ADANI POWER LTD. (APL)
PETITION FOR TRUE UP OF FY 2022-23 & FY 2023-24, PROVISIONAL TRUE UP OF FY 2024-25
AND ARR & MUTLI YEAR TARIFF (MYT) FOR FY 2025-26 TO FY 2029-30
(For Adani Dahanu Thermal Power Station)

Table of Contents

List of Tables

Abbreviations

Abbreviation	Description
APL	Adani Power Ltd.
ADTPS	Adani Thermal Power Station
AEML	Adani Electricity Mumbai Ltd
AEML-G	Adani Electricity Mumbai Ltd Generation business
AEML-T	Adani Electricity Mumbai Ltd Transmission business
AEML-D	Adani Electricity Mumbai Ltd Distribution business
AFC	Annual Fixed Charges
AICPI	All India Consumer Price Index
ARR	Aggregate Revenue Requirement
ARB	As Received Basis
ATE	Appellate Tribunal for Electricity
ATL	Adani Transmission Limited
Aux.	Auxiliary
A&G	Administrative and General
CA	Chartered Accountant
CAPEX	Capital Expenditure
CERC	Central Electricity Regulatory Commission
CEA	Central Electricity Authority
CBEC	Central Board of Excise and Customs
CFR	Cost and Freight
CIL	Coal India Limited
CIMFR	Central Institute of Mining and Fuel Research
Commission/ MERC	Maharashtra Electricity Regulatory Commission
CPI	Consumer Price Index
CSR	Corporate Social Responsibility
CWIP	Capital Work in Progress
DA	Dearness Allowance
DO	Despatch Orders
DPR	Detailed Project Report

Abbreviation	Description
EA, 2003	Electricity Act, 2003
EB	Equilibrated Basis
FAC	Fuel Adjustment Cost
FDA	Fixed Dearness Allowance
FGD	Flue Gas Desulphurisation
FOB	Free on Board
FOIS	Freight Operations Information System
FoR	Forum of Regulators
FSA	Fuel Supply Agreement
FY	Financial Year
GCV	Gross Calorific Value
GFA	Gross Fixed Assets
H1	First Half of Financial Year (April17 to September-17)
H2	Second Half of Financial Year (October17 to March-18)
HBA Indices	Harga Batubara Acuan Indices
ICI	Indonesian Coal Index
IDC	Interest During Construction
IoWC	Interest on Working Capital
IT	Income Tax
kCal	kilo Calories
kJ	kilo Joule
Kl	kilo Litre
Km	Kilo Meter
kW	kilo Watt
kWh	kilo Watt hour
LDO	Light Diesel Oil
LoA	Letter of Assurance
MAT	Minimum Alternate Tax
MCLR	Marginal Cost of funds based Lending rate
ML	Milli Litre

Abbreviation	Description
MoC	Ministry of Coal
MOD	Merit Order Despatch
MoEF	Ministry of Environment, Forest and Climate Change
MSLDC	Maharashtra State Load Despatch Centre
MSPGCL	Maharashtra State Power Generation Company Limited
MT	Metric Tonne
MTBF	Mean Time between Failure
MTR	Mid-Term Review
MU	Million Units
MW	Mega Watt
MYT	Multi Year Tariff
NABL	National Accreditation Board for Testing and Calibration Laboratories
NAPAF	Normative Annual Plant Availability Factor
NCD	Non-Convertible Debenture
NIT	Notice Inviting Tender
NTI	Non-Tariff Income
OPEX	Operational Expenditure
O&M	Operation & Maintenance
PAF	Plant Availability Factor
PBT	Profit Before Tax
PLF	Plant Load Factor
PPA	Power Purchase Agreement
R&M	Repair & Maintenance
REC	Rate of Energy Charge
REGSL	Reliance Electric Generation and Supply Limited
RInfra	Reliance Infrastructure Ltd.
RLA	Residual Life Assessment
RoE	Return on Equity
SBI	State Bank of India
SBAR	State Bank Advance Rate

Abbreviation	Description
SECL	South Eastern Coalfields Limited
SERC	State Electricity Regulatory Commission
SFOC	Secondary Fuel Oil Consumption
SHR	Station Heat Rate
TM	Total Moisture
TPS	Thermal Power Station
WPI	Wholesale Price Index

1 INTRODUCTION

1.1 Multi Year Tariff (MYT) Regulations

The Hon'ble Maharashtra Electricity Regulatory Commission (hereinafter referred to as "Hon'ble Commission") has issued the following Regulations in exercise of powers conferred under relevant sections of the Electricity Act, 2003:

- MERC (Multi Year Tariff) Regulations, 2019 (hereinafter referred to as MYT Regulations, 2019) on August 01, 2019, MERC (Multi Year Tariff) (First Amendment) Regulations, 2023 on February 10, 2023, MERC (Multi Year Tariff) (Second Amendment) Regulations, 2023 on June 08, 2023;
- MERC (Multi Year Tariff) Regulations, 2024 (hereinafter referred to as MYT Regulations, 2024) on August 19, 2024.

MYT Regulations, 2019 are applicable for the fourth Control Period i.e. from FY 2020-21 to FY 2024-25, while MYT Regulations, 2024 are applicable for the fifth Control Period i.e. from FY 2025-26 to FY 2029-30.

1.2 Background for submission of Petition

Regulation 5.1(a) of MYT Regulations ,2024 provides for filing of Multi Year Tariff Petition comprising of:

1. Truing-up for FY 2022-23 and FY 2023-24 to be carried out under MERC(Multi Year Tariff) Regulations, 2019.
2. Provisional Truing up for FY 2024-25 to be carried out under MYT Regulations, 2019.
3. Projections of Aggregate Revenue Requirement (ARR), Fixed charges and Energy charges for each year of fifth Control Period from FY 2025-26 to FY 2029-30.

The present Petition has been filed for truing up of FY 2022-23 and FY 2023-24, provisional truing up of FY 2024-25 and projection of ARR from FY 2025-26 to FY 2029-30 in accordance with the above provision of MYT Regulations, 2024.

1.3 Change of ownership of Adani Dahanu Thermal Power Station (ADTPS) from Adani Electricity Mumbai Ltd (AEML) to Adani Power Ltd. (APL)

ADTPS, with a capacity of 500 MW (2 units of 250 MW each), was commissioned in the year 1995 and had been a part of AEML. In order to improve the resource management and ensure effective supply of power from ADTPS, AEML in its board meeting held on 24.07.2024 had decided to divest the ownership of ADTPS to another company within the Adani group, i.e. Adani Power Ltd. The divestment has been carried out on 30th September 2024. It is further submitted that since APL owns and operates a large number of generating assets (aggregating to operating installed capacity - 15.850 MW and under construction installed capacity – 2,950MW), it is in the best position to own and operate ADTPS efficiently. The above transfer of ADTPS was also necessary for meeting AEML's ESG obligations. Pursuant to the transfer of ADTPS, AEML-D and APL filed a petition before the Hon'ble Commission for approval of PPA with ADTPS owned and operated by Adani Power Ltd. before the Hon'ble Commission (Case no. 154 of 2024). The tenure of PPA between AEML-D and Adani Power Ltd. for power supply from ADTPS is till March 2025. AEML-D had also filed an Interlocutory Application (IA no. 47 of 2024) for urgent hearing in the matter, against which hearing was held on 20th September 2024. The Hon'ble Commission vide interim order dated 20th September 2024 had allowed AEML-D to continue the procurement of power from ADTPS owned and operated by new entity i.e. APL. The relevant extract of the referred interim Order is as below:

> *"4. Accordingly, the Commission allows AEML-D to continue the procurement of power from ADTPS owned and operated by new entity i.e. APL with the same terms and conditions of the existing Power Procurement Arrangement between AEML-D and AEML-G till further Order in the present matter, subject to the condition that there would be no adverse impact on the supply of power or Tariff payable by the consumers or any other adverse consequences."*

APL submits that there will be no adverse impact on the supply of power and/or tariff as determined by the Hon'ble Commission under Section 62 of the Electricity Act, 2003, since tariff will continue to be determined as per the regulated asset base approved by the Hon'ble Commission and under the terms of the MYT Regulations as prevailing from time to time.

1.4 Objective of the present Petition

As stated above, in accordance Regulation 5.1(a) of the MYT Regulations, 2024, the present MYT Petition has been filed by APL with the objective of seeking truing up of FY 2022-23 and FY 2023-24, provisional truing up of FY 2024-25 and approval of Aggregate Revenue Requirement (ARR) from FY 2025-26 to FY 2029-30.

The actual figures for expenses and revenues and other details for FY 2022-23 and FY 2023-24 have been provided along with comparison of same with respect to values approved in the MTR Order dated 31.03.2023 in Case no. 229 of 2022. For provisional truing up of FY 2024-25, estimated values for FY 2024-25 has been provided along with comparison of same with respect to values approved in the MTR Order dated 31.03.2023. For projections for fifth Control Period, APL has considered the provisions of MYT Regulations, 2024.

The Hon'ble Commission, in the MTR Order in Case No. 229 of 2022, had issued certain directives. AEML-G (now APL) has complied with the same, which is elaborated upon in the separate section in the present Petition.

1.5 Matters Pending before Hon'ble ATE

In this section, Adani Power Ltd. submits the brief of the Appeals pending before the Hon'ble ATE, which were preferred by AEML-G against the MTR Order dated 26th June 2015, MYT Order dated 18th August 2016, MTR Order dated 12th September 2018, MYT Order dated 30th March 2020 and MTR Order dated 31st March 2023 issued by the Hon'ble Commission.

Table 1 : Matters Pending Before Hon'ble ATE

Appeal No.	Impugned Order	Issues in brief
225 of 2015	Case no. 222 of 2014 Dated 26 June 2015	1. Disallowance of Carrying Cost on Income-Tax claimed by the Appellant disallowed by Respondent No.1 but subsequently allowed by this Hon`ble Tribunal for the period FY 2009-10, FY 2010-11 and FY 2011-12. 2. Disallowance of Carrying Cost on compounded interest basis (i) in respect of revised capitalization for FY 2010-11 and FY 2011-12, reassessment of interest on loan and revenue gap on truing up for FY 2012-13 and FY 2013-

Appeal No.	Impugned Order	Issues in brief
		14on which carrying costs was allowed on simple interest basis and (ii) in respect of income-tax on which carrying cost was disallowed
315 of 2016	Case No. 14 of 2016 Dated 18 August 2016	1. Disallowance of Impact of wage revision over and above the benchmark for O&M expenses for the control period FY 2016-17 to FY 2019-20. 2. Consideration of payables for fuel in the computation of working capital and interest thereon 3. Disallowance of Carrying Cost on compounded interest basis in respect of revenue surplus on which carrying costs was allowed on simple interest basis .
442 of 2019	Case No. 202 of 2017 Dated 12 September 2017	1. Consideration of actual Interest on Working Capital for FY 2016-17 as "Nil" and consideration of difference between Normative Interest on Working Capital and "Nil" actual Interest on Working Capital as Efficiency Gains 2. Consideration of normative Fuel cost, O&M expenses & Interest on Working Capital while computing Profit Before Tax for FY 2015-16 and FY 2016-17.
395 of 2022	Case No. 298 of 2019 Dated 30 March 2020	1. Disallowance of additional Auxiliary Energy consumption of 0.80% for tube type coal mill. 2. Disallowance of Auxiliary Energy consumption of Flue Gas Desulphurisation (FGD) of FY 2018-19 and FY 2019-20. 3. Non consideration of impact of the Hon'ble Supreme Court Judgment on Provident Fund as Uncontrollable Expenses. 4. Disallowance of capital cost on account of cost and time over-run for FY 2017-18 and FY 2018-19. 5. Grossing up Return on Equity (RoE) with Effective Tax rates for the MYT Control Period. 6. Wrongful and illegal consideration of Income Tax as Zero for FY 2019-20. 7. Non-consideration of refinancing charges of Rs. 14.83 crore and Consideration of net refinancing charges proportionate to Regulatory Debt 8. Computation of Net savings on account of refinancing. 9. Consideration of regulatory depreciation equivalent to repayment. 10. Consideration of discount rate as pre-tax cost of debt. 11. Additional rate of Return for the Control Period FY 2020-21 to FY 2024-25. 12. Disallowance of actual O&M expense for FY 2018-19 (Corporate expense for FY 2018-19).

Appeal No.	Impugned Order	Issues in brief
		13. Impact of GST on O&M expenses from FY 2017-18 onwards. 14. Efficiency Factor for FY 2018-19 and FY 2019-20. 15. Revised normative O&M of previous year considered as base expenses for allowing normative O&M expense for next year. 16. Consideration of only actual Interest on short-term loans as interest on working capital, without considering cost of capital deployed from internal resources to fund working capital. 17. Consideration of normative Fuel cost, O&M expenses & Interest on Working Capital while computing Profit Before Tax for FY 2015-16 and FY 2016-17. 18. Non-Consideration of impact of wage revision for FY 2017- 18 and FY 2018-19 over and above the normative O&M cost.
543 of 2023	Case No. 229 of 2022 Dated 31 March 2023	1. Disallowance of a portion of Return on Equity (RoE) for FY 2020-21 and FY 2021-22 by considering Minimum Alternate Tax (MAT) rate as the Effective Tax Rate instead of Corporate Tax Rate claimed by the Appellant. 2. Inclusion of penalty received from washery in FY 2019-20 and penalty received from Stevedoring agency in FY 2021-22 (on account of actual transit loss of fuel being higher than normative transit losses) in actual Fuel expense, thereby reducing actual fuel cost, even though the Appellant has claimed normative transit losses for fuel for True up of FY 2019-20 and FY 2021-22. 3. Consideration of maximum GCV loss in transit of 300 kCal/kg separately for raw coal, instead of considering the same on blended basis in FY 2020-21 and FY 2021-22. 4. Non consideration of transit loss of 0.8% for imported coal procured through Dahej port in FY 2022-23, even through the said Port is not adjacent to the generating station of the Appellant and imported coal is required to be transported from the said port through Railways. 5. Disallowance of additional Auxiliary Energy consumption of 0.80% for tube type coal mill from FY 2020-21 onwards. 6. Deduction of Efficiency Factor of 1% from the Escalation rate derived on the basis of CPI and WPI inflation for FY 2019-20. 7. Disallowance of a portion of Corporate Expense (part of actual O&M Expense) for FY 2019-20 and FY 2021-22.

Appeal No.	Impugned Order	Issues in brief
		8. Disallowance of impact of GST in O&M Expense for FY 2019-20, FY 2020-21 and FY 2021-22. 9. Not allowing O&M expense incurred specifically for COVID-19 pandemic in FY 2020-21 separately. 10. Not allowing the expense shifted from Capitalization claimed for FY 2021-22 to O&M expense for FY 2021-22 separately. 11. Non consideration of impact of the Hon'ble Supreme Court Judgment on Provident Fund as Uncontrollable Expenses. 12. Non-Consideration of impact of wage revision (which was made in FY 2016-17) for FY 2019-20 to FY 2021-22 over and above the normative O&M cost 13. Disallowance of Finance Charges for New Capex Loans (part of Financing Charges) for FY 2019-20. 14. Disallowance of a portion of Finance Charges for External Commercial Borrowing (ECB) for FY 2019-20 15. Disallowance of a portion of Bank Charges (part of Financing Charges) for FY 2019-20. 16. Disallowance of a portion of Financing Charges for Working Capital Loans for FY 2019-20. 17. Disallowance of a portion of Forex loss on Financing Charges for FY 2019-20 and FY 2020-21. 18. Disallowance of a portion of Forex loss on loans for FY 2019-20 and FY 2021-22. 19. Consideration of Refinancing charges incurred for availing overseas loans of Bond and Sub-debt proportionate to Regulatory Debt. 20. Computation of Net savings on account of refinancing of Indian Loans with overseas loans by considering regulatory depreciation equivalent to repayment and by considering discount rate as pre-tax cost of debt. 21. Consideration of normative Fuel cost, normative O&M expense and normative Interest on Working Capital in the expense side and deduction of efficiency gains from revenue while computing Profit Before Tax for FY 2019-20. 22. Not allowing the actual Interest on Working Capital for FY 2020-21, wherein the Appellant had to incur higher interest on Working Capital as FY 2020-21 was severely affected with COVID-19 pandemic.

1.6 Litigation with Indian Railways with respect to Land license fee, Signal & Telecom (S&T) charges and Repair & Maintenance (R&M) charges for maintenance of Railway tracks

ADTPS has a railway siding agreement with Indian Railways for transportation of coal to its ADTPS thermal power station. As part of the agreement, ADTPS pays land rent (land license fee), repair and maintenance (R&M) charges for maintaining tracks by Railways and signal & telecom (S&T) Charges to Indian Railways. As per the siding agreement dated 13.03.2020, AEML (now Adani Power Limited (APL)) is required to pay land license fee at the rate of 6% per annum of the market value of the land or at such rate as may be prescribed from time to time. The license fee will be revised every year with a notional increase in land value of 7% per annum or at a such rate as may be prescribed from time to time over the previous year market value of land to arrive at land value of current year. Similar clause existed in the previous agreement between Railways and the erstwhile Reliance Infrastructure Ltd. also. As regards R&M charges, the same is payable at a rate of per kM of railway track laid (total length of track laid at Dahanu side – 3.50 kM). The base rate was fixed at Rs. 1,14,238/- per kM for FY 1992-93 by Railways authorities, which is escalated by 10% every year. For S&T charges, the rate was fixed at Rs. 7,03,125/- for FY 1995-96 by Railway authorities which is escalated by 10% every year. Accordingly, land rent, R&M charges and S&T charges were being paid by AEML-G (now APL). For land rent, AEML-G (now APL) had been paying the same considering the historical value of land communicated by Indian Railways through its letter dated 27th June 1997.

On 10th March 2021, Indian Railways raised the invoice for land rent, R&M charges and S&T charges for FY 2020-21 amounting to Rs. 7.94 Crore, wherein the land rent was calculated considering revised value of land. The R&M charges and S&T charges were also revised. In the said letter, Indian Railways also claimed arrears for these three charges amounting to Rs. 69.69 Crore for the period from FY 1997-98 to FY 2019-20. Thus, Indian Railways claimed a total amount of Rs. 77.64 Crore vide the said letter which is attached herewith as **Annexure 1 (Soft copy).** Railways claimed that they have received revised market rates for land from the revenue department and the above bill amount is calculated considering the same. No explanation is provided for revision in R&M charges and S&T charges. AEML-G (now APL) has vehemently contested the said claim and has asked Indian Railways to withdraw their claim. AEML-G (now APL) has also stated that the alleged arrears from FY 1997-98 to FY 2019-20, apart from being legally impermissible in terms of private siding agreement with Indian Railways, is barred by the law of limitation as well, as the limitation period for making monetary demand under contractual agreement is three years from the day the money becomes due, as per the Articles and Schedules to the Limitations Act, 1963. The copies of correspondence between AEML-G (now APL) and Indian Railways are attached herewith as **Annexure 2 (Soft copy).** However, Indian Railways has continued to raise bills as per its own methodology including arrears from FY 1997-98 to FY 2019-20. In order to avoid defaulter status, AEML-G (now APL) has been making payment of charges from FY 2020-21 onwards considering the historical value of land for land rent and historical rates for other two charges. The year wise amounts claimed by Indian Railways from FY 2020-21 onwards, after adjusting payment by AEML-G (now APL) is as under:

Table 2 : Amounts claimed by Indian Railways from FY 2020-21 onwards

Particulars	Rs. Crore
FY 2020-21 (including arrears till FY 19-20)	77.64
FY 2021-22 (including arrears till FY 20-21)	84.98
FY 2022-23 (including arrears till FY 21-22)	92.86
FY 2023-24 (including arrears till FY 22-23)	101.28
FY 2024-25 (including arrears till FY 23-24)	110.30

All above figs are without GST.

Against the above, the year wise amounts paid by AEML-G (now APL) from FY 2020-21 onwards is as under:

Table 3 : Amounts paid by AEML-G (now APL) from FY 2020-21 onwards (adjusted in the claims of Indian Railways above)

Particulars	Rs. Crore
FY 2020-21	1.18
FY 2021-22	1.28
FY 2022-23	1.39
FY 2023-24	1.78
FY 2024-25	Yet to be paid

AEML-G (now APL) submits that it is following up with the authorities at Indian Railways for resolving the dispute. Also, it is exploring legal remedies available for resolution of the dispute. It shall make every effort to avoid making payment of the above charges as claimed by Railways in order to shield the beneficiary and its consumers from un-necessary burden. However, in case APL actually pays any amount against these claims in future, pursuant to the direction by any legal forum, the same shall be presented to the Hon'ble Commission in future Tariff Petitions of APL or AEML-D for recovery.

Apart from the above, in terms of the siding agreement dated 13.03.2020 the Over Head Electrification (OHE) maintenance was done by railways at its own cost and no amount was charged to AEML or any other private siding owner towards the same. However, on 23.06.2020 the Railways issued an amendment in policy circular on private siding being freight marketing circular no 11 of 2016 which stated under para 9.3.1 that OHE maintenance cost for existing as well as new sidings shall borne by siding owner in accordance with Railway siding guidelines. Based on railway board circular DFM Mumbai central has raised a bill on 10 Feb 2023 for the period from FY 2020-21 to FY 2022-23 amounting to Rs 52,97,200/-(without GST) and Rs 62,50,696 / (with applicable 18% GST). Such a claim has been raised by Railways for the first time and since it was not included in the actual O&M expense in the past, the same is allowable over and above the normative O&M expense in future. It is submitted that such claims as may be raised by Railways for past or future years shall be presented to the Hon'ble Commission for approval during True up.

1.7 Structure of the Petition

The instant Petition consists of the following chapters as outlined below:

- Chapter 1: Introduction (present chapter)
- Chapter 2: Truing up of FY 2022-23
- Chapter 3: Truing up of FY 2023-24
- Chapter 4: Provisional Truing up of FY 2024-25
- Chapter 5: Aggregate Revenue Requirement from FY 2025-26 to FY 2029-30
- Chapter 6: Compliance to directives
- Chapter 7: Prayers

2 TRUING UP OF FY 2022-23

In this section, APL is submitting the actual expenses incurred and revenue earned in FY 2022-23 for the purpose of truing up of FY 2022-23 under MYT Regulations, 2019. The facts and figures presented are based on Audited Accounts for FY 2022-23 and/or wherever applicable, based on normative computations as per the MYT Regulations, 2019. A comparison of expenditure and revenue provisionally approved by the Hon'ble Commission in its MTR Order dated 31st March 2023 in Case No. 229 of 2022 vis a vis the actual and audited performance for FY 2022-23 is presented in this section to determine the revenue gap/surplus for FY 2022-23, which APL proposes to carry forward along with applicable carrying cost/holding cost for recovery through tariff in FY 2025-26.

2.1 Operational Performance for FY 2022-23

APL has achieved a PLF of 79.88% and has maintained availability of 95.83% for FY 2022-23 which is well above the Normative Annual Plant Availability Factor (NAPAF) of 85% specified in MYT Regulations, 2019. The operational performance of ADTPS in FY 2022-23 is provided in table below:

Table 4: Operational parameters for FY 2022-23

Particulars	UoM	MTR Order	Normative	Actual
Availability	%	88.86	95.83	95.83
PLF*	%	77.56	0.80	79.88
Heat Rate	kCal/kWh	2430	2,430.00	2,265.00
Aux Power Consumption (excluding FGD plant)	%	8.50	8.50	8.64
Aux power consumption for FGD plant	%	1.20	1.20	1.22
Aux Power Consumption (including FGD plant)	%	9.70	9.70	9.86
Secondary oil consumption	ml/kWh	0.50	0.50	0.08
Gross Generation*	MU	3397.11	3492.63	3498.92
Net Generation*	MU	3067.59	3153.84	3153.84

**PLF, under normative column derived considering actual net generation and normative Aux consumption %*

The certificates for Availability and PLF issued by MSLDC for FY 2022-23 are attached herewith as **Annexure 3 (Soft copy only)** to this Petition. The actual net generation from ADTPS in FY 2022-23 was 3153.84 MU and the gross generation was 3498.92 MU considering actual aux. consumption. The scheduled generation of ADTPS for beneficiary (AEML-D) was 3157.79 MU. The supporting block wise scheduled generation data for AEML-D for FY 2022-23 is attached herewith as **Annexure 4 (Soft copy only).**

It is pertinent to note here that APL, in its MYT Petition (Case No. 298 of 2019) had claimed the auxiliary consumption (without FGD) as 9.3% instead of 8.5%. APL had claimed the additional 0.8% auxiliary consumption in accordance with the first proviso of Regulation 46.15 of the MYT Regulations, 2019, which states that the norms for auxiliary consumption (without FGD) for the thermal generating stations shall be increased by 0.8% in case the generation stations use tube type coal mills. However, the Hon'ble Commission ruled that additional auxiliary consumption is applicable to newer plants that are coming up with tube type coal mill post the issuance of MYT Regulations, 2019. In case of APL, the plant design is based on earlier Regulations and hence the additional auxiliary consumption as claimed by APL can't be allowed. In this regard, it is pertinent to note that no such exceptions have actually been created in the MYT Regulations. However, the Hon'ble Commission, based on this reasoning, had allowed the auxiliary consumption (without FGD) at 8.5% only in the MYT Order. APL has raised this issue in the Appeal (Appeal No. 395 of 2022) against the MYT Order before the Hon'ble ATE, which is pending for decision. Without prejudice to the contention of APL in the said Appeal, APL has claimed the normative fuel cost for FY 2022-23 considering the auxiliary consumption (without FGD) at 8.5%. In case the Hon'ble ATE rules in favour of APL in this matter, APL shall claim the impact due to additional auxiliary consumption in subsequent tariff petitions.

The actual FGD consumption in FY 2022-23 in percentage terms has been more than the normative Aux consumption. In this regard, APL had submitted at the time of framing MYT Regulations, 2019 that the norm of 1.20% was inadequate. APL had submitted that in earlier years the FGD consumption used to be low as PLF of ADTPS was on higher side. However, from FY 2017-18 onwards, due to backing down instructions of SLDC, the PLF of ADTPS has reduced and correspondingly the FGD consumption, as a percentage of generation, has increased. As the consumption of FGD auxiliaries stays fairly same in MU terms, irrespective of unit load, the Aux. consumption of FGD in terms of percentage of gross generation will be lower at high PLF and higher at low PLF. However, the Hon'ble Commission disregarded these submissions and specified Aux consumption of 1.2% for FGD in the MYT Regulations, 2019.

Regardless of the norms, the fact that FGD aux consumption shall be higher in percentage terms in case of lower unit generation remains and accordingly ADTPS's FGD aux consumption is higher at 1.22% vs. norm of 1.2%. Vide this petition, APL again requests the Hon'ble Commission to consider the above submission and allow the relaxation in aux consumption of FGD as the same is purely a mathematical phenomenon and has nothing to do with plant performance.

2.2 Fuel cost for FY 2022-23

2.2.1 Gross Calorific Value (GCV) of coal and secondary fuel oil for FY 2022-23

As per MYT Regulations, 2019, the quantity of primary fuel consumed shall be calculated on the basis of normative SHR (less heat contributed by secondary fuel oil for coal based generating station) and gross calorific value of coal as billed by the supplier, less:

(a) Actual loss in calorific value of coal between "as billed by supplier" and "as received at generating station", subject to the maximum loss in calorific value of 300 kcal/kg; and

(b) actual stacking loss subject to the maximum stacking loss of 85 kcal/kg for pithead stations and 120 kcal/kg for non-pithead stations;

2.2.2 GCV loss between as billed by supplier and as received at plant:

(a) Washed Coal:

In AEML-G MYT Order dated 30.03.2020 in Case no. 298 of 2019, the Hon'ble Commission had stated that, for washed coal, the higher of GCV at mine end and at ADTPS end shall be considered for energy charge computation. The relevant para of the MYT Order is reproduced below:

> *"5.4.30 Considering the washery process undertaken by the APL and having a yield loss of 15%, the burden of which is pass on to the consumers, the Commission is not inclined to provide any actual loss in calorific value of coal between 'as billed' and 'as received'. However, in future, the Higher of GCV at Mine end or ADTPS (washed coal) will be considered for computation of energy charges, whereby GCV will be considered on ARB basis post moisture correction based on the formula as provided by MoP and World council."*

Accordingly, for washed coal, APL has considered higher of GCV as billed and that as received at ADTPS end, in the energy charge calculations. In the MTR Petition (Case no. 229 of 2022), APL had submitted that GCV loss should be calculated as the difference between weighted average GCV as billed and the weighted average GCV as received at ADTPS, in accordance with third proviso to MYT Regulations, 2019, which states that in case of blending of fuel from different sources, the weighted average Gross Calorific Value of primary fuel shall be arrived in proportion to blending ratio. Further the Hon'ble Commission has been calculating stacking loss as the difference between weighted average GCV as received at ADTPS and weighted average As Fired GCV. Hence the GCV loss between as billed by supplier and as received dt ADTPS should also be calculated in the same manner. However, the Hon'ble Commission, in the MTR Order dated 31.03.2023, did not consider the submissions of APL and limited the GCV loss between as billed by the supplier and as received at ADTPS to 300 kCal/kg as per MYT Regulations, 2019, in case of Raw Coal, for FY 2020-21 and FY 2021-22. APL has raised this issue in the Appeal (Appeal No. 543 of 2023) before the Hon'ble ATE, which is pending for decision. Without prejudice to the above, for the purpose of truing up of FY 2022-23, APL has followed the same methodology as followed by the Hon'ble Commission in the MTR Order dated 31.03.2023.

(b) Raw Coal:

In this respect, it is observed from Maharashtra State Power Generation Company Ltd. (MSPGCL) MYT Order dated 30.03.2020 (Case No. 296 of 2019) that the Hon'ble Commission had allowed relaxation of 225 kCal/kWh over and above 300 kCal/kWh between GCV as billed and GCV as received for FY 2020-21 (with relaxation of 200 kCal/kWh for FY 2021-22 and 175 kCal/kWh for FY 2022-23 over 300 kCal/kWh). Later on, in the Review Order dated 01.03.2021 in Case no. 180 of 2020 (Review of MYT Order of MSPGCL), the Hon'ble Commission approved further relaxation over 125 kCal/kWh over and above the approved norms in the MSPGCL MYT Order.

In the MSPGCL MTR Order (Case no. 227 of 2022), the Hon'ble Commission carried out the truing up of FY 2020-21 and FY 2021-22 and provisional truing up of FY 2022-23 as per the decision in the Order dated 01.03.2021 in Case no. 180 of 2020. In the MSPGCL MTR Order, Commission has allowed GCV losses amounting to 575 Kcal/Kg and 550 Kcal/kg for FY 2023-24 and FY 2024-25 respectively for generating stations where GCV loss between loading and unloading end was lower than 600 kcal/kg in FY 2021-22 and 625 kcal/kg and 575 kcal/kg for FY 2023-24 & FY 2024-25 respectively for generating stations where GCV loss between loading and unloading end was higher than 600 kcal/kg in FY 2021-22. For provisional truing up of FY 2022-23, the Hon'ble Commission had considered the GCV loss limit of 600 kCal/kg between loading and unloading end for MSPGCL in its MTR Order. MSPGCL had filed a review against its MTR Order (Case no. 132 of 2023), wherein it had prayed for relaxation in allowance of GCV loss in view of the adverse financial situation arising due to higher GCV loss. As per the submission of MSPGCL, the average GCV loss from Apr 2020 to Oct 2020 was 880 kCal/kg and the Hon'ble Commission in the Order dated 01.02.2024 (Case no. 132 of 2023) has noted the financial crunch faced by MSPGCL on account of disallowance of GCV loss. Accordingly, in the Order dated 01.02.2024, the Hon'ble Commission relaxed the provisions of MYT Regulations, 2019 and allowed MSPGCL additional relaxation of 350 kCal/kg loss in GCV in addition to 300 kCal/kg allowable as per MYT Regulations, 2019 for FY 2023-24 and FY 2024-25, subject to the condition that MSPGCL shall adhere to the percentage of washed coal to be utilized as per fuel utilization plan submitted as part of MTR Petition. Thus the Hon'ble Commission has allowed maximum GCV loss in transit of 650 kCal/kg for FY 2023-24 and FY 2024-25 for MSPGCL.

From the above rulings of the Hon'ble Commission in MSPGCL orders, it is evident that the maximum GCV loss as per MYT Regulations, 2019 is grossly inadequate to cover the actual GCV loss faced by generating companies while sourcing coal from Coal India Ltd (CIL). Realising this, the Hon'ble Commission has relaxed the provision of MYT Regulations, 2019 from 300 kCal/kg to 650 kcal/kg for MSPGCL. This aspect has also been recognised in the new MYT Regulations for the period FY 2025-26 to FY 2029-30 wherein the the Hon'ble Commission has specified maximum GCV loss between loading and unloading ends as 750 kCal/kg.

It is submitted that APL also faces GCV loss far higher than 300 kCal/kg (544 kCal/kg for FY 2022-23) like MSPGCL, since APL also procures coal from CIL owned mines. Further the coal is transported from mines in Chhattisgarh to ADTPS over a distance of 1400 km, and therefore APL is also facing the same situation of higher GCV loss between "as billed" and "as received" as MSPGCL. APL submits that applying a ceiling of 300 kCal/kg on GCV loss for ADTPS, especially when the Hon'ble Commission, realizing the inadequacy of maximum GCV loss allowable as per MYT Regulations, 2019, had relaxed the provisions for MSPGCL, would be unfair for APL and would result in financial loss for APL. Accordingly, APL requests the Hon'ble Commission to exercise its power to relax as per Regulation 105 of the MYT Regulations, 2019 and allow additional GCV loss of 350 kCal/kg over and above 300 kCal/kg allowable as per MYT Regulations, 2019, in case of Raw Coal. Hence APL has, for the purpose of the instant petition, considered GCV loss in case of raw coal limited to 650 kcal/kg, while calculating normative fuel cost for FY 2022-23.

(c) Imported Coal:

As regards imported coal, APL has considered the actual As Billed and As Received GCV for calculation of energy charge.

Based on the above discussion, the As Billed, As Received and As Fired GCV as considered in the MTR Order and the same as per actuals are shown in the table below:

Table 5: As Billed, As Received GCV and As Fired GCV for FY 2022-23

Particulars/ (kCal/kg)	MTR Order	Normative	Actual
As Billed GCV:			
Weighted Average GCV	**3,751**	**3,886**	**3,886**
Washed Coal	3,733	3,765	3,765
Imported Coal	4,271	4,560	4,560
Raw Coal	3,752	3,837	3,837
As Received GCV:			
Weighted Average GCV	**3,720**	**3,636**	**3,634**
Washed Coal	3,719	3,765	3,760
Imported Coal	4,271	4,401	4,401
Raw Coal	3,452	3,293	3,293
As Fired GCV:			
Weighted Average GCV	**3,660**	**3,555**	**3,555**
Washed Coal	3,734	3,713	3,713
Imported Coal	4,036	3,963	3,963
Raw Coal	3,217	3,277	3,277

It is submitted that APL has derived the yearly actual values (as shown in the table above) considering the monthly GCVs and monthly consumed quantity of coal in FY 2022-23. The actual bending ratio for FY 2022-23 works out to 46.1: 11.3: 42.6. The same been considered while computing weighted average GCVs. Considering the weighted average As Received GCV and weighed average As Billed GCV, the stacking loss works out to 81 kCal/kg, which is less than the norm of 120 kCal/kg, as per MYT Regulations, 2019.

Also, the Hon'ble Commission had considered GCV of 10,812 kCal/kL for LDO in the MTR Order based on the submission of APL in the MTR Petition. However, the actual weighted average GCV for LDO for FY 2022-23 works out to 10,814 kCal/kL, which has been considered for truing up.

2.2.3 Transit Loss and Landed Cost of Fuel for FY 2022-23

The actual transit loss in case of washed coal, imported coal and raw coal has been 1.05%, 0.81% and 0.85% respectively, as against the normative transit loss of 0.80%, 0.20% and 0.80% respectively. APL has considered the normative transit loss for determination of landed cost of fuel for FY 2022-23. As regards the higher transit loss for domestic coal, it is submitted that the coal is transported over a distance of 1400 kms (from Korba, Chhattisgarh to ADTPS in Maharashtra) in open railway wagons. The transportation time from source to destination is approximately 90 hrs with multiple stoppages enroute, hence there is pilferage of coal during transportation. Further two different weighing systems are deployed for weight measurement i.e. at loading end Railways has provided in-motion weighing system whereas ADTPS uses static type weighing system. Due to different weighing systems, the transit loss could appear to be higher. It may be noted here that as per the washery contract, the washery is required to pay penalty to APL in case the transit loss for washed coal is more than 0.80%, either in monetary value or in coal quantity terms. In FY 2022-23, washery has given a quantity of 2644.70 MT of washed coal towards penalty for higher transit loss. The same, being compensation for loss, has been considered at zero cost. Thus while the actual coal cost (for washed coal) has been more due to actual transit loss being higher than 0.80%, the same also factors in the compensatory coal quantity received from washery due to higher transit loss. In effect the impact of higher transit loss in washed coal has been nullified through addition of compensatory coal quantity in the denominator while working out coal cost in Rs./MT terms (for washed coal) and therefore there is no requirement of adjusting the coal cost for normative transit loss. Therefore APL has considered the actual coal cost (for washed coal) for calculation of normative fuel cost. For imported coal and raw coal, APL has adjusted the actual coal cost with normative transit losses.

In the MTR Petition (Case no. 229 of 2022), APL has claimed transit loss of 0.2% on the imported coal procured through Dahanu port and 0.8% on the imported coal procured through Dahej port for H1 of FY 2022-23. APL had submitted that Dahanu port is not an all-weather port and is closed from May 2022 to September 2022 (monsoon period). In order to meet the generation requirement, the imported coal is procured through Dahej port and the coal is transported through Railways to ADTPS. Hence for such coal, transit loss of 0.8% (applicable to domestic coal procurement for non-pit head generating stations) should apply, because of involvement of rail transportation as well. However, the Hon'ble Commission did not accept the request of APL and allowed the transit loss for imported coal at 0.2% only in the MTR Order. APL has raised this issue in the Appeal (Appeal no. 543 of 2023) before Hon'ble ATE against the MTR Order and the same is pending. Without prejudice to the above, APL has considered the transit loss of 0.2% for imported coal in the present Petition. The transit loss and landed cost of fuel as considered in the MTR Order and actuals are shown in table below:

Table 6: Landed cost of Fuel and Transit loss for FY 2022-23

Particulars	MTR Order	Normative	Actual
Landed Cost			
Washed Coal (Rs./MT)	5,263	5,459	5,459
Imported Coal (Rs./MT)	13,516	14,426	14,515
Raw Coal (Rs./MT)	4,832	4,871	4,873
LDO (Rs./KL)	69,368	66,272	66,272
Transit Loss			
Washed Coal (%)	0.80%	0.80%	1.05%
Imported Coal (%)	0.20%	0.20%	0.81%
Raw Coal (%)	0.80%	0.80%	0.85%

The Hon'ble Commission, in the MTR Order, had considered the cost of coal based on actual values for H1 of FY 2022-23 and based on data from November 2022 to January 2023 for washed coal and raw coal and from June 2022 to August 2022 for imported coal (as no imported coal was procured from Sept 2022 onwards) for H2 of FY 2022-23, as per data submitted by APL in the MTR proceedings. At present, APL has submitted the yearly values considering the weighted average of monthly values for FY 2022-23.

Also, the Hon'ble Commission had considered LDO price as Rs. 69,368/kL in the MTR Order, based on the data as submitted by APL in the MTR Petition. The actual cost of LDO for FY 2022-23 works out to Rs. 66,272/kL, which has been considered for truing up. The various supporting documents such as month wise transit loss, details of yield for washed coal, month wise input tax credit (ITC) availed, details of washery incentive and penalty, month wise procurement of imported coal, GCV certificates, SECL debit and credit notes are provided herewith as **Annexure 5 (Soft copy only).**

2.2.4 Fuel Utilization Plan

The Hon'ble Commission, while approving the fuel cost for FY 2022-23 in the MYT Order dated 30.03.2020 in Case No. 298 of 2019 had considered a blending ratio of 74:26

(washed coal and imported coal). In the MTR Order dated 31.03.2023 in Case no. 229 of 2022, the Hon'ble Commission had approved a blending ratio of 69.69: 10.06 : 20.25 (washed coal, imported coal and raw coal) for FY 2022-23 for provisional true up, as per the submission of APL. Against the same, the actual blending ratio in FY 2022-23 has been 46.1: 11.3: 42.6 (washed coal, imported coal and raw coal).

As seen from the actual blending ratio, the percentage of washed coal has reduced and that of raw coal has increased. APL submits that the washery faced interruptions in its operations during July 2022, due to which the washery operations were completely halted from mid July 2022 to mid September 2022. In September 2022, the washery commenced its operations. However, the washery capacity to produce clean coal reduced. Consequently SECL reduced the Dispatch Order (DOs) issued in road mode. While the washery capacity gradually increased later, SECL did not increase DOs by road mode for delivery of coal to washery (from Korba and Dipka mines in Chhattisgarh), due to shortage of coal from these two mines. Instead SECL increased DOs by rail mode (which is from other mines of SECL in Chhattisgarh) for delivery of raw coal to ADTPS. Due to shortage of coal from Korba and Dipka mines, sufficient DOs in road mode were not issued by SECL, which resulted in inability of washery to provide required no. of clean coal rakes. Hence the percentage of raw coal in actual blending ratio has increased.

As per Regulation 40.9 of the MYT Regulations, 2019, at the time of truing up of respective year, the Hon'ble Commission shall scrutinise the implementation of actual Fuel Utilisation Plan vis-à-vis approved plan, deviations, if any, and justification submitted by a Generating Company thereon and may disallow the variable cost of generation on account of operational inefficiencies in utilisation of fuel. Also the Hon'ble Commission in the MTR Order in Case no. 229 of 2022 had directed APL to provide cost benefit analysis for deviation in actual fuel utilization plan vis a vis approved plan in MYT Order at the time of truing up of FY 2022-23. The same is reproduced below:

> *"8.10.1 APL is directed to provide the detail justification, cost benefit analysis for deviation in the actual Fuel Utilisation Plan vis-à-vis approved plan in MYT Order at the time of truing up of FY 2022-23 to FY 2024-25."*

As compared to the fuel utilization plan approved in MYT Order, the percentage utilization of imported coal in FY 2022-23 has reduced and this has resulted in optimization of fuel cost. The Hon'ble Commission is therefore requested to approve the fuel cost for FY 2022-23 as presented above.

2.2.5 Fuel cost for FY 2022-23

The actual fuel cost incurred during FY 2022-23 is Rs. 1388.15 Crore, corresponding to actual net generation of 3153.84 MU. Further the actual fuel cost of Rs. 1388.15 Crore includes Rs. 3 Crore towards debit note received from coal supplier for delay in unloading of coal received through two vessels in March 2022. There was delay in unloading of imported coal by the stevedoring agency from the two vessels received in March 2022 and the debit note for the same was received in FY 2022-23. APL has also recovered a penalty of Rs. 61 Lakh from the stevedoring agency for the delay in unloading of coal from two vessels received in March 2022. The penalty also forms part of the actual fuel cost of Rs. 1388.15 Crore. The same was claimed in the FAC for September 2022 and the Hon'ble Commission had approved the same in the FAC approval letter dated 02.11.2023. Inadvertently, the amount of Rs. 3 Crore was not booked in financial accounts for FY 2022-23 and the same was booked in FY 2023-24. Since the Hon'ble Commission has allowed the said amount in September 2022 FAC approval, APL has included the said amount in the actual fuel cost for FY 2022-23 i.e. Rs. 1388.15 Crore and has excluded it from the actual fuel cost of FY 2023-24. The Hon'ble Commission is requested to consider the actual fuel cost for FY 2022-23 as submitted above. Further the scheduled net generation for DISCOM (AEML-D) in FY 2022-23 was 3157.79 MU. Hence APL has derived the normative fuel cost and actual fuel cost FY 2022-23 for scheduled net generation by prorating the normative fuel cost and actual fuel cost corresponding to actual net generation (3153.84 MU) with scheduled net generation (3157.79 MU). The normative and actual fuel cost for FY 2022-23 are provided in the table below:

Table 7: Fuel cost for FY 2022-23

Particulars/ (Rs. Crore)	MTR Order	Normative*	Actual*
Total fuel cost	1,361.34	1,495.91	1,389.89

** Excluding PLF incentive and Proportionate to scheduled generation*

The difference in fuel cost represents efficiency gains on account of superior performance of ADTPS with respect to operational norms. As per Regulation 11.1 of the MYT Regulations, 2019, two thirds of the efficiency gains so worked out is required to be passed on to the beneficiary as a rebate in tariff and the generating company is entitled to retain one third of the efficiency gain. The net entitlement of fuel cost for FY 2022-23 is provided in the table below:

Table 8: Net Entitlement in Fuel Cost for FY 2022-23

Particulars	Rs. Crore
Fuel cost (normative)	1,495.91
Fuel cost (actuals)	1,389.89
Efficiency Gains	106.02
To be passed on to beneficiary (2/3rd)	70.68
To be retained by APL (1/3rd)	35.34
Net entitlement of fuel cost	**1,425.23**

APL requests the Hon'ble Commission to approve the net entitlement in fuel cost for FY 2022-23 as shown in the table above.

2.2.6 PLF Incentive for FY 2022-23

As per Regulation 50.8 of the MYT Regulations, 2019:

> *"Incentive shall be payable at a flat rate of 50.0 paise/kWh for actual energy generation in excess of ex-bus energy corresponding to target Plant Load Factor during peak hours and at a flat rate of 25.0 paise/kWh for actual energy generation in excess of ex-bus energy corresponding to target Plant Load Factor during off-peak hours, on a cumulative basis within each Season (High Demand Season or Low Demand Season, as the case may be), as specified in Regulation 46.3 of these Regulations."*

Since the cumulative PLF during high demand season (April 2022, May 2022 and March 2023) was 93.42% during peak hours and 93.10% during off peak hours, APL has claimed PLF incentive of 50 Paisa/kWh for peak hours and 25 Paisa/kWh for off peak hours on the excess actual net generation over target PLF, amounting to Rs. 2.38 Crore. Since the cumulative PLF during low demand season was less than 85% both in peak and off peak hours, APL has not claimed any PLF incentive for the same. The calculation of PLF incentive for FY 2022-23 is attached herewith as **Annexure 6 (Soft copy only)** to this Petition.

2.3 Operational and Maintenance (O&M) Expenses

The Hon'ble Commission had allowed normative O&M expense of Rs. 189.19 Crore for FY 2022-23 in the MTR Order, as shown in the table below:

Table 9: O&M Expense approved for FY 2022-23 in MTR Order

Particulars / (Rs. Crore)	Approved in MTR Order
O&M Expense	167.69

Particulars / (Rs. Crore)	Approved in MTR Order
Corporate Expense	18.02
Water Charges	2.50
Cost recovery charges	0.98
Total O&M Expense	**189.19**

Regulation 47.1 of the MYT Regulations, 2019 specifies the methodology for determination of normative O&M expenses for thermal Generating Stations that have achieved COD before 26th August 2005. The same is reproduced below:

"47.1 ....
b) The Operation and Maintenance expenses excluding water charges and including insurance shall be derived on the basis of the average of the Trued-up Operation and Maintenance expenses after adding/deducting the share of efficiency gains/losses, for the three Years ending March 31, 2019, excluding abnormal Operation and Maintenance expenses, if any, subject to prudence check by the Commission:
....

Provided also that at the time of true-up for each Year of this Control Period, the Operation and Maintenance expenses, excluding water charges and including insurance, shall be derived on the basis of the Final Trued-up Operation and Maintenance expenses after adding/deducting the sharing of efficiency gains/losses, for the base year ending March 31, 2020, excluding abnormal expenses, if any, subject to prudence check by the Commission, and shall be considered as the Base Year Operation and Maintenance expenses.
c) The Operation and Maintenance expenses for each subsequent year shall be determined by escalating these Base Year expenses of FY 2019-20 by an inflation factor with 50% weightage to the average yearly inflation derived based on the monthly Wholesale Price Index of the respective past five financial years as per the Office of Economic Advisor of Government of India and 50% weightage to the average yearly inflation derived based on the monthly Consumer Price Index for Industrial Workers (all-India) of the past five financial years as per the Labour Bureau, Government of India, as reduced by an efficiency factor of 1% or as may be stipulated by the Commission from time to time, to arrive at the permissible Operation and Maintenance expenses for each year of the Control Period:
Provided that, in the Truing-up of the O&M expenses for any particular year of the Control Period, an inflation factor with 50% weightage to the average yearly inflation derived based on the monthly Wholesale Price Index of the respective past five financial years (including the year of Truing-up) and 50% weightage to the average yearly inflation derived based on the monthly Consumer Price Index for Industrial Workers (all-India) of the respective past five financial years (including the year of Truing-up), as reduced by an efficiency factor of 1% or as may be stipulated by the Commission from time to time, shall be applied to arrive at the permissible Operation and Maintenance Expenses for that year:
Provided further that the efficiency factor shall be considered as zero, in case the Availability Factor of all Generating Units/Stations of the Generating Company is higher than NAPAF, or there is an improvement in the Availability Factor of all Generating Units/Stations of the Generating Company of at least 2

percent annually over the last 3 years, in case the Availability Factor of all Generating Units/Stations of the Generating Company is lower than NAPAF.

d) Water Charges shall be allowed separately as per actuals, based on water consumption depending upon type of plant, type of cooling water system etc., subject to prudence check:"

Accordingly, APL has determined the escalation factor considering 50% weightage to average WPI inflation for five years (including FY 2022-23) and 50% weightage to average CPI inflation for five years (including FY 2022-23). The Labour Bureau had been publishing the CPI with 2011 series on its website, but from September 2020, onwards Labour Bureau has shifted to 2016 series. In order to derive the CPI inflation for FY 2022-23, monthly CPIs from September 2020 have been suitably converted from 2016 series to 2011 series so as to maintain consistency between figures approved in MTR Order and being derived now for truing up.

Table 10: Escalation Factor for FY 2022-23

Year	WPI	WPI Inflation	CPI	CPI Inflation
FY 17-18	114.88		284.42	
FY 18-19	119.79	4.28%	299.92	5.45%
FY 19-20:	121.79	1.67%	322.50	7.53%
FY 20-21:	123.38	1.30%	338.69	5.02%
FY 21-22:	139.39	12.98%	356.06	5.13%
FY 22-23:	152.53	9.42%	377.62	6.05%
Average from FY 17-18 to FY 22-23		5.93%		5.84%
Weight		50%		50%
Escalation Factor	**5.88%**			

As regards the Efficiency factor, it is submitted that the actual availability of ADTPS in FY 2022-23 was 95.83%, which is much higher than the NAPAF of 85% as per MYT Regulations, 2019. Hence as per second proviso to Regulation 47.1(c) of the MYT Regulations, 2019, the Efficiency Factor becomes zero. Hence APL has derived the normative O&M expense for FY 2022-23 by applying Escalation factor of 5.88% to the normative O&M expense for FY 2021-22 approved in MTR Order.

The Hon'ble Commission in the MTR Order had allowed the Corporate Expenses separately for AEML-G on provisional basis for FY 2022-23. Accordingly, APL has claimed the actual Corporate Expense for FY 2022-23 separately. In the MTR Petition (Case no. 229 of 2022), AEML-G (now APL) had requested the Hon'ble Commission to consider and approve the total O&M expenses of AEML as a whole, instead of separately assessing Corporate allocation. AEML-G (now APL) had submitted that the Corporate expenses allocated to AEML are against services procured by AEML to run its businesses and they are in no manner different from the other O&M expenses. Therefore, there is no reason to separately assess Corporate expenses from the actual O&M expenses of AEML. However, the Hon'ble Commission did not consider the request of AEML-G and approved the Corporate Expense separately by escalating the approved Corporate Expense of previous year with the Escalation factor applicable for current year. AEML-G. has raised this issue in the Appeal (Appeal no. 543 of 2023) before Hon'ble ATE against the MTR Order and the same is pending.

It is submitted that the Corporate expenses represent the expenses pertaining to common services of Central Procurement, Group Finance, HR, Centralized IT services, Administration, Security and other common departments of group companies, who render the services to AEML. Apart from usual services, AEML had taken certain new initiatives in association with the group resources, which have resulted in better employee productivity in AEML, improved data security, reduced the possibility of cyber attacks / malicious software ingress, etc. AEML-G had submitted the details about the Corporate services being used by AEML in the MTR Petition (Case no. 229 of 2022), because of which the Corporate Expense has been on the higher side. Accordingly, APL has claimed the actual Corporate Expense for FY 2022-23.

It is submitted that a Company should have the liberty to perform all its functions by itself using external vendors as necessary or, if it is part of a larger group and group resources are available to execute the same functions, then all such functions could be centrally located and used as necessary, with appropriate cost allocation. AEML is part of the larger Adani Group and various functions of HT, IT, Accounts, Procurement and such other common functions are centrally located to handle the needs of all constituent companies. Appropriate cost allocations are done accordingly. AEML procures many such services and functions from the centralized pool and accordingly incurs corporate expense allocation, which is nothing but a regular business expenditure, because if such services were not procured internally, they would have had to be externally obtained, again resulting in expenditure.

As regards water charges, the same is allowable as per actuals. As per the MYT (Second Amendment) Regulations, 2023, notified on 08.06.2023, the water charges shall be allowed separately considering the norms of specific water consumption notified by MoEFCC, as reproduced below:

> *"Water Charges shall be allowed separately as per actuals, based on water consumption depending upon type of plant, type of cooling water system etc., subject to prudence check and considering the norms of specific water consumption notified by the Ministry of Environment, Forest and Climate Change:"*

It is submitted that there are no specific water consumption norms specified by MoEFCC for sea water based cooling system, which is being used by ADTPS. Accordingly, APL has claimed the actual water charges for FY 2022-23. The month wise breakup of water charges incurred is provided herewith as **Annexure 7 (Soft copy only)**. The same has already been approved by the Hon'ble Commission in the MTR Order.

The notification from Maharashtra water resources regulatory authority is attached herewith as **Annexure 8 (Soft copy only).** As per the said notification, the rate of water charges has been increased by water department, GoM from Rs. 11.52/cubic meter (till Jun 2022) to Rs. 22/cubic meter (from July 2022 onwards). Hence the water charges have increased from Rs. 2.50 Crore in FY 2021-22 to Rs. 3.82 Crore in FY 2022-23. Further the cost recovery charges (pertaining to salaries of customs department employees at Dahanu port) are being allowed by the Hon'ble Commission on actual basis at the time of truing up. Accordingly, the actual cost recovery charges for FY 2022-23 have been claimed by APL Considering the above, the normative O&M expenses for FY 2022-23 for truing up is shown in table below:

Table 11: Normative O&M expense for FY 2022-23

Particulars	Amount in Rs. Cr.
O&M Expense (normative as per revised inflation)	169.20
Corporate Expense	18.18
Water Charges (actual)	3.82
Cost recovery charges (actual)	1.25
Total O&M Expense	**192.45**

Against the normative O&M expense, the actual O&M expense for FY 2022-23 is shown in table below:

Table 12: Actual O&M expense for FY 2022-23

Particulars / (Rs. Crore)	Actual
O&M Expense (excluding wage revision impact of Rs. 3.70 cr. as discussed below)	177.18
Corporate Expense	19.92
Water Charges	3.82
Cost recovery charges	1.25
Total O&M Expense	**202.17**

2.3.1 Impact of Supreme Court judgment on computation of PF:

Also, during provisional truing up of FY 2019-20 in the MYT proceedings (Case no. 298 of 2019), APL had stated that the Hon'ble Supreme Court had issued a Judgment on 28th February 2019 on the issue of deduction and contribution of amounts to the provident fund accounts of the employees. As per this Judgment, calculation of amount towards provident fund should be on all components of wages (basic, dearness allowance, house rent allowance, special allowance etc.) rather than only basic pay. Till the issue of Judgment, APL used to calculate and pay the provident fund contribution on basic pay, dearness allowance and special allowance only. Post this Judgment, APL has had to pay the provident fund contribution on all allowances including basic pay. Accordingly, APL had claimed the impact of the Supreme Court Judgment from FY 2019-20 onwards in the MYT Petition (Case no. 298 of 2019). The Hon'ble Commission did not allow the same stating that such impact cannot be considered as 'Change in Law' as the Provident Fund is part of employees' Cost to Company (CTC) and any variation in the employee expenses is factored in WPI/CPI escalation. APL has raised this issue also in the Appeal (Appeal No. 395 of 2022) before the Hon'ble ATE against the MYT Order, which is pending for decision. Therefore, without prejudice to the contentions raised in the Appeal, APL has not claimed the impact of Supreme Court Judgment separately for FY 2022-23. In case the Hon'ble ATE decides the above issues in favour of APL, the consequential impact of the same from FY 2019-20 onwards shall be claimed in next Tariff Petition, along with carrying cost.

2.3.2 Wage revision:

As submitted in the MTR Petition (Case no. 229 of 2022), wage revision for all employees of APL was due from July 2020 onwards. The wage revision was finalized in FY 2022-23 for all employees. However, 11 no. of employees have not accepted the wage revision payout in FY 2022-23. Therefore, arrears amounting to Rs. 3.70 Crore, excluding these 11 employees, have been paid in FY 2022-23. The actual O&M expense shown above is excluding the wage revision payout of Rs. 3.70 Crore. The year wise arrears paid in FY 2022-23 is shown in table below:

Table 13: Wage revision arrears paid in FY 2022-23

Particulars (Rs. Crore)	FY 2020-21	FY 2021-22	FY 2022-23	Total
Wage revision arrears paid	1.27	1.70	0.73	3.70

As per the provisions of MYT Regulations, in case the actual O&M expense is more than normative on account of wage revision, no sharing of efficiency losses shall be done to that extent, as reproduced below:

> *"47.1 (e)The impact of Wage Revision, if any, may be considered at the time of true-up for any Year, based on documentary evidence and justification to be submitted by the Petitioner:*
>
> *Provided that if actual employee expenses are higher than normative expenses on this account, then no sharing of efficiency losses shall be done to that extent:*
>
> *Provided further that efficiency gains shall not be allowed by deducting the impact of Wage Revision and comparison of such reduced value with normative value."*

The actual O&M expense for FY 2022-23 (excluding wage revision, Corporate expenses, water and cost recovery charges) is Rs. 177.18 Crore (as per Table 10). In addition, APL has made wage revision arrear payout of Rs. 3.70 Crore. As O&M expense excluding wage revision arrears is higher than the normative O&M expenses of Rs. 169.20 cr. (as per Table 9 above), the net entitlement on this account is first worked out as per MYT Regulations and thereafter, the actual impact of wage revision of Rs. 3.70 Crore has been claimed over and above the same.

2.3.3 Cost shifting from Capex to Opex:

Further, there are certain works, such as replacement of belt conveyors (Rs. 0.94 Crore), renovation of coal mills (Rs. 2.83 Crore) and replacement of cable tray structures (Rs. 0.19 Crore), which have been carried out under Non-DPR schemes in FY 2022-23. As per the directive of the Hon'ble Commission in the MTR Order, the said works should have been carried out under O&M expense. In accordance with the same, APL has not claimed the said expense (totalling Rs. 3.96 Crore) under capitalization and has instead claimed the same under O&M expense. APL submits that its actual O&M expense had not included the expenses of this nature in the past, as such expenses have earlier been allowed under capital cost. Hence comparing the normative expense with the actual expense after including the said expense shifted from Non-DPR to O&M will be unfair. Therefore APL has claimed such expenses separately, on actual basis, outside the framework of efficiency gains and losses.

The Hon'ble Commission has also recognised this possibility of increase in O&M expenses on account of certain expenses getting shifted from capex to opex. Vide the MERC (Multi Year Tariff) (Second amendment) Regulations, 2022, it has been stated the Hon'ble Commission may consider any request for revision of the normative O&M expenses on account of consideration of some Schemes under O&M rather than Capital Investment on case-to-case basis, depending on the justification to be submitted by the Applicant. The same is reproduced below:

> *"47.1 (h) The Commission may consider any request for revision of the normative O&M expenses on account of consideration of some Schemes under O&M rather than Capital Investment on case-to-case basis, depending on the justification to be submitted by the Applicant and the life-cycle cost analysis:*
>
> *Provided that if actual O&M expenses are lower than normative O&M expenses on this account, then no sharing of efficiency gains shall be done to that extent."*

The justification for replacement of belt conveyors, renovation of coal mill and replacement of cable tray structures is provided below:

a. Belt conveying system is the backbone of coal handling plant. ADTPS coal handling plant has approximately 10 kms of installed conveyor belt. Belt conveying system carries / conveys the coal from the coal unloading system as well as reclaiming / bunkering system. Non-availability of any one belt conveyor in the above streams will affect the coal unloading and bunkering process and can cause generation loss on account of coal starvation. Conveyor belts at ADTPS are in continuous operation since the start of ADTPS operations and handle coal which is very abrasive in nature. This leads to high wear and tear of conveyor belts. Hence a portion of conveyor belt was required to be replaced in FY 2022-23 since the performance of conveyor belt had deteriorated due to high wear and tear and was beyond repair.
b. Coal mill is one of the most critical systems of the Thermal Power plant and any problem in it will lead to either partial loading or even unit tripping. This system handles coal and hence has severe rate of wear and tear. The coal mill at ADTPS has completed more than 25 years of operation. The mill performance is mainly driven by the grinding media like liners and balls. The liners are made of Hi-

chrome material and last up to 50000 running hours. The present liners of all Coal mills had operated for more than to 50000 running hours and hence were in deteriorated condition. The profile of liners was worn out due to handling of abrasive coal for prolonged period of operation. This leads to damage / breakage of liners and results into frequent coal leakages. The deterioration of liners leads to higher Air-Fuel Ratio leading to higher power consumption of Coal mill, PA Fans, and ID Fans. Hence part replacement of liners in coal mill was carried out in FY 2022-23.

c. Cable network is essential and very critical for the operation of the plant. Since these are in continuous service since commissioning of the plant and exposed to saline and corrosive atmosphere, their deterioration is significantly high. These are being maintained by adopting certain preventive measures like coating with anti-corrosive paints. However, beyond a point, their replacement becomes necessary. In FY 2022-23, some of the old rusted / damaged cable trays and their supports have been replaced with new trays and supports. The life cycle cost analysis of these works is attached herewith as **Annexure 11 (Soft copy only).**

As the actual O&M expense before shifting of such expenses from capex to opex is already higher than the normative allowance, APL requests the Hon'ble Commission to approve the expenses shifted from capex to O&M over and above the net entitlement by exercising its power to relax under Regulation 105 of MYT Regulations, 2019 and in accordance with the provisions of MYT (Second Amendment) Regulations, 2022.

Considering the above, the total O&M expenses for FY 2022-23 claimed are shown in table below:

Table 14: Net Entitlement in O&M expense for FY 2022-23

Particulars/ (Rs. Crore)	Normative / MTR Order	Actuals	Net Entitlement	Wage revision arrears	Expense shifted from Non-DPR to O&M	Total
a	b	c	d = b + (c - b)/3	e	f	g = d + e + f
Base O&M Expense	169.20	177.18	171.86	3.70	3.96	179.52
Corporate Expense	18.18	19.92	19.92			19.92

Particulars/ (Rs. Crore)	Normative / MTR Order	Actuals	Net Entitlement	Wage revision arrears	Expense shifted from Non-DPR to O&M	Total
Water Charges	3.82	3.82	3.82			3.82
Cost Recovery Charges	1.25	1.25	1.25			1.25
Total	**192.45**	**202.17**	**196.85**	**3.70**	**3.96**	**204.51**

The Hon'ble Commission is requested to approve the net entitlement in O&M expense as presented above. It is further submitted that while APL has, on its own excluded works which have been held as O&M nature from capex and is claiming the same as additional O&M, APL requests the Hon'ble Commission that, as part of true-up exercise, if any other works are additionally held as being O&M nature, the Hon'ble Commission may kindly allow the expenses towards the same under O&M cost allowance.

2.4 Rescheduling charges for FY 2022-23

As per Deviation Settlement Mechanism (DSM) Regulations, 2019, MSLDC has levied rescheduling charges on ADTPS due to revision in scheduling. The total rescheduling charges paid to MSLDC was Rs. 58,500/- in FY 2022-23. Since the said cost was not part of actual O&M expense in earlier years and was incurred in FY 2022-23 for the first time, the said expenses needs to be allowed separately over and above the net entitlement in O&M expenses for FY 2022-23 i.e. these expenses need to be allowed as a separate line item in the ARR. The copies of the invoices raised by MSLDC in this regard are provided in **Annexure 9 (Soft copy only).** The Hon'ble Commission is requested to approve the rescheduling charges as submitted above.

2.5 Opening GFA for FY 2022-23

The Hon'ble Commission, in the MTR Order, had disallowed works amounting to Rs. 5.63 Crore claimed under Non-DPR schemes in FY 2021-22 and instead allowed the same under O&M expense for FY 2021-22. The Hon'ble Commission disallowed the said works claimed under Non-DPR schemes stating that the said schemes should have been carried out under repair and maintenance expenses. However, while allowing the said expenses under O&M expense, the Hon'ble Commission did not allow the same separately and instead carried out the sharing of efficiency gains after including the expenses of Rs. 5.63 Crore in actual O&M expense for FY 2021-22. APL has raised this issue in the Appeal (Appeal no. 543 of 2023) before Hon'ble ATE against the MTR Order and the same is pending. The outcome of the appeal, if in favour of AEML, would impact the opening GFA balance as on 01.04.2023. However, without prejudice to the contentions raised in Appeal, APL has presently considered the opening balance of GFA for FY 2022-23 as approved by the Hon'ble Commission in MTR Order dated 31.03.2023.

2.6 Capitalization for FY 2022-23

The actual capitalization in FY 2022-23 was Rs. 26.55 Crore (including IDC of Rs. 0.33 Crore). As stated above, APL has not claimed expenses totalling Rs. 3.96 Crore under capitalization and has instead claimed the same under O&M expense, as submitted in the preceding section. Considering the same, the actual capitalization claimed for FY 2022-23 and that approved during provisional truing up of FY 2022-23 in the MTR Order is shown in table below:

Table 15: Capitalization for FY 2022-23

Particulars/ (Rs. Crore)	MTR Order	Actual*
DPR	20.91	20.78
Non-DPR	4.18	1.81
Total	**25.09**	**22.59**

**Excluding expenses of Rs. 3.96 Crore pertaining to replacement of belt conveyors, renovation of coal mills and replacement of cable trays*

The DPRs against which capitalization has been claimed above have all been approved by the Hon'ble Commission. The DPR approval copies are provided in **Annexure 10 (Soft copy only)**. The Non-DPRs against which capitalization has been claimed above have all been registered with the Hon'ble Commission in accordance with MERC (Approval of Capital Expenditure) Regulations, 2022. The copies of the Non-DPRs submitted to the Hon'ble Commission are provided in **Annexure 11 (Soft copy only).** The detailed working for interest during construction for FY 2022-23 is attached herewith as **Annexure 12 (soft copy only)**. A brief description of major capex works carried out during FY 2022-23 is provided in **Annexure 13 (soft copy only)**. APL requests the Hon'ble Commission to approve the actual capitalization for FY 2022-23.

2.7 Depreciation for FY 2022-23

APL has calculated the depreciation for FY 2022-23 as per MYT Regulations, 2019. The table below shows the depreciation approved during provisional truing up of FY 2022-23 and actuals for FY 2022-23.

Table 16: Depreciation for FY 2022-23

Particulars / (Rs. Crore)	MTR Order	Actuals
Opening GFA	2,025.11	2025.10
Addition	25.09	22.59
Retirement	0.00	0.52
Closing GFA	2,050.20	2047.18
Depreciation	37.76	38.32

The detailed working of depreciation is attached herewith as **Annexure 14 (Soft Copy Only).** APL requests the Hon'ble Commission to approve the actual depreciation for FY 2022-23 as presented above. It is submitted that the Hon'ble Commission had allowed depreciation for FY 2022-23 in the MTR Order considering asset class wise average depreciation rate for FY 2021-22, on the average GFA approved in the MTR Order. However, the actual depreciation for FY 2022-23 has been calculated on the assets added during the year proportionately based on actual date of addition. Hence there is variation in depreciation being claimed for FY 2022-23 now with respect to depreciation for FY 2022-23 allowed in MTR Order.

2.8 Financing plan of Capital Expenditure

AEML makes arrangement of financing for capital expenditure of the company as a whole. The capital expenditure for FY 2022-23 for all three divisions of the company is shown in the table below:

Table 17: Capital Expenditure for FY 2022-23

Particulars	Generation	Transmission	Distribution	Total
Capitalization in FY 2022-23 – excluding IDC (A)	22.26	5.97	1060.06	1088.29
Opening WIP for FY 2022-23 (B)	6.74	540.30	224.57	771.62
Closing WIP for FY 2022-23 (C)	15.45	792.43	287.56	1095.44
Capital Expenditure for FY 2022-23 (D = A+C-B)	30.98	258.09	1123.05	1412.12
Less: Consumer Contribution			33.81	33.81
Net Capital Expenditure for FY 2022-23	**30.98**	**258.09**	**1089.24**	**1378.31**

AEML has not availed any additional loans for funding the said capex in FY 2022-23. In the MTR Petition (Case no. 229 of 2022), APL had submitted that out of the FD amount of Rs. 80 Crore made out of External Commercial Borrowing (ECB) in FY 2020-21, Rs. 20 Crore was utilized in FY 2021-22. The balance FD amount of Rs. 60 Crore was utilized for capex funding purpose for FY 2022-23. Thus only 4.35% of the capex has been funded through debt and the balance through internal accruals. Since the debt used in capex is 4.35%, the debt used in capitalization in FY 2022-23 also needs to be considered as 4.35%. As the actual debt percentage is less than 70%, AEML has considered 70% of capitalization deemed to be funded through debt and 30% through equity, in accordance with MYT Regulations, 2019. The reconciliation of capital work in progress (CWIP) and capitalization as per books and CWIP and capitalization as submitted in the Petition is provided as **Annexure 15 (Soft copy only).**

In this regard, the first proviso to Regulation 27.1 of the MYT Regulation, 2019 is reproduced below:

> *"Provided that the equity investment to be considered in any year shall not exceed the difference between the sum of cumulative return on equity allowed by the Commission in previous years, efficiency gains and losses, incentives and disincentives, and income earned from investment of return on equity, and the cumulative equity investment approved by the Commission in previous years, unless the Generating Company or Licensee or MSLDC submits documentary evidence for the actual deployment of equity and explain the source of funds for the equity:"*

The difference between the sum of year wise RoE allowed by the Hon'ble Commission to AEML-G through past Tariff Orders till FY 2021-22 and the opening regulatory equity for FY 2022-23 is provided in **Annexure 16 (Soft copy only).** As per the said Annexure, the equity investment claimed for FY 2022-23 is much less than difference between the sum of year wise RoE of past years and the opening regulatory equity for FY 2022-23. Hence APL meets the above criterion of equity investment as per MYT Regulations, 2019.

2.9 Interest on Loans

As per first proviso of Regulation 30.5 of MYT Regulations, 2019, at the time of Truing-Up, the weighted average rate of interest based on actual loan portfolio during the concerned year needs to be considered as the rate of interest. The weighted average interest cost for FY 2022-23, considering all the loans in AEML's portfolio (Bond, Sub-debt and GMTN) works out to 8.98%. The calculation of weighted average rate of interest and the supporting document showing base interest rate (in $ terms) for all sources of funds are provided in **Annexure 17 (Soft copy only).** It is submitted that the effects of withholding tax and hedge premium are also included in the interest rate calculations. AEML-G had submitted the interest rates for FY 2019-20 to FY 2021-22 in the MTR Petition (Case no. 229 of 2022) by including the effect of withholding tax and hedge premium and the Hon'ble Commission had accepted the same. Accordingly, the interest rate for FY 2022-23 has been calculated in the same manner. The table below shows the interest on loans as approved for FY 2022-23 in the MTR Order and considering the actual capitalization for FY 2022-23.

Table 18: Interest on loans for FY 2022-23

Particulars / (Rs. Crore)	MTR Order	Actuals
Opening Balance	159.09	159.09
Reduction in loans due to retirement in assets		0.09
Addition of new loans	17.56	15.81
Repayment	37.76	38.32
Closing Balance	138.89	136.50
Interest Rate (%)	8.34%	8.98%
Interest on Loans	12.43	13.27

The calculation of reduction of normative loan due to retirement in assets is provided in **Annexure 18 (Soft copy only).**

2.10 Financing Charges

AEML's loan portfolio consists of bond, sub-debt and GMTN. For the above three loans, AEML has incurred various charges such as trustee fees, legal fees, domestic and international rating fees etc. The same is segregated amongst generation, transmission and distribution divisions of AEML in the ratio of average regulatory loans for the three divisions for FY 2022-23, as shown in table below:

Table 19: Financing charges for loans for FY 2022-23

Particulars (Rs. Cr)	APL	AEML-T	AEML-D (W)	AEML-D (S)	Total
Financing charges	0.14	0.51	2.36	0.08	3.09

Further, AEML has raised working capital loans from banks / financial institutions for meeting the day to day cash requirements. AEML has also incurred LC and BG commission for payment to vendors through LC/BG for materials related to capex / opex. All these financing charges correspond to financing of working capital requirements. The same is segregated amongst generation, transmission and distribution divisions of AEML in the ratio of normative working capital requirement for the three divisions for FY 2022-23 as shown in table below:

Table 20: Financing charges for working capital for FY 2022-23

Particulars (Rs. Cr)	APL	AEML-T	AEML-D (W)	AEML-D (S)	Total
LC/ BG Commission	0	0	1.26	0	1.26
Financing charges for working capital loans	0.04	0.01	0.06	0.01	0.12
Total	**0.04**	**0.01**	**1.31**	**0.01**	**1.38**

The same has been claimed for truing up of FY 2022-23. The documentary evidence of financing charges are provided in **Annexure 19 (Soft copy only).** Since the no. of documents for every LC/BG commission made would be very large, AEML has provided sample LC commission documents in the Annexure.

2.11 Return on Equity (RoE)

The MYT Regulations, 2019 provides for allowing RoE in two parts i.e. Base RoE and additional RoE linked to actual performance. As per the MYT Regulations, 2019, the additional RoE shall be allowed at the time of truing up for respective years based on actual performance. For generation business, the Base RoE is 14% per annum and eligibility for additional RoE is linked to performance parameters of ramp rate and Mean Time Between Failures (MTBF).

In the MTR Order in Case no. 229 of 2022, the Hon'ble Commission had not provided addnl. RoE related to ramp rate for FY 2020-21 and FY 2021-22. During MTR proceedings, MSLDC had sought unit wise data for determination of ramp rate for both the years. However, due to certain difficulty faced for 15 minute unit wise Ex-bus generation data, the same could not be provided by APL (earlier AEML-G) to MSLDC. Accordingly, the Hon'ble Commission did not allow addnl. RoE of 0.5% for FY 2020-21 and FY 2021-22. Later on, APL submitted the unit wise Ex-bus generation data to MSLDC for ramp rate certification for FY 2020-21 and FY 2021-22. However, based on the certificate provided by MSLDC, ADTPS is not eligible for additional RoE for FY 2020-21 and FY 2021-22. Since no methodology is specified for determination of ramp rate in MYT Regulations, 2019, MSLDC has, while determining the ramp rate of generating stations in the State, applied the methodology developed by the NLDC, which is applicable for inter-state generating stations. By the said methodology, no generating station in Maharashtra has become eligible for addnl. RoE as the methodology is complicated and too restrictive. Further, the methodology also suffers from drawback that the result it produces is not ramp rate on a minute-by-minute basis but the ramp rate achieved over the 15 min. time block. It needs to be understood that the actual assistance to the grid is received in terms of increase of generation on an instant-by-instant basis, which the NLDC methodology ignores. Considering the issues in NLDC methodology for determination of ramp rate, AEML-G has filed a Petition before the Hon'ble Commission to specify the methodology for determining ramp rate for intra-State generating stations (Case no. 49 of 2024) which is pending for adjudication. Without prejudice to the contentions in the said Petition, it is submitted that MSLDC has issued the Ramp rate certificate for FY 2022-23 for ADTPS and as per the said certificate the Ramp rate was 0.8178% for Unit 1 and 0.8215% for Unit 2. Accordingly APL has not claimed addnl. RoE for ADTPS for FY 2022-23. The Ramp rate certificate for FY 2022-23 by MSLDC is provided as **Annexure 20 (Soft copy only).**

It is submitted that if the petition filed by APL regarding Ramp Rate as mentioned above succeeds, the Ramp Rate for FY 2022-23 will be revised appropriately and ADPTS shall then be eligible for additional RoE. Accordingly, while no claim in this regard is included in the present petition, APL could approach the Hon'ble Commission in future for the same.

As regards MTBF, ADTPS Unit-1 has achieved MTBF of 119.24 days and Unit-2 has achieved MTBF of 120.83 days. Accordingly APL has claimed 0.75% addnl. RoE for Unit 1 and 1.00% addnl. RoE for Unit 2 in FY 2022-23 as per MYT Regulations, 2019. The MTBF certificate for FY 2022-23 by MSLDC is provided in **Annexure 21 (Soft copy only).**

Further Regulation 34.3 of the MYT Regulations, 2019 provides for grossing up of RoE with Effective Tax rate for allowing pre-tax RoE. In the MTR Petition, for determination of effective tax rate for FY 2020-21 and FY 2021-22, AEML-G (now APL) had submitted that the first proviso to Regulation 34.4 of the MYT Regulations, 2019 requires that the taxable income for a Generating Company or Licensee or SLDC is required to be determined in isolation of its any other un-regulated or regulated activity or other business and the effective tax rate be determined from such taxable income accordingly. Therefore, for Companies like AEML, this would mean that the taxable income and hence effective tax rate of Generating Company or Generation segment of AEML, which is AEML-G is required to be worked out in isolation of its other regulated and non-regulated segments of Transmission, Distribution (both regulated) and Corporate-treasury (un-regulated).

Accordingly, AEML-G had considered the effective tax rate as per the income tax applicable to generation business for FY 2020-21 and FY 2021-22, derived on the basis of regulatory profit before tax method. However, the Hon'ble Commission did not consider the submission of AEML-G and opined that the effective tax rate is to be considered on the basis of actual income tax paid by the Utility as a whole. Since AEML as a whole had paid income tax at MAT rate for FY 2020-21 and FY 2021-22, the Hon'ble Commission had considered the effective tax rate at MAT rate. AEML-G. has raised this issue in the Appeal (Appeal no. 543 of 2023) before Hon'ble ATE against the MTR Order and the same is pending. Without prejudice to the contentions raised on the Appeal, APL has considered the Effective tax rate for grossing up RoE at MAT rate for FY 2022-23, since AEML a whole has paid income tax at MAT rate in FY 2022-23. The documentary evidence of income tax paid for FY 2022-23 is submitted herewith as **Annexure 22 (Soft copy only).** Accordingly, the RoE claimed for FY 2022-23 is as under:

Table 21: Return on Equity for FY 2022-23

Particulars / (Rs. Crore)	MTR Order	Actuals
Regulatory Equity at the beginning of year	656.20	656.20
Capitalization during the year	25.09	22.59
Equity portion of capitalization during the year	7.53	6.78
Reduction in Equity Capital on account of retirement / replacement of assets	0	0.15
Regulatory Equity at the end of year	663.73	662.82
Return on Regulatory Equity at beginning of year	111.31	118.27
Return on Regulatory Equity addition during the year	0.53	0.61
Total Return on Regulatory Equity	111.84	118.88

APL requests the Hon'ble Commission to approve the return on equity for FY 2022-23 presented above.

2.12 Interest on Working Capital

APL has computed the normative interest on working capital in accordance with Regulation 32 of MYT Regulations, 2019. As per Regulation 32.1 (a) (i) of the MYT Regulations, 2015, the cost of coal towards stock for thirty days for non-pit head generating station for generation corresponding to target availability or maximum coal storage capacity, whichever is lower is to be considered. Also, as per third proviso to Regulation 32.1 (a), the working capital shall be computed based on the actual average stock of coal or normative stock of coal, whichever is lower. The actual average coal stock days for FY 2022-23 works out to 11 days. Hence APL has considered 11 days of cost of coal. Also, APL has considered 30 days of normative cost of coal towards generation of electricity and 2 months of normative cost of secondary oil in the normative working capital computations. These values were considered corresponding to the actual PLF since the actual PLF is lower than the target availability of 85%. In addition APL has considered 1% of opening GFA towards stores and spares and one month of O&M expense for normative working capital requirement as per MYT Regulations, 2019.

Further as per Regulation 32.1 (a) (vii) of the MYT Regulations, 2019, payable for fuel to the extent of thirty days of the cost of fuel has to be considered depending on the modalities of payment. APL had made detailed submissions in the MYT Petition (Case no. 298 of 2019) and MTR Petition (Case no. 229 of 2022) that the payments for domestic coal, railway freight and LDO are being made by APL in advance. The same is not repeated again for the same of brevity and the payable days in case of domestic coal are accordingly considered as "zero". For imported coal, the weighted average credit period available in FY 2022-23 was 35.20 days. Hence APL has considered 30 days of credit in payment of imported coal for normative working capital requirement, as per MYT Regulations, 2019. As per MYT Regulations, 2019, the Base Rate has been defined as One year MCLR of SBI plus 150 basis points. The weighted average SBI one year MCLR plus 150 Basis Points in FY 2022-23 works out to 9.30%. The normative interest on working capital as per MYT Regulations, 2019 is shown in table below:

Table 22: Normative Interest for Working Capital for FY 2022-23

Particulars / (Rs. Crore)	MTR Order	Revised
Cost of Coal towards stock for 30 days of generation		45.53
Cost of coal towards 30 days of generation		121.85
Cost of Secondary Fuel Oil for 2 months		1.93
O&M expenses		16.04
Maintenance Spares		20.25
Receivables		0
Less: Payables for Fuel		31.94
Total Working Capital Requirement	**234.71**	**173.65**

Particulars / (Rs. Crore)	MTR Order	Revised
Interest Rate (%)	9.45%	9.30%
Interest on Working Capital	**22.18**	**16.15**

AEML has incurred actual interest on working capital in FY 2022-23 for the company as a whole. The same has been segregated among the three regulated divisions in the ratio of average working capital utilization of each of the three divisions. Also as submitted in MTR Petition (Case no. 229 of 2022), the bond surplus of Rs. 360.52 Cr after refinancing in FY 2019-20 has been used as working capital in the business. Therefore, a part of the interest paid for bonds has been allocated to interest on working capital (on proportion basis) for FY 2022-23, as the bonds have, inter alia. been availed by the Company for general corporate purposes. The interest on bond surplus has been allocated among three regulated divisions in the ratio of normative working capital requirement in FY 2022-23. The actual interest on working capital for FY 2022-23 incurred for the three regulated divisions is shown in table below:

Table 23: Actual Interest on working capital for FY 2022-23

Particulars / (Rs. Crore)	APL	AEML-T	AEML-D (W)	AEML-D (S)	Total
Interest on surplus from Bonds used for working capital financing	9.92	3.92	15.16	3.17	32.18
Interest on other working capital loans	22.03	8.71	33.65	7.05	71.43
Total	**31.95**	**12.63**	**48.81**	**10.22**	**103.61**

A summary of month wise interest on working capital charged by banks in FY 2022-23 along with the interest allocation from the bond surplus of Rs. 360.54 Crore is provided in **Annexure 23 (Soft copy only).** Sample documentary evidence for interest on working capital charged by banks is also provided in the Annexure.

As per Regulation 32.6 of the MYT Regulations, 2019, the difference between the normative interest on working capital and the actual interest on working capital shall be considered as efficiency gain / loss and shall be shared between generating company and the beneficiaries in the ratio as per MYT Regulations, 2019. In this regard, it is submitted that AEML-G has raised the issue of non-consideration of cost of internal accruals in the actual interest on working capital, while sharing the efficiency gains or losses in interest on working capital at the time of truing up in the Appeal against MYT Order in Case no. 298 of 2029 (Appeal No. 395 of 2022), which is pending for decision. Hence, without prejudice to the contentions raised in the Appeal, APL has considered the actual interest on working capital as appearing the in the books of accounts for FY 2022-23 and claimed the net entitlement as per MYT Regulations, 2019.

Table 24: Net Entitlement in Interest on working capital for FY 2022-23

Particulars	(Rs. Crore)
Normative IoWC	16.15
Actual IoWC	31.95
Gain / (Loss)	-15.80
Net Entitlement	21.42

The Hon'ble Commission is requested to approve the net entitlement in interest on working capital as presented above.

2.13 Non-Tariff Income (NTI)

The NTI approved for FY 2022-23 in the MTR Order and the NTI as per actuals are shown in table below:

Table 25: NTI for FY 2022-23

Particulars/ (Rs. Crore)	MTR Order	Actual
Income from Sale of Scrap	1.70	1.17
Income from sale of ash/rejected coal	13.24	10.66
Income from Rental from contractors	0.20	0.37
Income from commercial training	0.16	0.09
Other/Miscellaneous receipts		-0.16
Total	**15.30**	**12.13**

The Hon'ble Commission is requested to approve the Non-Tariff Income for FY 2022-23 as shown above.

2.14 Revenue from Sale of Power

The revenue from sale of power in FY 2022-23 is shown in table below:

Table 26: Revenue for FY 2022-23

Particulars/ (Rs. Crore)	MTR Order	Actual
Fixed cost	337.11	337.11
Variable cost	1222.74	1258.69
FAC	138.60	207.83
PLF incentive		2.33
Total	**1698.45**	**1805.97**

The month wise recovery of fixed charges in accordance with Regulation 50.2 of the MYT Regulations, 2019 is attached herewith as **Annexure 24 (Soft copy only).** The

Hon'ble Commission is requested to approve the revenue for FY 2022-23 as shown above.

2.15 Summary of Truing up for FY 2022-23

Based on the above, the summary of truing up for FY 2022-23 is shown in table below:

Table 27: Truing up summary for FY 2022-23

Particulars/ (Rs. Crore)	MTR Order	Truing up
Fuel Related Expenses	1,361.34	1,389.89
PLF incentive		2.38
Operation & Maintenance Expenses	189.19	202.17
Wage revision arrears		3.70
Expense shifted from Non-DPR to O&M		3.96
Rescheduling charges	0	0.01
Depreciation Expenses	37.76	38.32
Interest on Long-term Loan Capital	12.43	13.27
Financing Charges	0	0.18
Interest on Working Capital	22.18	31.95
Total Revenue Expenditure	**1,622.90**	**1,685.82**
Add: Return on Equity Capital	111.84	118.88
Less: Non-Tariff Income	15.30	12.13
Aggregate Revenue Requirement	**1,719.44**	**1,792.58**
Share of Efficiency (loss)/ Gain in Fuel cost		35.34
Share of Efficiency (loss)/ Gain in O&M Expense		(5.32)
Share of Efficiency (loss)/ Gain in Interest on Working Capital		(10.53)
Total ARR		**1,812.06**
Revenue		
Revenue from sale of electricity - Fixed charges	337.11	337.11
Revenue from sale of electricity - Variable Charges	1,361.34	1,468.86
Total Revenue Gap/(Surplus)	**20.99**	**6.09**

The Hon'ble Commission is requested to approve the revenue gap for FY 2022-23 as shown above.

3 TRUING UP OF FY 2023-24

In this section, APL is submitting the actual expenses incurred and revenue earned in FY 2023-24 for the purpose of truing up of FY 2023-24 under MYT Regulations, 2019. The facts and figures presented are based on Audited Accounts for FY 2023-24 or, wherever applicable, based on normative computations as per the MYT Regulations, 2019. A comparison of expenditure and revenue approved by the Hon'ble Commission in the MTR Order dated 31st March 2023 in Case No. 229 of 2022 vis a vis the actual and audited performance for FY 2023-24 is presented in this section to determine the revenue gap/surplus for FY 2023-24, which APL proposes to carry forward along with applicable carrying cost/holding cost for recovery through tariff in FY 2025-26.

3.1 Operational Performance for FY 2023-24

APL has achieved a PLF of 73.96% and has maintained availability of 91.03% for FY 2023-24 which is well above the Normative Annual Plant Availability Factor (NAPAF) of 85% specified in MYT Regulations, 2019. The operational performance of ADTPS in FY 2023-24 is provided in table below:

Table 28: Operational parameters for FY 2023-24

Particulars	UoM	MTR Order	Normative	Actual
Availability	%	92.90	91.03	91.03
PLF*	%	92.90	73.49	73.96
Heat Rate	kCal/kWh	2430	2430	2272
Aux Power Consumption (excluding FGD plant)	%	8.50	8.50	9.07
Aux power consumption for FGD plant	%	1.20	1.20	1.21
Aux Power Consumption (including FGD plant)	%	9.70	9.70	10.28
Secondary oil consumption	ml/kWh	0.50	0.50	0.18
Gross Generation*	MU	4080.00	3227.61	3248.47
Net Generation*	MU	3684.24	2914.53	2914.53

**PLF under normative column derived considering actual net generation and normative Aux consumption %*

The certificates for Availability and PLF issued by MSLDC for FY 2023-24 are attached herewith as **Annexure 3 (Soft copy only)** to this Petition. The actual net generation from ADTPS in FY 2023-24 was 2914.53 MU and the gross generation was 3248.47 MU considering actual aux. consumption. The scheduled generation of ADTPS for beneficiary (AEML-D) was 2810.43 MU. The supporting block wise scheduled generation data for AEML-D for FY 2023-24 are attached herewith as **Annexure 4 (Soft copy only)**.

As stated in the section on truing up for FY 2022-23, APL, in its MYT Petition (Case No. 298 of 2019), had claimed the auxiliary consumption (without FGD) as 9.3% instead of 8.5%. The Hon'ble Commission had allowed the auxiliary consumption (without FGD) at 8.5% in the MYT Order. APL has raised this issue in Appeal (Appeal No. 395 of 2022) before the Hon'ble ATE, which is pending for decision. Without prejudice to the contention of APL in the said Appeal, APL has claimed the normative fuel cost for FY 2023-24 considering the auxiliary consumption (without FGD) at 8.5%. In case the Hon'ble ATE rules in favour of APL in this matter, APL shall claim the impact due to additional auxiliary consumption in subsequent tariff petitions. The actual FGD consumption as well as auxiliary consumption (without FGD) in FY 2023-24 were more than the normative Aux consumption, for the reasons already elaborated in the section on truing up of FY 2022-23. The same are not repeated here for the sake of brevity.

3.2 Fuel cost for FY 2023-24

3.2.1 Gross Calorific Value (GCV) of coal and secondary fuel oil for FY 2023-24

As submitted in the section on truing up of FY 2022-23, the Hon'ble Commission, in APL MYT Order dated 30.03.2020 in Case no. 298 of 2019, had stated that for **washed coal** the higher of As Billed GCV and As Received GCV shall be considered for energy charge computation. Accordingly, for washed coal, APL has considered higher of GCV As Billed GCV and GCV As Received at ADTPS, in the energy charge calculations. The actual GCV loss for raw coal in FY 2023-24 has been 715 kCal/kg.

Regarding Raw Coal - As submitted in the section on truing up of FY 2022-23, the Hon'ble Commission in various MSPGCL orders, has taken cognizance of the fact that the GCV loss between GCV as billed by supplier and GCV as received at generating plant of 300 kCal/kg as per MYT Regulations, 2019 is grossly inadequate to cover the actual GCV loss faced by generating companies while sourcing coal from CIL. Realising this, the Hon'ble Commission has relaxed the provision of MYT Regulations, 2019 i.e. permitting a higher GCV loss to MSPGCL - from 300 kCal/kg to 650 kcal/kg. It is submitted that APL, like MSPGCL, also sources coal from CIL mines and in case of APL, the mines are situated over a distance of 1400 kM in Chhattisgarh and therefore APL is also facing the same situation of higher GCV loss between "as billed" and "as received" as MSPGCL.

In continuation with the prayer made in the section on truing up of FY 2022-23, APL requests the Hon'ble Commission to exercise its power to relax as per Regulation 105 of the MYT Regulations, 2019 and allow additional GCV loss of 350 kCal/kg to APL over and above 300 kCal/kg allowable as per MYT Regulations, 2019 for Raw Coal. Accordingly, APL has considered the ceiling of 650 kCal/kg of GCV loss for Raw Coal while calculating the normative fuel cost for FY 2023-24.

As regards **imported coal**, APL had procured one vessel of imported coal in October 2023 through Dahej port and the GCV values as measured through third party have been considered. The yearly actual values (as shown in the table above) have been derived considering the monthly GCVs and monthly consumed quantity of coal in FY 2023-24.

The actual bending ratio for FY 2023-24 works out to 40.2: 3.3: 56.5. The same been considered while computing weighted average GCVs. Considering the weighted average GCV as received at ADTPS and weighed average As Billed GCV, the stacking loss works out to 54 kCal/kg, which is lower than the norm of 120 kCal/kg, as per MYT Regulations, 2019. The Hon'ble Commission, in the MTR Order, had considered the GCV values based on data from November 2022 to January 2023 for washed coal and raw coal and from June 2022 to August 2022 for imported coal, as per data submitted by AEML-G in the MTR proceedings. For the purpose of truing up, APL has provided the yearly values considering the coal fired during the year.

The As Billed, As Received and As Fired GCV as considered in the MTR Order and the same as per actuals are shown in table below:

Table 29: As Billed, As Received and As Fired GCV for FY 2023-24

Particulars/ (kCal/kg)	MTR Order	Normative	Actual
As Billed GCV:			
Weighted Average GCV	**3766**	**3843**	**3843**
Washed Coal	3747	3703	3703
Imported Coal	4390	4048	4048
Raw Coal	3747	3930	3930
As Received GCV:			
Weighted Average GCV	**3750**	**3474**	**3439**
Washed Coal	3730	3703	3700
Imported Coal	4390	4009	4009
Raw Coal	3730	3280	3220

Particulars/ (kCal/kg)	MTR Order	Normative	Actual
As Fired GCV:			
Weighted Average GCV	**3774**	**3423**	**3423**
Washed Coal	3766	3675	3675
Imported Coal	4036	3970	3970
Raw Coal	3766	3212	3212

Also, the Hon'ble Commission had considered GCV of 10,810 kCal/kL for LDO in the MTR Order based on data from November 2022 to January 2023. However, the actual weighted average GCV for LDO for FY 2023-24 works out to 10,765 kCal/kL, which has been considered for truing up.

3.2.2 Transit Loss and Landed Cost of Fuel for FY 2023-24

The actual transit loss in case of washed coal, imported coal and raw coal has been 0.54%, 0.12% and 1.45% respectively, as against the normative transit loss of 0.80%, 0.20% and 0.80% respectively. APL has considered the normative transit loss for determination of landed cost of fuel for FY 2023-24. The reasons for higher transit loss for raw coal are provided in the section on truing up for FY 2022-23. As submitted in the section on truing up of FY 2022-23, in the MTR Petition (Case no. 229 of 2022), APL has claimed transit loss of 0.2% on the imported coal procured through Dahanu port and 0.8% on the imported coal procured through Dahej port for H1 of FY 2022-23. The Hon'ble Commission had allowed the transit loss for imported coal at 0.2% only in the MTR Order. APL has raised this issue in the Appeal (Appeal no. 543 of 2023) before Hon'ble ATE against the MTR Order and the same is pending. Without prejudice to the above, APL has considered the transit loss of 0.2% for imported coal in the present Petition. The transit loss and landed cost of fuel as considered in the MTR Order and actuals are shown in table below:

Table 30: Landed cost of Fuel and Transit loss for FY 2023-24

Particulars	MTR Order	Normative	Actual
Landed Cost			
Washed Coal (Rs./MT)	5,354	5,270	5,256
Imported Coal (Rs./MT)	13,164	7,669	7,662
Raw Coal (Rs./MT)	0	4,847	4,879
LDO (Rs./KL)	73,185	73,854	73,854
Transit Loss			
Washed Coal (%)	0.80%	0.80%	0.54%
Imported Coal (%)	0.20%	0.20%	0.12%
Raw Coal (%)	0.80%	0.80%	1.45%

The Hon’ble Commission, in the MTR Order, had considered the cost of coal based on data from November 2022 to January 2023 for washed coal and raw coal and from June 2022 to August 2022 for imported coal. At present, APL has submitted the yearly values considering the weighted average of monthly values for FY 2023-24. Also, the Hon’ble Commission had considered LDO price as Rs. 73,185/kL in the MTR Order, based on the data from November 2022 to January 2023. The actual cost of LDO for FY 2023-24 works out to Rs. 73,854/kL, which has been considered for truing up. The various supporting documents such as month wise transit loss, details of yield for washed coal, month wise input tax credit (ITC) availed, details of washery incentive and penalty, month wise procurement of imported coal, GCV certificates, SECL debit and credit notes are provided as part of **Annexure 5 (Soft copy only).**

3.2.3 Fuel Utilization Plan

The Hon’ble Commission, while approving the fuel cost for FY 2023-24 in the MYT Order dated 30.03.2020 in Case No. 298 of 2019 had considered a blending ratio of 74:26 (washed coal and imported coal). In the MTR Order dated 31.03.2023 in Case no. 229 of 2022, the Hon’ble Commission had approved a blending ratio of 97: 3: 0 (washed coal, imported coal and raw coal) for FY 2023-24. The Hon'ble Commission had considered a PLF of 92.90% for FY 2023-24 based on the submission of APL and had derived a coal requirement of about 26.22 lakh MT for FY 2023-24. APL’s ADTPS has been receiving coal against the fuel supply agreement from South Eastern Coalfields Ltd (SECL). The FSA is for an annual supply of 24.52 Lakh MT of coal. The FSA has a clause of supply restriction at a level of 90% of allocated quantity. Considering coal beneficiation at washery, the coal availability post washing reduces to 18.75 lakh MT. For the balance coal requirement, APL had submitted that it shall endeavour to source coal through other routes (other than existing FSA) from CIL. Towards this, APL had submitted that in the past (FY 2021-22), APL had signed MoUs with SECL and MCL for supply of 1 MTPA of raw coal in FY 2021-22, on best effort basis. APL had submitted that it shall continue its efforts for sourcing additional coal through other routes from CIL, in order to avoid costly imported coal. Based on the submission of APL, the Hon'ble Commission, in the MTR Order, had accepted the possibility of procurement of domestic coal from CIL under MoU. The cost and GCV of the additional coal procurement assumed for FY 2023-24 was considered at the same level as the cost and GCV of washed coal. In addition, the Hon'ble Commission had considered 3% of the coal requirement in FY 2023-24 to be met through imported coal in view of the notification from Ministry of Power in FY 2022-23 to maintain 6% of imported coal for blending till September 2023.

The actual coal fired in FY 2023-24 was around 21.61 lakh MT. This is because the actual PLF for ADTPS in FY 2023-24 was 73.96% as against 92.3% considered in the MTR Order. The drop in PLF was because of backing down instructions by MSLDC (799.96 MU). Due to lower generation, all the coal required for the purpose could be procured under the existing FSA from CIL itself and there was no requirement for procurement of additional coal through MoU route. The actual blending ratio in FY 2023-24 was 40.2: 3.3: 56.5 (washed coal, imported coal and raw coal), which is by and large same as what was considered by the Hon'ble Commission in MTR Order, except for the reallocation between washed coal and raw coal. As submitted in the section of truing up of FY 2022-23, the washery faced interruptions in its operations during July 2022. Due to the same the washery operation was completely halted from mid July 2022 to mid September 2022. In September 2022, the washery commenced its operations. However, the washery capacity to produce clean coal reduced. Consequently SECL reduced the Dispatch Order (DOs) issued in road mode. While the washery capacity gradually increased later, SECL did not increase sufficient DOs by road mode for delivery of coal to washery (from Korba and Dipka mines in Chhattisgarh), due to shortage of coal from these two mines. Instead SECL increased DOs by rail mode (which is from other mines of SECL in Chhattisgarh) for delivery of raw coal to ADTPS. Due to shortage of coal from Korba and Dipka mines, sufficient DOs in road mode were not issued by SECL, which resulted in inability of washery to provide required no. of clean coal rakes. Hence the percentage of raw coal in actual blending ratio has increased.

As per Regulation 40.9 of the MYT Regulations, 2019, at the time of truing up of respective year, the Hon'ble Commission shall scrutinise the implementation of actual Fuel Utilisation Plan vis-à-vis approved plan, deviations, if any, and justification submitted by a Generating Company thereon and may disallow the variable cost of generation on account of operational inefficiencies in utilisation of fuel. Also the Hon'ble Commission in the MTR Order in Case no. 229 of 2022 had directed APL to provide cost benefit analysis for deviation in actual fuel utilization plan vis a vis approved plan in MYT Order at the time of truing up of FY 2022-23. The same is reproduced below:

"8.10.1 APL is directed to provide the detail justification, cost benefit analysis for deviation in the actual Fuel Utilisation Plan vis-à-vis approved plan in MYT Order at the time of truing up of FY 2022-23 to FY 2024-25."

As compared to the fuel utilization plan approved in MYT Order, the percentage utilization of imported coal in FY 2023-24 has reduced and this has resulted in optimization of fuel cost. The Hon'ble Commission is therefore requested to approve the fuel cost for FY 2023-24 as presented above.

APL has procured one vessel of imported coal through Dahej port in October 2023. The coal was transported to ADTPS through railways. An amount of Rs 15,75,173/- towards railways charges was incurred by APL due to delay in unloading of some of the rakes of imported coal. Also as per the agreement with Maharashtra Maritime Board (MMB), APL is required to operate the jetty at Dahanu and use it for importing coal of minimum quantity 3,00,000 MT per year. In view of high price of imported coal through existing arrangement (with M/s Tauras), APL had procured limited quantity of imported coal in FY 2021-22 through Dahanu port. In FY 2022-23, APL had procured limited quantity of imported coal through Dahej port. MMB has charged Rs. 1,44,84,205/- (Rs. 1,22,74,750 + GST Rs. 22,09,455) on the shortfall in imported quantity for the two years. APL has paid the same in November 2023. In this regard, the Hon'ble Commission in the monthly FAC approval for November 2023 dated 19th April 2024, had made the following directive:

"The above demurrage charges (for imported coal) and the charges paid to MMB (Mumbai Maritime Board) are being considered as per AEML-D's submission as a part of FAC, however, AEML would be required to make a detailed submission to justify these charges and to justify its decision to source the imported coal through other sources during true up proceeding of FY 2023-24"

The comparative statement of landed cost of imported coal, had coal been procured through existing source (M/s Tauras) and the actual cost of imported coal procured through Dahej port after following competitive bidding process is shown below:

Table 31: Comparative statement of imported coal procured through Dahanu port and through Dahej port in October 2023

Purchase through Dahanu port

Dahanu Imported Coal Costing		Taurus Contract
Last Index Numbers	**UoM**	**Values**
API 4 Index	**USD/MT**	115
GC NewC Index	USD/MT	160
VLSFO	USD/MT	649
FOB	USD/MT	79.5
Ocean Freight	USD/MT	21.3
CIF	**USD/MT**	**100.8**
Exchange Rate	INR/USD	82.95
CIF	INR/MT	8361
GST	INR/MT	418
Compensation Cess	INR/MT	400
Port Handling Charges	INR/MT	323
DP Analysis Charges	INR/MT	3
Landed Price	**INR/MT**	**9505**

Purchase through Dahej port

MV THOR		
Particulars	**UoM**	**Values**
CFR	**USD/MT**	**63.5**
Exchange Rate	INR/USD	82.95
Insurance	INR/MT	1.14
CIF	INR/MT	5269
GST	INR/MT	267
Compensation Cess	INR/MT	400
Port Handling Charges	INR/MT	496
DP Analysis Charges	INR/MT	3.13
Railway Freight	INR/MT	841
Stamp Duty Charges	INR/MT	5
CHA Charges	INR/MT	2
Landed Price	INR/MT	**7283**
Railway Demurrage Incurred	Rs. Cr	1575173
MMB Charges Paid in Nov 2023	Rs. Cr	14484205
Impact of RD & MMB on per tonne	INR/MT	220
Landed Price including above Impact	INR/MT	**7504**

The above comparative statement clearly shows that even after considering the railway demurrage charges and MMB charges, the landed cost of imported coal procured through Dahej port is significantly lower than landed cost of coal, had it been procured through existing contract through Dahanu port. Hence APL's decision to import coal through the Dahej port has clearly been in the interest of consumers. The excel calculations of the same is provided in **Annexure 25 (Soft copy only).** Accordingly, the Hon'ble Commission is requested to approve the railway charges and MMB charges paid in October 2023.

3.2.4 Fuel cost for FY 2023-24

The actual fuel cost incurred during FY 2023-24 is Rs. 1,111.19 Crore, corresponding to actual net generation of 2,914.53 MU, while the DISCOM (AEML-D) scheduled net generation was 2,810.43 MU. Hence APL has derived the normative fuel cost and actual fuel cost FY 2023-24 for scheduled net generation by prorating the normative fuel cost and actual fuel cost corresponding to actual net generation (2,914.53 MU) with scheduled net generation (2,810.43 MU). The normative and actual fuel cost for FY 2023-24 are provided in the table below:

Table 32: Fuel cost for FY 2023-24

Particulars/ (Rs. Crore)	MTR Order	Normative*	Actual*
Total fuel cost	1479.91	1138.38	1071.50

**Proportionate to scheduled generation*

The difference in fuel cost represents efficiency gains on account of superior performance of ADTPS with respect to operational norms. As per Regulation 11.1 of the MYT Regulations, 2019, two thirds of the efficiency gains so worked out is required to be passed on to the beneficiary as a rebate in tariff and the generating company is entitled to retain one third of the efficiency gain. The net entitlement of fuel cost for FY 2023-24 is provided in the table below:

Table 33: Net Entitlement in Fuel Cost for FY 2023-24

Particulars	Rs. Crore
Fuel cost (normative)	1,138.38
Fuel cost (actuals)	1,071.50
Efficiency Gains	66.88
To be passed on to beneficiary (2/3rd)	44.59
To be retained by APL (1/3rd)	22.29
Net entitlement of fuel cost	**1,093.79**

APL requests the Hon'ble Commission to approve the net entitlement in fuel cost for FY 2023-24 as shown in the table above.

3.2.5 PLF Incentive for FY 2023-24

The PLF for FY 2023-24 achieved by ADTPS is less than 85% - both in high demand and low demand seasons and also in peak hours and off-peak hours. Hence APL has not claimed PLF incentive for FY 2023-24.

3.3 Operation and Maintenance expense for FY 2023-24

The Hon'ble Commission had allowed normative O&M expense of Rs. 198.36 Crore for FY 2023-24 in the MTR Order, as shown in table below:

Table 34: O&M Expense approved for FY 2023-24 in MTR Order

Particulars / (Rs. Crore)	Approved in MTR Order
O&M Expense	175.97
Corporate Expense	18.91
Water Charges	2.50
Cost recovery charges	0.98
Total O&M Expense	**198.36**

Regulation 47.1 of the MYT Regulations, 2019 specifies the methodology for determination of normative O&M expenses for thermal Generating Stations that have achieved COD before 26th August 2005. Accordingly, APL has determined the escalation factor considering 50% weightage to average WPI inflation for five years

(including FY 2023-24) and 50% weightage to average CPI inflation for five years (including FY 2023-24). The Labour Bureau had been issuing the CPI with 2011 series in its website, but from September 2020, onwards Labour Bureau has shifted to 2016 series. Therefore, in order to derive the CPI inflation for FY 2022-23, monthly CPIs from September 2020 have been suitably converted from 2016 series to 2011 series so as to maintain consistency between figures approved in MTR Order and being derived now for truing up.

Table 35: Escalation Factor for FY 2023-24

Year	WPI	WPI Inflation	CPI	CPI Inflation
FY 17-18	119.79		299.92	
FY 18-19	121.79	1.67%	322.50	7.53%
FY 19-20:	123.38	1.30%	338.69	5.02%
FY 20-21:	139.39	12.98%	356.06	5.13%
FY 21-22:	152.53	9.42%	377.62	6.05%
FY 22-23:	151.42	-0.73%	397.20	5.19%
Average from FY 17-18 to FY 22-23		4.93%		5.78%
Weight		50%		50%
Escalation Factor	**5.36%**			

As regards the Efficiency factor, it is submitted that the actual availability of ADTPS in FY 2023-24 was 91.03%, which is higher than the NAPAF of 85% as per MYT Regulations, 2019. Hence as per second proviso to Regulation 47.1(c) of the MYT Regulations, 2019, the Efficiency Factor becomes zero. Hence APL has derived the normative O&M expense for FY 2023-24 by applying Escalation factor of 5.36% to the normative O&M expense for FY 2022-23.

As submitted in the section on truing up of FY 2022-23, APL has raised the issue of separate assessment of Corporate expense in O&M expense before the Hon'ble ATE in Appeal no. 543 of 2023, which is pending. Considering the Corporate expense allowable to APL for FY 2022-23 as per the Hon'ble Commission philosophy and escalating the same by 5.36%, the Corporate expense allowable for FY 2023-24 works out to Rs. 19.15 Crore. However, the actual Corporate expense allocated to APL for FY 2023-24 is Rs. 16.43 Crore. Hence for the purpose of truing up of FY 2023-24 in the instant Petition, APL has claimed the Corporate Expense of Rs. 16.43 Crore only. However, APL again requests the Hon'ble Commission to treat Corporate expense allocation as a regular business expense only and not treat it any differently from rest of the O&M expenses as these expenses are only incurred towards performance of business functions.

As regards water charges, the same is allowable as per actuals. As per the MYT (Second Amendment) Regulations, 2023, notified on 08.06.2023, the water charges shall be allowed separately considering the norms of specific water consumption notified by MoEFCC. As stated in the section on truing up of FY 2022-23, there is no specific water consumption norms specified by MoEFCC for sea water based cooling system, which is being used by ADTPS. Accordingly APL has claimed the actual water charges for FY 2023-24. The month wise breakup of water charges incurred is provided herewith as **Annexure 7 (Soft copy only)**. The notification from Maharashtra Water Resources Regulatory Authority is attached herewith as **Annexure 8 (Soft copy only).** As per the said notification, water charges have increased from Rs. 22/cubic meter (till Jun 2023) to Rs. 24.2/cubic meter (from July 2023 onwards). Hence the actual cost incurred towards water charges have increased from Rs. 3.82 Crore in FY 2022-23 to Rs. 4.72 Crore in FY 2023-24. Further the cost recovery charges (pertaining to salary of Maharashtra Maritime Board employees and other related expenses) are being allowed by the Hon'ble Commission on actual basis at the time of truing up. Accordingly, the actual cost recovery charges for FY 2023-24 have been claimed by APL.

Based on the above, the normative O&M expenses for FY 2023-24 for truing up is as shown in the table below:

Table 36: Normative O&M expense for FY 2023-24

Particulars / (Rs. Crore)	Normative
O&M Expense	178.27
Corporate Expense	19.15
Water Charges	4.72
Cost recovery charges	1.40
Total O&M Expense	**203.54**

Against the normative O&M expense, the actual O&M expense for FY 2023-24 is as shown in the table below:

Table 37: Actual O&M expense for FY 2023-24

Particulars / (Rs. Crore)	Actual
O&M Expense (Excluding wage revision arrears of Rs. 0.87 Crore, as discussed below)	164.17
Corporate Expense	16.43
Water Charges	4.72
Cost recovery charges	1.40
Total O&M Expense	**186.72**

As submitted in the section on truing up of FY 2022-23, APL has not claimed the impact of Hon'ble Supreme Court Judgment dated 28th February 2019 separately, since the issue is pending before the Hon'ble ATE in Appeal no. 395 of 2022. In case the Hon'ble ATE decides the issue in favour of APL, the consequential impact of the same from FY 2019-20 onwards shall be claimed in the next Tariff Petition.

3.3.1 Expenses shifted from Capex to O&M:

Further, there are certain works carried out under Non-DPR schemes in FY 2023-24. As per the directive of the Hon'ble Commission in the MTR Order, the said works should have been carried out under O&M expense. In accordance with the same, APL has not claimed the said expense (totalling Rs. 14.55 Crore) under capitalization and has instead claimed the same under O&M expense. As submitted in the section on truing up for FY 2022-23, APL's actual O&M expense had not included the expenses of this nature in the past. Hence comparing the normative expense with the actual expense after including the said expense shifted from Non-DPR to O&M will be unfair. Therefore APL has claimed such expenses separately. Further as per MERC (Multi Year Tariff) (Second amendment) Regulations, 2022, the Hon'ble Commission may consider any request for revision of the normative O&M expenses on account of consideration of some Schemes under O&M rather than Capital Investment on case-to-case basis, depending on the justification to be submitted by the Applicant. The same is reproduced below:

> *"47.1 (h) The Commission may consider any request for revision of the normative O&M expenses on account of consideration of some Schemes under O&M rather than Capital Investment on case-to-case basis, depending on the justification to be submitted by the Applicant and the life-cycle cost analysis:*
>
> *Provided that if actual O&M expenses are lower than normative O&M expenses on this account, then no sharing of efficiency gains shall be done to that extent."*

In this regard, the justification for the works carried out has been provided below:

a. Refurbishment of conveyor belts (Rs. 2.03 Cr): Belt conveying system is the backbone of coal handling plant. ADTPS coal handling plant has approximately 10 kms of installed conveyor belt. Belt conveying system carries / conveys the coal from the coal unloading system as well as reclaiming / bunkering system. Non-availability of any one belt conveyor in the above streams will affect the coal unloading and bunkering process and can cause generation loss on account of coal starvation. Conveyor belts at ADTPS are in continuous operation since the start of ADTPS operations and handle coal which is very abrasive in nature, This leads to high wear and tear of conveyor belts. Hence a portion of conveyor belt was required to be replaced in FY 2023-24 since the performance of conveyor belt had deteriorated due to high wear and tear and was beyond repair.

b. Refurbishment of wagon tippler and apron feeders (Rs. 0.84 Cr): Apron feeders convey coal directly unloaded from Wagon Tippler to downstream equipment. It is a chain conveyor and critical equipment in coal rake unloading system. In case of outage of Apron Feeders, rake unloading will be hampered and there will be demurrages from Indian Railways. Apron feeders comprise of main structure, head and tail shaft assembly, drive assembly, drive chain, sprockets, apron pans, carrying and return rollers. Being in operation since commissioning (1995) and subjected to severe abrasion and corrosion, many of the above-mentioned assemblies have worn out, necessitating replacement. The following works were carried out:
    - Replacement of apron pans and drive chain.
    - Replacement of scarper bars below apron feeder
    - Replacement of head &tail shaft assembly of scraper
    - Replacement of apron feeder return rollers
    - Replacement of wagon tippler horizontal clamp components.

c. Refurbishment of coal milling system (Rs. 7.55 Cr): Coal mill is one of the most critical systems of the Thermal Power plant and any problem in it will lead to either partial loading or even unit tripping. This system handles coal and hence has severe rate of wear and tear. The coal mill at ADTPS has completed more than 25 years of operation. The mill performance is mainly driven by the grinding media like liners and balls. The liners are made of Hi-chrome material and lasts up to 50000 running hours. The present liners of all Coal mills had operated for more than to 50000 running hours and hence were in deteriorated condition. The profile of liners was worn out due to handling of abrasive coal for prolonged period of operation. This was leading to damage / breakage of liners and resulting in frequent coal leakages. The deterioration of liners caused higher Air-Fuel Ratio leading to higher power consumption of Coal mill, PA Fans, and ID Fans. Part replacement of liners in coal mill was carried out in FY 2022-23 and balance liners were replaced in FY 2023-24.

d. Life extension of earth moving equipment (Dozers) – Rs. 0.32 Cr: Dozers are heavy earthmoving equipment used in coal yards for compaction and dozing of coal for feeding to bunkers. These machines are constantly operating in dusty environment since ADTPS inception (1995) and are subjected to severe wear and tear due to handling of abrasive coal. Due to this there used to be frequent breakdowns of dozers. The following works were carried out:

- Replacement of Transmission assembly
- Replacement of Radiator assembly
- Replacement of idler assembly
- Replacement of Track rollers
- Replacement of Servo valves
- Replacement of chain tensioning shaft, cylinder, and yoke
- Replacement of blade repair kits
- Replacement of fasteners.

e. Replacement of flame scanners (Rs. 1.46 Cr): The Flame Scanner system including field instruments had been installed in 1995 for monitoring flame intensity inside boiler. As per CEA Guidelines for flexible operation and in view of RE integration, ADTPS is required to operate at very low load without oil support. For the same, ultraviolet and infrared scanners for detecting low frequency flame are required. Since ADTPS is preparing to adopt flexible operation guidelines, replacement of the existing Flame Scanner system and associated field instruments with the systems having advanced features is essential. Accordingly new flame scanner systems have been installed at ADTPS. The following works were carried out:

- Installation of Flame Scanner panel - 1 No.
- Installation of Engineering and Diagnostics System - 1 No.
- Installation of Junction Box - 20 Nos.
- Installation, configuration and calibration of Flame Scanners - 20 Nos

f. Procurement of Advanced Numerical Protection Relays (Rs. 0.15 Cr): The 6.6 KV HT & 415V LT switchgear systems at ADTPS used to have static / electromechanical relays. The protection of switchgear is vital to protect the equipment failure during abnormal conditions. The protection system of HT/ LT switchgear acts as shield to prevent fatal damage. The static / electromechanical relays were based on primitive technology and were in continuous operation since commissioning of the plant (27 years). They were replaced with state of the art relays. The new technology numerical based protection systems are more accurate, sensitive, fast responsive, and reliable in operation and have additional features such as data storage, event logging, etc., for facilitating event analysis in case of tripping and to take preventive measures. The replacement of relays was necessary because of technology obsolescence of old relays.

g. Modernization of lighting system at ADTPS (Rs. 0.26 Cr): Illumination plays a vital role in human and equipment safety. Existing lighting system was in operation since inception at ADTPS. Many of the old light fittings had deteriorated significantly the old lights were also of low efficiency. The maintenance cost of old light fittings was also very high. Hence the old conventional lights were replaced with energy efficient lights. The old MS rusted street lighting poles were also replaced by FRP poles.

h. Procurement of Gravity Filter Media (Rs. 0.04 Cr): Filter water which is free from suspended solid is required to produce DM water, service water and potable water. At ADTPS, raw water treatment plant is available to produce filter water. Filter water is produced by califlocuulation and filtration process. Sand is required for filtration process. Gravity sand Filters are installed after the Clariflocuulator to remove the Turbidity and suspended particles from raw water. Sand of various grades and size is the main filter media of Gravity sand Filter. Existing sand in Gravity and Filter media is being used since last 27 years. Due to continuous operation, sand and gravels were deteriorated. As a result, suspended particles were not getting removed from raw water. To avoid the same, replacement of sand and gravels was essential. The following works were carried out:

    - Sand (0.50 to 1.00 mm)
    - Gravel (2 mm to 5 mm)
    - Gravel (6 mm to 12 mm)
    - Gravel (12 mm to 25 mm)
    - Gravel (25 mm to 50 mm)

i. Procurement of equipment for horticulture (Rs. 0.09 Cr) : As per CTO guidelines (General Condition no. 21) issued by Maharashtra Pollution Control Board (MPCB) to ADTPS, dated 24.12.2018, ADTPS is obliged to cover a minimum of 33% of available land under green cover. To comply with this statutory requirement, the green coverage requires continuous maintenance of plantation, disposal of dead leaves and other organic waste generated at ADTPS. Also as per General Condition no. 20, ADTPS must maintain good housekeeping. This requires various machines and equipment which can be used at ADTPS premises for the growth and maintenance of plantation and also for good housekeeping. Therefore new equipment for horticulture was procured in FY 2023-24.

j. Replacement of Generator VTs (Rs. 0.25 Cr): Voltage Transformer (VT) & Current Transformer (CT) are essential equipment for reliable operation, monitoring, metering and the most critical protection of Turbo-Generator system. In past various incidences of Generator VT failure occurred leading to Generation loss. OEM had suggested replacement of old PTs with new improved design. Accordingly new VTs were procured and installed.

k. Procurement of sea water pump major assemblies (Rs. 1.00 Cr): The Flue Gas Desulfurization (FGD) system has four Seawater Pumps (SWP) for both units. The SWP plays a vital role in the scrubbing process to remove sulphur dioxide gas from the flue gas. These pumps handle highly corrosive and erosive seawater containing silt. The suspended particle of seawater damages the pump internals, resulting in vibrations. Continuous high vibrations can lead to the failure of the seawater pump, resulting in the outage of the FGD and non-compliance with legal directives. The sea water pumps have been in use since 2008 and their major assemblies have deteriorated due to continuous exposure to sea water. Therefore, it was necessary to replace major parts and the pump cartridge to ensure the reliable operation of the FGD system.

l. Refurbishment of Travelling water screen (Rs. 0.15 Cr): The Travelling Water Screens (TWS) filter out large debris from the sea. These screens are vital, as large debris can cause the Condensate Water Pump (CWP) to choke, potentially affecting the condensate cycle of the plant and its efficiency. The TWS system is provided in each of the Cooling Water (CW) pumps and handles corrosive and saline media continuously. Continuous operation of the TWS for screening intake water and removing suspended impurities results in heavy erosion of rotating components. The rotating assembly of the TWS consists of links with rollers, pins, and bushes, which erode due to mechanical friction. Under this NDPR scheme, replacement of rotating assemblies of chain links and balance head structures is has been carried out.

m. Replacement of Instrumentation, Analysers for FGD (Flue Gas Desulfurization) and Sea Water Pump House (SWPH) system (Rs. 0.11 Cr): Compliance with the emission standards set by regulatory authorities regarding sulphur dioxide &

nitrogen dioxide (SO_2 & NOX) emissions is crucial. FGD (Flue Gas Desulfurization) system is installed to comply with these regulations, which aim to reduce air pollution and mitigate the adverse effects of sulphur emissions on human health and the environment. At ADTPS, various field instruments and analysers are installed for Online continuous Emission monitoring of FGD (Flue Gas Desulfurization) & SWPH (Sea water Pump House) since FGD inception in 2008. These systems were installed 15 years back and OEM has declared obsolescence of these instruments and analyser and has regretted to provide spares and service support. Also, FGD (Flue Gas Desulfurization) and SWPH System handle corrosive gases which affects the instrument's / analyser's performance and life. Hence it was necessary to replace these analysers and instruments such as So2/NoX, PH, DO analysers, flow meters, Auto calibrator to maintain availability of FGD instrumentation system.

n. Replacement of major assemblies of ESP (Rs. 0.11 Cr): The ADTPS is located in an eco-fragile zone and is subject to stringent environmental norms for emissions. The main flue gas emission parameters are Sox, Nox, and TPM. TPM emissions are significantly influenced by the performance of the Electrostatic Precipitator (ESP). Since the ESP handles ash and flue gas and has been in operation for more than 25 years, deterioration has been observed in collecting plates, emitting electrodes, rapping mechanisms, shock bars, etc. This deterioration has led to a decline in ESP performance and could have caused severe damage to the ESP system, resulting in high emissions. Therefore, it was necessary to replace major assemblies to ensure that stack emissions remain within the limits stipulated in the Consent to Operate by the MPCB. In FY 2023-24, replacement of shock bars has been carried out.
o. Replacement of Hydrogen Gas generating Electrolyser Cells (Rs. 0.21 Cr): Hydrogen gas is used for cooling the generator stator and rotor, playing a vital role in the overall plant performance. The Hydrogen plant, which has been in service for the last 25 years, has seen its main components, such as compressors and electrolyser cells, start to deteriorate due to wear and tear. Therefore, their replacement was essential to improve the reliability and availability of the Hydrogen Generation plant.

The life cycle cost analysis of these works is attached herewith as **Annexure 26 (Soft copy only).** APL has added the expenses, which have been shifted from capex to O&M to the actual O&M expense (as per Table 34 above), to determine the total actual O&M

expense for FY 2023-24. The comparison of normative O&M expense with such actual O&M expense for FY 2023-24 is shown in table below:

Table 38: Comparison of Normative and Actual O&M expense for FY 2023-24

Particulars/ (Rs. Crore)	Normative	Actual	Expense shifted from Capex to O&M	Total Actual
Base O&M Expense	178.27	164.17	14.55	178.73
Corporate Expense	19.15	16.43		16.43
Water Charges	4.72	4.72		4.72
Cost Recovery Charges	1.40	1.40		1.40
Total	**203.54**	**186.72**	**14.55**	**201.27**

As seen from above, the actual O&M expense for FY 2023-24 is more than the normative due to addition of expenses shifted from capex to O&M. Accordingly, APL has claimed the actual O&M expenses for FY 2023-24 in accordance with Regulation 47.1 (h) of the MYT (Second Amendment) Regulations, 2022.

3.3.2 Wage revision:

As stated in the section on truing up of FY 2022-23, 11 no. of employees at ADTPS had not accepted wage revision from FY 2016-17 onwards (effected from July 2016). In FY 2022-23, another wage revision (due from July 2020) was finalised for employees. However, these 11 no. of employees did not accept the wage revision finalized in FY 2022-23 also. After many rounds of discussion, these employees accepted the wage revision payout in FY 2023-24. Hence Rs. 0.87 Crore of payout has been made in FY 2023-24. Regulation 47.1 (e) of the MYT Regulations, 2019 is reproduced below:

> *"47.1 (e)The impact of Wage Revision, if any, may be considered at the time of true-up for any Year, based on documentary evidence and justification to be submitted by the Petitioner:*
>
> *Provided that if actual employee expenses are higher than normative expenses on this account, then no sharing of efficiency losses shall be done to that extent:*
>
> *Provided further that efficiency gains shall not be allowed by deducting the impact of Wage Revision and comparison of such reduced value with normative value."*

As per the above regulation, in case the actual O&M expense is higher than normative on account of wage revision, no sharing of efficiency losses shall be done to that extent. The actual O&M expense for FY 2023-24 (excluding wage revision, Corporate expenses, water and cost recovery charges) is Rs. 178.80 Crore (as per Table 35 above), which is higher than the normative O&M expense of Rs. 178.27 Crore. Accordingly, APL has claimed the wage revision arrear of Rs. 0.87 Crore separately.

The total O&M expenses for FY 2023-24 claimed are shown in table below:

Table 39: Net Entitlement in O&M expense for FY 2023-24

Particulars/ (Rs. Crore)	Actual O&M expense	Wage revision arrears	Total claimed
Base O&M Expense	178.73	0.87	179.60
Corporate Expense	16.43		16.43
Water Charges	4.72		4.72
Cost Recovery Charges	1.40		1.40
Total	**201.27**		**202.14**

The Hon'ble Commission is requested to approve the O&M expense as presented above. It is further submitted that while APL has, on its own excluded works which have been held as O&M nature from capex and is claiming the same as additional O&M, APL requests the Hon'ble Commission that, as part of true-up exercise, if any other works are additionally held as being O&M nature, the Hon'ble Commission may kindly allow the expenses towards the same under O&M cost allowance.

3.4 Rescheduling charges for FY 2023-24

As per Deviation Settlement Mechanism (DSM) Regulations, 2019, MSLDC has levied rescheduling charges on ADTPS due to revision in scheduling. The total rescheduling charges paid to MSLDC was Rs. 65,000/- in FY 2023-24. Since the said cost was not part of actual O&M expense in earlier years and was incurred in FY 2023-24 for the first time, the said expenses need to be allowed separately over and above the net entitlement in O&M expenses for FY 2023-24 i.e. these expenses need to be allowed as a separate line item in the ARR. The copies of the invoices raised by MSLDC in this regard are provided in **Annexure 9 (Soft copy only).** The Hon'ble Commission is requested to approve the rescheduling charges as submitted above.

3.5 Capitalization for FY 2023-24

The actual capitalization in FY 2023-24 as per the Books of Accounts has been Rs. 36.26 Crore (including IDC of Rs. 0.42 Crore). However, this also includes Rs. 14.55 crore which has been shifted to O&M cost, as per the Hon'ble Commission's direction. Therefore, for the purpose of regulatory accounts, the net capitalisation being claimed for FY 2023-24 is Rs. 21.71 crore. Considering the same, the actual capitalization claimed for FY 2023-24 and that approved for FY 2023-24 in the MTR Order are shown in table below:

Table 40: Capitalization for FY 2023-24

Particulars/ (Rs. Crore)	MTR Order	Actual*
DPR	26.93	11.51
Non-DPR		10.21
Total	**26.93**	**21.71**

**Excluding expenses of Rs. 14.55 Crore pertaining to works of O&M nature*

With regard to capitalisation against Non-DPR schemes, the Regulation 24.7 of the MYT Regulations, 2019 provides as below:

> *"The cumulative amount of capitalisation against non-DPR schemes for any Year shall not exceed 20% or such other limit as may be stipulated by the Commission through an Order, of the cumulative amount of capitalisation approved against DPR schemes for that Year"*

Also, the SoR accompanying MYT Regulations, 2019 states that the cumulative capitalization against Non-DPR schemes should be within the limit of 20% of cumulative capitalization against DPRs over the fourth Control Period. The same is reproduced below:

> *"The Commission is of the view that the suggestion of limiting the Non-DPR schemes to 20% of approved DPR schemes on a cumulative basis over the Control Period rather than annual basis, can be considered, as such a situation could arise in a particular year, and the intention is not to block Non-DPR schemes."*

Hence, based on the above, it is clear that the Hon'ble Commission's intent is not to block non-DPR capex and therefore, the limit of 20% of capitalisation for non-DPR schemes is to be considered over the Control Period on a cumulative basis. On cumulative basis over the fourth Control Period (FY 2020-21 to FY 2024-25), Non-DPR capitalisation shall be within the limit of 20% of DPR capitalization. The cumulative Non-DPR capitalization as a % of cumulative DPR capitalization for APL from FY 2020-21 to FY 2023-24 is shown in the table below:

Table 41: Cumulative Non-DPR Capitalization as % of cumulative DPR capitalization from FY 2020-21 to FY 2023-24

Particulars/ (Rs. Crore)	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	Cumulative
DPR capitalization	23.26	47.65	20.78	11.51	103.20
Non-DPR capitalization	4.39	2.53	1.81	10.21	18.93

Particulars/ (Rs. Crore)	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	Cumulative
% of Non-DPR against DPR capitalization	18.87%	5.31%	8.70%	88.69%	18.35%

Note: DPR and Non-DPR capitalization for FY 2020-21 and FY 2021-22 are as per the approved figures in APL MTR Order dated 31.03.2023 in Case no. 229 of 2022

As seen from above, the cumulative Non-DPR capitalization as a % of cumulative DPR capitalization from FY 2020-21 to FY 2023-24 is 18.35%, which is within 20% limit allowable as per MYT Regulations, 2019. Accordingly, APL requests the Hon'ble Commission to approve the actual Non-DPR capitalization for FY 2023-24, being claimed now.

The DPRs against which capitalization has been claimed above have all been approved by the Hon'ble Commission. The Non-DPRs against which capitalization has been claimed above have all been registered with the Hon'ble Commission in accordance with MERC (Approval of Capital Expenditure) Regulations, 2022. The copies of the Non-DPRs submitted to the Hon'ble Commission are provided in **Annexure 26 (Soft copy only).** The detailed working for interest during construction for FY 2023-24 is attached herewith as **Annexure 12 (soft copy only)**. A brief description of major capex works carried out during FY 2023-24 is in **Annexure 13 (soft copy only).**

3.6 Depreciation for FY 2023-24

APL has calculated the depreciation for FY 2023-24 as per MYT Regulations, 2019. The table below shows the depreciation approved during provisional truing up of FY 2023-24 and actuals for FY 2023-24.

Table 42: Depreciation for FY 2023-24

Particulars / (Rs. Crore)	MTR Order	Actuals
Opening GFA	2,050.20	2047.18
Addition	26.93	21.71
Retirement	0	0.00
Closing GFA	2,077.13	2068.89
Depreciation	38.29	31.24

The detailed working of depreciation is attached herewith as **Annexure 14 (Soft Copy Only).** APL requests the Hon'ble Commission to approve the actual depreciation for FY 2023-24 as presented above. It is submitted that the Hon'ble Commission had allowed depreciation for FY 2023-24 in the MTR Order considering asset class wise average depreciation rate for FY 2021-22, on the average GFA approved in the MTR Order. However, the actual depreciation for FY 2023-24 has been calculated on the assets added during the year proportionately based on actual date of addition. Further the deprecation rates change for those assets where cumulative depreciation reaches 70% in the previous year. Hence there is variation in depreciation being claimed for FY 2023-24 now with respect to depreciation for FY 2023-24 allowed in MTR Order.

3.7 Financing plan of Capital Expenditure

AEML makes arrangement of financing for capital expenditure of the company as a whole. The capital expenditure for FY 2023-24 for all three divisions of the company is shown in the table below:

Table 43: Capital Expenditure for FY 2023-24

Particulars	Generation	Transmission	Distribution	Total
Capitalization in FY 2023-24 – excluding IDC (A)	21.29	94.16	1037.12	1152.57
Opening WIP for FY 2023-24 (B)	15.45	792.43	287.56	1095.44
Closing WIP for FY 2023-24 (C)	12.87	1013.92	295.18	1321.97
Capital Expenditure for FY 2023-24 (D = A+C-B)	18.70	315.65	1044.74	1379.09
Less: Consumer Contribution			43.36	43.36
Net Capital Expenditure for FY 2023-24	**18.70**	**315.65**	**1001.37**	**1335.73**

AEML has not availed any additional loans for funding the said capex in FY 2023-24. Hence 100% of capex has been funded through internal accruals of AEML. Therefore, AEML has considered 70% of capitalization deemed to be funded through debt and 30% through equity, in accordance with MYT Regulations, 2019. The reconciliation of capital work in progress (CWIP) and capitalization as per books and CWIP and capitalization as submitted in the Petition is provided as **Annexure 15 (Soft copy only).**

In this regard, the first proviso to Regulation 27.1 of the MYT Regulation, 2019 is reproduced below:

> *"Provided that the equity investment to be considered in any year shall not exceed the difference between the sum of cumulative return on equity allowed by the Commission in previous years, efficiency gains and losses, incentives and disincentives, and income earned from investment of return on equity, and the cumulative equity investment approved by the Commission in previous years, unless the Generating Company or Licensee or MSLDC submits documentary evidence for the actual deployment of equity and explain the source of funds for the equity:"*

The difference between the sum of year wise RoE allowed by the Hon'ble Commission to AEML-G through past Tariff Orders till FY 2021-22 along with RoE claimed for FY 2022-23 in this Petition and the opening regulatory equity for FY 2023-24 is provided in **Annexure 16 (Soft copy only).** As per the said Annexure, the equity investment claimed for FY 2023-24 is much less than difference between the sum of year wise RoE of past years and the opening regulatory equity for FY 2023-24. Hence APL meets the above criterion of equity investment as per MYT Regulations, 2019.

3.8 Interest on Loans

As per first proviso of Regulation 30.5 of MYT Regulations, 2019, at the time of Truing-Up, the weighted average rate of interest based on actual loan portfolio during the concerned year needs to be considered as the rate of interest for working out interest on long term loans for ARR. As submitted above, AEML has not contracted any new loan during FY 2023-24. AEML's loan portfolio in FY 2023-24 consists of Bond, Sub-debt and GMTN. Out of the $ 1000 Million (Rs. 7124.58 Crore) Bond raised in FY 2019-20, $ 120 Million (Rs. 854.94 Crore) has been redeemed in FY 2023-24. The weighted average interest cost for FY 2023-24, considering all the loans considering all three sources of finance works out to 9.15%. The calculation of weighted average rate of interest and the supporting document showing base interest rate (in $ terms) for all sources of funds are provided in **Annexure 17 (Soft copy only).** It is submitted that the effect of withholding tax and hedge premium is also included in the interest rate calculations. AEML-G had submitted the interest rates for FY 2019-20 to FY 2021-22 in the MTR Petition (Case no. 229 of 2022) by including the effect of withholding tax and hedge premium and the Hon'ble Commission had accepted the same. Accordingly, the interest rate for FY 2023-24 has been calculated in the same manner. The table below shows the interest on loans as approved for FY 2023-24 in the MTR Order and considering the actual capitalization for FY 2023-24.

Table 44: Interest on loans for FY 2023-24

Particulars / (Rs. Crore)	MTR Order	Actuals
Opening Balance	138.89	136.50
Reduction in loans due to retirement in assets		0.00
Addition of new loans	18.85	15.20
Repayment	38.29	31.24
Closing Balance	119.45	120.45
Interest Rate (%)	8.34%	9.15%
Interest on Loans	10.77	11.76

The calculation of reduction of normative loan due to retirement in assets is provided in **Annexure 18 (Soft copy only).**

3.9 Foreign Exchange Rate Variation

Regulation 31 of MYT Regulations, 2019 specifies the provisions related to foreign exchange rate variation, as reproduced below:

> *"31.1 The Generating Company or Licensee may hedge foreign exchange exposure in respect of the interest on foreign currency loan and repayment of foreign loan acquired for the generating Station or the transmission system or distribution system, in part or in full at its discretion.*
> *31.2 The Generating Company or Licensee shall be permitted to recover the cost of hedging of foreign exchange rate variation corresponding to the foreign debt, in the relevant year as expense, subject to prudence check by the Commission, and extra rupee liability corresponding to such variation shall not be allowed against the hedged foreign debt.*
> *31.3 To the extent that the foreign exchange exposure is not hedged, any extra rupee liability towards interest payment and loan repayment corresponding to the foreign currency loan in the relevant year shall be allowed subject to prudence check by the Commission, provided it is not attributable to such Generating Company or the Licensee or its suppliers or contractors."*

AEML's loan portfolio consists of bond, sub-debt and GMTN. In its MTR Petition (Case no. 229 of 2022), APL had submitted that principal repayment for $ 300 million Bond (out of $ 1000 million) and $ 282 million Sub-debt is hedged beyond Rs./$ conversion rate of Rs. 91.75/$ through At The Money Forward (ATMF) Option contract. The said contracts were made in FY 2019-20. APL (earlier AEML-G) had submitted in the MTR Petition (Case no. 229 of 2022) that the realized FERV loss or gain that will be incurred at the time of repayment of these loans shall be claimed by AEML in future. Later on, during FY 2022-23, AEML hedged the for $ 300 million bond and $ 282 million Sub-debt through Principal only Swap (POS) and Cross currency swap (CCS) contracts respectively. The details of contracts entered into are as under:

Table 45: Type of Hedging contracts made for $ 300 Million Bond and $ 282 Millon Sub-debt (for Principal Repayment)

Type of contract	Bank	Principal amount for which hedging done ($ Million)	Hedge rate (Rs./$)
For Bond			
POS contract	SCB	200	81.45
POS contract	Barclays	30	81.45
POS contract	SCB	70	80.90
For Sub-Debt			
CCS Contract	Axis	100	82.59
CCS Contract	Axis	100	82.27
CCS Contract	Axis	82	82.41

In November 2023, AEML has repaid $ 120 million out of the POS contract for $ 200 million. The average Rs./$ conversion rate at the time of availing the Bond amount was Rs. 71.2458 on 13th February 2020 and Rs./$ conversion rate at the time of repayment of $ 120 million was Rs. 83.3345 on 28th November 2023. As the hedge rate as per the POS contract was at Rs. 81.45, the FERV accrued to AEML due to repayment of $ 120 million of Bond is capped at the above rate and is summarized as under:

Table 46: Realized FERV loss accrued to AEML in FY 2023-24

Particulars	Notation	Amount
Repayment amount ($ million)	a	120.00
Conversion rate at time of availing Bond ($/Rupee)	b	71.2458
Repayment amount (Rs. Cr)	c = a X b	854.94
Hedge Rate ($/Rupee)	d	81.45
Loan at Hedge Rate (Rs. Cr)	e = a X d	977.39
FERV - Loss (Rs. Cr)	f = e - c	122.45

APL (earlier AEML-G) has claimed the FERV loss for generation segment in proportion of average regulatory loan of generation segment with respect to average regulatory loan of all three divisions of AEML for FY 2023-24, as shown in the table below.

Table 47: Division wise FERV loss for AEML in FY 2023-24

Particulars (Rs. Cr)	APL	AEML-T	AEML-D (W)	AEML-D (S)	Total
Foreign exchange rate variation	4.54	17.09	94.71	6.11	122.45

The Hon'ble Commission is requested to approve the FERV loss claimed above. APL submits that any FERV loss / gain that will further accrue in future due to repayment of the remaining Rs. 180 million of Bond and Rs. 282 million of sub-debt shall be claimed in subsequent Tariff Petitions.

3.10 Financing Charges

AEML's loan portfolio consists of bond, sub-debt and GMTN. For the above three loans, AEML has incurred various charges such as trustee fees, legal fees, domestic and international rating fees etc. The same is segregated amongst generation, transmission and distribution divisions of AEML in the ratio of average regulatory loans for the three divisions for FY 2023-24, as shown in the table below:

Table 48: Financing charges for loans for FY 2023-24

Particulars (Rs. Cr)	APL	AEML-T	AEML-D (W)	AEML-D (S)	Total
Financing charges	0.19	0.70	3.85	0.25	4.98

Further, AEML has raised working capital loans from banks / financial institutions for meeting the day-to-day cash requirements. AEML has also incurred LC and BG commission for payment to vendors through LC/BG for materials related to capex / opex. All these financing charges correspond to financing of working capital requirements. The same is segregated amongst generation, transmission and distribution divisions of AEML in the ratio of normative working capital requirement for the three divisions for FY 2023-24 as shown in the table below:

Table 49: Financing charges for working capital for FY 2023-24

Particulars (Rs. Cr)	APL	AEML-T	AEML-D (W)	AEML-D (S)	Total
LC/ BG Commission	0	0	0.94	0	0.94
Financing charges for working capital loans	0.03	0.01	0.06	0.02	0.12
Total	**0.03**	**0.01**	**1.00**	**0.02**	**1.06**

The same has been claimed for truing up of FY 2023-24. The documentary evidence of financing charges is provided in **Annexure 19 (Soft copy only).** Since the number of documents for every LC/BG commission made are very large, APL has provided sample LC commission documents in the Annexure.

3.11 Return on Equity (RoE)

The MYT Regulations, 2019 provides for allowing RoE in two parts i.e. Base RoE and additional RoE linked to actual performance. As per the MYT Regulations, 2019, the additional RoE shall be allowed at the time of truing up for respective years based on actual performance. For generation business, the Base RoE is 14% per annum and eligibility for additional RoE is linked to performance parameters of ramp rate and Mean Time Between Failures (MTBF). As per the Ramp rate certificate issued by MSLDC, the Ramp rate for ADTPS was 1.2323% for Unit 1 and 1.2322% for Unit 2. Accordingly, APL has claimed addnl. RoE of 0.50% for Unit 1 and Unit 2 of ADTPS in FY 2023-24. The Ramp rate certificate for FY 2023-24 by MSLDC is provided in **Annexure 20 (Soft copy only).** As regards MTBF, ADTPS Unit-1 has achieved MTBF of 50.80 days and Unit-2 has achieved MTBF of 91.42 days as per MTBF certificate by MSLDC for FY 2023-24. Accordingly, APL has claimed addnl. RoE of 0.50% for Unit 1 and 0.75% for Unit 2, in accordance with MYT Regulations, 2019. The MTBF cerrificate for FY 2023-24 for ADTPS by MSLDC is provided in **Annexure 21 (Soft copy only).** For calculation of RoE for both units separately, APL has considered opening equity and equity addition during the year in proportion to the installed capacity (i.e. on 50:50 basis) in accordance with MYT Regulations, 2019.

For FY 2023-24, AEML as a whole has paid income tax at MAT rate. Therefore for the purpose of grossing up of RoE for FY 2023-24, APL has considered the Effective tax rate at MAT rate, without prejudice to the contention made on this issue in Appeal no. 543 of 2023, pending before Hon'ble ATE that Effective tax rate should be assessed on standalone basis considering Regulatory PBT method. The IT acknowledgment for income tax payment for AEML as a whole is attached herewith as **Annexure 22 (Soft Copy only).** The RoE claimed for FY 2023-24 is as under:

Table 50: Return on Equity for FY 2023-24

Particulars / (Rs. Crore)	MTR Order	Actuals
Regulatory Equity at the beginning of year	663.72	662.82
Capitalization during the year	26.93	21.71
Equity portion of capitalization during the year	8.08	6.51
Reduction in Equity Capital on account of retirement / replacement of assets		0.00
Regulatory Equity at the end of year	671.80	669.34
Return on Regulatory Equity at beginning of year	112.59	121.47
Return on Regulatory Equity addition during the year	0.69	0.60
Total Return on Regulatory Equity	**113.28**	**122.07**

APL requests the Hon'ble Commission to approve the return on equity for FY 2023-24 presented above.

3.12 Interest on Working Capital

Regulation 32 of the MYT Regulations, 2019 specifies the constituents of working capital allowable to a generating company. APL has computed the normative interest on working capital in accordance with Regulation 32 of MYT Regulations, 2019. As per Regulation 32.1 (a) (i) of the MYT Regulations, 2015, the cost of coal towards stock for thirty days for non-pit head generating station for generation corresponding to target availability or maximum coal storage capacity, whichever is lower, is to be considered. Also, as per third proviso to Regulation 32.1 (a), the working capital is to be computed based on the actual average stock of coal or normative stock of coal, whichever is lower. The actual average coal stock days for FY 2023-24 works out to 9 days. Hence APL has considered 9 days of cost of coal. Also APL has considered 30 days of normative cost of coal towards generation of electricity and 2 months of normative cost of secondary oil in the normative working capital computations. These values were considered corresponding to the actual PLF since the actual PLF is lower than the target availability of 85%. In addition APL has considered 1% of opening GFA towards stores and spares and one month of O&M expense for normative working capital requirement as per MYT Regulations, 2019.

Further as per Regulation 32.1 (a) (vii) of the MYT Regulations, 2019, payable for fuel to the extent of thirty days of the cost of fuel has to be considered depending on the modalities of payment. APL had made detailed submissions in the MYT Petition (Case no. 298 of 2019) and MTR Petition (Case no. 229 of 2022) that the payments for domestic coal, railway freight and LDO are being made by APL in advance. The same is not repeated again for the same of brevity and the payable days in case of domestic coal are accordingly considered as "zero". For imported coal, the weighted average credit period available in FY 2023-24 was 22 days. Hence APL has considered 22 days of credit in payment of imported coal for normative working capital requirement, as per MYT Regulations, 2019. As per MYT Regulations, 2019, the Base Rate has been defined as One year MCLR of SBI plus 150 basis points. The weighted average SBI one year MCLR plus 150 Basis Points in FY 2023-24 works out to 10.07%. The normative interest on working capital as per MYT Regulations, 2019 is shown in table below:

Table 51: Normative Interest for Working Capital for FY 2023-24

Particulars / (Rs. Crore)	MTR Order	Revised
Cost of Coal towards stock		28.46
Cost of coal towards 30 days of generation		95.79
Cost of Secondary Fuel Oil for 2 months		1.99
O&M expenses		16.96
Maintenance Spares		20.47
Receivables		0
Less: Payables for Fuel		3.49
Total Working Capital Requirement	**251.89**	**160.18**
Interest Rate (%)	9.55%	10.07%
Interest on Working Capital	**23.80**	**16.13**

AEML has incurred actual interest on working capital in FY 2023-24 for the company as a whole. The same has been segregated among the three regulated divisions in the ratio of average working capital utilization of each of the three divisions. Also as submitted in MTR Petition (Case no. 229 of 2022), the bond surplus of Rs. 360.52 Cr after refinancing in FY 2019-20 has been used as working capital in the business. Therefore, a part of the interest paid for bonds has been allocated to interest on working capital (on proportion basis) for FY 2022-23, as the bonds have, inter alia. been availed by the Company for general corporate purposes. The interest on bond surplus has been allocated among three regulated divisions in the ratio of average working capital utilization in FY 2022-23. The actual interest on working capital for FY 2022-23 incurred for the three regulated divisions is shown in table below:

Table 52: Actual Interest on working capital for FY 2023-24

Particulars / (Rs. Crore)	Generation	Transmission	Distribution - Wires	Distribution - Supply	Total
Interest on surplus from Bonds used for working capital financing	7.66	3.53	16.32	4.87	32.39
Interest on other working capital loans	9.19	4.23	19.57	5.84	38.84
Total	**16.85**	**7.76**	**35.90**	**10.72**	**71.23**

A summary of month wise interest on working capital charged by banks in FY 2023-24 along with the interest allocation from the bond surplus of Rs. 360.52 Crore is provided in **Annexure 23 (Soft copy only).** Sample documentary evidence for interest on working capital charged by banks is also provided in the Annexure. As per Regulation 32.6 of the MYT Regulations, 2019, the difference between the normative interest on working capital and the actual interest on working capital shall be considered as efficiency gain / loss and shall be shared between generating company and the beneficiaries in the ratio as per MYT Regulations, 2019. The net entitlement in interest on working capital as per MYT Regulations, 2019.

Table 53: Net Entitlement in Interest on working capital for FY 2023-24

Particulars	(Rs. Crore)
Normative IoWC	16.13
Actual IoWC	16.85
Gain / (Loss)	(0.72)

Particulars	(Rs. Crore)
Net Entitlement	16.37

The Hon'ble Commission is requested to approve the net entitlement towards interest on working capital as presented above.

3.13 Non-Tariff Income (NTI)

The NTI approved for FY 2023-24 in the MTR Order and the NTI as per actuals are shown in the table below:

Table 54: NTI for FY 2023-24

Particulars/ (Rs. Crore)	MTR Order	Actual
Income from Sale of Scrap	1.70	1.07
Income from sale of ash/rejected coal	17.09	9.32
Income from Rental from contractors	0.20	0.19
Income from commercial training	0.16	0.11
Other/Miscellaneous receipts		0.15
Total	**19.95**	**10.83**

The Hon'ble Commission is requested to approve the Non-Tariff Income for FY 2023-24 as shown above.

3.14 Revenue from Sale of Power

The revenue from sale of power in FY 2023-24 is shown in table below:

Table 55: Revenue for FY 2023-24

Particulars/ (Rs. Crore)	MTR Order	Actual
Fixed cost	365.35	365.35
Variable cost	1479.91	1128.95
FAC		(40.15)
Total	**1845.27**	**1454.15**

The month wise recovery of fixed charges in accordance with Regulation 50.2 of the MYT Regulations, 2019 is attached herewith as **Annexure 24 (Soft copy only).** The Hon'ble Commission is requested to approve the revenue for FY 2022-23 as shown above.

3.15 Summary of Truing up for FY 2023-24

Based on the above, the summary of truing up for FY 2023-24 is shown in table below:

Table 56: Truing up summary for FY 2023-24

Particulars/ (Rs. Crore)	MTR Order	Truing up
Fuel Related Expenses	1,479.91	1,071.50

Particulars/ (Rs. Crore)	MTR Order	Truing up
Operation & Maintenance Expenses	198.36	201.27
Wage Revision Arrears	0	0.87
Rescheduling charges	0	0.01
Depreciation Expenses	38.29	31.24
Interest on Long-term Loan Capital	10.77	11.76
Foreign exchange rate variation	0	4.54
Financing Charges	0	0.21
Interest on Working Capital	23.80	16.85
Total Revenue Expenditure	**1,751.13**	**1,338.25**
Add: Return on Equity Capital	113.28	122.07
Less: Non-Tariff Income	19.15	10.83
Aggregate Revenue Requirement	**1,845.26**	**1,449.49**
Share of Efficiency (loss)/ Gain in Fuel cost		22.29
Share of Efficiency (loss)/ Gain in Interest on Working Capital		-0.48
Total ARR		**1,471.30**
Revenue		
Revenue from sale of electricity - Fixed charges	365.35	365.35
Revenue from sale of electricity - Variable Charges	1,479.91	1,088.80
Total Revenue Gap/(Surplus)	**0**	**17.15**

The Hon'ble Commission is requested to approve the revenue gap for FY 2023-24 as shown above.

4 PROVISOINAL TRUING UP OF FY 2024-25

This section deals with review of performance of FY 2024-25 considering the actual performance (unaudited) in first six months of FY 2024-25 and projected performance in balance six months of FY 2024-25. APL has also provided comparison with approved values for FY 2024-25 as per the MTR Order dated 31.03.2023 in Case No. 229 of 2022 along with reasons for variation. APL requests the Hon'ble Commission to allow recovery of the revenue gap/ surplus for FY 2024-25 by including it in ARR for FY 2025-26.

4.1 Operational Performance for FY 2024-25

In the first six months of FY 2024-25, ADTPS has generated 1,486.58 MU (net generation) at a PLF of 74.97%. The actual PLF is lower than the target PLF as per MYT Regulations, 2019 due to the backing down instructions from MSLDC. For the balance six months of FY 2024-25, APL has considered PLF of 75% to estimate net generation, since historically the actual PLF achieved by ADTPS has ranged between 70%-80% (the actual PLF for FY 2022-23 was 79.88% and actual PLF for FY 2023-24 was 73.96%). The actual availability achieved by ADTPS in first five months of FY 2024-25 has been 91.66%. For the balance six months of FY 2024-25, APL has estimated availability considering 20 days of planned outage (40 days for annual overhaul for Unit 1) and 5 days of unforeseen outage (10 days for both Unit 1 and Unit 2) for the station. Considering the same, the estimated availability for FY 2024-25 works out to 88.97% and estimated PLF for FY 2024-25 works out to 74.98%. A comparison of performance parameters and gross/ net generation as approved for FY 2024-25 in the MTR Order and the revised estimates is as under:

Table 57: Operational parameters for FY 2024 25

Particulars	UoM	MTR Order	FY 2024-25 (H1) at Normative parameters	FY 2024-25 (H2)	FY 2024-25 (Estimates)
Availability	%	93.01	0.92	0.86	0.89
PLF	%	93.01	0.75	0.75	0.75
Heat Rate	kCal/kWh	2430	2430	2430	2430
Aux Power Consumption (excluding FGD plant)	%	8.50	8.50	8.50	8.50

Particulars	UoM	MTR Order	FY 2024-25 (H1) at Normative parameters	FY 2024-25 (H2)	FY 2024-25 (Estimates)
Aux power consumption for FGD plant	%	1.20	1.20	1.20	1.20
Aux Power Consumption (including FGD plant)	%	9.70	9.70	9.70	9.70
Secondary oil consumption	ml/kWh	0.50	0.50	0.50	0.50
Gross Generation	MU	4074	1646	1638	3284
Net Generation	MU	3679	1487	1479	2966

4.2 Fuel Cost for FY 2024-25

4.2.1 Gross Calorific Value (GCV) of coal and secondary fuel oil for FY 2024-25

The actual GCV data for first six months of FY 2024-25 is available. The actual As Billed GCV, As Received GCV and As Fired GCV for first six months of FY 2024-25 are shown in the table below:

Table 58: As Billed GCV, As Received GCV and As Fired GCV for first six months of FY 2024-25

Particulars/ (kCal/kg)	FY 2024-25 (H1) - Actuals
As Billed GCV:	
Weighted Average GCV	**3725**
Washed Coal	3637
Imported Coal	4583
Raw Coal	3718
As Received GCV:	
Weighted Average GCV	**3180**
Washed Coal	3644
Imported Coal	4302
Raw Coal	3068
GCV loss in transit:	
Weighted Average GCV	**545**
Washed Coal	-8
Imported Coal	281
Raw Coal	650

Particulars/ (kCal/kg)	FY 2024-25 (H1) - Actuals
As Fired GCV:	
Weighted Average GCV	**3078**
Washed Coal	3789
Imported Coal	4240
Raw Coal	2921
Stacking Loss:	
Weighted Average GCV	**102**
Washed Coal	-145
Imported Coal	62
Raw Coal	146

As seen from above, the GCV loss between as billed by supplier and as received at ADTPS, for raw coal, in the first six months of FY 2024-25 has been 662 kCal/kg, which is more than 300 kCal/kg allowable as per MYT Regulations, 2019. APL had submitted the detailed justification as to why the GCV loss for raw coal is uncontrollable in the section on truing up of FY 2022-23. Accordingly, APL requests the Hon'ble Commission to exercise its power to relax as per Regulation 105 of the MYT Regulations, 2019 and allow actual GCV loss, subject to the limit of 650 kCal/kg as allowed to MSPGCL in the Order dated 01.02.2024 in Case no. 132 of 2023. Accordingly, APL has considered ceiling of 650 kCal/kg for calculation of fuel cost for FY 2024-25.

Further, for the purpose of estimating the GCV of coal for the second half of FY 2024-25, the actual weighted average GCV for H1 is considered for both domestic and imported coal (APL has procured and consumed Imported Coal in the month of August 2024 and September 2024 only. Therefore, the average GCV for imported coal in August 2024 and September 2024 has been considered for H2 of FY 2024-25).

Accordingly, the GCV considered for provisional truing up of FY 2024-25 are as under:

Table 59: As Billed, As Received GCV and As Fired GCV for FY 2024-25

Particulars/ (kCal/kg)	MTR Order	FY 2024-25 (H1) - Actuals	FY 2024-25 (H2)	FY 2024-25 (Estimates)
As Billed GCV:				
Weighted Average GCV	**3747**	**3725**	**3731**	**3728**
Washed Coal	3747	3637	3637	3637

Particulars/ (kCal/kg)	MTR Order	FY 2024-25 (H1) - Actuals	FY 2024-25 (H2)	FY 2024-25 (Estimates)
Imported Coal	0	4583	4583	4583
Raw Coal	0	3718	3718	3718
As Received GCV:				
Weighted Average GCV	**3730**	**3180**	**3086**	**3132**
Washed Coal	3730	3644	3644	3644
Imported Coal	0	4302	4302	4302
Raw Coal	0	3068	3068	3068
GCV loss:				
Weighted Average GCV	**17**	**545**	**645**	**596**
Washed Coal	17	-8	-8	-8
Imported Coal	0	281	281	281
Raw Coal	0	650	650	650
As Fired GCV:				
Weighted Average GCV	**3766**	**3078**	**2941**	**3008**
Washed Coal	3766	3789	3789	3789
Imported Coal	0	4240	4240	4240
Raw Coal	0	2921	2921	2921
Stacking Loss:				
Weighted Average GCV	**-36**	**102**	**120**	**120**
Washed Coal	-36	-145	-145	-145
Imported Coal	0	62	62	62
Raw Coal	0	146	146	146

Further, the GCV of LDO was considered at 10810 kCal/kg for FY 2024-25 in the MTR Order dated 31.03.2023. The actual GCV of LDO till September 2024 works out to 10,704 kCal/kg. The same has been considered for H2 as well.

4.2.2 Transit Loss and Landed Cost of Fuel for FY 2024-25

The actual transit loss for washed coal, imported coal and raw coal for the first six months of FY 2024-25 has been 0.58%, (0.07)% and 1.10% respectively. For the purpose of provisional truing up of FY 2024-25, APL has considered normative transit loss as per MYT Regulations, 2019 for washed coal, imported coal and raw coal. As regards imported coal, AEML-G had submitted in its MTR Petition (Case no. 229 of 2022) that normative transit loss of 0.8% should be made applicable to imported coal being procured through Dahej port and being transported to ADTPS through Railways, instead of 0.2%. The details of justification provided in the MTR Petition are not repeated here for the sake pf brevity. The Hon'ble Commission in the MTR Order dated 31.03.2023 in Case no. 229 of 2022 did not accept the request of AEML-G and allowed the transit loss at 0.2% only. AEML-G has raised this issue in the Appeal (Appeal no. 543 of 2023) against the MTR Order and the same is pending. Without prejudice to the contentions raised in the said Appeal, APL has claimed normative transit loss of 0.2% for the imported coal being procured in FY 2024-25 and transported through Railways.

As regards fuel cost (Rs./MT), the Hon'ble Commission had considered the fuel cost for FY 2024-25 in the MTR Order based on the actual cost for the period November 2022 to January 2022. For provisional truing up, APL has considered the actual fuel cost for first six months of FY 2024-25. APL has considered the fuel cost (Rs./MT) for H2 based on actual fuel cost for H1 for washed coal and raw coal. The same methodology has also been followed for LDO as well. As regards imported coal, for balance six months of FY 2024-25, APL has considered the average cost for August 2024 and September 2024.. Based on the above, the landed cost of fuel considered for FY 2024-25 is shown in table below:

Table 60: Landed cost of fuel for FY 2024-25

Particulars	MTR Order	FY 2024-25 (H1) - Actuals	FY 2024-25 (H2)	FY 2024-25 (Estimates)
Landed Cost				
Washed Coal (Rs./MT)	5,434	5,358	5,358	5,358
Imported Coal (Rs./MT)	13,164	9,263	9,263	9,263
Raw Coal (Rs./MT)	0	4,886	4,886	4,886
LDO (Rs./KL)	73,185	73,489	73,489	73,489

4.2.3 Fuel Utilization Plan for FY 2024-25

The Hon'ble Commission, while approving the fuel cost for FY 2024-25 in the MYT Order dated 30.03.2020 in Case No. 298 of 2019, had considered a blending ratio of 74:26 (washed coal and imported coal). In the MTR Order dated 31.03.2023, the Hon'ble Commission had approved a blending ratio of 71.2: 28.8 (washed coal and alternate coal) for FY 2024-25, wherein the cost and GCV of alternate coal has been considered at the same level as that of washed coal. The Hon'ble Commission had considered a PLF of 93.1%

for FY 2024-25 in the MTR Order based on the submission of AEML-G and had derived a coal requirement of about 26.23 lakh MT for FY 2024-25.

APL's ADTPS has been receiving coal against the fuel supply agreement from South Eastern Coalfields Ltd (SECL). The FSA is for an annual supply of 24.52 Lakh MT of coal. The FSA has a clause of supply restriction at a level of 90% of allocated quantity. Considering coal beneficiation at washery, the coal availability post washing reduces to 18.75 lakh MT. For the balance coal requirement, APL had submitted that it shall endeavour to source coal through other routes (other than existing FSA) from CIL. Towards this, AEML-G had submitted that in the past (FY 2021-22), AEML-G had signed MoUs with SECL and MCL for supply of 1 MTPA of raw coal in FY 2021-22, on best effort basis. AEML-G had submitted that it shall continue its efforts for sourcing additional coal through other routes from CIL, in order to avoid costly imported coal. Based on the submission of AEML-G, the Hon'ble Commission, in the MTR Order, had accepted the possibility of procurement of domestic coal from CIL under MoU. In the MTR Order, the cost and GCV of the additional/ alternate coal procurement assumed for FY 2024-25 was considered at the same level as the cost and GCV of washed coal.

The actual fuel blending achieved in first six months of FY 2024-25 was 14.70: 2.18: 83.12 (washed coal, imported coal and raw coal). As submitted in the section on truing up of FY 2022-23, the washery faced interruptions in its operations during July 2022. Due to the same the washery operation was completely halted from mid July 2022 to mid September 2022. In September 2022, the washery commenced its operations. However, the washery capacity to produce clean coal reduced. Consequently SECL reduced the Dispatch Order (DOs) issued in road mode. While the washery capacity gradually increased later, SECL did not increase sufficient DOs by road mode for delivery of coal to washery (from Korba and Dipka mines in Chhattisgarh), due to shortage of coal from these two mines. Instead SECL increased DOs by rail mode (which is from other mines of SECL in Chhattisgarh) for delivery of raw coal to ADTPS. Due to shortage of coal from Korba and Dipka mines, sufficient DOs in road mode were not issued by SECL, which resulted in inability of washery to provide required no. of clean coal rakes. No washed coal has been received from washery in June 2024, August 2024 and September 2024, while only 8124.60 MT of was received in July 2024. Therefore, APL had to increase its reliance on raw coal for power generation. Further, APL has procured limited quantity of around 48,000 MT of imported coal in FY 2024-25 to make up for the coal shortfall.

As there is no clarity regarding receipt of washed coal, APL has considered the balance coal requirement to be met from raw coal and imported coal only. Around 28268 MT of imported coal has been fired in first six months of FY 2024-25. The balance 19732 MT (48000 MT – 28268 MT) of imported coal is considered to be used in balance six months of FY 2024-25. The rest of the coal requirement (considering the GCV and gross generation for balance six months) has been assumed to be met through raw coal. Based on the above, the blending ratio for balance six months of FY 2024-25 works out to 0: 1.5: 98.5 (washed coal, imported coal and raw coal). Considering the same, the blending ratio for entire FY 2024-25 works out to 7.2: 1.8: 90.9 (washed coal, imported coal and raw coal).

As per Regulation 40.8 of the MYT Regulations, 2019, the Hon'ble Commission may modify the fuel utilization plan for the remainder of the Control Period suo-motu or on a Petition filed by the Generating Company, as reproduced below:

> *"The Commission may, as a result of additional information not previously known or available to the Commission at the time of approval of the Fuel Utilisation Plan under Regulation 40.1, if it deems appropriate, suo motu or on a Petition filed by the Generating Company, modify the Fuel Utilisation Plan for the remainder of the Control Period, as part of the Mid-term Review."*

As this instant Petition is not Mid Term Review Petition, APL requests the Hon'ble Commission to exercise its power to remove difficulties as per Regulation 106 of the MYT Regulations, 2019 and approve the revised fuel utilization plan (blending ratio) for FY 2024-25, as submitted above.

4.2.4 Fuel cost for FY 2024-25

Based on the performance parameters, GCV and fuel cost considered above, the estimated fuel cost for FY 2024-25 along with the fuel cost for FY 2024-25 approved in the MTR Order dated 31.03.2023, is shown in the table below:

Table 61: Fuel cost for FY 2024-25

Particulars/ (Rs. Cr)	MTR Order	FY 2024-25 (Estimates)
Total Fuel cost	1440.48	1330.44

Actual fuel cost for FY 2024-25 based on the actual performance parameters, actual GCV and actual cost of fuel shall be presented at the time of truing up, along with the share of efficiency gains in fuel cost as per MYT Regulations, 2019.

4.2.5 PLF Incentive for FY 2024-25

The PLF incentive, if any, based on actual PLF for entire FY 2024-25 as per MYT Regulations, 2019, shall be presented at the time of truing up of FY 2024-25. No PLF incentive has been considered for the purposes of provisional true-up.

4.3 Operation and Maintenance (O&M) Expense

The normative O&M expense allowed for FY 2024-25 in the MTR Order dated 31.03.2023 is shown in the table below:

Table 62: Approved O&M expense for FY 2024-25 in MTR Order

Particulars / (Rs. Crore)	Approved in MTR Order
O&M Expense	184.65
Corporate Expense	19.84
Water Charges	2.50
Cost recovery charges	0.98
Total O&M Expense	**207.98**

The methodology for allowing normative O&M expense as per MYT Regulations, 2019 is reproduced below:

> *"**The Operation and Maintenance expenses for each subsequent year shall be determined by escalating these Base Year expenses of FY 2019-20 by an inflation factor** with 50% weightage to the average yearly inflation derived based on the monthly Wholesale Price Index of the respective past five financial years as per the Office of Economic Advisor of Government of India and 50% weightage to the average yearly inflation derived based on the monthly Consumer Price Index for Industrial Workers (all-India) of the past five financial years as per the Labour Bureau, Government of India, as reduced by an efficiency factor of 1% or as may be stipulated by the Commission from time to time, to arrive at the permissible Operation and Maintenance expenses for each year of the Control Period:*
>
> *............................*
>
> ***Provided further that the efficiency factor shall be considered as zero, in case the Availability Factor of all Generating Units/Stations of the Generating Company is higher than NAPAF**, or there is an improvement in the Availability Factor of all Generating Units/Stations of the Generating Company of at least 2 percent annually*

over the last 3 years, in case the Availability Factor of all Generating Units/Stations of the Generating Company is lower than NAPAF." ***(Emphasis added)***

The escalation factor applicable for FY 2023-24, as submitted in the section for truing up of FY 2023-24, is 5.36%. The availability of ADTPS has always been more than the target availability factor (NAPAF) of 85% as per MYT Regulations, 2019. Hence the efficiency factor to be considered for APL is zero. As of now, APL has considered the escalation factor worked out for FY 2023-24, for estimating expenses for FY 2024-25 in this petition. The normative O&M expense for FY 2024-25 based on the WPI/ CPI inflation till FY 2024-25 shall be submitted at the time of truing up of FY 2024-25 in accordance with MYT Regulations, 2019. Considering the same, the provisional normative O&M expense applicable for FY 2024-25 is as shown in table below:

Table 63: O&M Expense for FY 2024-25

Particulars / (Rs. Crore)	Revised Estimates
O&M Expense	187.81
Corporate Expense	20.18
Water Charges	4.72
Cost recovery charges	1.40
Total O&M Expense	**214.11**

APL has estimated the Corporate Expense for FY 2024-25 by escalating the allowable Corporate expense for FY 2023-24 (Rs. 19.15 Crore – as submitted in the section on provisional truing up of FY 2023-24) with 5.36%. The water charges and cost recovery charges for FY 2024-25 have been claimed at the same level as that of actuals for FY 2023-24, separately as per past practice. APL requests the Hon'ble Commission to approve the normative O&M expense for FY 2024-25 as shown in the table above.

Further, there are certain works planned to be carried out under Non-DPR schemes in FY 2024-25,which as per the directive of the Hon'ble Commission in the MTR Order, have been held as O&M nature works. Therefore, for the purpose of regulatory accounts, APL has recategorized these works under Repair and Maintenance and is seeking additional O&M expenses to the tune of Rs. 22.58 Crore on account of such works. The details relating to such works along with justification for carrying out these works are provided in **Annexure 27 (Soft Copy only)**.

As submitted in the section on truing up for FY 2022-23, APL's actual O&M expense had not included the expenses of this nature in the past, as such expenses have earlier been allowed under capital cost. Hence comparing the normative expense with the actual expense after including the said expense shifted from Non-DPR to O&M will be unfair. Therefore APL has claimed such expenses separately over and above the normative expenses claimed for FY 2024-25 on provisional basis. The actual expenses for such works of O&M nature that are expected to be carried in FY 2024-25 shall be presented at the time of truing up of FY 2024-25 together with details relating to such works and justification for carrying out such works.

As submitted in the section on truing up of FY 2022-23 and FY 2023-24, the Hon'ble Commission has also recognised this possibility of increase in O&M expenses on account of certain expenses getting shifted from capex to O&M. Vide the MERC (Multi Year Tariff) (Second amendment) Regulations, 2022, it has been stated that the Hon'ble Commission may consider any request for revision of normative O&M expenses on account of consideration of some Schemes under O&M rather than Capital Investment on case-to-case basis, depending on the justification to be submitted by the Applicant. The same is reproduced below:

> *"47.1 (h) The Commission may consider any request for revision of the normative O&M expenses on account of consideration of some Schemes under O&M rather than Capital Investment on case-to-case basis, depending on the justification to be submitted by the Applicant and the life-cycle cost analysis:*
>
> *Provided that if actual O&M expenses are lower than normative O&M expenses on this account, then no sharing of efficiency gains shall be done to that extent."*

APL submits that detailed justification and life cycle cost analysis of the schemes of O&M nature shall be provided at the time of truing up of FY 2024-25. For the purpose of provisional truing up of FY 2024-25, APL requests the Hon'ble Commission to allow the expenses towards these works, which have been held by the Hon'ble Commission as O&M nature, over and above normative O&M expense for FY 2024-25. This will ensure that there will be no cash flow issue for ADTPS to carry out such works of O&M nature. The total O&M expense claimed for FY 2024-25 is shown in table below:

Table 64: Total O&M Expense for FY 2024-25

Particulars / (Rs. Crore)	Revised Estimates	Expense shifted from Non-DPR to O&M	Total
O&M Expense	187.81	22.58	210.39
Corporate Expense	20.18		20.18
Water Charges	4.72		4.72
Cost recovery charges	1.40		1.40
Total O&M Expense	**214.11**	**22.58**	**236.69**

It is further submitted that while APL has, on its own excluded works which have been held as O&M nature from capex and is claiming the same as additional O&M, APL requests the Hon'ble Commission that, as part of true-up / provisional true-up exercise, if any other works are additionally held as being O&M nature, the Hon'ble Commission may kindly allow the expenses towards the same under O&M cost allowance.

4.4 Rescheduling Charges for FY 2024-25

As submitted in the section on truing up of FY 2022-23 and FY 2023-24, MSLDC has levied rescheduling charges on ADTPS due to revision in scheduling as per Deviation Settlement Mechanism (DSM) Regulations, 2019. Since the said cost was not part of actual O&M expense in earlier years, the same does not form part of the normative O&M expense for FY 2024-25. Hence the said expenses need to be allowed as a separate line item in the ARR. As the rescheduling charges cannot be quantified at this moment, the same shall be claimed at the time of truing up of FY 2024-25.

4.5 Capitalization in FY 2024-25

The Hon'ble Commission had approved a capitalization of Rs. 39.52 Crore in FY 2024-25 in the MTR Order dated 31.03.2023. The estimated expenses for various works planned to be carried out in FY 2024-25 at ADTPS is Rs. 50.07 Crore. However, as submitted above, certain works being undertaken at ADTPS as capital expenditure under Non-DPR category have been held by the Hon'ble Commission in the MTR Order as O&M nature works, instead. Accordingly, these works (amounting to Rs. 22.58 Crore) are excluded from total capitalisation and claimed under O&M expenses, as already submitted above. Therefore, only the expenses pertaining to balance works (Rs. 27.49 Crore) have been claimed under capex for FY 2024-25.

It is submitted here that majority of the works envisaged to be carried out under capex will be carried out under NDPR schemes. As per the MERC (Approval of Capital Investment Schemes) Regulations, 2022, capital investment schemes of value exceeding Rs. 25 Crore shall be considered as DPR Schemes. ADTPS has completed more than 29 years of operational life and therefore many of its systems or their components have deteriorated beyond repair. Also exposure to saline atmosphere adds to the deterioration. Therefore, capex schemes at ADTPS involves replacement of deteriorated/ worn out components of different systems or replacement of obsolete components for which repair support is no longer available. The expenses on such schemes are usually much lower than Rs. 25 Crore and hence they are carried out under NDPR schemes only.

Regulation 24.7 of the MYT Regulations, 2019, with respect to Non-DPR schemes, is reproduced below:

> *"The cumulative amount of capitalisation against non-DPR schemes for any Year shall not exceed 20% or such other limit as may be stipulated by the Commission through an Order, of the cumulative amount of capitalisation approved against DPR schemes for that Year"*

The cumulative Non-DPR capitalization as a % of cumulative DPR capitalization for APL from FY 2020-21 to FY 2024-25 is shown in table below:

Table 65: Cumulative Non-DPR Capitalization as % of cumulative DPR capitalization from FY 2020-21 to FY 2024-25

Particulars/ (Rs. Crore)	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	Cumulative
DPR capitalization	23.26	47.65	20.78	11.51	1.47	**104.67**
Non-DPR capitalization	4.39	2.53	1.81	10.21	26.02	**44.95**
% of Non-DPR against DPR capitalization	**19%**	**5%**	**9%**	**89%**		**43%**

As seen from the above, the Non-DPR capitalization at the end of FY 2024-25 is more than 20% of capitalization against DPR schemes. It is because of the peculiarities of capex jobs at ADTPS, which are largely small schemes for different systems of the power plant. In this regard, the first proviso to Regulation 24.7 of the MYT Regulations, 2019 states that the

Hon’ble Commission may allow capitalization against non-DPR schemes for any Year in excess of 20%, on a request made by the Generating Company or Licensee or MSLDC, as reproduced below:

> *“Provided that the Commission may allow capitalisation against non-DPR schemes for any Year in excess of 20% or such other limit as may have been stipulated by the Commission through Order, on a request made by the Generating Company or Licensee or MSLDC”*

Further, the Hon’ble Commission has issued MYT (Second Amendment) Regulations, 2023, which recognised the possibility of breach of 20% limit of Non-DPR on account of increase in DPR limit from Rs. 10 Crore to Rs. 25 Crote. The relevant proviso inserted in the MYT Regulations, through the above amendment, is as under:

> *“Provided also that the Commission shall allow capitalisation against non-DPR schemes for any Year in excess of 20% or such other limit as may have been stipulated by the Commission through Order, in case the limit of Non-DPR Schemes has been exceeded on account of increase in the limit for consideration as DPR Scheme from Rs. 10 Crore to Rs. 25 Crore, as specified in Regulation 4.1 of the MERC(Approval of Capital Investment) Regulations, 2022, as amended from time to time.”*

In view of the above, APL requests the Hon’ble Commission to approve the capitalization in FY 2024-25 on provisional basis under NDPR schemes in excess of 20% of DPR capitalization for FY 2024-25 as per the above proviso. A brief description of proposed works under NDPR schemes to be carried out during FY 2024-25 is provided below in **Annexure 27 (Soft Copy only).** As the asset class wise capitalization estimated for FY 2024-25 cannot be projected at this stage, APL has considered the capitalization in asset classes in FY 2024-25 in the same ratio as that of FY 2023-24. The actual capitalization (along with actual IDC, if any) for FY 2024-25 shall be presented at the time of truing up of FY 2024-25. Further, no asset retirement has been considered for the purpose of provisional truing-up of FY 2024-25. APL requests the Hon'ble Commission to approve the capitalization presented above.

4.6 Depreciation for FY 2024-25

For the purpose of depreciation for FY 2024-25, APL has considered the opening asset balances of FY 2024-25 and has determined the depreciation for these assets for FY 2024-25 considering the depreciation rates as per MYT Regulations, 2019 and as per first proviso to Regulation 28.1 (b) of MYT Regulations, 2019. The calculations are attached herewith as **Annexure 28 (Soft Copy only)**. For the assets estimated to be added in FY 2024-25 in various asset classes, depreciation for the year has been calculated considering the rates as per MYT Regulations, 2019 and with the assumption that the assets shall be added mid-way through the year. Depreciation for FY 2024-25 has been estimated by adding the depreciation on opening assets for FY 2024-25 and depreciation on assets estimated to be added in FY 2024-25. The actual depreciation for FY 2024-25 shall be presented considering the actual asset addition and retirement and based on number of days the assets were in service at the time of truing up of FY 2024-25.

Table 66: Depreciation for FY 2024-25

Particulars / (Rs. Crore)	MTR Order	FY 2024-25 (Estimates)
Opening GFA	2,077.13	2,068.89
Addition	39.52	27.49
Closing GFA	2,116.65	2,096.38
Depreciation	38.99	30.36

APL requests the Hon'ble Commission to approve the actual depreciation for FY 2024-25 as presented above.

4.7 Financing plan for Capital Expenditure

Regulation 27 of the MYT Regulations, 2019 specifies that the funding of capex shall be in the normative Debt Equity ratio of 70:30. APL submits that it shall fund the capex requirement by debt to the extent of 70% only. Hence, for the purpose of ARR and tariff for FY 2024-25, APL has considered the debt equity ratio of 70:30 on provisional basis. AEML-T submits that, so far, in FY 2024-25, no new loans for undertaking capital expenditure have been undertaken and hence all capital expenditure is being funded through internal accruals.

4.8 Interest on Loans

As per Regulation 30.5 of MYT Regulations, 2019, the rate of interest shall be the weighted average rate of interest computed on the basis of actual long term loan portfolio at the beginning of each year. AEML's loan portfolio continues to comprise of the same set of loans as FY 2023-24 as no new loans have been taken during FY 2024-25. The weighted average interest rate considering the opening balance of actual loans for FY 2024-25 works out to 9.28%.

Table 67: Interest rate for FY 2024-25

Source of Loan	Opening Loan Balance (Rs. Crore)	Interest Rate (%)
USD Bond	6269.64	9.05%
GMTN	2231.99	8.71%
Sub Debt	2009.64	10.61%
Weighted Average		**9.28%**

It is submitted that the ownership of ADTPS has been changed from AEML to APL with effect from 30.09.2024. Hence the weightage average interest rate for AEML at the beginning of FY 2024-25 is not applicable to APL. However, for the purpose of provisional truing up of FY 2024-25, APL has considered the rate as 9.28%. APL shall present its actual interest rate at the time of truing up of FY 2024-25. For the purposes of provisional truing up of FY 2024-25, no reduction of normative loan due to asset retirement has been considered. The same shall be considered at the time of truing up of FY 2024-25.

Table 68: Interest on loans for FY 2024 25

Particulars / (Rs. Crore)	MTR Order	FY 2024-25 (Estimates)
Opening Balance	119.45	120.45
Addition of new loans	27.66	19.24
Repayment	38.99	30.36
Closing Balance	108.12	109.33
Interest Rate (%)	8.34%	9.28%
Interest on Loans	9.49	10.66

It is submitted that the transfer of ADTPS to APL has happened from 1st October 2024. Therefore, subsequent to the transfer, the loan portfolio of APL would become relevant for allowing interest on loan capital. Accordingly, at the time of true-up of FY 2024-25, the actual interest on loan capital would be determined considering the loan portfolio of AEML till 30th Sept. 2024 and the loan portfolio of APL from 1st October 2024. For the instant petition, as the interest allowance is only provisional, the loan portfolio of AEML as at the beginning of FY 2024-25 is considered.

APL requests the Hon'ble Commission to approve the interest expenses for FY 2024-25 presented above.

4.9 Financing Charges

Regulation 30.8 of the MYT Regulations, 2019 specifies that the finance charges incurred for obtaining loans from financial institutions for any year shall be allowed by the Hon'ble Commission at the time of truing-up, subject to prudence check. Accordingly, APL shall submit the financing charges incurred for FY 2024-25 at the time of truing up of FY 2024-25, considering both the financing charges of AEML and APL as incurred during FY 2024-25.

4.10 Foreign Exchange Rate Variation (FERV)

No FERV loss or gain has been claimed at this stage of provisional true-up. The actual loss / gain shall be presented at the time of true-up.

4.11 Return on Equity (RoE)

The MYT Regulations, 2019 provides for allowing RoE in two parts i.e. Base RoE and additional RoE linked to actual performance. The additional RoE shall be allowed at the time of truing up for respective years based on actual performance. In the MTR Order dated 31.03.2023, the Hon'ble Commission had allowed the Base RoE only. Further, the second proviso to Regulation 34.4 of MYT Regulations, 2019 provides as follows:

> *"Provided further that effective tax rate shall be estimated for future year based on actual tax paid as per latest available Audited accounts, subject to prudence check."*

As per this proviso, the Hon'ble Commission had considered the Effective tax rate for FY 2024-25 at MAT rate (17.47%) while allowing pre-tax RoE for FY 2024-25 in the MTR Order since AEML as a whole had paid income tax at MAT rate in FY 2021-22. As submitted in the sections on truing up of FY 2022-23 and, AEML as a whole has paid income tax at MAT rate. Therefore, for provisional truing up of FY 2024-25, APL has claimed Effective tax rate at MAT rate only.

Table 69: RoE for FY 2024-25

Particulars / (Rs. Crore)	MTR Order	FY 2024-25 (Estimates)
Regulatory Equity at the beginning of year	671.80	669.34
Capitalization during the year	39.52	27.49
Equity portion of capitalization during the year	11.86	8.25
Regulatory Equity at the end of year	683.66	677.58
Return on Regulatory Equity at beginning of year	113.98	113.54
Return on Regulatory Equity addition during the year	1.01	0.70
RoE	**114.97**	**114.24**

APL requests the Hon'ble Commission to approve the return on equity for FY 2024-25 presented above.

4.12 Interest on Working Capital

Regulation 32 of the MYT Regulations, 2019 specifies the constituents of working capital allowable to a generating company. APL has computed the normative interest on working capital in accordance with the MYT Regulations, 2019.

APL has considered the coal of coal towards 30 days stock on provisional basis for calculation of normative working capital requirement. Also cost of coal for 30 days of generation and cost of secondary fuel oil for 2 months at estimated PLF has been considered on provisional basis, Further, maintenance spares have been considered as 1% of opening GFA for FY 2024-25. APL has also considered one month's O&M expense for the provisions of Regulation 32 of the MYT Regulations, 2019.

Further as per Regulation 32.1 (a) (vii) of the MYT Regulations, 2019, payable for fuel to the extent of thirty days of the cost of fuel have to be considered depending on the modalities of payment. As submitted in the section on truing up of FY 2022-23, payments for domestic coal, railway freight and LDO are being made by APL in advance. For imported coal, the weighted average credit period available in FY 2023-24 was 22 days. Hence APL has considered 22 days of cost of imported coal towards payables for fuel in normative working capital requirement on provisional basis. As per first proviso to Regulation 32.4 (v) of MYT Regulations, 2019, for computing normative working capital requirement of Distribution Licensee – Retail business, in case of power procurement from own Generating Stations of the Retail Supply Business, no amount shall be reduced from working capital requirement towards payables. By the same logic, the receivables equivalent to forty five days of revenue (sum of revenue from fixed charges and energy charges) was not being considered for ADTPS since it was part of AEML in previous years. As submitted above, the ownership of ADTPS has been shifted from AEML to APL with effect from 30.09.2024. Therefore for calculation of normative working capital requirement for ADTPS for FY 2024-25, half of forty five days of receivables from revenue from fixed charges and revenue charges has been considered. As per MYT Regulations, 2019, the Base Rate has been defined as One year MCLR of SBI plus 150 basis points. As on the date of filing the Petition as per MYT Regulations, 2019, the SBI one year MCLR plus 150 Basis Points works out to 10.50%. On the basis of this, the normative interest on working capital as per MYT Regulations, 2019 is worked out as shown in the table below:

Table 70: Interest on working capital for FY 2024-25

Particulars / (Rs. Crore)	**MTR Order**	**FY 2024-25 (Estimates)**
Cost of Coal towards stock		108.36
Cost of coal towards 30 days of generation		108.36
Cost of Secondary Fuel Oil for 2 months		2.01
O&M expenses		17.84
Maintenance Spares		20.69
Receivables		117.78
Less: Payables for Fuel		2.68
Total Working Capital Requirement	**254.52**	**372.36**
Interest Rate (%)	9.45%	10.50%
Interest on Working Capital	**24.05**	**39.10**

APL has availed short term loans to fund its working capital requirement in FY 2024-25. APL shall present the actual interest on working capital along with the net entitlement at the time of truing up of FY 2024-25.

4.13 Non-Tariff Income (NTI)

APL has considered the estimated NTI for FY 2024-25 at the same level as that of actuals for FY 2023-24, as shown in table below:

Table 71: NTI for FY 2024-25

Particulars/ (Rs. Crore)	MTR Order	FY 2024-25 (Estimates)
Income from Sale of Scrap	1.70	1.07
Income from sale of ash/rejected coal	17.09	9.32
Income from Rental from contractors	0.20	0.19
Income from commercial training	0.16	0.11
Other/Miscellaneous receipts	0	0.15
Total	**19.15**	**10.83**

The Hon'ble Commission is requested to approve the Non-Tariff Income for FY 2024-25 as shown above.

4.14 Revenue from Sale of Power

The revenue from sale of electricity generated at ADTPS is at the rate of energy charge (plus FAC) and fixed charged as approved by the Hon'ble Commission in the MTR Order dated 31.03.2023. The revenue approved for FY 2024-25 in the MTR Order dated 31.03.2023 and the estimated revenue for FY 2023-24 are shown in the table below. It is submitted herewith currently, that in FAC approvals for AEML-D, the Hon'ble Commission has been allowing the normative fuel cost of ADTPS by limiting the GCV loss of raw coal at 300 kcal/kg. However, in the instant Petition, APL has prayed for allowing relaxation in GCV loss for raw coal (between As Billed and As Received GCV) to the extent of 650 kcal/kg. Hence the revenue recoverable from beneficiary (AEML-D) in FY 2024-25 will be lower. For the purpose of provisional truing up of FY 2024-25, APL has considered the revenue from energy charges at the same level as the estimated fuel cost for FY 2024-25. The actual revenue from energy charges for FY 2024-25 recovered from beneficiary (AEML-D) shall as per FAC approvals shall be presented at the time of truing up of FY 2024-25.

Table 72: Revenue for FY 2024-25

Particulars/ (Rs. Crore)	MTR Order	FY 2024-25 (Estimates)
Fixed Cost	376.33	376.33

Particulars/ (Rs. Crore)	MTR Order	FY 2024-25 (Estimates)
Variable Cost	1440.48	1161.37
FAC		169.07
Total	**1816.81**	**1706.77**

4.15 Summary of Provisional Truing up for FY 2024-25

Based on the above, the summary of provisional truing up for FY 2024-25 is shown in the table below:

Table 73: Provisional Truing up Summary for FY 2024-25

Particulars / (Rs. Crore)	MTR Order	FY 2024-25 (Estimates)
Fuel Related Expenses	1440.48	1330.44
Operation & Maintenance Expenses	207.98	214.11
Expense shifted from Non-DPR to O&M		22.58
Depreciation	38.99	30.36
Interest on Loan Capital	9.49	10.66
Interest on Working Capital	24.05	39.10
Total Revenue Expenditure	**1720.99**	**1647.25**
Add: Return on Equity Capital	114.97	114.24
Less: Non-Tariff Income	19.15	10.83
Total ARR	**1816.81**	**1750.66**
Revenue		
Fixed charge	376.33	376.33
Energy charge	1,440.48	1,330.44
Revenue gap/ (surplus)	**0**	**43.89**

The Hon'ble Commission is requested to approve the revenue gap for FY 2024-25 as shown above.

5 AGGREGATE REVENUE REQUIREMENT FROM FY 2025-26 TO FY 2029-30

In this section, Adani Power Ltd. has presented the projections of ARR and tariff for five years of next Control period (FY 2025-26 to FY 2029-30). The projections are based on the following:

1. Hon’ble Commission vide Order dated 26.12.2024 in Petition No. 140 of 2024 has directed AEML-D to enter into a PPA for supply of 500 MW from ADTPS on the same terms and conditions of existing power purchase arrangement between Adani Electricity Mumbai Ltd.-Distribution and Adani Electricity Mumbai Ltd.-Generation for the period 1 April 2025 till 31 March 2030. AEML-D and APL have signed the PPA for the period 1 April 2025 to 31 March 2030 in terms of Hon’ble Commission’s direction.
2. The actual cost, performance parameters and other technical and financial parameters of previous years.
3. Assumptions for the operational parameters and cost, rationale of which is provided subsequently in this section.
4. Capex plan on new schemes to be submitted for approval of the Commission.
5. Regulatory provisions as per MYT Regulations, 2024 and determination of normative cost accordingly.

5.1 Term of PPA

The Hon'ble Commission in AEML-D’s MTR Order dated 31.03.2023 in Case no. 231 of 2022 had directed AEML-D to extend the PPA with ADTPS till March 2025. Accordingly the PPA between ADTPS and AEML-D was extended till 31st March 2025 vide meeting between Adani Power Ltd. and AEML-D on 24.07.2023 and intimation of the same was made to the Hon'ble Commission on 03.08.2024. As submitted above, AEML-D and Adani Power Ltd. had filed a Petition before the Hon’ble Commission (Case no. 154 of 2024), for seeking approval of the Power Purchase Agreement duly agreed between AEML and Adani Power Limited for procurement of power from Adani Dahanu Thermal Power Station (ADTPS). This is because ADTPS is being carved out from AEML and is being taken over by Adani Power Ltd with effect from 1st October 2024. The Hon’ble Commission in its Interim Order dated 01.10.2024 had permitted AEML-D to continue procuring power from ADTPS (after transfer to Adani Power Ltd.) without change in any terms and conditions. Subsequently, vide its order dated 26.12.2024 in Petition No. 140

of 2024 filed by AEML-D the Hon'ble Commission has directed AEML-D to enter into a PPA with APL for supply of 500 MW power from ADTPS on the same terms and conditions of existing power purchase arrangement between Adani Electricity Mumbai Ltd.-Distribution and Adani Electricity Mumbai Ltd.-Generation for the period 1 April 2025 till 31 March 2030. AEML-D and APL have signed a PPA for the period 01.04.2025 to 31.03.2030 in terms of the directions of the Hon'ble Commission. In the instant Petition, Adani Power Ltd. has submitted projections the ARR of ADTPS for each year of the Fifth Control Period for the consideration of the Hon'ble Commission. The charges shall be recovered from AEML-D in terms of the PPA to be entered into pursuant to the directions by Hon'ble Commission. The Hon'ble Commission is therefore requested to approve the fixed charges and energy charges for ADTPS for each year of Control Period.

5.2 Operational Performance for Control Period

Adani Power Ltd. has considered the operational norms specified in MYT Regulations, 2024 for projecting energy charge for the next control period. As regards availability and PLF, Adani Power Ltd. has considered the following days of planned outages and unplanned outages, which are required for calculation of gross / net generation and fuel cost.

Table 74: No. of outage days (planned and unplanned) in next Control Period

Year	No. of outage days	Remarks
FY 2025-26	➢ 5 – towards planned outage ➢ 10 – towards unplanned outage	➢ 10 days of planned outage for Boiler License renewal for Unit 2 ➢ 20 days of unplanned outage of either Unit 1 or 2 due to unforeseen events
FY 2026-27	➢ 25 – towards planned outage ➢ 5 – towards unplanned outage	➢ 50 days of planned outage for Boiler License renewal for Unit 1 and for Annual overhaul for Unit 2 ➢ 10 days of unplanned outage of Unit 1 or 2 due to unforeseen events
FY 2027-28	➢ 20 – towards planned outage	➢ 40 days of planned outage for Annual overhaul of Unit 1

Year	No. of outage days	Remarks
	➢ 5 – towards unplanned outage	➢ 10 days of unplanned outage of Unit 1 or 2 due to unforeseen events
FY 2028-29	➢ 5 – towards planned outage ➢ 10 – towards unplanned outage	➢ 10 days of planned outage Boiler License renewal for Unit 2 ➢ 20 days of unplanned outage of Unit 1 or 2 due to unforeseen events
FY 2029-30	➢ 20 – towards planned outage ➢ 5 – towards unplanned outage	➢ 40 days of planned outage for Boiler License renewal for Unit 1 and for Annual overhaul for Unit 2 ➢ 10 days of unplanned outage of Unit 1 or 2 due to unforeseen events

Note 1: Adani Power Ltd. has considered higher unplanned outage days (10 days) in those years when Annual overhaul has not been planned, considering the possibility that there could be more number of unplanned outages due to lack of overhaul.

As per Regulation 47.15 of the MYT Regulations, 2024, the Aux. consumption (without FGD consumption) is 8.50% for 250 MW sets of existing generating stations. It is submitted that as per first proviso to Regulation 47.15, the Aux. consumption shall be increased by 0.8% in case the generating station uses tube type coal mills. As ADTPS uses tube type coal mills, Adani Power Ltd. has considered normative aux consumption as 9.3% for FY 2025-26 to FY 2029-30.

It is submitted that the same provision also existed in the earlier MYT Regulations, 2019 as well. However, the Hon'ble Commission had disregarded the claim of Adani Power Ltd. (earlier AEML-G) and only permitted 8.50% as Aux. consumption for ADTPS. This matter is under appeal before the Hon'ble ATE in Appeal No. 395 of 2022. However, as the new Control Period is governed by the new MYT Regulations of 2024, Adani Power Ltd. is again claiming the normative aux consumption as 9.3%, in view that the concerned clause of the MYT Regulations applies unequivocally to all generating stations, without any exception or qualification and hence it clearly covers ADTPS as well. Basis the above, the operational parameters considered ADTPS for the period FY 2025-26 to FY 2029-30 are as under:

Table 75: Operational parameters from FY 2025-26 to FY 2029-30

Particulars	UoM	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Availability	%	95.89%	91.78%	93.17%	95.89%	93.15%
PLF	%	95.89%	91.78%	93.17%	95.89%	93.15%
Heat Rate	kCal/ kWh	2415	2415	2415	2415	2415
Aux Power Consumption (excluding FGD plant)	%	9.30	9.30	9.30	9.30	9.30
Aux power consumption for FGD plant	%	1.20	1.20	1.20	1.20	1.20
Aux Power Consumption (including FGD plant)	%	10.50	10.50	10.50	10.50	10.50
Secondary oil consumption	ml/k Wh	0.50	0.50	0.50	0.50	0.50
Gross Generation	MU	4,200	4,020	4,092	4,200	4,080
Net Generation	MU	3,759	3,598	3,662	3,759	3,652

5.3 Fuel Cost for the Control Period

5.3.1 Gross Calorific Value (GCV) of coal and secondary fuel oil

The first proviso to Regulation 51.6 of the MYT Regulations, 2024 is reproduced below:

> *"Provided that the landed cost of primary fuel and secondary fuel for tariff determination shall be based on actual weighted average cost of primary fuel and secondary fuel of the three preceding months, and in the absence of landed costs for the three preceding months, latest procurement price of primary fuel and secondary fuel for the generating Station, preceding the first month for which the Tariff is to be determined for existing stations, and immediately preceding three months in case of new generating stations shall be taken into account:"*

As per the above proviso, for the purpose of tariff determination for future, the cost of primary fuel and secondary fuel shall be considered based on actual weighted average cost of primary fuel and secondary fuel of the three preceding months. Therefore, the GCVs for tariff determination for future should also be considered based on actual weighted GCVs for three preceding months, i.e. for the months of July 2024, Aug 2024 and Sept 2024. Accordingly, for washed coal and raw coal, Adani Power Ltd. has considered the GCVs for each year of Control Period based on the average GCVs from

July 2024 to Sept 2024. No consumption of imported coal has been envisaged in the next Control period in view of prevailing higher price of imported coal. However, for the purpose of fuel price, Adani Power Ltd. has considered the average price of imported coal for August 2024 and Sept 2024.

As per Regulation 51.6 of the MYT Regulations, 2024, the maximum GCV loss allowable is 750 kCal/kg and maximum stacking loss allowable is 85 kCal/kg. Adani Power Ltd. has considered the above ceiling values while calculating fuel cost for each year of next control period. Accordingly, the GCVs considered from FY 2025-26 to FY 2029-30 are as under:

Table 76: As Billed, As Received GCV and As Fired GCV from FY 2025-26 to FY 2029-30

Particulars/ (kCal/kg)	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
As Billed GCV:					
Weighted Average GCV	**3576**	**3576**	**3576**	**3576**	**3576**
Washed Coal	3679	3679	3679	3679	3679
Imported Coal	4583	4583	4583	4583	4583
Raw Coal	3576	3576	3576	3576	3576
As Received GCV:					
Weighted Average GCV	**2875**	**2875**	**2875**	**2875**	**2875**
Washed Coal	3679	3679	3679	3679	3679
Imported Coal	4302	4302	4302	4302	4302
Raw Coal	2875	2875	2875	2875	2875
GCV loss:					
Weighted Average GCV	**701**	**701**	**701**	**701**	**701**
Washed Coal	0	0	0	0	0
Imported Coal	281	281	281	281	281
Raw Coal	701	701	701	701	701
As Fired GCV:					
Weighted Average GCV	**2714**	**2714**	**2714**	**2714**	**2714**
Washed Coal	3635	3635	3635	3635	3635
Imported Coal	4240	4240	4240	4240	4240
Raw Coal	2714	2714	2714	2714	2714
Stacking Loss:					
Weighted Average GCV	**85**	**85**	**85**	**85**	**85**
Washed Coal	44	44	44	44	44

Particulars/ (kCal/kg)	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Imported Coal	62	62	62	62	62
Raw Coal	161	161	161	161	161

Note: Weighted average stacking loss has been limited to 85 kCal/kg as per MYT Regulations, 2014 in the above table.

Further, Adani Power Ltd. has considered the GCV of LDO as 10693 kCal/kg, based on the actual GCV from July 2024 to Sept 2024 for calculation of fuel cost for next Control Period. As regards transit loss Adani Power Ltd. has considered the normative transit loss of 0.8% for raw coal for calculation of fuel cost.

5.3.2 Fuel Utilization Plan for the Control Period

As per Regulation 40.1 of the MYT Regulations, 2024, the Generating Company shall submit a Fuel Utilization Plan for the Control Period along with MYT Petition. As per Regulation 40.3 of the MYT Regulations, 2024, the Fuel Utilization Plan shall comprise of:

(a) Forecast of fuel requirement for each unit/station;

(b) Details of contracted source, annual contracted quantity, estimated availability from contracted sources and resultant shortage of fuel, if any, for each unit/station;

(c) Use of optimum mix of fuel;

(d) Alternate arrangement for meeting shortage of fuel along with impact on variable cost of unit/station;

(e) Plan for swapping of fuel source for optimising the cost, if any, along with detailed justification and cost savings;

(f) Net cost savings in variable cost of each unit, if any, after optimum utilisation of Fuel.

As per first proviso to Regulation 40.3, forecast of fuel utilization shall be prepared for each month over next Control Period. As per second proviso, Fuel Utilization Plan shall be prepared based on past data and reasonable assumptions for future. In the context of the above, Adani Power Ltd. hereby provides its submissions with respect to the Fuel Utilization Plan:

(a) Forecast of fuel requirement for each unit/station:

Adani Power Ltd. does not envisage use of Washed Coal during the Control Period. As submitted in the sections of truing up of FY 2022-23 and FY 2023-24, the washery faced interruptions in its operations during July 2022. Due to the same the washery operation was completely halted from mid July 2022 to mid September 2022. In September 2022, the washery commenced its operations. However, the washery capacity to produce clean coal reduced. Consequently, SECL reduced the Dispatch Order (DOs) issued in road mode. While the washery capacity gradually increased later, SECL did not increase sufficient DOs by road mode for delivery of coal to washery (from Korba and Dipka mines in Chhattisgarh), due to shortage of coal from these two mines. Instead SECL increased DOs by rail mode (which is from other mines of SECL in Chhattisgarh) for delivery of raw coal to ADTPS. Therefore, the quantity of washed coal receipt from washery reduced in FY 2022-23 and FY 2023-24. As stated in the section on provisional truing up of FY 2024-25, receipt of washed coal from washery has dried up from June 2024 onwards (except for receipt of around 8000 MT of washed coal in July 2024). Hence for H2 of FY 2024-25, APL has estimated the generation from ADTPS from raw coal only (apart from imported coal of 19732 MT, which was already contracted). For next Control Period also, APL has projected the generation from ADTPS from raw coal only. The forecast of fuel requirement has been made considering the normative SHR as per MYT Regulations, 2024, GCV for raw coal as explained in preceding sections and estimate of gross generation for each year of Control Period as explained in preceding sections. Based on the above, the coal requirement for each year works out to as under:

Table 77: Coal Requirement from FY 2025-26 to FY 2029-30

Particulars/ (Lakh MT)	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Coal requirement	36.28	34.73	35.35	36.28	35.24

(b) Details of contracted source, annual contracted quantity, estimated availability from contracted sources and resultant shortage of fuel, if any, for each unit/station:

Adani Power Ltd. has FSA with SECL for supply of 24.52 Lakh MT of domestic coal (ACQ) for both units of ADTPS. As per the current policy of CIL, SECL is committed to supply 90% of the ACQ, which turns out to 22,06,800 MT. For balance coal requirement, Adani Power Ltd. will also rely on SECL. As per section 4.12.1 of the FSA signed with SECL, in case SECL delivers coal in excess of 90% of ACQ for a particular year, Adani Power Ltd. is required to pay performance incentive to SECL, as per the following:

PI = P X Addnl. Deliveries X Multiplier

Where:

PI = Performance incentive payable by Adani Power Ltd. to SECL

P = Weighed average Base price of grades of coal received

Addnl. Deliveries = Quantity in MT of coal delivered by SECL in excess of 90% of ACQ

Multiplier shall be 0.10 for Addnl. Deliveries between 90-95% of ACQ, 0.20 for Addnl. Deliveries between 95-100% of ACQ and 0.40 for Addnl. Deliveries in excess of ACQ

Adani Power Ltd. shall use this provision to procure additional coal in excess of 90% of ACQ from SECL by paying incentive as per above formula. The base price of coal from SECL, which will be available from alternate mine from SECL, as estimated by Adani Power Ltd. is as under:

Table 78: Coal cost from alternate mine of SECL

Particulars	Rs./MT
Base price of coal	1857
Road Transportation charges	863
Rail Transportation charges	2541
Handling and other charges	84
Total	**5345**

Adani Power Ltd. has applied the premium over the base price of coal as per section 4.12.1 of the FSA to derive the cost of addnl. Coal requirement for each year of the Control Period.

Table 79: Coal of additional coal requirement

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Quantity (MT)					
90-95% of ACQ	122600	122600	122600	122600	122600
95-100% of ACQ	122600	122600	122600	122600	122600
> ACQ	1176091	1020601	1082797	1176091	1072431
Rs./MT					
90-95% of ACQ	5696	5867	6043	6225	6411
95-100% of ACQ	5888	6064	6246	6434	6627
> ACQ	6270	6458	6652	6852	7057
Weighted average price of addnl. Coal (Rs./MT)	**6188**	**6363**	**6558**	**6762**	**6957**

Based on the cost of addnl. Coal, Adani Power Ltd. has derived the fuel cost and energy charge for each year of control period. Section 4.12.4 of FSA provides that the supply of coal in excess of ACQ shall be with mutual consent. Thus, there is no liability of SECL as per the FSA to supply coal beyond ACQ. However, Adani Power Ltd. shall explore all possible options to source coal from SECL as per the requirement projected above from SECL as per section 4.12.1 of the FSA.

(c) Use of optimum mix of fuel:

As submitted above, currently the cost of imported coal is very high compared to raw coal and the same will remain so in foreseeable future. Hence use of imported coal will not be prudent as procurement and firing of imported coal will only increase the cost of generation. As submitted in the section of true up of FY 2022-23, FY 2023-24 and provisional true up of FY 2024-25, sufficient DOs are not being issued by SECL by road mode (for delivery of coal to washery) due to shortage of coal from Dipka and Korba mines. Hence for the purpose of estimating fuel cost for future years, Adani Power Ltd. has considered raw coal only.

(d) Alternate arrangement for meeting shortage of fuel along with impact on variable cost of unit/station:

As submitted above, currently Adani Power Ltd. has not considered the shortage of coal to be met through imported coal for estimating the fuel cost of future years. However, going forward AEML may have to use imported coal depending on the availability of raw coal and considering the generation schedule provided by MSLDC/ AEML-D as per Deviation Settlement Regulations, 2019. In case such a situation arises, Adani Power Ltd. shall procure imported coal through competitive tendering as it has been doing in the past. However, as submitted above, Adani Power Ltd. shall explore all possible options to source coal from SECL as per the requirement projected above from SECL as per section 4.12.1 of the FSA. It is also submitted here that the existing FSA with SECL for supply of coal to SECL is valid till FY 2028-29. The same shall be suitably extended to ensure sourcing of coal for FY 2029-30 and beyond.

(e) Plan for swapping of fuel source for optimising the cost, if any, along with detailed justification and cost savings and

(f) Net cost savings in variable cost of each unit, if any, after optimum utilisation of Fuel:

Adani Power Ltd. operates only one thermal generating station under Section 62 of Electricity Act, 2003, for supplying power to a Distribution Licensee within Maharashtra. Therefore, there is no possibility of coal swapping among different generating stations and there is no scope of cost saving due to coal swapping/ optimization.

5.3.3 Fuel cost for the Control Period

Based on the performance parameters, GCV and fuel cost considered above, the estimated fuel cost and energy charge from FY 2025-26 to FY 2029-30 are shown in the table below:

Table 80: Fuel cost and Energy Charge from FY 2025-26 to FY 2029-30

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Fuel cost (Rs. Crore)	2,023.39	1,981.75	2,082.73	2,209.60	2,201.25
Energy Charge (Rs./kWh)	5.383	5.508	5.687	5.878	6.028

Actual fuel cost from FY 2025-26 to FY 2029-30 based on the actual performance parameters, actual GCV and actual cost of fuel shall be presented at the time of truing up, along with the share of efficiency gains in fuel cost as per MYT Regulations, 2024.

5.3.4 PLF Incentive

The PLF incentive, if any, based on actual PLF from FY 2025-26 to FY 2029-30 as per MYT Regulations, 2024, shall be presented at the time of truing up of respective years.

5.4 Operation and Maintenance (O&M) Expense

Regulation 48.1 of the MYT Regulations, 2024 specifies the methodology for deriving the normative O&M expense for each year of Control Period, for the generating stations which had achieved COD before 26th August 2005. Regulation 48.1 (b) to (d) are reproduced below:

> *"48.1 (b) The Operation and Maintenance expenses excluding water charges and including insurance shall be derived on the basis of the average of the Trued-up Operation and Maintenance expenses after adding/deducting the share of efficiency gains/losses, for the five Years ending March 31, 2024, excluding abnormal Operation and Maintenance expenses, if any, subject to prudence check by the Commission:*
>
> *Provided that, the impact of the wage revision if any during the Trued-up year shall be included in the O&M expenses while determining the norms for the O&M expenses for the future year.*
>
> *Provided that the average of such Operation and Maintenance expenses shall be considered as Operation and Maintenance expenses for the Year ended March 31, 2022, and shall be escalated at the respective escalation rate for FY 2022-23, FY 2023-24 and FY 2024-25, to arrive at the Operation and Maintenance expenses for the base year ending March 31, 2025:*
>
> *Provided further that the escalation rate for FY 2022-23, FY 2023-24 and FY 2024-25 shall be computed by considering 50% weightage to the average yearly inflation derived based on the monthly Wholesale Price Index of the respective past five financial years as per the Office of Economic Advisor of Government of India and 50% weightage to the average yearly inflation derived based on the*

monthly Consumer Price Index for Industrial Workers (all-India) of the respective past five financial years as per the Labour Bureau, Government of India:

Provided also that at the time of true-up for each Year of this Control Period, the Operation and Maintenance expenses, excluding water charges and including insurance, shall be derived on the basis of the Final Trued-up Operation and Maintenance expenses after adding/deducting the sharing of efficiency gains/losses, for the base year ending March 31, 2025, excluding abnormal expenses, if any, subject to prudence check by the Commission, and shall be considered as the Base Year Operation and Maintenance expenses.

(c)The Operation and Maintenance expenses for each subsequent year shall be determined by escalating these Base Year expenses of FY 2024-25 by an inflation factor with 50% weightage to the average yearly inflation derived based on the monthly Wholesale Price Index of the respective past five financial years as per the Office of Economic Advisor of Government of India and 50% weightage to the average yearly inflation derived based on the monthly Consumer Price Index for Industrial Workers (all-India) of the past five financial years as per the Labour Bureau, Government of India, as reduced by an efficiency factor of 1% of Average escalation factor or as may be stipulated by the Commission from time to time, to arrive at the permissible Operation and Maintenance expenses for each year of the Control Period:

Provided that, in the Truing-up of the O&M expenses for any particular year of the Control Period, an inflation factor with 50% weightage to the average yearly inflation derived based on the monthly Wholesale Price Index of the respective past five financial years (including the year of Truing-up) and 50% weightage to the average yearly inflation derived based on the monthly Consumer Price Index for Industrial Workers (all-India) of the respective past five financial years (including the year of Truing-up), as reduced by an efficiency factor of 1% of Average Escalation factor or as may be stipulated by the Commission from time to time, shall be applied to arrive at the permissible Operation and Maintenance Expenses for that year.

(d)Water Charges shall be allowed separately as per actuals, based on water consumption depending upon type of plant, type of cooling water system etc., subject to prudence check and considering the norms of specific water consumption notified by the Ministry of Environment, Forest and Climate Change:

Provided that in the MYT Order, the Commission shall provisionally approve the Water Charges for each year of the Control Period based on the actual Water Charges as per latest Audited Accounts available for the Generating Company, subject to prudence check."

Adani Power Ltd. has calculated the normative O&M expense for each year of Control Period in accordance with the above provisions. The year wise net entitlement in O&M expenses from FY 2019-20 to FY 2021-22 (as approved by the Hon'ble Commission in MTR Order dated 31.03.2023 in Case no. 229 of 2022) and from FY 2022-23 to FY 2023-24 (as submitted in the respective sections on truing up) is as under:

Table 81: Net Entitlement in O&M expense from FY 2019-20 to FY 2023-24

Particulars/ (Rs. Crore)	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24*
O&M Expense (Net Entitlement)	146.84	146.91	156.70	171.86	164.17
Corporate Allocation	15.78	16.36	17.17	19.92	16.43
Water Charges	1.98	2.75	2.50	3.82	4.72
Cost Recovery Charges	1.07	0.94	0.98	1.25	1.40
Total	**165.67**	**166.96**	**177.35**	**196.85**	**186.72**

*For FY 2023-24, Adani Power Ltd. has claimed actual O&M expense, justification of which has been provided in the section on truing up of FY 2023-24.

The above net entitlement in O&M expense for FY 2022-23 is excluding the wage revision arrears payout of Rs. 3.70 Crore, Similarly, the O&M expense for FY 2023-24 in the above table is excluding the wage revision arrears payout of Rs. 0.87 Crore. Accordingly, Adani Power Ltd. has added the wage revision arrears paid in FY 2022-23 and FY 2023-24 to the above expense for calculation of normative O&M expense for next Control period.

Considering the above, the O&M expenses from FY 2019-20 to FY 2023-24 after including wage revision arrears and shared service expenses are as under:

Table 82: Net Entitlement of O&M expense from FY 2019-20 to FY 2023-24 after including wage revision arrears

Particulars/ (Rs. Crore)	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
O&M Expense (Net Entitlement)	146.84	146.91	156.70	171.86	164.17
Wage revision impact	0	0	0	3.70	0.87
Corporate Allocation	15.78	16.36	17.17	19.92	16.43
Water Charges	1.98	2.75	2.50	3.82	4.72
Cost Recovery Charges	1.07	0.94	0.98	1.25	1.40
Total	**165.67**	**166.96**	**177.35**	**200.55**	**187.59**

The above net entitlement of O&M expense, including wage revision impact have been averaged to get representative O&M expense for FY 2021-22. The same has been escalated by escalation factor of 5.88% (for FY 2022-23), 5.36% (for FY 2023-24) and 5.36% (for FY 2024-25 on provisional basis) to get to the representative O&M expense for FY 2024-25.

As per Regulation 48.1 (c) of the MYT Regulations, 2024, the O&M expense so derived for FY 2024-25 shall be escalated by an escalation factor derived on the basis of 50% weightage to average WPI inflation for last 5 years and 50% weightage to average CPI inflation for last 5 years reduced by efficiency factor of 1% of average escalation factor. Adani Power Ltd. has used the escalation factor for FY 2023-24 for deriving the normative O&M expense for next Control Period, since FY 2023-24 is the most recent year for which escalation factor is available.

The escalation factor for FY 2023-24 reduced by efficiency factor of 1% of average escalation factor is as shown below:

Table 83: Escalation factor used for deriving normative O&M expense for next Control Period

Year	WPI	WPI Inflation	CPI	CPI Inflation
FY 18-19	119.79		299.92	
FY 19-20	121.79	1.67%	322.50	7.53%
FY 20-21	123.38	1.30%	338.69	5.02%
FY 21-22	139.39	12.98%	356.06	5.13%
FY 22-23	152.53	9.42%	377.62	6.05%
FY 23-24	151.42	-0.73%	397.20	5.19%
Average from FY 18-19 to FY 23-24		4.93%		5.78%
Weight		50%		50%
Escalation Factor	5.36%			
Efficiency Factor (1% of above escalation factor)	0.05%			
Net escalation factor	5.30%			

Adani Power Ltd. has escalated the O&M expense (net entitlement) derived for FY 2024-25 above with the above escalation rate to derive O&M expense for next Control Period.

Table 84: Base O&M expense for next Control Period

Particulars/ (Rs. Crore)	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Base O&M Expense	195.81	206.19	217.13	228.64	240.77

The Hon'ble Commission had been allowing the Corporate Expense separately for AEML-G in the past Tariff Orders. Accordingly, Adani Power Ltd. has claimed the Corporate Expense estimated for FY 2024-25 in the section on provisional true up of FY 2024-25 for each year of Control Period on provisional basis. Further, as per Regulation 48.1 (d) of the MYT Regulations, 2024, the Commission shall provisionally approve the water charges for each year of the Control Period based on the actual water charges as per latest audited accounts available for the Generating Company in the MYT Order. The latest audited water charges available for ADTPS are for FY 2023-24. Therefore, the same has been considered for each year of Control Period on provisional basis. Also, Adani Power Ltd. has claimed the cost recovery charges separately as per past practice for each year of Control Period and for that Adani Power Ltd. has, on provisional basis, considered the actual cost recovery charges for FY 2023-24 as remaining same for each year of the next Control Period.

As submitted in the Introduction section, Indian Railways has been raising the invoice for land rent, R&M charges and S&T charges by considering the revised value of land since FY 2020-21. It has also been claiming arrears for these three charges till FY 2019-20. APL has vehemently contested the claim from Railways and is in discussion with Railway authorities for resolution of the dispute. APL is also exploring legal remedies available for resolution of the dispute. However, considering the possibility of payment of these three charges with revised value of land from FY 2025-26 onwards on standalone basis, APL has included the estimated land rent, R&M charges and S&T charges in the O&M expense for the next Control Period. Since the said charges based on revised value of land were not included in the actual O&M expense in the past, the same is allowable over and above the normative O&M expense in future. APL requests the Hon'ble Commission to exercise its powers under Regulation 149 of the MYT Regulations, 2024 and allow the revised land rent, R&M charges and S&T charges from FY 2025-26 onwards over and above the normative O&M expense for each year of next Control Period. Based on the above, the projected normative O&M expense for each year of Control Period is as under:

Table 85: Normative O&M expense for next Control Period

Particulars/ (Rs. Crore)	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Base O&M Expense	195.81	206.19	217.13	228.64	240.77
Corporate Allocation	20.18	20.18	20.18	20.18	20.18
Water Charges	4.72	4.72	4.72	4.72	4.72
Cost Recovery Charges	1.40	1.40	1.40	1.40	1.40
Railway charges	13.34	14.30	15.34	16.45	17.64
Total	**235.44**	**246.79**	**258.76**	**271.39**	**284.70**

Apart from the above, in terms of the siding agreement dated 13.03.2020 the Over Head Electrification (OHE) maintenance was done by railways at its own cost and no amount was charged to AEML or any other private siding owner towards the same. However, on 23.06.2020 the Railways issued an amendment in policy circular on private siding being freight marketing circular no 11 of 2016 which stated under para 9.3.1 that OHE maintenance cost for existing as well as new sidings shall borne by siding owner in accordance with Railway siding guidelines. Based on railway board circular DFM Mumbai central has raised a bill on 10 Feb 2023 for the period from FY 2020-21 to FY 2022-23 amounting to Rs 52,97,200/-(without GST) and Rs 62,50,696 / (with applicable 18% GST). Such a claim has been raised by Railways for the first time and since it was not included in the actual O&M expense in the past, the same is allowable over and above the normative O&M expense in future. It is submitted that such claims as may be raised by Railways for past or future years shall be presented to the Hon'ble Commission for approval during True up.

It is submitted that pursuant to the Capex Regulations, 2022, several works that have historically been undertaken at ADTPS as capex jobs could potentially be classified as O&M. ADTPS being a plant almost 29 years old, there are several such works which involve replacement of components of larger assets due to performance degradation due to ageing, obsolescence or for avoidance of recurrent repairs. Some of these works have been classified as O&M nature, by the Hon'ble Commission, in the past and consequently, Adani Power Ltd. has sought additional O&M expenses on account of the same, in the sections on true-up of FY 2022-23, FY 2023-24 and provisional true-up of FY 2024-25. Similarly, in future also, Adani Power Ltd. could be incurring such works under capital expenditure which could be later classified as O&M by the Hon'ble Commission. While it is not possible to factor in any cost towards the same in the O&M expense allowance being claimed for the Control Period, Adani Power Ltd. would request the Hon'ble Commission to consider such works on case-to-case basis at the time of true-up of respective years and allow additional O&M cost accordingly. The Hon'ble Commission is requested to approve the above normative O&M expense for Adani Power Ltd. for next Control Period.

5.5 Rescheduling Charges

As submitted in the section on truing up of FY 2022-23 and FY 2023-24, MSLDC has levied rescheduling charges on ADTPS due to revision in scheduling as per Deviation Settlement Mechanism (DSM) Regulations, 2019. Since the said cost was not part of actual O&M expense in earlier years, the same does not form part of the normative O&M expense for next Control Period. Hence the said expenses needs to be allowed as a separate line item in the ARR. As the rescheduling charges cannot be quantified at this moment, the same shall be claimed at the time of truing up of each year of Control Period.

5.6 Capitalization plan

As submitted in the section on provisional truing up of FY 2024-25, ADTPS has completed more than 29 years of operational life and therefore many of its systems and components have deteriorated beyond repair. Also, exposure to saline atmosphere adds to the deterioration. Therefore, capex schemes at ADTPS largely involve replacement of deteriorated/ worn out components of different systems. Adani Power Ltd. shall be submitting a comprehensive Renovation & Modernization (R&M)/ Life Extension DPR before the Hon'ble Commission for extension of life of major equipment/ systems at ADTPS, in accordance with MERC (Approval of Capital Investment Scheme) Regulations, 2022. The estimated year wise capitalization on account of R&M scheme is shown in table below. Further, there are certain capex, which are condition based and capitalization against these schemes will depend on the extent of requirement of thse schemes in future. APL shall submit the DPRs for these schemes in future. APL has also included certain capex in FY 2026-27 and FY 2027-28 against the approved DPR (Refurbishment of Boiler, Economizer and Reheater). Also, capitalization has been envisaged against a few NDPR schemes in the Control Period. A brief description of proposed works under R&M scheme and NDPR schemes to be carried out during next Control Period is provided below in **Annexure 29 (Soft Copy only).** Also, no IDC has been estimated on the projected capitalization at this juncture.

Table 86: Projected capitalization from FY 2025-26 to FY 2029-30

Particulars/ (Rs. Crore)	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Refurbishment of Boiler, Economizer and Reheater		17.00	9.00		
Renovation & Modernization (R&M) Schemes & Condition based Capex Schemes					
Life extension of Boiler Mechanical systems	6.50	22.15	13.15	20.25	9.75
Life extension of Turbine Mechanical systems	12.64	3.85	9.85	4.35	36.75

Particulars/ (Rs. Crore)	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Life extension of Offsite Mechanical systems	3.75	4.75	5.70	1.60	1.20
Life extension of FGD Mechanical systems	5.25	17.05	3.55	2.20	1.50
Procurement of LP turbine rotor & inner casing	0.00	0.00	65.00	0.00	0.00
Replacement of HP & LP heaters	0.00	12.00	0.00	12.00	0.00
Life extension of Electrical systems & associated auxiliaries	11.39	15.10	12.95	7.75	3.75
Life extension of C&I systems & associated auxiliaries	19.65	10.60	37.95	8.25	2.50
Life extension of CHP systems & associated auxiliaries	9.75	14.00	9.25	6.50	5.50
Civil work for plant building & machine foundation for stability & reliability	4.50	4.75	5.65	8.40	4.35
Civil works for ash pond management	16.00	0.60	0.50	25.50	0.00
Civil work for residential & amenity buildings for stability & reliability	3.75	3.15	6.00	7.00	6.00
Construction of Ash pond no: 4	38.00	0.00	0.00	0.00	0.00
Procurement of electro chlorination system to eliminate the hazard associated with existing chlorination system	0.00	25.00	0.00	0.00	0.00
Subtotal - DPR	**131.18**	**150.00**	**178.55**	**103.80**	**71.30**
NDPRs	21.47	8.23	12.85	5.12	4.98
Total	**152.65**	**158.23**	**191.40**	**108.92**	**76.28**

The Hon'ble Commission is requested to approve the projected capitalization for next Control Period. As the asset class wise capitalization projected for each year of Control

Period cannot be projected at this stage, Adani Power Ltd. has considered the capitalization in asset classes in each year in the same ratio as that of FY 2023-24. The actual capitalization (along with actual IDC, if any) for each year shall be presented at the time of truing up of respective years. Further, no asset retirement has been considered at this stage. Adani Power Ltd. requests the Hon'ble Commission to approve the capitalization presented above.

5.7 Depreciation

For the purpose of depreciation for each year, Adani Power Ltd. has considered the opening asset balances of FY 2024-25 and has determined the depreciation for these assets for each year considering the depreciation rates as per Annexure I of MYT Regulations, 2024 and as per first proviso to Regulation 28.1 (b) of MYT Regulations, 2024. The calculations are provided herewith as **Annexure 28 (Soft Copy only)**. For the assets estimated to be added in FY 2024-25 in various asset classes, depreciation for each year has been calculated considering the rates as per Annexure I of MYT Regulations, 2024 and with the assumption that the assets shall be added mid-way through the year. For the assets projected to be added in each year during the Control Period, depreciation for each year has been calculated considering the rates as per Annexure I or Annexure II of MYT Regulations, 2024, depending on whether the asset belongs to already approved DPR or to DPR to be approved by the Hon'ble Commission in future. Depreciation has been computed with the assumption that the assets shall be added mid-way through the year. Depreciation for each year of the Control Period has been calculated by adding the above three. The actual depreciation for each year shall be presented considering the actual asset addition and retirement and based on number of days the assets were in service at the time of truing up of respective years.

Table 87: Depreciation from FY 2025-26 to FY 2029-30

Particulars/ (Rs. Crore)	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Opening GFA	2096.38	2249.03	2407.26	2598.66	2707.58
Addition	152.65	158.23	191.40	108.92	76.28
Closing GFA	2249.03	2407.26	2598.66	2707.58	2783.87
Depreciation	34.47	40.99	49.10	54.66	57.80

Adani Power Ltd. requests the Hon’ble Commission to approve the projected depreciation for each year as presented above.

5.8 Financing plan

Regulation 27.1 of the MYT Regulations, 2024 specifies that the funding of capex shall be in the normative Debt Equity ratio of 70:30. Adani Power Ltd. submits that it shall fund the capex requirement by debt to the extent of 70% only. As no further loans have been contracted at this time, Adani Power Ltd. has considered the debt equity ratio of 70:30 on provisional basis, for each year of the Control Period.

5.9 Interest on Loans

As per Regulation 30.5 of MYT Regulations, 2024, the rate of interest shall be the weighted average rate of interest computed on the basis of actual long term loan portfolio at the beginning of each year. The weighted average interest rate considering the opening balance of actual loans for FY 2024-25 works out to 9.28%.

Table 88: Interest rate for FY 2024-25

Source of Loan	Opening Loan Balance (Rs. Crore)	Interest Rate (%)
USD Bond	6269.64	9.05%
GMTN	2231.99	8.71%
Sub Debt	2009.64	10.61%
Weighted Average		**9.28%**

It is submitted that the ownership of ADTPS has been changed from AEML to APL with effect from 30.09.2024. However, for the purpose of ARR projection of each year of Control Period, APL has considered the rate as 9.28%. APL shall present the actual interest rate at the time of truing up of each year of the Control Period. No reduction of normative loan due to asset retirement has been considered at this stage. The same shall be considered at the time of truing up of respective years.

Table 89: Interest on loans from FY 2025-26 to FY 2029-30

Particulars/ (Rs. Crore)	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Opening Balance	109.33	181.72	251.50	336.38	357.96
Addition of new loans	106.86	110.76	133.98	76.25	53.40
Repayment	34.47	40.99	49.10	54.66	57.80
Closing Balance	181.72	251.50	336.38	357.96	353.56
Interest Rate (%)	9.28%	9.28%	9.28%	9.28%	9.28%
Interest on Loans	13.50	20.09	27.27	32.20	33.00

Adani Power Ltd. requests the Hon’ble Commission to approve the interest expenses for each year as presented above.

5.10 Financing Charges

Regulation 30.8 of the MYT Regulations, 2024 specifies that the finance charges incurred for obtaining loans from financial institutions for any year shall be allowed by the Hon'ble Commission at the time of truing-up, subject to prudence check. Accordingly, Adani Power Ltd. shall submit the financing charges incurred at the time of truing up of respective years.

5.11 Foreign Exchange Rate Variation (FERV)

The actual FERV, if any, shall be submitted at the time of final truing up of respective years.

5.12 Return on Equity (RoE)

Regulation 29.2 (i) and 29.3 of the MYT Regulations, 2024 is reproduced below:

> ***"29.2 Return on Equity at the time of MYT Proceedings***
> *i. Return on equity for the Generating Company having thermal, gas or hydro plants, Transmission Licensee and Distribution Wires Business, shall be allowed on the equity capital determined in accordance with Regulation 27 for the assets put to use, at the rate of 15.50 (base rate – 14 + performance linked -1.50) per cent per annum in Indian Rupee terms."*
> ………
> ***29.3 Return on Equity at the time of Truing Up Proceedings***
> *Performance Linked Return on Equity considered at the time of MYT Proceedings shall be reviewed and allowed at the time of truing up of respective year based on actual performance, after prudence check by the Commission."*

Thus, the intent of MYT Regulations, 2024 is to allow base RoE of 14% and performance linked RoE of 1.50% in the MYT Order. The performance linked RoE component shall be reviewed and accordingly allowed at the time of truing up of respective years based on actual performance. In case of a thermal generating station, performance linked RoE component is linked to Ramp rate, MTBF and FGMO operation in the MYT Regulations, 2024. Hence at this stage, Adani Power Ltd. has claimed RoE for each year of Control Period considering RoE rate of 15.50%. Regulation 34.1 of the MYT Regulations, 2024 is reproduced below:

> *"34.1 The Income Tax for the Generating Company or ESSD or Licensee or MSLDC or STU for the regulated business shall be allowed on Return on Equity, including Performance Linked Return on Equity at the income tax rate applicable for the respective financial year, through the Tariff charged to the Beneficiary/ies, subject to the conditions stipulated in Regulations 34.2 to 34.5:*
>
> *Provided that, at the time Multi Year Tariff Projections, the Income tax rate shall be allowed as the latest available Income Tax Rate approved by the Commission,*

whereas, at the time of true-up the Income Tax rate shall be approved based on the actual Income Tax paid by the Generating Company or ESSD or Licensee or MSLDC or STU, subject to prudence check;"

As per the latest completed years (FY 2023-24), AEML as a whole has paid income tax at MAT rate of 17.47%. Accordingly, for grossing up the RoE of respective years, Adani Power Ltd. has considered the MAT rate of 17.47% on provisional basis. This is without prejudice to the contention in Appeal no. 543 of 2022 that tax rate for grossing up of RoE should be determined on standalone basis for each regulated entity on regulatory PBT basis.

Table 90: RoE from FY 2025-26 to FY 2029-30

Particulars/ (Rs. Crore)	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Regulatory Equity at the beginning of year	677.58	723.38	770.85	828.27	860.94
Capitalization during the year	152.65	158.23	191.40	108.92	76.28
Equity portion of capitalization during the year	45.80	47.47	57.42	32.68	22.89
Regulatory Equity at the end of year	723.38	770.85	828.27	860.94	883.83
Return on Regulatory Equity at beginning of year	127.26	135.86	144.77	155.56	161.69
Return on Regulatory Equity addition during the year	4.30	4.46	5.39	3.07	2.15
RoE	**131.56**	**140.32**	**150.17**	**158.63**	**163.84**

Adani Power Ltd. requests the Hon'ble Commission to approve the return on equity for each year as presented above.

5.13 Interest on Working Capital

Regulation 32.1 of the MYT Regulations, 2024 specifies the constituents of working capital allowable to a coal based generating company. Adani Power Ltd. has computed the normative interest on working capital in accordance with the MYT Regulations, 2024.

Adani Power Ltd. has considered the cost of coal towards 20 days stock for target availability on provisional basis for calculation of normative working capital requirement. Also, cost of coal for 30 days of generation and cost of secondary fuel oil for 2 months for target availability has been considered on provisional basis, Further, maintenance spares have been considered as 1% of opening GFA for each year. Adani Power Ltd. has also considered one month's O&M expense for the provisions of Regulation 32 of the MYT Regulations, 2024. Receivables equivalent to forty five days of revenue from projected fixed charges and projected energy charges has been considered for each year.

Further. as per Regulation 32.1 (a) (vii) of the MYT Regulations, 2024, payables for fuel to the extent of thirty days of the cost of fuel have to be considered depending on the modalities of payment. As submitted in the section for truing up of FY 2022-23, payments for domestic coal, railway freight and LDO are being made by Adani Power Ltd. in advance. For next Control Period, Adani Power Ltd. does not envisage procurement and use of any imported coal. Hence, payables for fuel have been considered as zero.

As per MYT Regulations, 2024, the Base Rate has been defined as One year MCLR of SBI and rate of Interest for allowing normative interest on working capital shall be Base Rate plus 150 Basis Points. As on the date of filing the Petition, the SBI one year MCLR plus 150 Basis Points works out to 10.50%.

Based on the above, the normative interest on working capital as per MYT Regulations, 2024 is worked out as shown in the table below:

Table 91: Interest on working capital from FY 2025-26 to FY 2029-30

Particulars/ (Rs. Crore)	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Cost of Coal towards stock	97.54	99.83	103.37	106.58	109.32
Cost of coal towards 30 days of generation	146.31	149.74	155.06	159.87	163.98
Cost of Secondary Fuel Oil for 2 months	2.25	2.25	2.26	2.25	2.25
O&M expenses	19.62	20.57	21.56	22.62	23.73
Maintenance Spares	20.96	22.49	24.07	25.99	27.08
Receivables	288.16	291.79	304.84	316.40	325.70
Less: Payables for Fuel	0	0	0	0	0
Total Working Capital Requirement	**574.84**	**586.66**	**611.17**	**633.72**	**652.06**

Interest Rate (%)	10.50%	10.50%	10.50%	10.50%	10.50%
Interest on Working Capital	**60.36**	**61.60**	**64.17**	**66.54**	**68.47**

5.14 Non-Tariff Income from FY 2025-26 to FY 2029-30

Adani Power Ltd. has projected the NTI for each year of Control Period the same level as that of actuals for FY 2023-24, as shown in the table below:

Table 92: NTI from FY 2025-26 to FY 2029-30

Particulars/ (Rs. Crore)	**FY 2025-26**	**FY 2026-27**	**FY 2027-28**	**FY 2028-29**	**FY 2029-30**
Income from Sale of Scrap	1.07	1.07	1.07	1.07	1.07
Income from sale of ash/rejected coal	9.32	9.32	9.32	9.32	9.32
Income from Rental from contractors	0.19	0.19	0.19	0.19	0.19
Income from commercial training	0.11	0.11	0.11	0.11	0.11
Other/Miscellaneous receipts	0.15	0.15	0.15	0.15	0.15
Total	**10.83**	**10.83**	**10.83**	**10.83**	**10.83**

The Hon'ble Commission is requested to approve the Non-Tariff Income for the Control Period as shown above.

5.15 Revenue gap/(surplus) till FY 2024-25

Adani Power Ltd. proposes to recover the revenue gap/ (surplus) till FY 2024-25 in FY 2025-26. The carrying cost on revenue gap/ (surplus) for FY 2022-23 and FY 2023-24 is shown in the table below. Adani Power Ltd. has considered the carrying cost for FY 2022-23 and FY 2023-24 at the respective rates at which normative interest on working capital (i.e. SBI MCLR plus 150 Basis points) are determined. For FY 2024-25 and FY 2025-26, Adani Power Ltd. has considered the carrying cost rate at 10.50%, i.e. the date on which Petition is filed.

Table 93: Carrying cost on incremental Revenue gap/ (surplus) for FY 2022-23 till FY 2025-26

Particulars (Rs. Cr)	**FY 2022-23**	**FY 2023-24**	**FY 2024-25**	**FY 2025-26**
Opening balance	0	6.09	(14.89)	(14.89)
Addition	6.09			
Recovery		20.99		(14.89)
Closing balance	6.09	(14.89)	(14.89)	0.00
Average balance	3.05	(4.40)	(14.89)	(7.45)
Carrying cost (%)	9.30%	10.07%	10.50%	10.50%

Particulars (Rs. Cr)	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Carrying cost	0.28	(0.44)	(1.56)	(0.78)
Total Carrying cost				(2.51)

The carrying cost on revenue gap/ (surplus) for FY 2023-24 till FY 2025-26 is shown in table below:

Table 94: Carrying cost on Revenue gap/ (surplus) for FY 2023-24 till FY 2025-26

Particulars (Rs. Cr)	FY 2023-24	FY 2024-25	FY 2025-26
Opening balance	0	17.15	17.15
Addition	17.15		
Recovery			17.15
Closing balance	17.15	17.15	0.00
Average balance	8.58	17.15	8.58
Carrying cost (%)	10.07%	10.50%	10.50%
Carrying cost	0.86	1.80	0.90
Total Carrying cost			3.56

Adani Power Ltd. has not calculated any carrying cost on the provisional revenue gap/ (surplus) of FY 2024-25 as per past practice. The total revenue gap/ (surplus) till FY 2024-25 including carrying cost on incremental revenue gap/ (surplus) of FY 2022-23 and carrying cost on revenue gap/ (surplus) of FY 2023-24 is shown in table below:

Table 95: Revenue gap/ (surplus) till FY 2024-25

Particulars	Rs. Crore
Incremental Revenue Gap/(surplus) for FY 2022-23	(14.89)
Carrying cost for FY 2022-23	(2.51)
Revenue gap/ (surplus) for FY 2023-24	17.15
Carrying cost for FY 2023-24	3.56
Provisional revenue gap for FY 2024-25	43.89
Total	**47.20**

5.16 Summary of Aggregate Revenue Requirement

Based on the above, the Aggregate Revenue Requirement for each year of Control Period is shown in table below:

Table 96: Aggregate Revenue Requirement from FY 2025-26 to FY 2029-30

Particulars/ (Rs. Crore)	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Fuel Related Expenses	2,023.39	1,981.75	2,082.73	2,209.60	2,201.25

Particulars/ (Rs. Crore)	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Operation & Maintenance Expenses	235.44	246.79	258.76	271.39	284.70
Depreciation	34.47	40.99	49.10	54.66	57.80
Interest on Loan Capital	13.50	20.09	27.27	32.20	33.00
Interest on Working Capital	60.36	61.60	64.17	66.54	68.47
Return on Equity	131.56	140.32	150.17	158.63	163.84
Less: Non Tariff Income	10.83	10.83	10.83	10.83	10.83
Net Aggregate Revenue Requirement	**2,487.95**	**2,480.70**	**2,621.36**	**2,782.19**	**2,798.23**
Incremental Revenue Gap/(surplus) for FY 2022-23	(14.89)				
Carrying cost for FY 2022-23	(2.51)				
Revenue gap/ (surplus) for FY 2023-24	17.15				
Carrying cost for FY 2023-24	3.56				
Provisional revenue gap for FY 2024-25	43.89				
Total ARR	**2,535.09**	**2,480.70**	**2,621.36**	**2,782.19**	**2,798.23**

The Fixed charges projected for each year of Control Period is shown in table below:

Table 97: Projected Fixed Charges from FY 2025-26 to FY 2029-30

Particulars/ (Rs. Crore)	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Operation & Maintenance Expenses	235.44	246.79	258.76	271.39	284.70
Depreciation	34.47	40.99	49.10	54.66	57.80
Interest on Loan Capital	13.50	20.09	27.27	32.20	33.00
Interest on Working Capital	60.36	61.60	64.17	66.54	68.47
Return on Equity	131.56	140.32	150.17	158.63	163.84
Less: Non Tariff Income	10.83	10.83	10.83	10.83	10.83
Net Fixed Charges	**464.56**	**499.05**	**538.65**	**572.57**	**596.96**
Revenue gap till FY 2024-25	47.20				
Total Fixed Charges	**511.70**	**498.95**	**538.63**	**572.59**	**596.98**

The Fuel cost and Energy charges projected for each year of Control Period is shown in table below:

Table 98: Projected Fuel cost and Energy charges from FY 2025-26 to FY 2029-30

Particulars/ (Rs. Crore)	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Fuel Cost (Rs. Crore)	2,023.39	1,981.75	2,082.73	2,209.60	2,201.25
Energy Charge (Rs./kWh)	5.383	5.508	5.687	5.878	6.028

The Hon'ble Commission is requested to approve the Fixed charges and Energy Charges for each year of Control Period as projected above.

6 COMPLIANCE TO DIRECTIVES

6.1 Compliance to directive given in MTR Order in Case No. 229 of 2022

6.1.1 Credit Note settlement with SECL

The Hon'ble Commission had given the following directive in the MTR Order:

> *"8.7.3 The Commission directs the APL to appoint a nodal person with timebound plan to resolve this settlement and report the Commission within 3 months of the issuance of this Order. The Commission further direct the APL to assess the credit settlement of other counterpart generating stations and submit to the Commission."*

In this regard, APL had appointed a nodal person for correspondence with SECL regarding credit note settlement and had intimated the same to the Hon'ble Commission. The copy of the letter is attached herewith as **Annexure 30 (Soft copy only)**. As regards the delay in settlement of credit notes, APL submits the following:

As per section 12.2.2 of FSA, the seller shall give regular credit note on account of Grade slippage to the extent of difference in the Base Price of Declared Grade and analysed Grade of Coal. In case of analysed grade being higher than the Declared Grade, Bonus bill/claim shall be raised by the Seller. The credit note on Grade slippage shall be issued be the seller within seven (7) days of acceptance of results under joint signature. Therefore, the "Seller" i.e., SECL is required by FSA to issue Credit or Debit note within the above stipulated time. But it is to be noted that FSA does not provide a remedy clause if the said time is crossed in issuance of Debit or Credit note.

As per the arrangement between SECL and AEML-G (now APL), M/s QCI has been appointed for sample testing of the coal at mine end. Basis M/s QCI results, SECL is required to issue the Debit or Credit notes. M/s QCI generally submits the coal testing results within a month. In case of dispute on results raised by either party, further testing is carried out by M/s QCI which takes a period of 7-8 months, i.e. there is an inherent lead time of around 8-9 months. Further, APL has also appointed an agent, M/s USN Logistics, to pursue the matter with SECL for timely issuance of Debit or Credit Notes. APL's Chemical department too directly interacts with M/s. QCI for fast resolution of disputed results. APL also maintains continuous communication with SECL via official letters and informal communication.

With continuous efforts from our end, reduction in Debit or Credit note issuance period has been observed in FY 2023-24 when compared with FY 2022-23 as per the table hereunder giving details of Debit or Credit Notes received in last two years. In FY 2022-23, SECL issued net debit notes amounting to Rs. 4.84 Crore which were pertaining to the period from Nov-2019 to Aug-2022 while in FY 2023-24, SECL has issued net credit notes of value Rs. (5.14) Crore which were pertaining to period from Apr-2022 to Dec-2023.

Period of Debit/Credit Note/ (Rs. Cr)	FY 2022-23
FY19-20	1.57
FY20-21	6.57
FY21-22	-3.39
FY22-23	0.09
Net Debit Notes received in FY22-23	**4.84**

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Period of Debit/Credit Note/ (Rs. Cr)	FY 2023-24
FY22-23	-3.18
FY23-24	-1.97
Net Credit Notes received in FY23-24	**-5.14**

APL also submits that while there is delay in issuance of credit notes by SECL burdening the beneficiary, there is also delay in issuance of debit notes by SECL, for which no interest is borne by the beneficiaries. The delay in receipt of credit notes from SECL is also an issue with other generating companies. However, APL is trying its best to further reduce the issuance period of credit notes and, for the same, continuous follow-ups with SECL is being made. Therefore, the Hon'ble Commission is requested to take cognizance of the efforts made by APL.

6.1.2 Execution of delayed Scheme approved between FY 2010-22 to FY 2013-14

The Hon'ble Commission has given the following directive in the MTR Order:

> *"8.8.1 The Commission directs APL to complete all delayed DPR schemes approved between FY 2010-11 to FY 2013-14 by the end of FY 2023-24 whose actual completion period have passed without any extension to be sought for delay. Confirming the same, APL shall submit its project completion report at the time of filing next tariff Petition. No capitalisation of such schemes would be allowed post the completion of FY 2023-24."*

In this regard, it is submitted that scheme completion reports of some of the schemes (approved between FY 2010-11 and FY 2013-14), which were closed in FY 2020-21 and FY 2021-22 were submitted as part of the MTR proceedings. In FY 2022-23, most of the remaining schemes (approved between FY 2010-11 and FY 2013-14) were closed. The balance schemes (approved between FY 2010-11 and FY 2013-14) were closed in FY

2023-24. The scheme completion reports for these schemes (closed in FY 2022-23 and FY 2023-24) are provided herewith as **Annexure 31 (Soft copy only).**

6.1.3 Drop in GCV of washed coal below 4000 kcal/kg

The Hon'ble Commission has given the following directive in the MTR Order:

> *"8.9.1 It was observed that in H1 of FY 2022-23, the GCV of the coal has been deteriorated and is in the range of 3700kcal/kg. Accordingly, the Commission directs APL to provide the detail analysis of the drop in GCV of Washed coal below 4000 kcal/kg, the contractual provision in FSA, efforts made by APL for improvement in the GCV and any penalty provided for offloading of the lower GCV under FSA / Washery contract at the time of true-up of FY 2022-23."*

It is submitted that, as per the FSA with SECL, SECL is required to supply G-11 grade of coal (4000 kCal/kg to 4300 kCal/kg). The said GCV is on equilibrated basis, whereas the GCV reported for energy charge calculations is on ARB basis. Usually there is 200 to 350 kcal/kg difference between GCV on equilibrated and ARB basis. The actual grade of coal lifted from SECL (before being sent to washery) in H1 of FY 2022-23 is as under:

Table 99: Actual grade of coal lifted from SECL in H1 of FY 2022-23

Month	GCV (Eq. Basis) – kCal/kg	GCV (ARB basis) – kCal/kg	Grade
Apr 2022	3902	3740	G12
May 2022	4157	3931	G11
Jun 2022	3593	3414	G13
Jul 2022	3620	3307	G13
Aug 2022	-	-	-
Sept 2022	-	-	-

Note: No coal was lifted in Aug 2022 and Sept 2022 due to disruption in washery operations

Since the grade of coal has been lower than G-11 in Apr 2022, Jun 2022 and Jul 2022, APL has received credit notes from SECL as per the provisions of FSA. The details of the same are as under and the same has been adjusted in fuel cost and passed on in FAC to AEML-D, as and when the credit notes are received. The credit notes are attached herewith as **Annexure 32 (Soft copy only).**

Table 100: Credit notes pertaining to Apr 2022, Jun 2022 and Jul 2022

Credit / Debit Notes for the Month	Passed on in the month (Rs. Cr)			Total passed on to beneficiary
	Feb-23	May-23	Aug-23	
Apr-22		(0.61)		**(0.61)**
Jun-22		(0.55)	(0.20)	**(0.75)**
Jul-22	0.04	(0.68)		**(0.64)**

6.1.4 Fuel Utilization plan

The Hon'ble Commission has given the following directive in the MTR Order:

> *"8.10.1 APL is directed to provide the detail justification, cost benefit analysis for deviation in the actual Fuel Utilisation Plan vis-à-vis approved plan in MYT Order at the time of truing up of FY 2022-23 to FY 2024-25."*

The Hon'ble Commission has approved blending ratio of 74: 26: 0 (washed coal, imported coal and raw coal) for FY 2022-23 and FY 2023-24 in the MYT Order dated 30.03.2020 in Case no. 298 of 2019. However, the actual blending ratio has been 46.1: 11.3: 42.6 in FY 2022-23 and 40.2: 3.3: 56.5 in FY 2023-24. In FY 2022-23, the cost of imported coal had skyrocketed due to geopolitical conditions. Hence APL has used imported coal to the minimum extent and instead relied on domestic coal for power generation. The same was submitted by APL at the time of provisional truing up of the FY 2022-23 in the MTR proceedings and the same was also recorded by the Hon'ble Commission in the MTR Order. Similarly in FY 2023-24 also, APL has used the imported coal to the minimum extent since in FY 2023-24 also, the cost of imported coal has been more than the cost of domestic coal. The reduction in energy charge considering actual blending ratio compared to the energy charge at approved blending ratio for FY 2022-23 and FY 2023-24 is shown in the table below:

Table 101: Energy charge considering approved and actual blending ratio in FY 2022-23 and FY 2023-24

Particulars	Unit	FY 2022-23		FY 2023-24	
		As per FUP	Actual	As per FUP	Actual
Fuel Mix	%	76: 24: 0	46.1 :11.3: 42.6	76: 24: 0	40.2: 3.3: 56.5
Landed price of Washed Coal	Rs./MT	5,445	5,445	5,270	5,270
Landed price of Imported Coal	Rs./MT	14,426	14,426	7,669	7,669
Landed price of Raw Coal	Rs./MT	4,871	4,871	4,847	4,847
Weighted Landed price of Coal	Rs./MT	7,790	6,222	5,894	5,110
Variable Charge	Rs./kWh	5.535	4.745	4.260	4.051

Particulars	Unit	FY 2022-23		FY 2023-24	
		As per FUP	Actual	As per FUP	Actual
Saving in Variable Charge	%		14%		5%

As seen from above, due to lower utilization of imported coal, the energy charges from ADTPS have reduced. Hence the deviation from approved blending ratio has been beneficial for AEML-D in FY 2022-23 and FY 2023-24. The calculations are attached herewith as **Annexure 33 (Soft copy only).** The Hon'ble Commission is therefore requested to approve the actual fuel cost as claimed by APL.

6.1.5 Coal procurement from Dahej port

The Hon'ble Commission has given the following directive in the MTR Order:

> *"8.11.1 APL is directed to provide the detailed justification with cost benefit analysis for the imported coal to be procured from Dahej port rather than from Dahanu Port and any contractual liability, if any, in case the same is not procured from the contracted party i.e. M/S Taurus Commodities General Trading LLC."*

APL had procured imported coal through Dahej port in FY 2022-23 in 3 lots, 40000 MT in May 2022, 24000 MT in July 2022 and 80000 MT in August 2022. All the procurement were made after following competitive bidding process. The procurement in May 2022 and July 2022 were from M/s Adani Enterprises Ltd. and the procurement in August 2022 was from M/s Panasia Ltd. The comparison of landed cost of coal as per the contract entered with M/s AEL for procurement in May 2022 with landed cost in case coal would have been procured through M/s Taurus is shown in table below:

Table 102: Comparative statement of imported coal procured through Dahanu port and through Dahej port in May 2022

Procurement through M/S Taurus Commodities General Trading LLC

Particulars	UoM	Values
Rechards Bay Index as on date of tender (6300 CV)	USD / MT	280
New castle Index as on date of tender (6300 CV)	USD / MT	356
Average FOB (6300 CV)	USD / MT	318
FOB adjusted to 4500 CV	USD / MT	227
Discount on FOB	USD / MT	10%
Resultant FOB	**USD / MT**	**204**
Ocean Freight	USD / MT	24
Resultant FOB + Ocean freight	**USD / MT**	**228**
Exchange rate	INR / USD	77.15
CIF	INR/MT	17625
GST	INR/MT	881
Compensation cess	INR/MT	400
Port handling charges	INR/MT	323
Analysis charges	INR/MT	3
Landed price	**INR/MT**	**19233**

Procurement through Dahej port

Particulars	UoM	Values
Ex Stock coal cost	INR/MT	13320
GST	INR/MT	666
Compensation cess	INR/MT	400
Railway freight	INR/MT	841
Analysis charges	INR/MT	3
Landed price	**INR/MT**	**15230**

Similarly the comparative landed cost for the coal procured in July 2022 is shown in the table below:

Table 103: Comparative statement of imported coal procured through Dahanu port and through Dahej port in July 2022

Procurement through M/S Taurus Commodities General Trading LLC

Last Index Numbers	UoM	Values
Rechards Bay Index	USD/MT	332
GC NewC Index	USD/MT	412
FOB	USD/MT	223.2
Ocean Freight	USD/MT	28.3
CIF	**USD/MT**	**251.5**
Exchange Rate	INR/USD	78.50
CIF	INR/MT	19743
GST	INR/MT	987
Compensation Cess	INR/MT	400
Port Handling Charges	INR/MT	323
DP Analysis Charges	INR/MT	3
Landed Price	**INR/MT**	**21456**

Procurement through Dahej port

Particulars	UoM	Values
Ex Stock Coal Cost	INR/MT	13320
5% GST	INR/MT	666
GST Cess	INR/MT	400
Railway Freight	INR/MT	840
DP Analysis Charges	INR/MT	3
Landed Price	INR/MT	**15229**

Similarly, the comparative landed cost for the coal procured in Aug 2022 is shown in the table below:

Table 104: Comparative statement of imported coal procured through Dahanu port and through Dahej port in Aug 2022

Procurement through M/S Taurus Commodities General Trading LLC

Last Index Numbers	UoM	Values
Rechards Bay Index	USD/MT	353
GC NewC Index	USD/MT	403
FOB	USD/MT	221.7
Ocean Freight	USD/MT	27.4
CIF	**USD/MT**	**249.0**
Exchange Rate	INR/USD	78.33
CIF	INR/MT	19507
GST	INR/MT	975
Compensation Cess	INR/MT	400
Port Handling Charges	INR/MT	323
DP Analysis Charges	INR/MT	3
Landed Price	**INR/MT**	**21209**

Procurement through Dahej port

Particulars	UoM	Values
FOB	USD/MT	178.9
Ocean Freight	USD/MT	14.0
Other Charges	USD/MT	5.8
CIF	USD/MT	**198.7**
Exchange Rate	INR/USD	78.3
Insurance	INR/MT	3.28
CIF	INR/MT	15566
GST	INR/MT	794
Compensation Cess	INR/MT	400
Port Handling Charges	INR/MT	484
DP Analysis Charges	INR/MT	3
Railway Freight	INR/MT	844
Stamp duty charges	INR/MT	16
CHA charges	INR/MT	2
Landed Price	INR/MT	**18109**

The calculations in excel files are provided in **Annexure 34 (Soft copy only).** The above calculations prove that procurement of imported coal through Dahej port has resulted in lower landed cost of coal at ADTPS boundary as compared to the cost that would have been had APL procured coal through M/s Taurus. Even with higher transit loss (in view of rail transportation), the landed cost of coal procured through Dahej port would be lower than the landed cost that would be there for procurement through M/s Taurus. Further as submitted in the MTR Petition, Dahanu port remains non-operational during the period monsoon period, usually from May to September. Since there was requirement of imported coal in FY 2022-23 to meet the shortfall in coal, APL had to procure coal through Dahej port. However, all the procurement has been made through competitive bidding process. Accordingly the Hon'ble Commission is requested to approve the cost of coal procured through Dahej port.

6.1.6 Segregation of CAPEX and R&M Expenses

The Hon'ble Commission has given the following directive in the MTR Order:

> *"8.12.1 APL is directed to segregate schemes in strict compliance which are either in nature of repair and maintenance expenses as per the MYT Regulations or the schemes which were earlier denied by the Commission from either DPR or Non-DPR schemes while presenting the truing up."*

It is submitted that for the purpose of truing up of FY 2022-23 and FY 2023-24, APL has shown only those works under Non-DPR schemes, which have been submitted to the Hon'ble Commission for registration as per the provisions of MERC (Approval of Capital Expenditure) Regulations, 2022. There are certain works which have been capitalised under Non-DPR scheme in the books of accounts in FY 2022-23 and FY 2023-24. However, as submitted in the relevant sections, for truing up, the expenses relating to those works have not been claimed under capex and instead have been claimed as part of O&M expenses, in line the directive of the Hon'ble Commission.

6.2 Compliance to directive given in MYT Order in Case No. 298 of 2019

6.2.1 Settlement of credit notes with SECL

The Hon'ble Commission in the MYT Order dated 30.03.2020 in Case No. 298 of 2019 had given the following directive:

> *"7.1.7 The Commission had directed to AEML-G in the MTR Order to settle the Debit/Credit note within the time as specified in the FSA. However, it has been found that such settlement for FY 2017-18 and FY 2018-19are still pending. The Commission directs AEML-G to expeditiously take up the matter with SECL for the settlement."*

It is submitted that APL regularly follows up with SECL for settlement of credit notes., as per the GCV analysis made by it at ADTPS or washery end. APL (earlier AEML-G) had submitted documentary evidence regarding the same (letters written to SECL) during MTR proceedings (Case no. 229 of 2022). As seen from paragraph 6.1 above, with continuous follow up, reduction in issuance period of credit and debit notes has been observed from SECL end.

6.2.2 Petition for approval of future generation sale arrangement

The Hon'ble Commission in the MYT Order dated 30.03.2020 in Case No. 298 of 2019 had given the following directive:

> *"7.5.1 AEML-G has entered into PPA with AEML-D, which is expiring midway, i.e. on 22 February 2022, of the 4th MYT Control Period. The Commission directs AEML-G to submit its petition for approval of its future generation sale arrangements at least 365 days before the expiry of this ongoing PPA as per directions given by the Commission in Case No. 5 of 2017."*

It is submitted that the above directive was given since the power purchase arrangement for sale of power from ADTPS to AEML-D was expiring on 22nd February 2022. Later on the power purchase arrangement was extended till March 2025, as per the direction of the Hon'ble Commission to AEML-D in AEML-D's MTR Order dated 31.03.2023 in Case No. 231 of 2022. As submitted earlier in this Petition, the ownership of ADTPS has now been changed from AEML to APL with effect from 01.10.2024. Subsequently, vide its order dated 26.12.2024 in Petition No. 140 of 2024 filed by AEML-D the Hon'ble Commission has directed AEML-D to enter into a PPA with APL for supply of 500 MW power from ADTPS on the same terms and conditions of existing power purchase arrangement between Adani Electricity Mumbai Ltd.-Distribution and Adani Electricity Mumbai Ltd.-Generation for the period 1 April 2025 till 31 March 2030. AEML-D and APL have signed a PPA for the period 01.04.2025 to 31.03.2030 in terms of the directions of the Hon'ble Commission.

6.2.3 Coal quality and coal grade slippage

The Hon'ble Commission in the MYT Order dated 30.03.2020 in Case No. 298 of 2019 had given the following directive:

> *"7.6.3 The Commission had directed AEML-G in its last MTR Order to appoint third party agency for analysis of GCV of coal at various ends which AEML-G has complied for. AEML-G is directed to come up with an analysis report resulting in arrest of GCV losses, better management and utilization of coal in its next petition."*

APL had submitted a report in this regard at the time of MTR proceedings . The same is again submitted herewith as **Annexure 35 (Soft Copy only).**

6.2.4 Additional capitalization

The Hon'ble Commission in the MYT Order dated 30.03.2020 in Case No. 298 of 2019 had given the following directive:

"The Commission has observed that many of the schemes which were approved by the Commission in FY 2010-11 and were supposed to be completed by FY 2015-16 got delayed and have been claimed for capitalisation under this Petition. Such delay has cost implications resulting in extra burden on the consumers. Thus, the Commission directs AEML-G to complete all such delayed schemes approved between FY 2010-11 to FY 2013-14 by the end of FY 2020-21 whose actual completion period have passed. Confirming the same, AEML-G shall submit its project completion report at the time of filing MTR Petition."

In response to the above directive, APL (earlier AEML-G), during MTR proceedings (Case No. 229 of 2022) had submitted its difficulties in meeting the above timeline. The Hon'ble Commission had considered the same in MTR Order in Case No. 229 of 2022 and had directed to complete the schemes approved till FY 2013-14 by FY 2023-24. As submitted in paragraph 6.2, all schemes approved till FY 2013-14 has been closed till FY 2023-24.

6.2.5 Hedging of Foreign Currency

The Hon'ble Commission in the MYT Order dated 30.03.2020 had given the following directive:

> *"7.8.2 However, payments for imported coal are done in foreign currencies, mainly in USD. It has been observed that the global geopolitical and macroeconomic events have led to a huge volatility in the USD/ INR exchange rate. The Commission understands that AEML-G would be hedging this forex risk as part of its overall Corporate Policy. The Commission directs AEML-G to share the same along with an explanatory note at the time of next MTR Petition as to how the same would benefit the end consumers."*

With regard to the above directive, the hedging policy of AEML was changed at the time of MTR proceedings. AEML-G used to make payment for imported coal through LC till FY 2021-22, for which hedging was being done by AEML-G. From FY 2022-23 onwards, payment of imported coal has been done directly. Hence there was no requirement of hedging from FY 2022-23 onwards.

6.2.6 Asset Mortgage

The Hon'ble Commission in the MYT Order dated 30.03.2020 had given the following directive:

> *"7.9.1 In pre-AEML era, from the accounts of RInfra it has been found that assets of ADTPS were mortgaged to raise funds from market for some other businesses other than GTD businesses operating in Mumbai. The Commission directs AEML-G to submit a status report in the next MTR Petition clearly detailing if ADTPS has been mortgaged / any charge has been created for this asset for availing any loans at the Company / Corporate level."*

In response to the above directive, it was submitted during MTR proceedings that AEML has, for refinancing its earlier loans and further utilisation of capital in regulated business, raised finance through bonds for which it has signed Indenture of Mortgage (IOM) with SBI CAP Trustee. All of generation assets have been mortgaged for raising bonds. The copy of Indenture of Mortgage (IOM) relating to AEML was shared at the time of MTR proceedings. As submitted earlier in this Petition, the ownership of ADTPS has now changed from AEML to APL with effect from 30.09.2024. APL has funded the transaction through its internal accruals. As ADTPS ownership now rests with APL, the charge created by the lenders of AEML on the said assets, will be released through appropriate process, in due course.

6.2.7 Status of Schemes approved on urgent basis during MTR proceedings (Case No. 202 of 2017)

In MTR Order in Case No. 202 of 2017 (para no. 6.7.19), the Hon'ble Commission had asked APL (earlier AEML-G) about schemes which were important and were required to be approved on priority. APL (earlier AEML-G) had submitted 11 schemes during MTR proceedings and later on the Hon'ble Commission approved 8 schemes. It is submitted that out of the 8 schemes, 7 schemes have been completed and one scheme is still to be completed. The status of these 8 schemes is shown in the table below:

Table 105: Status of 8 schemes approved on urgent basis

Schemes	Urgent Approval of DPR	Status
Scheme 1	Refurbishment of Air Preheater	Out of Rs. 10 Crore approved amount, cumulative capitalization till FY 2023-24 against this scheme is Rs. 7.21 Crore. The balance will be capitalized in phase manner.
Scheme 2	Refurbishment of Milling system	Completed
Scheme No -3	Refurbishment of Gas to gas heater of Unit 1	Completed
Scheme No -6	Refurbishment of CW Pumps	Completed
Scheme No -7	Replacement of MV/LT VFD	Completed
Scheme No -9	Refurbishment of Turbine Valves	Completed
Scheme No -10	Refurbishment of HP bypass / LP bypass and spray valves BFP recirculation pressure reducing & DE	Completed

	superheating stations (PRDS)	
Scheme No -11	Refurbishment of turbine gland sealing system	Completed

6.3 Compliance to provisions of MYT Regulations, 2019

6.3.1 Separate Accounting Statement for generation business

As per first proviso to Regulation 2.1 (1) of the MYT Regulations, 2019, separate Accounting Statements shall be prepared and submitted to the Commission. Accordingly Accounting Statement Format duly signed by Statutory Auditor for FY 2022-23 and FY 2023-24 has been submitted as **Annexure D** (Soft Copy only) and **Annexure E (Soft Copy only)** along with the MYT Petition.

6.3.2 Uploading of approved tariff in website

As per Regulation 15.2 of the MYT Regulations, 2019, the Petitioner shall publish the Tariff approved by the Commission in at least two English and two Marathi language daily newspapers having wide circulation in its Licence area, provide the approved Tariff schedule on its internet website, Accordingly, approved tariffs for ADTPS were published in newspapers post issuance of MTR Order in Case no. 229 of 2022 on 31.03.2023. The approved tariffs of FY 2023-24 and FY 2024-25 were also uploaded in the website of AEML.

6.3.3 Cost Audit Report

As per fourth proviso to Regulation 23.4 of the MYT Regulations, 2019, the Generating Company or Licensee shall submit the Cost Audit Report along with the true-up Petition. It is submitted that cost audit report is prepared for AEML as a whole and the same for FY 2022-23 and FY 2023-24 has been submitted as part of response to Datagaps Set I on 15.11.2024.

6.3.4 Depreciation capped at 90% of original cost of asset

As per first proviso to Regulation 28.1 (c) of the MYT Regulations, 2019, Generating Company or Licensee or SLDC shall submit certification from the Statutory Auditor for the capping of depreciation at ninety per cent of the allowable capital cost of the asset. APL has submitted the asset wise depreciation charged in FY 2022-23 and FY 2023-24 as part of Annexure 14 to the MYT Petition. It can be verified from the files that the accumulated depreciation at the close of FY 2022-23 and FY 2023-24 does not exceed

90% of the original value of asset, (except for IT assets and software, where depreciation can be charged up to 100% as per MYT Regulations, 2019).

6.3.5 Details of GCV to be uploaded in website

As per last proviso to Regulation 50.7 of the MYT Regulations, 2019, the generating company shall make available GCV details and blending ratio for three months in its website. Till now the GCV details and blending ratio for three months period was being uploaded in the website of AEML. Hence forth, for the period the plant supplies to AEML-D under regulated tariff, the same will be uploaded on the website of APL.

7 PRAYERS

APL prays that the Hon'ble Commission may be pleased to:

1. Admit the petition as submitted herewith;
2. Approve the actual revenue gap/ surplus arising on account of truing-up for FY 2022-23 and FY 2023-24 along with the carrying / holding cost till FY 2025-26 as worked out in this petition;
3. Approve the provisional ARR and revenue gap/ surplus for FY 2024-25 as worked out in this petition
4. Approve the Aggregate Revenue Requirement (ARR) from FY 2025-26 to FY 2029-30 as projected in this Petition;
5. Allow recovery of cumulative revenue gap/ surplus till FY 2024-25 as worked out in this Petition by including it in the ARR for FY 2025-26;
6. Allow specific deviations from the MYT Regulations, 2019 and MYT Regulations, 2024, wherever sought in this Petition;
7. Grant specific prayers, wherever made in this Petition, for reconsideration / relaxation of rulings made in previous Tariff Orders;
8. Allow additions / alterations / modifications/ changes to the Petition at a future date;
9. Condone any inadvertent errors/ inconsistencies/ omissions/ rounding off differences, etc. as may be there in the said Petition;
10. Allow any other relief or pass Order and direction, which the Commission deems fit to be issued.

In light of the prayers made hereinabove, the Petitioner requests the Hon'ble Commission to consider the same and grant us appropriate relief.

AMathur

Akshay Mathur
Authorized Representative
Adani Power Ltd.

Place Mumbai
Date 02.01.2025