges, insurance expenses, outsourced



expenses, if any, and any other expenses necessary and arising from ancillary or incidental to business.

- 4.4.2 HMEL has projected O&M Expenses in respect of Unit 1 & Unit 2 of its 3 X 150 MW Generating station for the years 2023 – 24, 2024 – 25 and 2025 – 26 based on the norms specified in fourth amendment of Tariff Regulations. The Commission allows the O&M Expenses as submitted by HMEL for generating station as per the details given below:

**Table 13: O&M Expenses admitted by Commission**

Activity	Capacity (MW)	Norms of O&M Expenses (Rs. Lakh/MW)			Admitted by Commission based on Norms (Rs. Lakh)		
		2023-24	2024-25	2025-26	2023-24	2024-25	2025-26
	(a)	(b)	(c)	(d)	(a) X (b)	(a) X (c)	(a) X (d)
Generation	300	11.2	11.62	12.06	3360.00	3486.00	3618.00

- 4.4.3 HMEL has claimed an amount of Rs. 23.64 lakh, Rs 24.85 lakh and Rs. 26.12 lakh towards operational expenses for HMEL transmission system for the years 2023 – 24, 2024 – 25 and 2025 – 26 respectively. In terms of clause (b) of paragraph C4 of Schedule 9A of the Tariff Regulations, composite O&M expenses for dedicated transmission lines and bays of any generating station for any ensuing years shall be determined based on trued up expenses of the last five years. It is also specified that, 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 (HI) considering 60% wholesale price index (WPI) and 40% consumer price index (CPI) notified by the Government of India. The Commission observed that HMEL has not submitted any APR petitions for the previous five years. Now, in absence of any trued-up expenses for the previous years, the Commission finds it prudent to allow the O&M expenses of the dedicated transmission line of HMEL at the norms specified in the Tariff Regulations for the transmission



licensee of the state during the eighth control period. The O&M cost for HMEL dedicated transmission line comes as Rs. 7.19 Lakh, Rs. 7.48 Lakh and Rs. 7.77 Lakh for the years 2023 – 24, 2024 – 25 and 2025 – 26 respectively as computed as below:

**Table 14: Admitted O&M cost for HMEL dedicated transmission line**

Year	Particulars	Number of Bays/ Length of Line	Norms as per WBERC Tariff Regulations [in Rs. Lakhs per bay or per Km]	O&M Expenses [Rs. Lakh]	Total O&M Expenses for the year [Rs. Lakh]
2023 - 24	Substation Part (220 kV Bays)	2	3.35	6.70	7.19
	Transmission Line Part (220 kV D/c)	2.74	0.18	0.49	
2024 – 25	Substation Part (220 kV Bays)	2	3.48	6.96	7.48
	Transmission Line Part (220 kV D/c)	2.74	0.19	0.52	
2025 - 26	Substation Part (220 kV Bays)	2	3.61	7.22	7.77
	Transmission Line Part (220 kV D/c)	2.74	0.20	0.55	

#### 4.5 Water Charges:

4.5.1 HMEL has projected expenditures of Rs. 1453.03 lakh, 1525.68 lakh and 1601.97 lakh for the years of 2023- 24, 2024-25 and 2025-26 respectively towards water charges. HMEL has submitted a detailed calculation of water charges considering projected Generation of 2233.80 MU for 2023- 24, 2024-25 and 2025-26 considering the rate specified by Haldia Development Authority (HDA).

4.5.2 The Commission considering the rate specified by HDA (which is Rs. 21.24 /KL for the years 2023-24, 2024-25 and 2025-26) recomputes the water charges taking into consideration the gross generation admitted in different years under 8<sup>th</sup> MYT. The admitted Water Charges so computed comes to Rs. 1343.32 lakh for 2023-24, Rs. 1339.65 lakh for each of the years 2024-25 and 2025-26 as given hereunder: -

**Table 15: Water Charge admitted by the Commission**

Sl No	Particulars	Claimed			Admitted		
		2023-24	2024-25	2025-26	2023-24	2024-25	2025-26
1	Annual Gen (MWh)	2233800.00	2233800.00	2233800.00	2108160.00	2102400.00	2102400.00
2	Water Consumption Rate (kL/MWh)	3.00	3.00	3.00	3.00	3.00	3.00
3	Total Requirement (kL)	6701400.00	6701400.00	6701400.00	6324480.00	6307200.00	6307200.00
4	Rate (Rs/kL)	21.68	22.77	23.90	21.24	21.24	21.24
5	Annual Water Charges (Rs. Lakh)	1452.86	1525.91	1601.63	<b>1343.32</b>	<b>1339.65</b>	<b>1339.65</b>

4.5.3 However, the expenditure on water charges being uncontrollable in nature, on submission of APR petitions, the actual expenditure vis-a-vis actual generation will be viewed separately by the Commission for adjustment of allowable expenses, if any, under this head.

#### 4.6 Statutory Charges:

4.6.1 In terms of regulation 5.7.2.2 of the Tariff Regulations the statutory fees and charges, excluding any penal charges, are to be allowed separately. HMEL has projected statutory charges to the extent of Rs 10 lakhs under the head Licence fee/application/petition filing fees for the year 2023-24 based on the licence fees to statutory authorities. The Commission, admits the cost of Licence fees for the 8<sup>th</sup> control period as claimed by the petitioner. The claim of HMEL and to the extent of same admitted by the commission under statutory head appears hereunder:



**Table 16: Statutory Charges claimed by HMEL and admitted by the Commission**

Figures in Rs. Lakh

Particulars	Claimed			Admitted		
	2023-24	2024-25	2025-26	2023-24	2024-25	2025-26
Licence Fee	10.00	0	0	10.00	0	0
Filing Fees						
Electricity Duty	0	0	0	0	0	0
Water Cess	0	0	0	0	0	0
Municipal/ Panchayat Tax	0	0	0	0	0	0
Others	0	0	0	0	0	0
Total	10.00	0	0	10.00	0	0

#### 4.7 Assets and Depreciations:

- 4.7.1 HMEL in their petition has claimed depreciation amount as Rs. 14195.32 lakh, 14421.80 lakh and Rs. 15009.24 lakh based on year-over-year computation for the years 2023-24, 2024-25 and 2025-26. HMEL in their submission has also claimed additional capex to the tune of 74012.10 lakh, 1176.95 lakh and 21074.50 lakh for the years 2023-24, 2024-25 and 2025-26 respectively for Unit 1 and Unit 2.
- 4.7.2 The Commission decides to consider separately the capex amount proposed at the time of APR after finalization of the Project Costs on receipt of final proposal under Regulation 2.8.4 of the WBERC (Terms and Conditions of Tariff) Regulations, 2011 and proceeds to admit depreciation at the rate @ 5.28% as per Depreciation Schedule mentioned at Annexure A(I) of WBERC (Terms and Conditions of Tariff) (4<sup>th</sup> Amendment) Regulations, 2023 on the approved cost as decided in Paragraph 4.2.6 above. Accordingly, Rs. 9170.06 lakh for each year are admitted for 2023-24, 2024-25 and 2025-26 as detailed below:

**Table 17: Depreciation claimed by HMEL and admitted by the Commission**

In Rs. Lakhs

SI No	Particulars	Claimed			Admitted		
		2023-24	2024-25	2025-26	2023-24	2024-25	2025-26
1	GFA	2,64,648.38	2,80,774.05	3,01,848.55	178139.34	178139.34	178139.34
2	Depreciation	14195.32	14421.80	15009.24	9170.06	9170.06	9170.06

**4.8 Return on Equity:**

- 4.8.1 HMEL has considered the equity base of Rs. 76081.01 lakh for the purpose of calculation of return on Equity. Further, HMEL has considered an addition of Rs. 2220.63 lakh in 2023-24 being 30% of the estimated completion cost of the additional capex planned as submitted in Form 1.18 of their petition. Accordingly, HMEL has claimed Rs. 11965.59 lakh, Rs. 12162.40 lakh and 12383.68 lakh as ROE for the years 2023-24, 2024-25 and 2025-26. The Commission has not admitted any new addition to the asset in the ensuing years on the ground that the asset as proposed to be added by HMEL does not fall under the class of capital asset. As such, the ROE remains same for the years 2023-24, 2024-25 and 2025-26.
- 4.8.2 The Commission considers the normative equity (30%) on the project cost as decided in paragraph 4.2.6 above and determines the admissible return on equity as below:

**Table 18 : Return on Equity admitted by the Commission**

Rs. Lakhs

SI No	Particulars	Basis	2023-24	2024-25	2025-26
1	Project Cost	A	178139.33	178139.33	178139.33
2	Admissible Equity (30% of A)	B	53441.80	53441.80	53441.80
3	Rate of Return	C	15.50%	15.50%	15.50%
4	ROE as admitted	D = B X C	8283.48	8283.48	8283.48

**4.9 Interest on Capital Loan:**

- 4.9.1 In terms of regulation 5.6.4 of the Tariff Regulations, as amended from time to time, actual loan and/or normative loan, if any, for the asset put to use shall be



considered as gross normative loan for calculation of interest on loan. Normative loan outstanding shall be considered as admitted loan corresponding to the asset capitalised deducted by cumulative depreciation and Advanced Against Depreciation approved by the Commission. It is further stated that, repayment during each year of the control period shall be deemed to be equal to the depreciation allowed for that year. The rate of interest shall be the weighted average rate of interest computed on the basis of actual capital loan portfolio.

4.9.2 HMEI in its petition 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, HMEI has considered the normative debt @70% of the original project cost of Unit 1 and 2 i.e. Rs. 1905.37 crores (70% of 2721.95 crores) commencing from 2018-19. HMEI has claimed interest on loan capital for its generating station as Rs. 18491.01 Lakh, Rs. 16342.88 Lakh and Rs. 17528.73 Lakh for the years 2023 – 24, 2024 – 25 and 2025 – 26 respectively. Now, Commission decides not to consider the capex addition as claimed by HMEI as stated at para 4.7.2 and the depreciation admitted for the years, the Commission computes the admissible interest on loan capital in the table below: -

**Table 19 : Interest on loan admitted by the Commission**

Figures in Rs. Lakh

Particulars	Derivation	2023-24	2024-25	2025-26
GFA at the beginning of the year	A	178139.34	178139.34	178139.34
Less: Govt Grant, etc	B	0.00	0.00	0.00
Approved GFA at the beginning	C = A-B	178139.34	178139.34	178139.34
Admissible equity at the beginning	D	53441.80	53441.80	53441.80
Opening Gross Normative Loan	E = C – D	124697.54	124697.54	124697.54
Cumulative depreciation and AAD	F	34312.26	43482.32	52652.38



Opening Balance of Normative Loan	$G = E - F$	90385.28	81215.22	72045.16
Net addition of asset during the year	H	0.00	0.00	0.00
Admissible addition to equity considered	I	0.00	0.00	0.00
Normative addition to capital loan	$J = H - I$	0.00	0.00	0.00
Depreciation during the year	K	9170.06	9170.06	9170.06
Closing balance of Normative Loan	$L = G + J - K$	81215.22	72045.16	62875.10
Average Normative Loan during the year	$M = (G + L) / 2$	85800.25	76630.19	67460.13
Weighted average rate of interest (%)	N	13.19%	13.19%	13.19%
<b>Interest on Normative Loan</b>	<b><math>O = M \times N</math></b>	11317.05	10107.52	8897.99

The Commission having dwelt upon the independent auditor's report as on 31.03.2020, notes that the "Annexure A" to independent auditor's report under the heading "Report on other legal & Regulatory Requirement" states that HMEL has defaulted in repayment of loan & interest on borrowings from financial institutions (REC & PFC). The Commission therefore directs HMEL to take note of the above mentioned report for taking required action from their end. The Commission subsequently shall refer addition to loans based on the aforesaid report.

#### 4.10 Other Finance Charges:

- 4.10.1 The amount of Rs 259 lakhs for each year of the 8<sup>th</sup> control period has been claimed by HMEL towards other finance charges comprises of Bank Charges, L/C Charges and Fees & Expenses for Restructuring. The Commission at this juncture decides not to allow any amount towards other finance charges and directs HMEL to submit the relevant documents in support of their claim in the APR Petition for examination by the Commission.

#### 4.11 Interest on Working Capital:



- 4.11.1 HMEL has claimed interest on working capital at normative basis as Rs. 2792.36 Lakh, Rs. 3183.70 Lakh and Rs. 3239.78 Lakh for the years 2023 – 24, 2024 – 25 and 2025 – 26 respectively.
- 4.11.2 The Commission, now determines the Working Capital requirement based on the provisions of regulation 5.6.5 of the Tariff Regulations. In terms of the Tariff Regulations, interest on Working Capital shall be at rate equal to the MCLR or any redefined term thereof by SBI from time to time being in effect applicable for one-year period, as prevalent on 1<sup>st</sup> April of the financial year in which the Petition is filed plus 250 basis points. The Commission observed that, the petitioner has filed the petition on 31.05.2023, thus the working capital interest rate will be SBI MCLR as on 01.04.2023 i.e. 8.50% plus 250 basis point. Accordingly, the Commission determines the interest on working capital of generating station of HMEL as below:

**Table 20: Interest on working capital admitted by the Commission**

Figures in Rs. Lakh

Generation Particulars	Derivation	Admitted		
		2023-24	2024-25	2025-26
Cost of Coal stock (non-pit-head 20 days)	A	3243.24	3381.16	3381.16
Advance payment of coal (30 days)	B	4865.01	5071.74	5071.74
Cost of secondary fuel oil for 2 months	C	279.29	278.53	278.53
O&M expense for 1 month	D	280.00	290.50	301.50
Employee Cost for 1 month	E	373.75	373.75	373.75
Water Charge for 1 month	F	111.94	111.64	111.64
Maintenance spare- 20% of O&M	G	672.00	697.20	723.60
Receivables equivalent to 45 days	H	12472.25	12668.52	12534.40
Working Capital Requirement	I = Sum (A : H)	22297.58	22873.04	22776.32



Interest rate at SBI MCLR+250 basis point	J	11%	11%	11%
<b>Interest on working Capital</b>	<b>K = I x J</b>	<b>2452.734</b>	<b>2516.034</b>	<b>2505.395</b>

#### 4.12 Income tax:

4.12.1 HMEL has claimed an amount of Rs. 3011.74 lakh, 3061.28 lakh and 3116.97 lakh for the years 2023-24, 2024-25 and 2025-26. The Commission decides not to allow any amount under the head "Income Tax" at this juncture. However, if any tax liability arises and is met the same would be addressed in the APR Petition.

#### 4.13 Reserve for Unforeseen Exigencies:

4.13.1 HMEL has not claimed any amount under this head and accordingly no amount has been admitted by the Commission for Reserve for Unforeseen Exigencies for the three years of 8<sup>th</sup> control period.

#### 4.14 Rates and Taxes

4.14.1 HMEL in its petition has claimed an amount of Rs. 188.39 lakh, 200.27 lakh and 212.91 lakh under Rates and Taxes for the years 2023-24, 2024-25 and 2025-26 by considering an escalation rate of 6.31% per annum year-over-year on the approved amount by the Commission for FY 2022-23 in the 7<sup>th</sup> MYT order. However, the Commission decides not to allow any amount under this head as it is an item of operation & maintenance and has already been addressed at the time of determination of O & M expenses.

#### 4.15 Income from 'Other Sources' / 'Non-Tariff Income':

4.15.1 HMEL has not submitted any amount regarding income from other sources/non-tariff income. However, from detailed scrutiny of the audited financial statement at note 15 for the year ended on 31.03.2020, an amount of 16.79 lakhs had been earned by HMEL. Accordingly, the same amount i.e. Rs



16.79 lakh has been considered for each of the three years of 8<sup>th</sup> control period as non-tariff income.

**Table 21: Non-tariff income admitted by commission**

Figures in Rs. Lakh

Particulars	Claimed			Admitted		
	2023-24	2024-25	2025-26	2023-24	2024-25	2025-26
Generating Station	0	0	0	16.79	16.79	16.79
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>16.79</b>	<b>16.79</b>	<b>16.79</b>



## CHAPTER - 5

### SUMMARISED STATEMENT OF AGGREGATE REVENUE REQUIREMENT FOR 2023 – 24, 2024 – 25 AND 2025 – 26 AND REVENUE RECOVERABLE THROUGH TARIFF FOR 2023 – 24 AND 2024 – 25

- 5.1 Based on analysis and findings recorded in the foregoing chapters, the Commission is now drawing the statement of Aggregate Revenue Requirement (ARR) separately for unit 1 and 2 of its 3 x 150 MW generating station of HMEL. Such summarized statement is given in Annexure 5 to this chapter. The ARR of the generating station is as follows:

**Table 22: ARR admitted by Commission**

Figures in Rs. Lakh

SI No	Particulars	Admitted		
		2023-24	2024-25	2025-26
1	unit 1 and 2 of 3 x 150 MW generating station	101440.96	102755.80	101667.92

- 5.2 In terms of the Tariff Regulations, the Commission has to ascertain the amount of revenue recoverable through tariff for the generating station of HMEL for the years 2023 - 24 and 2024 – 25 in the subsequent paragraphs. Tariff order for 2025 - 26 shall be determined prior to commencement of the year 2025 - 26 after carrying out allowable adjustment in subsequent APR order(s) of the Commission, if any.
- 5.3 Amount of revenue in respect of capacity charges and fuel charges to be recovered through tariff for the years 2023 - 24 and 2024 -25 separately for the thermal power station of HMEL works out to be as under: -





**Table 23: Revenue Required admitted by Commission**

Sl. No.	Particulars	2023-24	2024-25
1	Aggregate Revenue Requirement	101440.96	102755.80
2	Fuel Cost as admitted	61028.91	63377.37
3	Capacity Charges [3 =1- 2]	40412.05	39378.43

- 5.4 The Commission is now to determine the rates for recovery of energy charges and capacity charges from beneficiary(ies) of HMEL for the years 2023 – 24 and 2024 – 25 in the next chapter.



**Annexure 5**

**Aggregate Revenue Requirement (ARR) of unit 1 and Unit 2 of 3 X 150 MW Generating Station of HMEL**

Sl.	Particulars	Claimed			Admitted		
		2023-24	2024-25	2025-26	2023-24	2024-25	2025-26
1	Fuel Cost	77140.34	77535.38	77954.98	61028.91	63377.37	63377.37
2	Total Employee Cost	4932.90	5220.45	5528.25	4485.00	4485.00	4485.00
3A	O&M Expenses (Generation)	3360.00	3486.00	3618.00	3360.00	3486.00	3618.00
3B	O&M Expenses (Transmission)	23.64	24.85	26.12	7.19	7.48	7.77
4	Water Charges	1453.03	1525.68	1601.97	1343.32	1339.65	1339.65
5	Statutory Charges	10.00	0.00	0.00	10.00	0.00	0.00
6	Interest on Capital Loan	18491.01	16342.88	17528.73	11317.05	10107.52	8897.99
7	Interest on Working Capital	2792.36	3183.70	3239.78	2452.73	2516.03	2505.40
8	Other Finance Charges	259.00	259.00	259.00	0.00	0.00	0.00
9	Depreciation	14195.32	14421.80	15009.24	9170.06	9170.06	9170.06
10	Income tax	3011.74	3061.28	3116.97	0.00	0.00	0.00
11	Reserve for unforeseen exigencies	0.00	0.00	0.00	0.00	0.00	0.00
12	Rates and Taxes	188.38	200.27	212.91	0.00	0.00	0.00
13	Return on Equity	11965.59	12162.40	12383.68	8283.48	8283.48	8283.48
14	Permitted Incentives	0.00	0.00	0.00	0.00	0.00	0.00
15	Gross Revenue Required (Sum 1:14)	137823.31	137423.69	140479.62	101457.75	102772.59	101684.71
16	Less: Non-Tariff Income	0.00	0.00	0.00	16.79	16.79	16.79
17	Aggregate Revenue Required (15-16)	137823.31	137423.69	140479.62	101440.96	102775.80	101667.92



## CHAPTER – 6

### TARIFF ORDER FOR THE YEARS 2023 – 24 AND 2024 – 25

- 6.1 Based on the analysis and the decisions recorded in the previous chapters, the Commission, in accordance with the Tariff Regulations, has determined the Aggregate Revenue Requirement (ARR) for 2023 -24, 2024-25 and 2025 - 26 in respect of the generating station of HMEL as shown in chapter 5. The Commission is now to fix the rate for recovery of the energy charge, capacity charge and transmission charge during the years 2023 – 24 and 2024 – 25 in accordance with the provisions of regulation 6.11 and 6.12 of the Tariff Regulations. The Commission now specifies the Tariff Order including conditions for recovery of the charges in the subsequent paragraphs.
- 6.2 The annual capacity charge recoverable by HMEL shall be on the following basis:
- 6.2.1 The annual capacity charge recoverable by HMEL shall be on monthly basis depending on actual availability during the month with reference to the target normative annual availability subject to the conditions as laid down in regulation 6.11.4 of the Tariff Regulations, as amended from time to time.
- 6.2.2 The annual capacity charge is recoverable at the target normative annual availability as provided in following table:

**Table 24 : : Annual capacity charge recoverable by HMEL**

Generating Station	2023-24		2024-25	
	Target normative availability factor	Capacity charge for the period in Rs. lakh	Target normative availability factor	Capacity charge for the period in Rs. lakh
HMEL	85%	40412.05	85%	39378.43



- 6.3 The energy charge recoverable during the year 2023-24 and 2024 – 25 for injection of energy under implemented schedule on injection shall be as follows:

**Table 25 : Admitted Energy charges recoverable in 2023-24 and 2024-25**

Energy Charge (Rs. / kWh)	
2023-24	2024-25
3.235	3.368

- 6.4 HMEL shall raise the energy charge bill and capacity charge bill as per the energy accounting and availability declared by State Load Despatch Centre (in short 'SLDC') in its monthly energy accounting schedule.
- 6.5 The tariff admitted for 2023 – 24 is applicable for the period from 1st April, 2023 to 31st March 2024. HMEL shall start recovering its energy charge and capacity charge, based on this order from 1st day of the succeeding month of issue of this order. Adjustment, if any, for over recovery or under recovery by HMEL since 01.04.2023 as per this order shall be made in the monthly bills in 11 (eleven) equal installments commencing from the month succeeding to the month of issue of this order.
- 6.6 The tariff adopted for 2024 – 25 will be effective from 1st April, 2024 and shall also continue till further order of the Commission.
- 6.7 There will be no separate Monthly Fuel Cost Adjustment (MFCA) for HMEL on and from 01.04.2023 till the month of issuance of this order. The MFCA realized, if any, by HMEL during the above mentioned period shall be adjusted in computation of adjustments for over recovery / under recovery from the energy recipients as mentioned in paragraph 6.5 above. HMEL shall, however, be entitled to realize MFCA for any subsequent period after the issuance of this tariff order as per the provisions of the Tariff Regulations.
- 6.8 Any matter, which has not been explicitly mentioned in this order, shall be guided by regulations 2.9.8 and 2.9.9 of the Tariff Regulations.



- 6.9 For merit order despatch SLDC/ALDC shall consider the energy charge of the generating units of HMEL as determined in this tariff order in paragraph 6.3 above prospectively, from the next day of issue of this order. However, the MFCA applicable in terms of paragraph 6.5 above will be added to the energy charge for consideration of merit order despatch from the date of issue of the MFCA notification respectively.



## CHAPTER – 7

### DIRECTIONS

- 7.1 The Commission has given some directions in different paragraphs in Chapter 3 and Chapter 4 while determining the variable and fixed cost of HMEL. HMEL is to comply with those directions. Now, the Commission issues the following directions too, to HMEL in the instant Tariff Order.
- 7.2 HMEL shall note that as MFCA has been introduced, the amount that may be claimed in FCA at the end of any year is not expected to be higher than the summated value of following factors:
- a) impact due to rounding off as per note (f) under the sub- paragraph (d) of paragraph (B) of Schedule-7B of the Tariff Regulations against the applicable MFCA for the months of February and March of that year,
  - b) impact due to non-recovery of any additional fuel cost of March of any year over and above what is recovered on the basis of MFCA as calculated from data of February due to the fact that MFCA calculated on the basis of data of March becomes applicable for next financial year only,
  - c) impact due to application of disallowance of cost as per FCA formula at FCA determination stage.
- 7.3 While submitting APR application of any year, HMEL shall submit the certificates of the annual accounts of the said year from the statutory auditor for the following parameters:
- a) List of expenditure arising on account of penalty, fine and compensation due to non-compliance of any statute or statutory order



along with the reasons for each such type of penalty, fine and compensation separately.

b) Copies of the audited accounts of all the terminal benefit funds.

- 7.4 HMEL shall submit a reconciliation statement from statutory auditor showing the claim vis-a-vis the actual amount shown in the audited account against each head of expenditure along with their APR petition.
- 7.5 HMEL shall submit a report of compliance towards repayment of defaulted loan and interest on borrowings from financial institutions (REC & PFC) within two months from the date of this order.
- 7.6 While submitting application of APR, HMEL shall have to submit through affidavit that no expenditure has been claimed by HMEL through the APR petition on employee or infrastructure or any other support or O&M activity pertaining to any other business of HMEL not related to their generation business.
- 7.7 All reports called for in this chapter are in addition to what are statutorily required to be submitted, either in terms of the Act, any of the Regulations made thereunder, or both, for the purpose of submission in the Annual Performance Review.
- 7.8 HMEL shall present to the Commission a gist of this order in accordance with regulation 2.9.6 of the Tariff Regulations within three working days from the date of receipt of this order for approval of the Commission and on receipt of the approval shall publish the approved gist in terms of aforesaid regulation within six (6) working days from the date of receipt of the approval of the Commission.



7.9 HMEEL shall comply with all the provisions of Electricity Act 2003 and rules and regulations made thereafter.

Sd/-

(PULAK KUMAR TEWARI)  
MEMBER

Sd/-

(MALLELA VENKATESWARA RAO)  
CHAIRPERSON

Dated: 12.03.2024

Sd/-  
(SECRETARY)