

**EXPLANATION FOR CORRIGENDUM TO THE NOTIFICATION DATED  
7.4.2015 ON ESCALATION FACTORS AND OTHER PARAMETERS**

As required under para 5.6 (vi) of the MoP Notification dated 19.1.2005 (as amended from time to time) on “Guidelines for Determination of Tariff by Bidding Process for Procurement of Power by Distribution Licensees”, the CERC has been notifying, every six months, various escalation factors and other parameters for the purpose of payment. The CERC, vide notification dated 7.4.2015, notified the escalation factors and other parameters for the purpose of payment applicable for the period from 1.4.2015 to 30.9.2015.

2. The coal freight rates published by Ministry of Railways (MOR) has been used for arriving at the escalation rates for inland transportation charges of coal. The coal freight rates for the period from January to December 2014 were used for arriving at the escalation rates notified on 7.4.2015.

3. In June 2014, MOR has revised the classification for distance of transportation and base freight rates. Railway Board vide circular number 20 of 2014, Letter No.TCR/1078/2014/06 dated 20<sup>th</sup> June 2014, the minimum distance for freight charges was increased from 100 kms to 125 kms for all commodities (including coal) with effect from 25<sup>th</sup> June 2014. Due to change of classification, the freight rate applicable for 1-100 kms and 101-125 kms were discontinued and were replaced by 1-125 kms.

4. Consequent to the change of classification by MOR, required changes were made in the notification dated 7.4.2015. The escalation rates notified for inland transportation charges for coal does not cover the escalation rate applicable for distance 1-100 kms. Hence through this corrigendum, escalation rates for the distance 1-100 kms and 1-125 kms have been notified in place of 1-125 kms notified on 7.4.2015.

5. Accordingly the escalation rates at Sr.No.4 of Table-1 of the notification dated 7.4.2015 (1. Annual Escalation Rates applicable for the period between 01.04.2015 and 30.09.2015 for the purpose of payment as per the Power Purchase Agreement entered into under the guidelines mentioned above) are computed as below.

### 5.1 Escalation rates for inland transportation charges for coal (For Payment)

The escalation for inland transportation charges for coal has been computed based on the coal freight rates for the period from January 2014 to December 2014. The rates have been collected from Ministry of Railways. The coal freight rates for 100 km, 125 km, 500 km, 1000 km, 2000 km and 3000 km has been used for computing the escalation rate for inland transportation charges for coal for distance 1-100 km, 101-125 km, upto 500 km, upto 1000 km, upto 2000 km and beyond 2000 km respectively. The escalation rate for inland transportation charges of coal for payment has been computed as under:

<b>Table-4: ESCALATION RATE FOR INLAND TRANSPORTATION CHARGES FOR COAL (FOR PAYMENT)</b>						
<b>Period</b>	<b>Coal Freight Index for 100 km</b>	<b>Coal Freight Index for 125 km</b>	<b>Coal Freight Index for 500 km</b>	<b>Coal Freight Index for 1000 km</b>	<b>Coal Freight Index for 2000 km</b>	<b>Coal Freight Index for 3000 km</b>
Jan-14	161.60	190.70	620.40	1192.10	2208.00	2824.40
Feb-14	161.60	190.70	620.40	1192.10	2208.00	2824.40
Mar-14	161.60	190.70	620.40	1192.10	2208.00	2824.40
Apr-14	161.60	190.70	620.40	1192.10	2208.00	2824.40
May-14	161.60	190.70	620.40	1192.10	2208.00	2824.40
Jun-14	167.96	191.24	628.44	1207.52	2236.56	2860.94
Jul-14	193.40	193.40	660.60	1269.20	2350.80	3007.10
Aug-14	193.40	193.40	660.60	1269.20	2350.80	3007.10
Sep-14	193.40	193.40	660.60	1269.20	2350.80	3007.10
Oct-14	193.40	193.40	660.60	1269.20	2350.80	3007.10
Nov-14	193.40	193.40	660.60	1269.20	2350.80	3007.10
Dec-14	193.40	193.40	660.60	1269.20	2350.80	3007.10
Average Index (Jan 14-June 14)	162.66	190.79	621.74	1194.67	2212.76	2830.49
Average Index (Jul 14-Dec 14)	193.40	193.40	660.60	1269.20	2350.80	3007.10
Half-Yearly Escalation Rate	18.90%	1.37%	6.25%	6.24%	6.24%	6.24%
Annual Escalation Rate	37.80%	2.74%	12.50%	12.48%	12.48%	12.48%
<i>Note: The classification of Coal Freight Index has been changed from 1-100 km to 1-125 w.e.f 25.6.2014. Accordingly, the escalation rate computed based on coal freight rate applicable for 1-125 Km.</i>						

6. The annual escalation rates computed in the above table (37.80%, 2.74%, 12.50%, 12.48%, 12.48% and 12.48% respectively applicable for distance 1-100 km, 101-125 km, upto 500 km, upto 1000 kms, upto 2000 kms and beyond 2000 kms) are notified as annual escalation rates for inland transportation charges for coal for payment.

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