MP POWER MANAGEMENT COMPANY LIMITED
C.I.N.: U40109MP2006SGC018637 (MP GOVT. UNDERTAKING)
Regd. Office : Shakti Bhawan, Rampur, Jabalpur (M.P.) 482008
Tel.: 0761-2661111, 2660500, Website: www.mppmcl.com

No: CGM (Regulatory)/ 263 Jabalpur, Date: 21.07.26

To,

The Secretary,
Central Electricity Regulatory Commission,
6th, 7th & 8th Floors, Tower B, World Trade Centre,
Nauroji Nagar, New Delhi- 110029.

Sub:- Determination of levellised generic tariff for the third year of Control Period (FY 2026-27) under Regulation 8 of the Central Electricity Regulatory Commission (Terms and Conditions for Tariff determination from Renewable Energy Sources) Regulations, 2024.

Ref:- Public Notice No. RA-14026(11)/4/2023-CERC dated: 03.07.2026.

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With reference to above, MP Power Management Company Limited (MPPMCL) has made its comments/ suggestions/ objections, which are enclosed herewith for kind consideration of Hon'ble Commission.

Encl: As above

General Manager (Regulatory)
MPPMCL, Jabalpur.

General Manager (Regulatory)
M.P. Power Management Co. Ltd.
Jabalpur (M.P.)

Chief General Manager (Regulatory), MPPMCL, Block No. 11, Shakti Bhawan, Rampur, Jabalpur-482008.
Tel: 0761-2702404 Email: akhilesh.agrawal@mppmcl.com

BEFORE THE CENTRAL ELECTRICITY REGULATORY COMMISSION

NEW DELHI

Petition No. /SM/2026 (Suo Motu)

IN THE MATTER OF:

Determination of Levelized Generic Tariff for the Third Year of the Control Period (FY 2026-27) under the Central Electricity Regulatory Commission (Terms and Conditions for Tariff determination from Renewable Energy Sources) Regulations, 2024.

COMMENTS / SUGGESTIONSON BEHALF OF MADHYA PRADESH POWER MANAGEMENT COMPANY LIMITED (MPPMCL)

BEFORE THE HON'BLE COMMISSION

The Madhya Pradesh Power Management Company Limited (MPPMCL), the State Designated Power Procurement Company for the Distribution Licensees of Madhya Pradesh, respectfully submits the following comments on the Draft Generic Renewable Energy Tariff Order for FY 2026-27 published by the Hon'ble Commission on 03.07.2026 under Regulation 8 of the CERC (Terms and Conditions for Tariff determination from Renewable Energy Sources) Regulations, 2024.

MPPMCL appreciates the efforts of the Hon'ble Commission in proposing generic tariffs for renewable energy technologies. However, considering that the tariffs ultimately impact retail consumers, the Commission may ensure that the tariff determination is based on realistic and updated market conditions while maintaining the balance envisaged under Section 61(d) of the Electricity Act, 2003, which mandates safeguarding consumer interest while ensuring recovery of cost in a reasonable manner.

The specific comments are submitted below.

COMMENTS OF MPPMCL

Sl. No.	Clause / Proposal	MPPMCL Comments	Prayer
1	**Capital Cost** (Para 13-23)	The Hon'ble Commission has retained the same normative capital cost prescribed under the RE Tariff Regulations, 2024 for the entire Control Period. While the Regulations permit such approach, actual market prices of	The Commission may undertake benchmarking of capital cost with recent commissioned projects, EPC contracts and

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		equipment, EPC contracts and financing costs require periodic validation. Renewable technologies have undergone significant cost optimisation and therefore the capital cost should reflect prevailing market realities.	competitive bidding outcomes before finalising the tariff.
2	**Interest on Loan** (Para 28-30)	The normative interest rate of **10.71%** (SBI MCLR + 200 basis points) appears on the higher side considering present financing conditions available to renewable energy developers. Higher normative debt cost directly increases tariff burden on consumers.	The Commission may review actual borrowing rates of renewable energy developers and suitably rationalise the normative interest rate.
3	**Interest on Working Capital** (Para 33-36)	Interest on Working Capital has been considered at **11.96%** (MCLR + 325 basis points). The spread of 325 basis points appears excessive in the present lending environment and may overcompensate project developers.	Appropriate reduction in working capital interest rate may be considered after analysing prevailing lending practices.
4	**Operation & Maintenance Expenses** (Para 37-38)	Uniform escalation of **5.25% per annum** for all technologies may not necessarily represent actual inflation in O&M costs. Different technologies exhibit different maintenance cost behaviour.	O&M escalation may preferably be linked with appropriate inflation indices or actual market trends.
5	**Biomass Fuel Prices** (Para 51-54)	Biomass prices differ significantly across States depending upon local availability, transportation distance and seasonal variation. Uniform normative escalation may not accurately reflect actual fuel procurement costs.	Latest State-wise market data may be considered before finalisation of fuel prices.
6	**Return on Equity** (Para 26-27)	The normative Return on Equity continues at **14%** (15% for SHP). Considering the maturity of renewable technologies and reduced project risks, the Commission may review whether the existing RoE remains appropriate.	The Commission may examine prevailing regulatory practices and financing conditions while finalising RoE.
7	**Generic Tariff**	MPPMCL submits that generic tariffs should continue to be based on prudent norms so that procurement cost remains reasonable for distribution licensees and ultimately consumers.	Tariff may be determined strictly on realistic assumptions supported by current market evidence.
8	**Subsidy / Incentives** (Para 55-58)	MPPMCL supports adjustment of any grant, subsidy or Government incentive while determining recoverable tariff so that no double benefit accrues to the generator.	Developers may be directed to disclose all subsidies and incentives

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			annually through statutory certification.
9	**Accelerated Depreciation**	MPPMCL supports reduction of tariff wherever Accelerated Depreciation benefit is availed by the developer.	Suitable verification mechanism may be incorporated before allowing tariff benefit.
10	**Overall Tariff Determination**	Renewable energy development is essential; however, tariff determination should equally safeguard consumer interest as mandated under Section 61 of the Electricity Act, 2003. Normative assumptions should therefore be periodically reviewed based on actual market conditions.	The Hon'ble Commission may finalise the generic tariff after considering stakeholder comments and latest market evidence.

ADDITIONAL SUBMISSIONS:

1. MPPMCL respectfully submits that renewable energy technologies have matured substantially over the last decade and financing conditions have improved considerably.
2. Generic tariff should continue to represent efficient project costs and should not result in avoidable financial burden on procurers and electricity consumers.
3. The Hon'ble Commission may consider recent tariff trends, project-specific orders, competitive procurement outcomes and prevailing financing costs while finalising the generic tariff.
4. The principles contained under Section 61(d) of the Electricity Act, 2003 require balancing consumer interest with recovery of reasonable cost, and therefore every normative parameter should reflect realistic market conditions.

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