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No. APDCL/CGM (COM)/CERC-REGLN./2019/PT-1/ Dtd.24.01.2019

To,

The Secretary,  
Central Electricity Regulatory Commission,  
3<sup>rd</sup> & 4<sup>th</sup> Floor, Chanderlok Building,  
36, Janpath, New Delhi-110001.

**Sub: Comments of APDCL on Draft CERC (Terms and Conditions of Tariff) Regulations, 2019 for the period 2019-24.**

Ref : CERC L/ No. No. L-1/ 236/ 2018/ CERC Dated. 14.12.2018.

Sir,

APDCL hereby submits its Para-wise comments on following issues of draft Tariff Regulations' 2019 as mentioned in the enclosed **Annexure-A**. It is also worth mentioning that so far the CERC Staff Consultation paper on Terms and Conditions of Tariff 2019-2024 is concerned, APDCL is in agreement with the proposals of the Commission.

This is for kind perusal and necessary action of the Commission.

Yours faithfully,

*h.l.*  
*28/01/19*

**General Manager (Comml. -TRC).**

Memo No. APDCL/CGM (COM)/CERC-REGLN./2019/PT-1/ Dtd. 28. 01. 19

Copy for information to:

1. The PS to the MD, APDCL – For kind information of the MD.

**General Manager (Comml.-TRC).**



**COMMENTS OF APDCL ON APDCL ON DRAFT CERC (TERMS AND  
CONDITIONS OF TARIFF) REGULATIONS, 2019****CHAPTER-1****PRELIMINARY****(3) Definitions:****(79) Useful Life:**

Based on the Consultation Paper on Terms and Conditions on Tariff for present draft Regulations prepared by the Staff of the Commission and Recommendations of the CEA as well as the improvements made in metallurgy and technology of machineries/ equipments, the useful life of following items should be increased as mentioned below:

<b>Sl</b>	<b>Items</b>	<b>2014-19</b>	<b>Proposed</b>	<b>2019-24</b>
a	All kinds of thermal stations	25 years	25 years	35 years
d	AC and DC substations	25 years	25 years	40 years
e	Gas insulated substation (GIS)	25 years	25 years	40 years
f	Hydro generating stations	35 years	40 years	50 years
g	All Transmission Lines	35 years	35 years	50 years
h	Communication system	15 years	15 years	15 years

Accordingly, the depreciation and loan repayment period may also be readjusted to offer cheaper tariff for the ultimate consumers.

**CHAPTER-8****Computation of Annual Fixed Cost**



**(35) Operation and Maintenance Expenses:**

**(3) Hydro Generating Station:**

With respect to the present draft Tariff Regulations' 2019, the following is the position of operation and maintenance expense norms for Hydro Generating stations located in NER in comparison of those allowed in the Regulations' 2014.

**(Rs. In Lakh)**

<b>Station</b>	<b>FY 2018-19 Block (2014-19)</b>	<b>F Y 2019-20 Block (2019-24)</b>	<b>Difference</b>
<b>NHPC</b>			
Loktak	12512.26	9499.00	<b>-3031.26 (-24%)</b>
<b>NEEPCO</b>			
Kopili	7932.30	12414.35	2468.45 (25%)
Kopili-II	415.19		
Khandong	1598.41		
<b>Sub Total</b>	<b>9945.90</b>	<b>12414.35</b>	<b>2468.45 (+25%)</b>
Ranganadi	9096.86	12084.68	<b>2987.82 (+33%)</b>
Doyang	5044.54	5647.85	<b>603.31(+12%)</b>
<b>NEEPCO Total</b>	<b>24087.30</b>	<b>30146.88</b>	<b>6059.58 (+25%)</b>

In earlier Regulations the O&M charges of NEEPCO stations were shown individually but in the present draft Regulations the Kopili I & II and Khandong stations are bundled together for O&M charges are concerned. But so far tariff is concerned the stations are considered as individual ones.



Nevertheless, the annual escalation rate of O&M charge of NEEPCO stations in the crossover period between two blocks i.e. from 2018-19 to 2019-20 is abruptly high @ 25%; whereas the annual escalation for 2014-19 block was @ 6.6% and for the 2019-24 tariff block the same is @ 4.7% in successive years. More or less this is the trend of annual escalation factor for other hydro stations also located elsewhere in the country. The Commission is therefore prayed kindly to look into the matter and review & redress the abrupt hike rate of NEEPCO stations @ 25% during cross over period.

## **CHAPTER-11**

### **(54) Computation and Payment of Capacity Charge for Hydro Generating Stations:**

Para (6), (7), (8) and (9) of the draft Regulations'2019 are related with lesser energy generation from a hydro station for reasons like lesser rainfall which are beyond the control of the Generator. But such clauses are beyond the control of the Beneficiaries also. Ultimately this burden goes to the ultimate consumers for which they are also no way responsible. Basically such conditions are of Force Majeure nature and it should be treated on that principle instead of passing on to the ultimate poor consumers.

The Commission is therefore prayed kindly to frame regulation accordingly in that line so that the ultimate poor consumers are not burdened on this account.

## **CHAPTER-12**

### **NORMS OF OPERATION**



**(59) Norms of Operation for Thermal Generating Stations:**

**(A) Normative Quarterly Plant Availability Factor (NQPAF)**

Following are the provisions under this clause of the draft Regulations' 2019:

Quote

(a) For all thermal generating stations, except those covered under clauses (b), (c), (d), & (e) - 83%

*Provided that for the purpose of computation of Normative Quarterly Plant Availability Factor, annual scheduled plant maintenance shall not be considered.*

(b) For following Lignite-fired Thermal generating stations of NLC India Ltd:

TPS-I	72%
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(c) For following Thermal Generating Stations of DVC:

Bokaro TPS	75%
Chandrapura TPS	75%
Durgapur TPS	74%

(d) For following Gas based Thermal Generating Stations of NEEPCO:

Assam GPS	72%
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(e) For Lignite fired Generating Stations using Circulatory Fluidized Bed Combustion (CFBC) Technology and Generating stations based on coal rejects:

1. First Three years from the date of commercial operation – 75%



2. For next year after completion of three years of the date of commercial operation – 80%

Unquote

As a result of this reduction, prima facie the NQPAF of certain generators is got reduced from the existing 85% to 83%.

In the earlier Tariff Regulations, 2014, the availability factor for thermal generating stations was mentioned under Regulation 36 as follows:

Quote

“(a) All thermal generating stations, except those covered under clauses (b), (c), (d), & (e) : 85%

	Xxx	xxx	xxx	xxx
(b)	xxx	xxx	xxx	xxx
(c)	xxx	xxx	xxx	xxx
(d)	Following Gas based Thermal Generating stations of NEEPCO			

Assam GPS	72%
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Unquote

But CEA vide its letter dated 12.12.2018, has recommended to the CERC such regulations in a two slab basis. CEA has also specifically recommended that the operational norms applicable for thermal generating stations of NEEPCO in 2014-19 periods be maintained for the tariff period 2019-24 also.

Therefore, the Commission is requested to amend the clause (a) above with addition of another sub clause as follows:

Quote



- “(a) (i) For all coal / lignite based thermal generating stations, except those covered under clauses (b), (c), (d), & (e) : 83%  
(ii) All gas/ liquid fuel based thermal generating stations, except those covered under clause (a) (i) above : 85%”*

Unquote

**(B)Gross Station Heat Rate:**

CEA in its recommendations on operational norms for thermal generating stations for the tariff period 2019-24 suggests that the existing operation norms of 2014-19 for thermal stations of NTPC and NEEPCO be retained for the tariff period of 2019-24 also. The Heat Rate applicable for NEEPCO stations for 2014-19 period was as follows:

Name of the Station	Combined Cycle (kCal/kWh)	Open Cycle (kCal/kWh)
Assam GPS	2500	3440
Agartala GPS	-	3700

It is further seen that in case of all other such gas based thermal generating stations, the Heat Rate applicable for 2014-19 period is either retained or reduced for 2019-24 period except the NEEPCO stations.

On the ground cited above and in the interest of natural justice, it is requested to the Honorable Commission to retain the Heat Rate of 2014-19 of Assam GPS to be applied for both the NEEPCO Stations for the period of 2019-24 periods also.

**(60) Norms of Operation for Hydro Generating Stations:**

**(4) Normative Annual Plant Availability Factor (NAPAF):**



In the present draft Regulations' 2019, the Commission has reduced the NAPAF of certain NEEPCO stations having storage type reservoir. From the trend of present performance of NEEPCO machines all such hydro machines have shown tremendous improvements. Except Doyang HEP all other hydro stations are performing above the NAPAF level. There seems to be no apparent reason requiring reduction of NAPAF of these hydro stations of NEEPCO. In some cases NAPAF are reduced lesser than those prevailed during 2014-19 periods. The differences are shown below:

<b>Station</b>	<b>Type</b>	<b>NAPAF of 2014-19</b>	<b>NAPAF of 2019-24</b>
Kopili	Storage	79	69
Kopili-II	Storage	69	69
Khandong	Storage	69	67
Doyang	Storage	73	70
Ranganadi	Pondage	85	88

In line with the recommendation of CEA as well as in the interest of natural justice, the Commission is prayed to retain the NAPAF of 2014-19 of all stations having storage type reservoir for the 2019-24 tariff block.

#### **CHAPTER - 14**

#### **SHARING OF BENEFITS**

##### **(71) Sharing of saving in interest due to re-financing:**

As per draft Regulations' 2019 if re-financing of loan by the generating company or the transmission licensee, as the case may be, results in net savings on interest and in that event the costs associated with such re-financing shall be borne by the beneficiaries and the net savings shall be shared between the beneficiaries and the generating



company or the transmission licensee, as the case may be, in the ratio of 50:50.

As per earlier Regulations till 2018-19 such benefits are being shared between the generating company or the transmission licensee, as the case may be and the Beneficiaries, in the ratio of 1:2 under the similar conditions. So the Commission is prayed to continue the existing ratio of 1:2 in the interest of ultimate consumers.

On the grounds stated above, it is once again humbly requested to the Honorable commission to consider all the above submissions of APDCL while finalizing the Tariff Regulations for the period of 2019-24.

*h.l.*  
*28/01/19*  
**General Manager (Comml- TRC).**