CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI

Petition No. 18/RP/2015
And
Petition No. 130/GT/2016

Coram:
Shri Jishnu Barua, Chairperson
Shri Ramesh Babu V., Member
Shri Harish Dudani, Member
Shri Ravinder Singh Dhillon, Member

Date of Order: 10th November, 2026

In the matter of:

Petition No. 18/RP/2015 in Petition No.197/GT/2013
Review of Commission's order dated 10.7.2015 in Petition No.197/GT/2013 regarding approval of generation tariff for Circulating Fluidized Bed Consumption (CFBC) Technology based Barsingsar Thermal Power Plant (2X125 MW) of Neyveli Lignite Corporation Limited for the period from the COD of Units-I and II till 31.3.2014.

And
In the matter of:

Petition No. 130/GT/2016
Revision of tariff of Circulating Fluidized Bed Combustion (CFBC) Technology based Barsingsar Thermal Power Plant (2X125 MW) of Neyveli Lignite Corporation Ltd for the period from the date of commercial operation of Units-I and II till 31.3.2014-True-up of annual fixed charges determined by Order dated 10.7.2015 in Petition No. 197/GT/2013 and Order dated 14.3.2016 in Petition No. 18/RP/2015.

In the matter of:

Implementation of APTEL Judgment dated 16.6.2025 in Appeal No. 171 of 2016 and Appeal No. 373 of 2017 (NLCIL vs CERC & Ors.)

And

In the matter of:
Neyveli Lignite Corporation Limited
Neyveli House,135, EVR Periyar Road,
Kilpauk, Chennai – 600010 ...**Petitioner**

Vs.

1. Jaipur Vidyut Vitaran Nigam Ltd.,
Vidyut Bhavan, 1st floor Janpath, Jaipur - 302005, Rajasthan

2. **Ajmer Vidyut Vitaran Nigam Ltd.,**
Old Power House Hathi Bhata, Jaipur Road, Ajmer - 305001, Rajasthan

3. **Jodhpur Vidyut Vitaran Nigam Ltd.,**
New Power House, Heavy Industrial Area, Jodhpur - 342003, Rajasthan.

4. **Rajasthan Urja Vikas Nigam Ltd.,**
Vidyut Bhawan, Janpath, Jyoti Nagar, Jaipur -302005. **...Respondents**

Parties Present:

Shri Venkatesh, Advocate, NLCIL
Shri Nihal Bhardwaj, Advocate, NLCIL
Ms. Surbhi Kapoor, Advocate, NLCIL
Ms. Drishti Rathi, Advocate, NLCIL
Shri Sanjay Agarwal, Advocate, Rajasthan Discoms

ORDER

The Petitioner, Neyveli Lignite Corporation Limited (in short "NLCIL"), operates the Barsingsar Thermal Power Plant (in short "generating station"), based on Circulating Fluidized Bed Combustion (CFBC) technology. The generating station has an installed capacity of 250 MW, comprising two units of 125 MW each, equipped with CFBC lignite-fired boilers feeding turbines, sourced from its captive mines. Units-I and II of the generating station were commissioned on 20.1.2012 and 29.12.2011, respectively.

2. Petition No. 197/GT/2013 was filed by the Petitioner seeking tariff determination for the generating station for the period from the date of commercial operation of Unit-I and II up to 31.3.2014, in accordance with the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009 (in short "the 2009 Tariff Regulations"). The Commission, vide order dated 10.7.2015, determined the generating station's tariff for the said period.

3. Aggrieved by the order dated 10.7.2015, the Petitioner sought review on the ground of errors apparent on the face of the record, primarily concerning the treatment of delay of 16 months for Unit-I and 18 months for Unit-II during construction up to synchronization, disallowance of delay of 21 months for Unit-I and 13 months for Unit-II

between synchronization and actual COD, reduction of capital cost by ₹88.23 crore after adjustment of infirm power and fly ash sales, adjustment of liquidated damages of ₹129.88 crore based on a bank guarantee of ₹61.52 crore, incorrect computation of Interest During Construction (IDC) without considering deferred debt deployment and its implications, and arithmetical errors in the calculation of gross normative equity, gross notional loan and opening gross block in the Review Petition No. 18/RP/2015.

4. The Commission, vide order dated 14.3.2016, disposed of the Review Petition No. 18/RP/2015 and held that the time overrun from synchronization to COD would be partly allowed, with the consequences thereof to be shared equally between the Petitioner and the Respondents. With regard to IDC, the Commission held that the project cost as on COD would include IDC actually incurred or projected to be incurred up to COD in terms of Regulation 7(1)(c) of the 2009 Tariff Regulations and, accordingly, rejected the Petitioner's claim for allowing the entire IDC of ₹114.55 crore as per RCE-I irrespective of actual debt deployment. The Commission further clarified that IDC up to SCOD was required to be calculated based on the actual deployment of loan up to SCOD and not on the IDC amount projected under RCE-I; however, while rejecting the review, NLCIL was granted liberty to furnish detailed justification, substantiating the position in this regard at the time of revision of tariff of the generating station based on truing-up exercise in terms of Regulation 6 of the 2009 Tariff Regulations.

5. Aggrieved by the above decision in the Review Petition No. 18/RP/2015, concerning the time overrun from the date of synchronization to the date of commissioning, the Petitioner filed Appeal No. 171 of 2016 before the Appellate Tribunal for Electricity (in short "APTEL").

6. Subsequently, the Petitioner filed Petition No. 130/GT/2016 for revision of tariff (Truing-up) of the generating station for the period from the date of commercial operation

of Units-I and II to 31.3.2014. The Commission, vide order dated 25.4.2017 in Petition No. 130/GT/2016, revised the tariff for the generating station for the period 2009-2014. Aggrieved by the said order dated 25.4.2017 in Petition No. 130/GT/2016, the Petitioner has preferred the Appeal No. 373 of 2017 before APTEL. Vide common judgment dated 16.6.2025 in Appeal Nos. 171 of 2016 and 373 of 2017, APTEL upheld the Commission's order dated 14.3.2016 in Review Petition No. 18/RP/2015 and dismissed Appeal No. 171 of 2016, holding that although the delays of 16 months for Unit-I and 18 months for Unit-II up to synchronization were condoned, the subsequent delays of 21 months and 13 months respectively from synchronization to COD could not be fully attributed to factors beyond NLCIL's control and, therefore, the impact of such time overrun was rightly shared equally between NLCIL and the beneficiaries, with only 50% of the IDC/IEDC for the not condoned period being allowed. However, in Appeal No. 373 of 2017, relating to truing-up for 2009-14, APTEL allowed the appeal to the extent that Commission's treatment of fuel cost for Interest on Working Capital was contrary to Regulations 18(2) and 21(7) of the 2009 Tariff Regulations, holding that the landed cost of lignite for working capital purposes must include applicable royalty, taxes, duties and transportation costs; accordingly, Commission's order dated 25.4.2017 was set aside to that extent. APTEL also considered NLCIL's objections regarding alleged computational errors in IDC/IEDC, while the final operative order allowed Appeal No. 373 of 2017 only to the extent specifically concluded in the judgment. Accordingly, APTEL held that Appeal No. 171 of 2016 was devoid of merit and dismissed the same while the Commission's order dated 14.3.2016 in Review Petition No. 18/RP/2015 was upheld, whereas the Commission's order dated 25.4.2017 in Petition No. 130/GT/2016 was set aside to the extent indicated in the judgment regarding the consideration of lignite transfer price in the working capital.

Consequently, Appeal No. 373 of 2017 was allowed to the extent of the findings and directions recorded by APTEL in the said judgment.

Hearing Dated 24.4.2026

7. Pursuant to the said APTEL judgment, the matter was heard on 24.4.2026. The learned counsel for the Petitioner submitted that APTEL, vide its common judgment dated 16.6.2025, in Appeal No. 171 of 2016 and Appeal No. 373 of 2017, remanded the matter to the Commission for re-examination of the computation of IDC, IEDC, and interest on working capital. He also requested to file written submissions in this regard, which was permitted. The Petitioner was further directed to file the following additional information and Respondents were permitted to file their response:

(a) Detailed break-up of taxes and duties levied on lignite input price and the subsequent computation of Interest on Working Capital, ECR, etc., in Excel form, duly linking all the relevant parameters;

(b) Details of discrepancies observed in the calculation of IDC and IEDC, together with a detailed statement of IDC & IEDC calculations in an editable Excel format with fully linked formulas, along with supporting documents, if any.

Submissions by the Petitioner

8. The Petitioner, NLCIL, in compliance with the Record of Proceedings (RoP) of the hearing dated 24.4.2026, filed the additional information on 16.5.2026 and has mainly submitted as under:

(a) Regulation 39(8) of the 2009-14 tariff Regulations specifies that the landed cost of fuel for the month shall include the price of fuel corresponding to the grade and quality of fuel inclusive of royalty, taxes and duties as applicable. Accordingly, the submitted landed cost of lignite for FY 2011-12 is as below:

Particulars	₹/MT
Base Lignite Transfer Price	673
Royalty	58.46
Clean Energy Cess	50
Excise Duty	6.37
Total Landed Cost	787.83

(b) The present issue arises pursuant to remand by APTEL for fresh examination of the computation of IDC, IEDC, Normative IDC and consequential tariff impact in respect of Barsingsar TPS. Regulation 7(1)(a) of the 2009 Tariff Regulations, *inter alia*, provides that capital cost of the project shall include expenditure incurred or projected to be incurred, including IDC and financing charges, up to COD of the project as admitted by the Commission after prudence check. Accordingly, IDC is required to be determined based on actual debt deployment, applicable financing cost and admissible construction period. Further, Normative IDC, as a consequential notional financing component forming part of admitted capital cost, is required to be computed consistently based on the approved project timelines, admissible deployment schedule and applicable debt-equity norms.

(c) In Petition No. 130/GT/2016, the Commission allowed 100% IDC up to revised SCOD and 50% IDC for the period from revised SCOD to actual COD, and based on the same methodology, the total IDC of ₹21859.58 lakh was admitted. While the revised SCOD was accepted, the actual quarter-wise debt drawdown/ fund deployment furnished vide affidavit dated 24.2.2017 was not fully factored into the IDC computation and the details of the same are as under:

(Rs. in Lakh)

IDC	As per NLC	As per CERC Order	Difference / Not Admitted
Up to revised Scheduled CoD [100% of IDC Allowed]	20,297.88	16,043.58	**4,254.30**
From Scheduled CoD to Actual COD	5,016.06	5,816.00	**-799.94**
Total upto ACOD (A + B)	**25,313.94**	**21,859.58**	**3,454.36**

(d) The Petitioner has placed on record source-wise and quarter-wise deployment of funds under RTL-I, RTL-II and Bonds, indicating progressive utilization of debt funds up to various project milestones. Based thereon, the Petitioner summarised the comparative IDC position.

(e) The computation of Normative IDC is materially understated and ought to be recomputed considering the revised SCOD, admissible time overrun, and normative funding pattern. Since IDC and Normative IDC form part of Capital Cost and have cascading impact on Return on Equity, Interest on Loan, Depreciation and Annual Fixed Charges, the same requires appropriate revision of annual fixed costs for subsequent tariff periods.

Hearing Dated 11.6.2026

9. Learned Counsel for the Petitioner submitted that the written note of submissions and the additional information sought by the Commission vide ROP dated 24.4.2026 have already been filed. The learned counsel for the Respondents requested time to file a

reply, which was permitted and the Petitioner was also allowed to file a rejoinder to the said reply.

Reply by the Respondent, RUVNL

10. The Respondent, in response to the submissions of the Petitioner, filed its reply dated 24.6.2026, and has mainly submitted as under:

(a) A prudence check of the calculation on heads of royalty, clean energy cess, and excise duty on the furnished information by the Petitioner is requested.

(b) The Petitioner has furnished calculations/ discrepancies on IDC and normative IDC only, and has not given any information regarding IEDC. Further, the Respondents deny that the actual quarter-wise debt drawdown/fund deployment furnished by the Petitioner was not correctly factored into IDC and Normative IDC computation, and the Petitioner's comparative summarised IDC and Normative IDC positions are not detailed enough and the Excel sheets in support thereof are mismatched and do not give any accuracy of the figures.

(c) The Respondents refute Petitioner's position that since IDC and Normative IDC form part of Capital Cost, and have cascading impact on Annual Fixed Charges, the same requires appropriate revision of Annual fixed costs for subsequent period as the calculations for IDC given are not detailed enough and not actual.

(d) The Petitioner has not furnished any tangible evidence and has failed to provide specific tabulation showing correct approach and precise areas where the Commission has erred.

Rejoinder by Petitioner, NLCIL

11. The Petitioner, in its rejoinder affidavit dated 16.7.2026, to the reply of the Respondents, has mainly submitted as under:

(a) Detailed quarter-wise and source-wise debt drawdown statements, editable workings and supporting documents had already been placed on record. No change in the methodology adopted by the Commission has been sought, and the claim is confined to correcting the IDC computation by factoring the actual debt deployment already on record, which allegedly resulted in lower IDC admissibility. No specific deficiency in the data furnished, computational error, or alternate computation has been identified by RUVNL.

(b) Normative IDC has been recomputed considering the revised SCOD, admissible time overrun and normative funding pattern, supported by detailed

workings already on record. RUVNL has not identified any specific computational error or furnished any alternate computation.

Hearing dated 22.7.2026

12. The learned counsel for the Petitioner submitted that, pursuant to APTEL remand, only the issues of computation of Interest on Working Capital (IoWC) and Interest During Construction (IDC) remain for consideration, and requested that the matters be reserved for orders, as the parties had already filed their written submissions. Accordingly, the matters were reserved.

Analysis and Decision

13. We have considered the submissions of the Petitioner, the objections of the Respondents, the documents placed on record and the directions contained in the common judgment dated 16.6.2025 of APTEL in Appeal Nos. 171 of 2016 and 373 of 2017. The present proceedings arise from the judgment dated 16.6.2025 of APTEL and are confined to re-examination of the computation of IDC and Interest on Working Capital, including the consequential tariff impact, for the generating station. The relevant portion of the said judgment dated 16.6.2025 is extracted as under:

> ***"Allocation of IDC and Computation of Normative IDC and IEDC***
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> *75. This Tribunal has consistently held that a "prudence check" should be applied to determine the extent to which delays were beyond the control of the generating company. Where it is clear that the developer or contractor could have mitigated the delay with more diligent efforts, it is appropriate to apportion part of the cost overrun to the generating company rather than fully passing it on to the beneficiaries.*
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> *76. In Maharashtra State Power Generation Co. Ltd. v. MERC (Appeal No. 72 of 2010), this Tribunal found that the delay in supply and commissioning by the contractor (BHEL) was not entirely beyond the control of the Appellant, and hence, it directed sharing of the overrun cost between the generating company and the consumers, the relevant extract is quoted as under:*
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> ****
>
> *77. The present case is similar to the above-cited case, i.e., Maharashtra State Power Generation Co. Ltd. v. MERC, and the failure on the part of contractors is not entirely established, and the cost on account of time overrun must be equally shared between the developer and the beneficiaries.*

78. Thus, the facts in the present case similarly reflect that while new technology challenges contributed to the delay, a significant portion could have been addressed had the Appellant ensured the timely resolution of defects and better contractor management.

79. Also, it cannot be prudently established that the entire delay from the synchronisation to the CoD is beyond the control of the Appellant.

80. Therefore, we find no perversity or arbitrariness in the Commission's approach of directing a 50:50 sharing of the impact of the subsequent delay (21 months for Unit I and 13 months for Unit II) after a prudent check even to the fact of allowing full condonation of delay up to synchronization (i.e., 16 months for Unit I and 18 months for Unit II).

81. Consequently, the Commission's decision to allow only 50% of the IDC and IEDC for this uncondoned period is justified, especially in light of the established jurisprudence that generating companies must bear part of the cost for delays within their control or due to inadequate diligence.

Interest on Working Capital

96. If there is a mismatch or a time lag in recovering these amounts, the Commission's approach to interest on working capital is premised on a normative rate (SBI Base Rate + 350 basis points) and normative quantities (1½ months of stock for pithead, 2 months for non-pithead).

97. We find that the Commission's decision is contrary to the applicable Regulations, which provide that "landed cost" includes taxes and duties (reference Regulation 21(7)- "The landed cost of fuel for the month shall include price of fuel corresponding to the grade and quality of fuel inclusive of royalty, taxes and duties as applicable, ----".

98. Additionally, CERC's methodology of adopting a transfer price arrived at in a separate proceeding, and applying the same consistently, if contrary to the applicable Regulations, has to be rejected, as it is a settled principle of law that Regulations are binding and the Commission cannot decide contrary to the provisions contained therein.

Alleged Computational Errors in IDC and IEDC

107. It is argued that the difference in the figures is largely a function of the Commission's disallowance methodology rather than purely arithmetic or clerical errors.

108. While it is open to any party to highlight errors apparent on the face of the record, the Commission's approach to computing IDC and IEDC must be demonstrated to be incorrect through tangible evidence. If the Appellant believes there has been a numerical miscalculation, it must provide specific tabulations showing the correct approach and the precise areas where the Commission allegedly erred.

109. Based on the submissions made before us and also the specific submission of the Respondents that computational errors in the order dated 10.07.2015 were corrected in the order dated 14.03.2016, we find it appropriate to remand the matter to the Central

Commission to re-examine the issue after giving opportunity to the Appellant and the Respondents herein and pass appropriate orders thereafter."

14. It is pertinent to note that APTEL, vide its judgment dated 16.6.2025 in Appeal No. 171 of 2016, upheld the decision of the Commission regarding sharing of the impact of the time overrun from synchronization to COD, between the Petitioner and the beneficiaries. Consequently, 50% of the IDC and IEDC attributable to the aforesaid period is admissible. Accordingly, the Commission's order dated 14.3.2016 in Review Petition No. 18/RP/2015, to the extent upheld by APTEL, stands affirmed.

15. Further, in Appeal No. 373 of 2017 arising out of Petition No.130/GT/2016, APTEL observed that, while determining IWC, the Commission had considered only the base price of lignite instead of the landed cost of fuel, which includes the price of fuel together with applicable royalty, taxes, duties, transportation charges, and other admissible components. APTEL also directed that any alleged computational errors in the determination of IDC and IEDC were required to be specifically demonstrated by the Petitioner through appropriate tabulations and supported by tangible documentary evidence. Accordingly, the present proceedings are confined to examination of the issues arising pursuant to the aforesaid directions of APTEL, based on the material placed on record by the parties.

Issue A: Allocation of IDC and Computation of Normative IDC

16. The Petitioner has contended that the delay from synchronization to actual COD was attributable to the difficulties encountered in commissioning and stabilising the relatively new CFBC technology and, therefore, ought to have been treated in the same manner as the delay already condoned during the construction period. The Petitioner has also disputed the finding that the subsequent delay was attributable to deficiencies in project management, coordination with subcontractors and follow-up with the OEM.

17. The Respondents, however, supported the Commission's earlier findings and submitted that the delay after synchronization was substantially attributable to the Petitioner's project management and coordination deficiencies, including delays in rectification of defects and follow-up with the OEM and subcontractors. The Respondents have further submitted that the recovery of liquidated damages from the contractor indicated that a substantial portion of the delay was within the control of the Petitioner and its contractors.

18. APTEL, after considering the rival submissions, observed that although the novelty of CFBC technology contributed to the delay, the entire period from synchronization to COD could not be regarded as beyond the control of the Petitioner. APTEL noted, *inter alia*, repeated boiler refractory failures, polymer liner issues and delays in mobilisation of subcontractors and held that these aspects could have been mitigated through timely rectification of defects and diligent follow-up with the OEM and subcontractors. APTEL concluded that the delay was partly attributable to the Petitioner and, accordingly, upheld the Commission's decision to share the impact of the delay equally between the Petitioner and the beneficiaries by allowing 50% of IDC and IEDC for the period from synchronization to COD. Consequently, Appeal No. 171 of 2016 was dismissed, and the Commission's findings on this issue were affirmed.

Issue B: Whether the Commission committed computational errors while addressing the issues related to IDC?

19. The Petitioner has submitted that the Commission, in the impugned order, has not correctly captured the interest calculations for both the period up to synchronization and the period thereafter and points out discrepancies in the tabulated figures in the order dated 25.4.2017 and the actual figures claimed by the Petitioner. Further, the Petitioner highlighted that these computational errors have led to an under-recovery of costs.

20. The Respondents opposed the Petitioner's submissions, stating that the Commission's computations are based on the audited figures provided by the Petitioner and the Commission has applied the standard methodology, contending that certain arithmetic adjustments were made in orders dated 10.7.2015 and 14.3.2016, which were clarifications or corrections of minor typographical errors rather than a fundamental mistake in computational methodology. The Respondents have further pointed out that the Petitioner has not produced any conclusive proof or detailed working to establish the alleged computational discrepancies in the Commission's final tabulations. In response, the Petitioner argued that the difference in the figures largely reflects the Commission's disallowance methodology rather than purely arithmetic or clerical errors.

21. APTEL noted the submissions and observed that any highlighted errors apparent on the face of the record must be demonstrated to be incorrect through tangible evidence, and if the Petitioner believes as in this case, it must provide specific tabulations showing the correct approach and precise areas where the Commission erred. The relevant portion of the APTEL judgment is extracted as under:

> *"108. While it is open to any party to highlight errors apparent on the face of the record, the Commission's approach to computing IDC and IEDC must be demonstrated to be incorrect through tangible evidence. If the Appellant believes there has been a numerical miscalculation, it must provide specific tabulations showing the correct approach and the precise areas where the Commission allegedly erred.*
>
> *109. Based on the submissions made before us and also the specific submission of the Respondents that computational errors in the order dated 10.07.2015 were corrected in the order dated 14.03.2016, we find it appropriate to remand the matter to the Central Commission to re-examine the issue after giving opportunity to the Appellant and the Respondents herein and pass appropriate orders thereafter."*

22. It is noted that the Commission has corrected an inadvertent arithmetical/ clerical error in the amount of opening gross block for the year 2012-13 and its consequential impacts in the order dated 14.3.2016.

23. The Commission, vide ROP of the hearing dated 24.4.2026, directed the Petitioner to furnish the *"Details of discrepancies observed in the calculation of IDC and IEDC, together*

with a detailed statement of IDC & IEDC calculations in an editable Excel format with fully linked formulas, along with supporting documents, if any." In response the Petitioner has submitted that the issue of computation of IDC, IEDC, and Normative IDC arises pursuant to the remand by APTEL for fresh examination of the said components and their consequential impact on tariff. It has been submitted that, in terms of Regulation 7(1)(a) of the Tariff Regulations, 2009, IDC forms part of the capital cost and is required to be determined having regard to the actual debt deployment, applicable financing cost and admissible construction period.

24. The Petitioner has stated that, in the order dated 25.4.2017 in Petition No. 130/GT/2016, the Commission had accepted the revised Scheduled CODs of Unit-I and Unit-II as 15.4.2010 and 15.12.2010, respectively, against the actual CODs of 20.1.2012 and 29.12.2011, and had allowed 100% IDC up to the revised Scheduled COD and 50% IDC for the period thereafter up to actual COD. On this basis, IDC of ₹21,859.58 lakh was admitted. The Petitioner, however, submitted that the quarter-wise and source-wise debt drawdown/fund deployment furnished vide affidavit dated 24.2.2017 was not fully reflected in the IDC computation. According to the Petitioner, based on the actual deployment schedule, IDC works out to ₹25,313.94 lakh, as against ₹21,859.58 lakh admitted in the order, resulting in a differential IDC of ₹3,454.36 lakh.

25. As regards Normative IDC, the Petitioner has submitted that the same was also required to be recomputed consistently with the revised Scheduled COD, admissible time overrun and normative funding pattern. It claimed Normative IDC of ₹3,657.19 lakh, as against ₹1,861.50 lakh considered in the Commission's order, resulting in a differential amount of ₹1,795.69 lakh. The Petitioner has further submitted that the admitted IDC and Normative IDC form part of the capital cost and have a consequential/cascading impact on RoE, interest on loan, depreciation, and Annual Fixed Charges in subsequent tariff periods. Therefore, IDC and Normative IDC may be recomputed after considering

the revised Scheduled COD and the quarter-wise debt deployment already placed on record, and that consequential tariff revision be carried out for the subsequent control periods. The Petitioner, in support of the submissions, has furnished an editable Excel statement containing the quarter-wise drawdown and IDC working, along with a copy of the affidavit dated 24.2.2017.

26. We have examined the submissions of the Petitioner with regard to the computation of IDC and Normative IDC, the methodology adopted in the Order dated 25.4.2017 in Petition No. 130/GT/2016, and the quarter-wise debt deployment furnished by the Petitioner vide affidavit dated 24.2.2017. The Petitioner has contended that, although the revised Scheduled CODs of Unit-I and Unit-II were accepted by the Commission, the actual quarter wise debt drawdown fund deployment furnished on record was not fully considered while computing IDC. On this basis, the Petitioner has claimed IDC of ₹25,313.94 lakh as against ₹21,859.58 lakh admitted earlier, resulting in a differential claim of ₹3,454.36 lakh. The Petitioner has similarly claimed Normative IDC of ₹3,657.19 lakh as against ₹1,861.50 lakh considered earlier.

27. We observe that acceptance of the revised Scheduled COD, by itself, does not automatically establish admissibility of the entire IDC claimed by the Petitioner. IDC is required to be determined after prudence check, having regard to the actual deployment of debt, the applicable rate/ cost of financing, the time of such deployment considering quarter-wise capital expenditure during construction and the admissible/allowed construction period.

28. Further, we note that the Petitioner has furnished an editable Excel statement and has relied upon the affidavit dated 24.2.2017 containing the quarter-wise, source wise drawdown under RTL-I, RTL-II and Bonds. The said information was apparently available on record at the time of truing-up of tariff in Petition No. 130/GT/2016. However, the

Petitioner has not produced any documentary evidence or detailed working to establish the alleged computational discrepancies in the Commission's final tabulations highlighting any discrepancy/error on the face of the record, which should have been demonstrated as per APTEL's judgment. However, it has submitted that while the revised Scheduled COD was accepted, the actual quarter-wise debt drawdown / fund deployment furnished by the Petitioner vide affidavit dated 24.2.2017 was not fully and correctly factored into the IDC computation and the IDC admitted in the impugned order does not fully reflect the aforesaid actual deployment schedule and consequently results in short allowance of IDC to the Petitioner.

29. The IDC and normative IDC computed in the order dated 25.4.2017 were based on the Petitioner's submissions during the review proceedings and the standard methodology followed by the Commission. The calculation also factored in the equal sharing of the time overrun impact between the parties. It is observed that the Petitioner has claimed the combined IDC for both the units based on combined COD as 20.1.2012. The IDC claimed and included in the capital cost by the Petitioner in Petition No.130/GT/2016 and IDC claim as submitted vide reply to ROP dated 16.5.2026 are at variance as under:

(Rs. in lakh)

As on COD (20.1.2012)	Claim in Petition No. 130/GT/2016	Claim in submission in ROP compliance
IDC	25646.20	25313.94
NIDC	3464.86	3657.19

30. It is noted that in the IDC calculation sheet submitted in Petition No.130/GT/2016, some punched figures were added in the derived figures in the calculation without any explanation. In the calculation submitted in the reply to ROP dated 24.4.2026, some of the punched figures are removed, however, some punched figures are still noted in the present calculation.

31. We have considered the rates already allowed, which are explained in detail in Para 33 to 43 of Order dated 10.7.2015 in Petition No.197/GT/2013.

32. In view of the above, the Petitioner has failed to furnish any tangible/ conclusive proof or detailed working to establish the alleged computational discrepancies in the IDC, including normative IDC allowed by the Commission. Further, the Petitioner's submissions in this regard have already been considered by the Commission while determining the IDC in Petition Nos.18/RP/2015 and 130/GT/2016. Accordingly, we find no merit or justification for any further modification to the IDC allowed by the Commission.

Issue C: Interest on Working Capital

33. The Commission, vide order dated 10.7.2015 in Petition No. 197/GT/2013 (approval of tariff of the Barsingsar TPS for the period from COD of Unit-I & Unit-II i.e. 20.1.2012 and 29.12.2011 respectively, to 31.3.2014) based on weighted average price, GCV of lignite and coal procured and burnt for three months, i.e. October, November, and December, 2011 worked out the Energy Charge Rate and allowed as under:

	Unit	**2011-14**
Capacity	MW	2X125
Gross Station Heat Rate	kcal/kWh	2596.56
Aux. Energy Consumption	%	11.50
Weighted average GCV of oil	kcal/L	10000
Weighted average GCV of lignite	kcal/kg	2898.33
Weighted average price of oil	₹/kL	58891
Landed price of Lignite	₹/MT	1099
Weighted average price of Lignite	₹/MT	696
Rate of energy charge ex-bus	**Paise/kWh**	**77.07**

34. Further, the Commission vide order dated 25.4.2017 in Petition No. 130/GT/2016 [Revision (truing up) of tariff of the Barsingsar Thermal Power Plant for the period from the date of commercial operation of Units-I and II till 31.3.2014] had considered the revised lignite transfer price of ₹ 673/MT for the year 2011-12 which was based on the

order dated 14.3.2017 in Petition No. 227/MP/2015 filed by the Petitioner seeking approval for revision of Lignite Transfer Price of NLC Barsingsar Mine for the period from 29.12.2011 to 31.3.2014 for computation of energy charges and fuel component under working capital.

35. The Petitioner has submitted that under Regulation 18(2) read with Regulation 21(7) of the 2009 Tariff Regulations, the cost of fuel considered in working capital should have been calculated based on the "landed cost" of fuel, which includes the price of fuel along with applicable royalty, taxes, duties, transportation costs and other admissible components. The Petitioner has contended that considering only the base lignite transfer price resulted in underestimating the normative working capital requirements, particularly since the statutory levies are required to be paid upfront by the generating company. The Petitioner has further submitted that the tariff determination must ensure the generating company's legitimate costs are recoverable, and if the generator incurs these additional taxes and duties upfront, the working capital requirement should reflect this to avoid under-recovery and cash flow mismatches.

36. *Per contra,* the Respondents have submitted that the Commission has consistently followed the applicable tariff regulation by adopting the base lignite transfer price for the purpose of IWC and that the interest on working capital is a normative, rather than an actual-cost-based, mechanism and emphasised that the Commission is empowered to determine the transfer price of lignite based on prudent costs and if the Commission finds that certain taxes and duties are already being addressed or are not to be included at the working capital stage, the approach shall be upheld. Further, the Respondents asserted that the interest on working capital must be normative rather than reflective of every component of the actual cost, to ensure regulatory certainty and avoid inflated claims.

37. In the order dated 25.4.2017 in Petition No. 130/GT/2016, the Commission has considered a lignite transfer price of 673/Tonne for the relevant year (2011-12) exclusive of clean energy cess and excise duty but inclusive of royalty, while allowing interest on working capital. The Commission in its order in Petition No. 227/MP/2015, determined the lignite transfer price and factored in only the base rate plus royalty when computing the cost component in working capital. However, APTEL, in its findings, stated that the Commission's decision was contrary to the applicable Regulations, and decided the issue in favour of the Petitioner, ruling the Commission's decision as arbitrary and unjust.

38. APTEL, in its judgment dated 16.6.2025 in Appeal No. 373 of 2017 in Petition No. 130/GT/2016, set aside the decision of the Commission and held that, in terms of Regulation 18(2), read with Regulation 21(7) of the 2009 Tariff Regulations, the cost of fuel for computation of interest on working capital shall be based on the landed cost of fuel, including the applicable royalty, taxes and duties. APTEL concluded that the landed cost of fuel shall include the actual taxes and duties leviable. The relevant extracts of the said judgment are as under:

> *"97. We find that the Commission's decision is contrary to the applicable Regulations, which provide that "landed cost" includes taxes and duties (reference Regulation 21(7)- "The landed cost of fuel for the month shall include price of fuel corresponding to the grade and quality of fuel inclusive of royalty, taxes and duties as applicable, ----".*
>
> *98. Additionally, CERC's methodology of adopting a transfer price arrived at in a separate proceeding, and applying the same consistently, if contrary to the applicable Regulations, has to be rejected, as it is a settled principle of law that Regulations are binding and the Commission cannot decide contrary to the provisions contained therein.*
>
> *99. We, thus, find the decision of the Commission as arbitrary and unjust, inter alia, deserves to be set aside."*

39. APTEL, in its findings, stated that the Commission's decision is contrary to the applicable Regulations, which provide that "landed cost" includes taxes and duties. Additionally, the Commission's methodology of adopting a transfer price has to be rejected, as it is a settled principle of law that the Regulations are binding and the

Commission cannot decide contrary to the provision contained therein, and the issue was decided in favour of the Petitioner.

40. Regulation 18(2) of the 2009 Tariff Regulations provides as under:

> *The cost of fuel in cases covered under sub-clauses (a) and (b) of clause (1) shall be based on the landed cost incurred (taking into account normative transit and handling losses) by the generating company and gross calorific value of the fuel as per actual for the three months preceding the first month for which tariff is to be determined and no fuel price escalation shall be provided during the tariff period.*

41. Regulation 21(7) of the 2009 Tariff Regulations provides as under:

> *The landed cost of fuel for the month shall include the price of fuel corresponding to the grade and quality of fuel inclusive of royalty, taxes and duties as applicable, transportation cost by rail/road or any other means, and, for the purpose of computation of energy charge, and in case of coal/lignite shall be arrived at after considering normative transit and handling losses as percentage of the quantity of coal or lignite dispatched by the coal or lignite supply company during the month as given below :*
>
> *Pithead generating stations: 0.2%*
> *Non-pithead generating stations: 0.8%*

42. Further, Regulation 21(6)(a) of 2009, Tariff Regulations provides computation of ECR in ₹/KWh for coal and lignite fired stations as under:

> *ECR = {(GHR – SFC x CVSF) x LPPF / CVPF + LC x LPL} x 100 / (100 – AUX)*

43. The Petitioner, vide affidavit dated 16.5.2026, has submitted the revised landed cost based on the base lignite transfer price of ₹ 673/MT and the applicable statutory levies and claimed the ECR at ₹ 0.863/KWh (ex-bus) as under:

Particulars	**₹ /Tonne**
Base Lignite Transfer Price	673
Royalty	58.46
Clean Energy Cess	50
Excise Duty	6.37
Total Landed Cost	**787.83**

		Unit	**2011-12**
Gross Station Heat rate	GHR	Kcal/ KWh	2596.56
Aux. Energy Consumption	AUX	%	11.50
Weighted average GCV of Lignite	CVPF	Kcal/ Kg	2898

Weighted average GCV of Oil	CVSF	Kcal/lit	10000
Weighted average price of Lignite	LPPF	₹/Kg	0.78783
Specific fuel oil consumption	SFC	ml/KWh	1.25
Consumption of Limestone	LC	Kg/KWh	0.056
Landed Price of Limestone	LPL	₹/MT	1.099
Rate of Energy Charge ex-bus	ECR	₹/KWh	0.863

44. However, it is observed that the Commission, vide order dated 14.3.2017 in Petition No. 227/MP/2015, for the year 2011-12, has allowed the lignite transfer price of ₹ 673/tonne, which was inclusive of royalty but exclusive of Clean Energy Cess w.e.f. 1.7.2010 @ ₹ 50 per tonne and Excise duty on lignite and other taxes and duties. The relevant para of the said order dated 14.3.2017 is extracted as under:

"22……..Accordingly, the year-wise modified lignite transfer price for Barsingsar mines is as under:

(Rs. in lakh)

	2011-12	***2012-13***	***2013-14***
Overburden outsourcing	*4,480.90*	*4,613.06*	*4,228.31*
Lignite outsourcing	*654.11*	*1,040.37*	*1,182.22*
Sub Total (A)-Variable cost	***5,135.01***	***5,653.43***	***5,410.53***
Stores and spares	*1.64*	*13.43*	*69.09*
Employee cost	*238.68*	*423.32*	*509.44*
Power	*10.72*	*62.73*	*55.71*
Outside services	*57.45*	*132.77*	*87.51*
Internal services	*59.92*	*71.54*	*59.92*
Common charges	*77.48*	*50.76*	*69.04*
Other expenditure	*41.34*	*63.19*	*37.43*
Recovery	*-0.73*	*-1.19*	*-1.65*
Sub Total (B)-Other cost	***486.50***	***816.54***	***907.58***
Net O & M	***5,621.51***	***6,469.97***	***6,318.11***
O & M cost per Ton	*343.00*	*376.00*	*361.00*
Deferred Revenue Expenditure	*518.23*	*2,072.90*	*2,072.90*
Total O & M	***6,139.74***	***8,542.87***	***8,391.01***
Loan	*1385*	*1285*	*1183*
Working capital	*793*	*642*	*393*
Depreciation	*1022*	*997*	*1038*
Cost of Mine Closure	*153*	*160*	*168*
ROE	*1480*	*1488*	*1530*
Cost before Royalty	***10973***	***13115***	***12703***
₹ per Ton before Royalty	***615***	***735***	***712***
Royalty	*58*	*60*	*43*
		45	

Lignite Transfer price per Ton with Royalty	***673***	***795***	***755***
		780	

23. In view of the above, the lignite transfer price as trued up by the petitioner for the generating station vis-a-vis as allowed for the years 2011-12, 2012-13 and 2013-14 is as under:

(Rs. /tonne)

Year/ Mines	***2009-10***	***2010-11***	***2011-12***	***2012-13 up to 9.5.2012***	***2012-13 From 10.5.2012***	***2013-14***
Claimed	*447*	*650*	*701**	*808***	*793***	*762*
Allowed			*673*	*795***	*780***	*755*

** The above rates are exclusive of Clean Energy Cess w.e.f. 1.7.2010 @ ₹ 50 per tonne and Excise duty on Lignite and other taxes and duties.*
*** The rates have been calculated based on revision of rates of royalty per ton."*

45. From the above order, it is clear that the base lignite transfer price for the Barsingsar Mine for the period 2011-12 is ₹ 615/tonne before Royalty. The applicable royalty comprises a fixed component of ₹45/tonne and an ad valorem component of 2% of the base lignite transfer price. Accordingly, on the base transfer price of ₹615/tonne, the ad valorem component works out to ₹12.30, resulting in total royalty of ₹57.30/tonne. Consequently, the revised landed cost of lignite is ₹728.67/tonne, comprising the base transfer price of ₹615/tonne, royalty of ₹57.30/tonne, Clean Energy Cess of ₹50/tonne and excise duty of ₹6.37/tonne. The revised landed cost is, therefore, arrived at as follows:

₹615.00 + ₹57.30 + ₹50.00 + ₹6.37 = ₹728.67/tonne.

46. The inclusion of royalty, cess, and excise duty is also consistent with the principle laid down by APTEL that the landed cost is required to include the applicable statutory levies and cannot be restricted to the fuel transfer price alone. Regulation 21(6) of the 2009 Tariff Regulations provides for determination of ECR based on the weighted average landed price of the primary fuel. Therefore, once the landed price is required to include the applicable royalty, taxes and duties in terms of Regulation 21(7) of the 2009 Tariff Regulations, the corresponding revised landed price is required to be considered

for determination of ECR. The revision of the landed cost is therefore not an independent adjustment but has a direct bearing on the fuel cost component that forms part of the ECR.

47. APTEL has specifically held that exclusion of applicable taxes and duties from the landed cost is contrary to the Tariff Regulations and has directed that the landed cost of fuel shall include the actual taxes and duties leviable. The present claim is also consistent with the regulatory formulation of ECR, which uses the landed price of the primary fuel as an input. Accordingly, the Commission considers that the lignite transfer price of ₹615.00/tonne, together with the applicable royalty of ₹57.30/tonne, Clean Energy Cess of ₹50.00/MT and excise duty of ₹6.37/MT, results in a landed cost of ₹728.67/tonne for the purpose of determination of the ECR for the period from the date of commercial operation of Units-I and II till 31.3.2014 in Petition No. 130/GT/2016. In view of the above discussion and in compliance with the principles laid down by APTEL in its judgment dated 16.6.2025, the revised landed cost of lignite of ₹728.67/tonne is allowed for determination of the energy charge.

48. The above revision is allowed as a consequence of giving effect to the applicable provisions of the 2009 Tariff Regulations and the binding findings of APTEL regarding inclusion of applicable statutory levies in the landed cost of fuel. Subsequent to the above consideration of the revised landed cost of lignite of ₹728.67/tonne, the table under paragraphs 46, 51, 53, and 54 in the order dated 25.4.2017 in Petition No. 130/GT/2016 stands revised as under:

Fuel component in working capital

46. **(Rs. in lakh)**

	2011-12		2012-13	2013-14
	29.12.2011 to 19.1.2012	20.1.2012 to 31.3.2012		
Cost of Lignite for 1½ months (annualized)	668.74	1337.49	1333.83	1333.83
Cost of Lignite for 1½ months (pro rata)	40.20	263.11	1333.83	1333.83
Cost of Lime Stone for 1½ months (annualized)	63.35	126.70	126.36	126.36
Cost of Lime Stone for 1½ months (pro rata)	3.81	24.93	126.36	126.36
Cost of Secondary Fuel oil for 2 months (annualized)	101.03	202.07	201.52	201.52
Cost of Secondary Fuel oil for 2 months (pro rata)	6.07	39.75	201.52	201.52

Receivables

51.

(Rs. in lakh)

	2011-12		2012-13	2013-14
	29.12.2011 to 19.1.2012	20.1.2012 to 31.3.2012		
Fixed Charges	230.35	1448.56	6881.97	6531.93
Energy Charges	58.67	384.05	1946.92	1946.92

53.

(Rs. in lakh)

	2011-12		2012-13	2013-14
	29.12.2011 to 19.1.2012	20.1.2012 to 31.3.2012		
O&M expenses (1 month)	16.79	109.92	590.83	624.58
Receivables (Fixed Charges)	230.35	1448.56	6881.97	6531.93
Receivables (Energy Charges)	58.67	384.05	1946.92	1946.92
Maintenance Spare	40.30	263.80	1418.00	1499.00
Secondary fuel oil cost	6.07	39.75	201.52	201.52
Fuel Cost	44.01	288.04	1460.19	1460.19
Total Working Capital	**396.20**	**2534.12**	**12499.43**	**12264.14**
Interest Rate	11.75%	11.75%	11.75%	11.75%
Interest on Working Capital	**46.55**	**297.76**	**1468.68**	**1441.04**

Fixed Charges

54.

(Rs. in lakh)

	2011-12		2012-13	2013-14
	29.12.2011 to 19.1.2012	20.1.2012 to 31.3.2012		
Return on Equity	346.10	2163.60	9390.49	11404.48
Interest on Loan	340.52	2103.85	10103.68	9397.86
Depreciation	410.95	2568.61	12029.84	8244.07

Interest on Working Capital	*46.55*	*297.76*	*1,468.68*	*1,441.04*
O&M Expenses	*201.52*	*1319.02*	*7090.00*	*7495.00*
Secondary fuel oil cost	*36.44*	*238.51*	*1209.11*	*1209.11*
Fixed Charges	***1,382.07***	***8,691.34***	***41,291.80***	***39,191.56***

49. Further, Regulation 6(6) of the 2009 Tariff Regulations provides as under:

> *(6) The amount under-recovered or over-recovered, along with simple interest at the rate equal to the short-term Prime Lending Rate of State Bank of India as on 1st April of the respective year, shall be recovered or refunded by the generating company or the transmission licensee, as the case may be, in six equal monthly installments starting within three months from the date of the tariff order issued by the Commission after the truing up exercise.*

50. In view of the foregoing discussion and the revised landed cost of lignite of ₹728.67/tonne allowed in accordance with Regulations 21(6) and 21(7) of the 2009 Tariff Regulations and the principles laid down by APTEL in its judgment dated 16.6.2025, the tariff for the period from the date of commercial operation of Units-I and II up to 31.3.2014 shall be revised accordingly. The amount under-recovered, after giving effect to the revised landed cost and the consequential tariff calculations approved in this order, shall be recovered or refunded, along with simple interest at the rate specified under Regulation 6(6) of the 2009 Tariff Regulations, as quoted above. Accordingly, the amount so determined shall be recovered or refunded in six equal monthly instalments, commencing within three months from the date of the issuance of order.

51. In view of the above findings and discussions, the directions issued by APTEL, vide judgment dated 16.6.2025 in Appeal Nos. 171 of 2016 and 373 of 2017 stand implemented. Accordingly, Petition Nos. 18/RP/2015 and 130/GT/2016 are disposed of in terms of the findings recorded hereinabove.

Sd/-	***Sd/-***	***Sd/-***	***Sd/-***
(Ravinder Singh Dhillon)	**(Harish Dudani)**	**(Ramesh Babu V.)**	**(Jishnu Barua)**
Member	**Member**	**Member**	**Chairperson**