



TELANGANA ELECTRICITY REGULATORY COMMISSION
5th Floor, Singareni Bhavan, Red Hills, Lakdi-ka-pul, Hyderabad 500 004

ORDER

ON

**TRUE UP FOR FY 2022-23
AND
MULTI YEAR TARIFF (MYT)
FOR FY 2024-25 TO FY 2028-29**

FOR

**SINGARENI THERMAL POWER PROJECT
(2x600 MW) OF
THE SINGARENI COLLIERIES COMPANY LIMITED**

28.06.2024

TABLE OF CONTENT

Chapter-1 Introduction	2
Background	2
Statutory Provisions	2
Present Petition	4
Admission of Petition and Regulatory Process	4
Data Gaps and petitioner's Responses	4
Public Notice	5
Response to the Public Notice	5
Public Hearing	5
Chapter-2 Summary of Filings	7
Petitioner's Submissions	7
True-up for FY 2022-23.....	7
Multi-Year-Tariff for the period FY 2024-25 to FY 2028-29	8
Energy Charges for the period FY 2024-25 to FY 2028-29	8
Chapter-3 Issues raised by Stakeholders, responses of Petitioner and Commission's View	10
Objections/suggestions made on filings.....	10
General.....	10
Return on Equity.....	13
Interest on loan.....	19
Depreciation	23
Stakeholders' Submission	23
Interest on Working Capital	23
Operation and Maintenance Expense.....	25
Operational Parameters	28
Energy charge	30
Incentive	32
Fixed Charges	33
Integrated Mine (Naini):.....	34
Additional Capitalization for FY 2024-29.....	35
Chapter-4 Analysis and Conclusion on True-up for FY 2022-23 ...	37
Regulatory Provisions	37
Additional Capitalisation	37
Depreciation	38
Interest and Finance Charges on Loan.....	39
Interest on Working Capital (IoWC)	42
Operation & Maintenance (O&M) Expenses	43
Return on Equity (ROE)	45

Non-Tariff Income (NTI)	47
Other Charges.....	48
Incentive	49
Energy Charges	49
Summary of Annual Fixed Charge admitted and Sharing of Gain/Loss	51
Sharing of Gains/Losses	51
Chapter-5 Analysis and Conclusion on MYT for the period FY 2024-25 to FY 2028-29.....	53
Regulatory Provisions	53
Operation and Maintenance (O&M) Expenses	55
Additional Capitalisation	58
Depreciation	60
Interest and Finance Charges (I&FC) on Loan	62
Interest on Working Capital (IoWC)	66
Return on Equity (RoE)	67
Tax on RoE	69
Non-Tariff Income.....	71
Incentive	72
Annual Fixed Charges (AFC)	72
Operations Parameters	73
Energy Charges	75
Applicability	79
Commission's Directives	79

List of Tables

Table 2-1: Summary of ARR as claimed for FY 2022-23	7
Table 2-2: AFC and Energy Charge claimed by the Petitioner for the period FY 2024-25 to FY 2028-29	8
Table 2-3: Summary of ECR as claimed by the Petitioner for the period FY 2024-25 to FY 2028-29	8
Table 3-1: Fixed Charges as claimed for the period of FY 2024-25 to FY 2028- 29 Rs. in crore	34
Table 4-1: Additional Capitalisation as approved for FY 2022-23	38
Table 4-2: Depreciation as claimed for FY 2022-23	39
Table 4-3: Depreciation as approved for FY 2022-23	39
Table 4-4 Interest and Finance Charges on Loan as claimed for FY 2022-23	40
Table 4-5: I&FC on Loan as approved for FY 2022-23	41
Table 4-6: Interest on Working Capital as claimed for FY 2022-23	42
Table 4-7: Interest on Working Capital as approved for FY 2022-23	43
Table 4-8: Summary of O&M expenditure as claimed for FY 2022-23	44
Table 4-9: Normative Employee Cost as approved for FY 2022-23	44
Table 4-10: Normative A&G Expenses as approved for FY 2022-23	44
Table 4-11: Normative R&M Expenses as approved for FY 2022-23	45
Table 4-12: Least of O&M expenses Normative (recomputed) and actuals for FY 2022-23	45
Table 4-13: O&M Expenses claimed and approved FY 2022-23	45
Table 4-14: Return on Equity including Tax as claimed for FY 2022-23	46
Table 4-15: Return on Equity including Income Tax as approved for FY 2022-23	47
Table 4-16: Non-Tariff Income as claimed for FY 2022-23	48
Table 4-17: Non-Tariff Income as approved for FY 2022-23	48
Table 4-18: Other Charges as claimed for FY 2022-23	48
Table 4-19: Incentive as claimed for FY 2022-23	49
Table 4-20: Energy Charge Rate (ECR) as claimed for FY 2022-23	50
Table 4-21: Energy Charge Rate (ECR) approved for FY 2022-23	50
Table 4-22: Annual Fixed Charge (AFC) approved	51
Table 4-23: Summary of approved sharing of gain/loss to the beneficiaries	51
Table 5-1: O&M Expenses as claimed for the period FY 2024-25 to FY 2028-29	55
Table 5-2: Normative Employee Costs as approved for the period FY 2024-25 to FY 2028-29	57
Table 5-3: Normative A&G Expenses as approved for the period FY 2024-25 to FY 2028-29	57
Table 5-4: Normative R&M Expenses as approved for the period FY 2024-25 to FY 2028-29	58
Table 5-5: O&M expenses approved for the period FY 2024-25 to FY 2028-29	58
Table 5-7: Depreciation as claimed for the period FY 2024-25 to FY 2028-29	61
Table 5-8: Depreciation approved for the period FY 2024-25 to FY 2028-29	62
Table 5-9: I&FC on Loan as claimed by the petitioner for the period FY 2024-25 to FY 2028-29	63
Table 5-10: I&FC on Loan approved for the period FY 2024-25 to FY 2028-29	66
Table 5-11: Interest on Working Capital as claimed for the period FY 2024-25 to FY 2028-29	66
Table 5-12: Interest on Working Capital as approved for the period FY 2024-25 to FY 2028-29	67
Table 5-13: Return on Equity as claimed for the period FY 2024-25 to FY 2028-29	68
Table 5-14: Return on Equity as approved for the period FY 2024-25 to FY 2028-29	69
Table 5-15: Tax on RoE approved for the period FY 2024-25 to FY 2028-29	70
Table 5-16: Non-Tariff Income claimed for the period FY 2024-25 to FY 2028-29	71
Table 5-17: Non-Tariff Income approved for the period FY 2024-25 to FY 2028-29	72
Table 5-18: Incentive claimed by petitioner for period FY 2024-25 to FY 2028-29	72
Table 5-19: Annual Fixed Charges as approved for the period FY 2024-25 to FY 2028-29	73
Table 5-20: Operational Parameters as claimed for period FY 2024-25 to FY 2028-29	73
Table 5-21: Operational Parameters as approved for the period FY 2024-25 to FY 2028-29	75
Table 5-22: Energy Charge Rate (ECR) as claimed for the period FY 2024-25 to FY 2028-29	76
Table 5-23: Norms of operation as approved in MYT Regulation No.2 of 2023	77
Table 5-24: Tentative fuel prices and GCV considered	78

Table 5-25:Base Energy Charge Rate approved for the period FY 2024-25 to FY 2028-29.....78

Table 5-26: Indicative MYT Tariff approved for the Period FY 2024-25 to FY 2028-2978



List of Abbreviations

A&G	Administrative and General
ACT	The Electricity Act, 2003
AAD	Advance Against Depreciation
AFC	Annual Fixed Charges
APTEL	Appellate Tribunal for Electricity
ARR	Aggregate Revenue Requirement
BFP	Boiler Feed Pump
BHEL	Bharat Heavy Electricals Limited
BMCR	Boiler maximum continuous rating
BoP	Balance of Plant
BTG	Boiler, Turbine and Generator
CCDAC	Coal Conservation & Development Advisory Committee
CEA	Central Electricity Authority
CERC	Central Electricity Regulatory Commission
CFB	Circulating Fluidised Bed
CFL	Compact Fluorescent Lamps
CIL	Coal India Limited
CIP	Capital Investment Plan
CISF	Central Industrial Security Force
CPCB	Central Pollution Control Board
COD	Commercial Operation Date
CPI	Consumer Price Index
CSR	Corporate Social Responsibility
DC	Designated Consumer
DMFT	District Mineral Foundation Trust
DPR	Detailed Project Report
EA 2003	Electricity Act, 2003
EPC	Engineering, Procurement and Construction
EPCA	Environment Pollution Control Authority
ERP	Enterprise Resource Planning
ESP	Electrostatic Precipitator
FGD	Flue Gas Desulphurisation
FSA	Fuel Supply Agreement
FY	Financial Year
GCV	Gross Calorific Value
GFA	Gross Fixed Assets
GoT	Government of Telangana
GSHR	Gross Station Heat Rate
GST	Goods and Services Tax
HPSV	High-Pressure Sodium Vapour Lamps
ICB	International Competitive Bidding
IDC	Interest During Construction
IDCT	Induced Draft Cooling Tower
Ind AS	Indian Accounting Standard
IoWC	Interest on Working Capital
IT	Information Technology
kcal	kilo calories
kg	Kilogram
KTPP	Kakatiya Thermal Power Plant
kWh	Kilo Watt hour

MAT	Minimum Alternative Tax
MCLR	Marginal Cost of Funds based Lending Rate
MGR	Merry-Go-Round
MMT	Million Metric Tonne
MoC	Ministry of Coal
MoEF&CC	Ministry of Environment, Forest & Climate Change
MoP	Ministry of Power
MoU	Memorandum of Understanding
MU	Million Units
MW	Mega Watt
MYT	Multi Year Tariff
NAPAF	Normative Annual Plant Availability Factor
NAPLF	Normative Annual Plant Load Factor
NH	National Highway
NHAI	National Highways Authority of India
NIT	Notice Inviting Tender
NO _x	Nitrogen oxides
NTPC	National Thermal Power Corporation Limited
O&M	Operations and Maintenance
O.P.	Original Petition
OEM	Original Equipment Manufacturer
OFC	Optical Fibre Communication
PAF	Plant Availability Factor
PAT	Perform, Achieve and Trade
PFC	Power Finance Corporation
PLF	Plant Load Factor
PPA	Power Purchase Agreement
PSC	Pre-Stressed Concrete
PVC	Price Variation clause
R&M	Repairs & Maintenance
RCC	Reinforced Cement Concrete
RCE	Revised Capital Expenditure
RDO	Revenue Division Officer
REC	Rural Electrification Corporation
RITES	Rail India Technical and Economic Service
RoE	Return on Equity
Rs.	Rupees
RUB	Railway Under Bridge
S&T	Signalling and Telecommunication
SBI	State Bank of India
SCCL	Singareni Collieries Company Limited
SLC	Standing Linkage Committee
SLDC	State Load Despatch Centre
SMET	Sate Mineral Exploration Trust
SPCB	State Pollution Control Board
SO _x	Sulphur Oxides
SPCB	State Pollution Control Board
TNSEB	Tamil Nadu State Electricity Board
TGERC	Telangana Electricity Regulatory Commission
TGGENCO	Telangana Power Generation Corporation Limited
TGMDC	Telangana Mineral Development Corporation
TGNPDCL	Northern Power Distribution Company of Telangana Limited
TGPCC	Telangana Power Coordination Committee

TGSPDCL	Southern Power Distribution Company of Telangana Limited
TGTRANSCO	Transmission Corporation of Telangana Limited
UDL	Undischarged Liability
WPI	Wholesale Price Index





TELANGANA ELECTRICITY REGULATORY COMMISSION

5th Floor, Singareni Bhavan, Red Hills, Lakdi-ka-pul, Hyderabad 500 004

O.P.No.4 of 2024

Dated 28.06.2024

Present

Sri. T. Sriranga Rao, Chairman
Sri. M. D. Manohar Raju, Member (Technical)
Sri. Bandaru Krishnaiah, Member (Finance)

Between:

The Singareni Collieries Company Limited,
Kothagudem Collieries, Bhadradri Kothagudem District 507 101. ... Petitioner.

AND

1. Southern Power Distribution Company of Telangana Limited,
Corporate Office, # 6-1-50, Mint Compound, Hyderabad 500 063;
2. Northern Power Distribution Company of Telangana Limited,
H.No.2-5-31/2, Corporate Office, Vidyut Bhavan, Nakkalagutta,
Hanamkonda, Warangal 506 001. ... Respondents.

Singareni Collieries Company Limited (SCCL or petitioner) filed the Petition on 30.01.2024 under Sections 62 and 86(1)(a) & 86(1)(b) of the Electricity Act, 2003 and under the provisions of (Terms and Conditions of Generation Tariff) Regulation No.1 of 2019 for Truing-up of the Aggregate Revenue Requirement for FY 2022-23 and under the provisions of Telangana Electricity Regulatory Commission(Multi Year Tariff) Regulation No. 2 of 2023 for Multi Year Tariff for FY 2024-25 to FY 2028-29 for 2x600 MW Singareni Thermal Power Plant (STPP).

The Commission, in exercise of its powers under the Electricity Act, 2003, Regulation No.1 of 2019; Regulation No. 2 of 2023 and after considering Petitioner's submissions, suggestions and objections of the other stakeholders, responses of Petitioner, issues that are raised during the Public Hearing and all other relevant material, passed the following:

ORDER

Chapter-1 Introduction

Background

- 1.1.1 Telangana Electricity Regulatory Commission (herein referred to as TGERC or the Commission) was constituted by the Government of Telangana (GoT) in terms of the provisions of Schedule XII(C)(3) of the A.P. Reorganisation Act of 2014, read with Section 82 of the Electricity Act, 2003 (Act) vide G.O.Ms.No.3, Energy (Budget) Department, dated 26.07.2014.
- 1.1.2 The Singareni Collieries Company Limited (SCCL) is a coal mining company incorporated under the Companies Act, 1956. The Company is owned by Government of Telangana (GoT) with 51.096% shareholding. The other shareholders of the company are Government of India (GoI) and private shareholders in the ratio of 48.902% and 0.002% respectively.
- 1.1.3 SCCL has entered in the business of power generation by setting up a 2x600 MW coal based thermal power plant viz., Singareni Thermal Power Plant (STPP) in Jaipur of Mancherla District, Units I & II of STPP achieved COD on 25.09.2016 and 02.12.2016 respectively.
- 1.1.4 SCCL had entered into a Power Purchase Agreement (PPA) on 18.01.2016 with two distribution companies of Telangana (TGDiscoms) for the power generated from STPP which will be sold to them at a tariff decided by the Commission. The PPA shall remain valid for a period of 25 years from the COD of the last Unit (i.e., Unit-II).
- 1.1.5 The Commission, in its Order dated 28.08.2020 trued-up the capital cost and annual fixed charges for 2x600 MW STPP upto 31.03.2019 and determined the tariff for STPP during MYT period of FYs 2019-24.
- 1.1.6 The Commission in its Order dated 23.03.2023 trued-up the Aggregate Revenue Requirement and revenue for FY 2019-20 to FY 2021-22 and revised the Tariff for FY 2022-23 and FY 2023-24.

Statutory Provisions

- 1.1.7 As per Section 62 of the Electricity Act, 2003 the Commission can determine the tariff for supply of electricity by a generating company to a distribution licensee, further the Commission is empowered to determine tariff for

generation and sale of electricity within the State under Section 86(1)(a) & 86(1)(b) of the Act.

- 1.1.8 The Commission had notified (Terms and Conditions for Determination of Generation Tariff) Regulations, 2019 [Regulation No.1 of 2019] which came into force from the date of its publication in Telangana Gazette i.e., on 01.02.2019. As per clause 3.13.1 and other applicable clauses provided in Regulation No.1 of 2019 and clause 6.2 and other applicable clauses as provided in Telangana Electricity Regulatory Commission (Multi Year Tariff) Regulation, 2023 [Regulation 2 of 2023] the SCCL is required to file a petition for truing-up of generation tariff for STPP for FYs 2022-23 and Multi Year Tariff of the Control Period FY 2024-25 to FY 2028-29 respectively. For the sake of convenience the applicable clauses of Regulation No.1 of 2019 and Regulation 2 of 2023 are reproduced below:

Regulation No.1 of 2019

3.13 End of the control period Review

3.13.1 *The Generating Entity shall file a petition for End of the control period Review and truing-up of the Aggregate Revenue Requirement and revenue for FY 2021-22 and FY 2022-23, and provisional truing-up for the FY 2023-24, by November 30, 2023.*

Provided that the Petition shall include information in such form as may be stipulated by the Commission, together with the Accounting Statements, extracts of Books of Account and such other details, including cost accounting reports or extracts thereof, as it may require to assess the reasons for and extent of any difference in operational and financial performance from the approved forecast of Aggregate Revenue Requirement and expected revenue from tariff.

3.13.2 *The scope of the End of control period Review shall be a comparison of the actual operational and financial performance vis-à-vis the approved forecast for the third, fourth and fifth Year(s) of the control period;*

3.13.3 *Upon completion of the review under clause 3.13.2 of this Regulation, the Commission shall attribute any variations or expected variations in performance, for variables specified under clause 6.7 & clause 6.8 of this Regulation, to factors within the control of the petitioner (controllable factors) or to factors beyond its control (uncontrollable factors).*

3.13.4 *Any variations or expected variations in performance, for variables other than those specified under clause 6.7 of this Regulation, shall not ordinarily be reviewed by the Commission during the control period and shall be attributed entirely to controllable factors:*

3.13.5 *Where the petitioner believes, for any variable not specified under clause 6.7, that there is a material variation or expected variation in performance for any Year on account uncontrollable factors, it may apply to the Commission for inclusion of such variable.*

.....
Regulation No.2 of 2023

6.2 The petitions to be filed for each control period under this Regulation are as under:

- a) Multi Year Tariff petition shall be filed by 30th November of the year preceding the first year of the control period by generating entity, comprising:
 - i. True-up of preceding year for generation business;
 - ii. True-up of preceding year for integrated mine;
 - iii. Proposal of Tariff for each year of the control period for generation business;

Present Petition

1.1.9 SCCL has filed the present petition on 30.01.2024 in accordance with Sections 62, 86(1)(a) & 86(1)(b) of the Electricity Act, 2003 read with clause 3.13.1, and other applicable clauses provided in Regulation No.1 of 2019 for trueing-up of generation tariff from 1st April 2022 to 31st March 2023. SCCL has also filed the petition for Multi Year Tariff for FY 2024-25 to FY 2028-29 for 2x600 MW Singareni Thermal Power Plant (STPP) in accordance with Regulation No.2 of 2023.

1.1.10 SCCL has submitted that while filing present Aggregate Revenue Requirement (ARR)/Tariff proposals, the SCCL has endeavoured to comply with the various applicable legal and regulatory directions of the Commission including the directions contained in the 'Conduct of Business' Regulations, 2015 (Regulation No.2 of 2015), Regulation No.1 of 2019 and Regulation No.2 of 2023 notified by the Commission.

1.1.11 SCCL further submitted that based on the information available it has made bonafide efforts to comply with the directions of the Commission and discharge its obligations to the best of its abilities.

Admission of Petition and Regulatory Process

1.1.12 The petition was examined and found to be generally in order as required under Conduct of Business Regulation, 2015 (Regulation No.2 of 2015). The original petition has been taken on record by assigning the O.P.No.4 of 2024.

Data Gaps and petitioner's Responses

1.1.13 During scrutiny, the filings of the petitioner were found to be deficient in certain aspects and therefore, additional information was sought. The Commission has considered the original filings and additional information submitted by the

petitioner.

Public Notice

1.1.14 The petitioner, in conformity of the Commission's directions, issued Public Notice for inviting objections/suggestions of the stakeholders on the filing of the true-up for FY 2022-23 and MYT for FY 2024-25 to FY 2028-29 in two (2) English, two (2) Telugu daily and One (1) Urdu daily newspapers on 14.02.2024 [Annexure-1(A)]. In the Public Notice it was also stated the intention of the Commission to conduct Public Hearing in the Court Hall of TGERC, 5th Floor, Singareni Bhavan, Red Hills, Hyderabad on 08.04.2024 from 11.00 hrs onwards. The filing (along with supporting material) was hosted by the petitioner as well as the Commission on their respective websites.

1.1.15 Initially, the objections/suggestions on the filing were to be filed before the Commission by 05.03.2024. But, considering the request from the stakeholders, the Commission has extended the last date for submitting objections/suggestions on the filings to 14.03.2024. Accordingly, the petitioner has issued the revised Public Notice in the daily newspapers on 14.03.2024 [Annexure-1(B)]. Further due to administrative reasons the Public Hearing originally scheduled on 08.04.2024 was rescheduled to 19.04.2024 [Annexure-1(C)] The same information was posted and scrolled in the homepage of the website of the Commission.

Response to the Public Notice

1.1.16 In response to the Public Notice, two (2) stakeholders have submitted their Objections/Suggestions on the filings of True-up for FY 2022-23 and Multi Year Tariff for the period FY 2024-25 to FY 2028-29. The list of stakeholders who submitted written objections/suggestions on filings is enclosed at Annexure-II.

1.1.17 The Petitioner was directed to furnish reply on the objections/suggestions of stakeholders in writing, marking copy of the same to the Commission, by 20.03.2024. The objections/suggestions of stakeholders and the responses of the Petitioner on the same has been posted both on the websites of the Petitioner and the Commission.

Public Hearing

1.1.18 In the Public notice it was also stated that the Commission intended to conduct Public Hearing in the Court Hall of TGERC, 5th Floor, Singareni Bhavan, Red Hills, Hyderabad on 08.04.2024 from 11.00 hrs onwards. Later on, due to administrative reasons, the Public hearing was scheduled on 08.04.2024 was postponed and the public hearing was rescheduled to 19.04.2024 at 11.00 am in the Court Hall of TGERC. The same information was posted on the website of the Commission.

1.1.19 The Commission has conducted the Public Hearing on 19.04.2024 in attendance of the Petitioner, the Respondents, and the other interested stakeholders. During the Public Hearing, the Petitioner has made a brief submission on its filings and then the Commission heard the Respondents and other stakeholders desiring to be heard. At the end, the Petitioner responded on the issues raised by the objectors and on directions of the Commission filed a written submission regarding the same. The list of persons who have presented their objections/suggestions in Public Hearing held on 19.04.2024 is enclosed at Annexure-III.

Chapter-2 Summary of Filings

Petitioner's Submissions

- 2.1.1 This petition is filed for approval of true-up for FY 2022-23 and Multi Year Tariff for FY 2024-25 to FY 2028-29 for 2x600 MW Singareni Thermal Power Plant.
- 2.1.2 The Petitioner has made the following submissions in their original filings and the additional submissions:
- a) Annual Accounts of SCCL for FY 2022-23;
 - b) Audited details of the break-up of Actual capital cost of STPP up to 31.03.2023.
 - c) The details of Additional Capitalisation for FY 2022-23 to FY 2023-24.

True-up for FY 2022-23

- 2.1.3 The summary of the true-up of Aggregate Revenue Requirement for FY 2022-23 as claimed before the Commission is submitted below:

Table 2-1: Summary of ARR as claimed for FY 2022-23

Rs. in crore

Particulars	FY 2022-23		
	MYT/Tariff Order	April-March	True-Up requirement
	Approved	Audited	Claimed
Annual Fixed Charges			
Operation & Maintenance Expenses	220.09	304.61	304.61
Depreciation	400.36	400.54	400.54
Interest and finance charges on loan	224.24	266.65	266.65
Interest on Working Capital	83.51	98.65	98.65
Return on Equity	436.41	481.81	481.81
Annual Fixed Charges	1364.61	1552.26	1552.26
Energy Charges			
Energy Charge Rate (Rs./kWh)	3.347	3.343	3.343
Scheduled Energy-Ex-bus (MUs)	8741.959	8741.959	8741.959
Variable Charges	2925.93	2922.44	2922.44
Other Charges			
Incentive	0.00	16.03	16.03
water charges, Audit fee & Tariff filling fee	0.00	2.30	2.30
Total Gross ARR		4493.03	4493.03
Less: Non-Tariff Income	13.33	9.27	9.27
ARR to be recovered from Tariff		4483.76	4483.76

**It is observed that the values shown under MYT/Tariff Order are MTR Order revised approved values for FY 2022-23.*