ଓଡ଼ିଶା ବିଦ୍ୟୁତ ନିୟାମକ ଆୟୋଗ
ODISHA ELECTRICITY REGULATORY COMMISSION
BIDYUT NIYAMAK BHAWAN
PLOT NO.4, OERC ROAD, SHAILASHREE VIHAR, BHUBANESWAR -751021
TEL. No. 2721048, 2721049
E-MAIL: oerc@odisha.gov.in/orierc@gmail.com
WEBSITE: www.orierc.org

Together, Let us light up our lives

Present : Shri G. Mohapatra, Officiating Chairperson
Shri S. K. Ray Mohapatra, Member

CASE NO.82 OF 2024

Date of Hearing : 17.02.2025 (at 03.00 P.M)

Date of Order : 24.03.2025

IN THE MATTER OF: Application for Approval of Generation Tariff of its Units I & II for the FY 2025-26 in terms of Sections 62 & 86 of the Electricity Act, 2003 read with Approved Bulk Supply Agreement along with Supplemental Agreement (together referred to as the Amended PPA), OERC (Terms and Conditions for determination of Generation Tariff) Regulation, 2024 and OERC (Conduct of Business) Regulation, 2004 and Order dated 19.04.2018 of the Hon'ble Supreme Court of India in Civil Appeal No.9485 of 2017.

ORDER

PROCEDURAL HISTORY (Para 1 to 10)

Odisha Power Generation Corporation (OPGC) was incorporated as a Government Company under the Companies Act, 1956 on 14th November, 1984 with the main objective of establishing, operating & maintaining large thermal power generation stations. OPGC has established 420 MW (2X210 MW) of thermal power station in IB Valley area of Jharsuguda District in the state of Odisha under Stage-I (Units 1 & 2) and subsequently two super critical units each of 660 MW has been established under Stage-II (Units 3 & 4) in the same location adjacent to its existing operational units which went into commercial operation on July & August, 2019. The entire generation from these units (Units 1,2,3 & 4) is being supplied to GRIDCO on the basis of long term PPAs. OPGC is also in the process of establishment of two more generating units (Units 5 & 6) each of 660 MW in the same location and GRIDCO has given in-principle consent for off taking 100% power from these units. OPGC is a 100% owned Company of the Government of Odisha.

2. The Petitioner, Odisha Power Generation Corporation (OPGC) Ltd has filed an application before the Commission for determination of Generation Tariff of its 420 MW (2X 210MW)

of IB Thermal power stations for the financial year 2025-26 after withdrawal of Special Leave Petition (Civil) Nos.6812-13 of 2005 from the Hon'ble Apex Court which arises out of the judgment of the Hon'ble High Court of Orissa in OJC No.13338 of 2001. Earlier the principle of tariff determination was sub-judice before the Hon'ble Apex Court. The said Hon'ble Court vide their judgment dated 19.04.2018 had directed as follows:

> *" 6. We are f the view that the Commission vide their order dated 27.04.2015 on the joint application of the parties dated 26.02.2014 rightly fixed the tariff but the view taken in subsequent order dated 21.03.2016 which has been upheld on appeal is unsustainable.*
>
> *7. Accordingly, we set aside he impugned order and remand the matter to the State Commission for fresh decision. The State Commission may take into account the Notification dated 21.06.2008 for the fixed costs, the PPA for the variable costs specified therein and for other costs not reflected in he PPA, statutory Regulations may be applied.*
>
> *8. The appeal shall stands disposed of as indicated above.*
>
> *9. The parties may appear before the State Commission for further proceedings on 02.07.2018."*

Accordingly, OPGC had filed Case No. 33 of 2018 for redetermination of generation tariff of its generating stations for FY 2016-17, FY 2017-18 and FY 2018-19 and the matter was heard as per the direction of the Hon'ble Apex Court and disposed of by the Commission. After that OPGC has been filling its tariff application each year with the Commission.

3. Now, OPGC Ltd. as a "Generating Company" incorporated under the Companies Act, 1956 and is under the meaning of Sec.2 (28) of the Electricity Act, 2003 (herein after referred as 'the Act') has filed the present petition for determination of tariff for FY 2025-26 which shall be determined by the Commission in accordance with the principle already laid down by the Hon'ble Apex Court. Under the existing legal set up, GRIDCO Ltd. is evacuating powers from the generating stations of OPGC Ltd. and delivering it to the Distribution Utilities of Odisha (the then Distribution Licensees).

4. As per Regulation 61(2) of the OERC (Conduct of Business) Regulations, 2004, a generating company is required to file an application by 30th November of each year to the Commission for determination of tariff for any of its generating stations, for sale of energy in the State of Odisha giving details of costs associated with the generation and sale of energy from the generating stations.

5. In compliance to the above direction of the Commission, OPGC Ltd. has filed an application on 25.11.2024 under Sections 62 & 86 of the Electricity Act, 2003 read with OERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2024 and Regulation 61 (2) of the OERC (Conduct of Business) Regulations, 2004 for determination of

Generation Tariff for FY 2025-26 of Units-1 & 2 for approval of IB Thermal Power Stations having installed capacity of 420 MW (2x210 MW) after withdrawal of Special Leave Petition (Civil) Nos.6812-13 of 2005 from the Hon'ble Apex Court which was arises out of the judgment of the Hon'ble High Court of Orissa in OJC No.13338 of 2001 with requisite fees. The above application filed by OPGC Ltd. is based on the provisions of amended PPA, Bulk Supply Agreement, Tripartite Agreement and Escrow Agreement following the securitization arrangements.

6. After due scrutiny and admission of the aforesaid application, the Commission directed OPGC Ltd. to publish its application in the approved format. In compliance to the same; public notice was given in leading and widely circulated newspapers on 17.12.2024 and was also posted on the Commission's website, in order to invite objections/suggestions from the general public. The applicant was also directed to file its rejoinder to the objections/ suggestions filed by the objectors. In response to the aforesaid public notice the Commission received 4 number of objections from the following persons/ organizations:

(1) Shri Ramesh Ch. Satpathy, Secretary, National Institute of Indian Labour & President,Upobhokta Mahasangha, Plot No.302(B), Beherasahi, Nayapalli, Bhubaneswar-751012; (2) The Chief Executive Officer, TPWODL, At/P.O: Burla, Dist.-Sambalpur-768017; (3) Sri Ananda Kumar Mohapatra, S/O. Late Jachindra Nath Mohapatra, Plot No.799/4, Kotiteertha Lane, Old Town, Bhubaneswar-751002; and (4) The Managing Director, GRIDCO Ltd., Janapath, Bhubaneswar-22 had filed their suggestions/ objections.

7. All the above named Objectors along with the representative of the applicant-OPGC Ltd. Shri K.R. Pandu, Managing Director, M/s. OPGC Ltd. along with Shri Haresh Kumar Satapathy, Addl.GM (C&RA) of the Applicant- OPGC Ltd., Shri Ramesh Ch. Satpathy, Secretary, National Institute of Indian Labour & President, Upobhokta Mahasangha, Shri K.C. Nanda, Sr.GM (RA& Strategy), TPWODL, Burla Sambalpur, Shri Anand Kumar Mohapatra, Shri Pragnya Punam Dash, AGM (Electrical), GRIDCO Ltd. along with Eeshan Sahoo, A.M (Electrical), GRIDCO Ltd. and Ms. Sonali Pattnaik, Manager (Legal), DoE, Government of Odisha were present during tariff hearing through hybrid mode and their written submissions filed before the Commission were taken on record and also considered by the Commission. The applicant submitted its reply to the issues raised by the various objectors during hearing.

8. In exercise of the power under Section 94(3) of the Electricity Act, 2003 and to protect the interest of the consumers, the Commission appointed World Institute of Sustainable Energy (WISE), Pune as Consumer Counsel for objective analysis of the applicant's petition for

determination of generation tariff proposal for its different power stations for the Financial Year 2025-26. The Consumer Counsel presented views on the matter during the hearing.

9. The date of hearing was fixed as 17.02.2025 at 3.00 P.M and was duly notified in the leading and widely circulated newspaper mentioning the list of objectors. The Commission also issued individual notice to the objectors and the Department of Energy, Government of Odisha informing them about the date and time of hearing through hybrid mode and requesting to the objectors and the Government's authorized representative shall have to furnish their individual e-mail ID and Whatsapp number in the address oerc.vc@gmail.com on the previous day of hearing to facilitate providing links for hearing if they interested to take part in the hearing through virtual mode. Accordingly, some of the objectors and the representative of DoE, GoO have furnished their e-mail IDs and took part during the proceedings and offered their views/ suggestion/ proposal in the hearing through hybrid mode on the date and time fixed by the Commission.

10. As part of the consultative process, the Commission conducted a public hearing at its premises at Bhubaneswar on 17.02.2025 at 3.00 P.M and heard the Applicant, Objectors, Consumer Counsel and the Representative of the Department of Energy, Government of Odisha in extenso. The Commission convened the State Advisory Committee (SAC) meeting through hybrid mode on 01.03.2025 at 11.00 A.M. to discuss the prayer for determination of generation tariff proposal of the generating company for the FY 2025-26. The Members of SAC presented their valuable suggestions and views on the matter for consideration of the Commission.

OPGC's PROPOSAL FOR DETERMINATION OF GENERATION TARIFF FOR THE FY 2025-26 (Para 11 to 39)

11. Odisha Power Generation Corporation Limited (herein after referred as "OPGC") is a company incorporated under the Companies Act, 1956 having its registered office at Zone-A, 7th floor, Fortune Towers, Chandrasekharpur, Bhubaneswar, Odisha-751023. GRIDCO Limited ("GRIDCO") had entered into Bulk Power Supply Agreement with OPGC on August 13, 1996, for purchase of power from its Generating Units 1 & 2 of IB Thermal Power Station, having installed capacity of 420 MW (210 MW x 2). OPGC, GRIDCO and Government of Odisha had signed a Tripartite Agreement dated 18th October, 1998 for amendment of existing PPA and to include certain provisions relating to the establishment of Units 3 & 4 of IB Thermal Power Station by OPGC. Further, Escrow and Security Agreement dated 30th November, 1998 was entered between OPGC, GRIDCO and Union Bank of India.

12. Subsequently, certain disputes had arisen between the parties relating to the terms of the PPA, Tripartite Agreement and other agreements. The Government of Odisha issued Notification dated June 21, 2008 for resolving and settling all such disputes on terms and conditions contained therein in respect of Unit 1 & 2 of OPGC and GRIDCO agreed to amend existing PPA and Tripartite agreement based on above notification of Government of Odisha. Accordingly, an agreement was signed on September 6, 2012 supplemental to the Tripartite Agreement executed on October 18, 1998. Subsequently, OPGC and GRIDCO signed an amendment to existing PPA on December 19, 2012 by modifying certain provisions.

13. The Commission, vide its Order dated April 27, 2015, had approved the amended PPA and directed OPGC to file an application for determination of Generation Tariff for rest of the control period starting from FY 2016-17 onwards in line with the amendments as tariff for the FY 2014-15 and FY 2015-16 was approved by the Commission in ARR of GRIDCO. The Commission, vide its Order dated March 21, 2016, had determined the Generation Tariff of Unit 1 & 2 of IB Thermal Power Station for FY 2016-17, in accordance with the terms and conditions of OERC's Generation Tariff Regulations, 2014.

14. Aggrieved by the said Order, OPGC had filed Appeal No. 126 of 2016 before the Hon'ble APTEL against the Tariff Order for the FY 2016-17. Hon'ble APTEL, vide its Order dated April 6, 2017, in the said Appeal, upheld the Commission's Tariff Order for FY 2016-17. Aggrieved by the Judgment of Hon'ble APTEL, OPGC had preferred Civil Appeal No. 9485 of 2017 before the Hon'ble Supreme Court. The Hon'ble Supreme Court, vide its Judgement dated April 19, 2018 in the said Appeal, set aside the Tariff Order for FY 2016-17 and remanded the matter to the Commission for a fresh decision. In effect, the Hon'ble Supreme Court of India held that primarily the tariff norms under the PPA are to be followed while determining OPGC's tariff. Further, for the tariff norms which are not covered in the PPA, the OERC's Generation Tariff Regulations 2014 may be relied upon by the Commission to determine Generation tariff of OPGC.

15. In the meantime, the Commission had disposed of the Generation Tariff Petition for the FY 2017-18, vide its Order dated March 23, 2017 in Case No. 62/2016, and Generation Tariff Petition for the FY 2018-19, vide its Order dated March 22, 2018 in Case No. 75/2017, in line with its approach adopted for determination of tariff for the FY 2016-17.

16. In accordance with the Order of Hon'ble Supreme Court of India, OPGC filed the Petitions registered as Case No. 33 of 2018 for re-determination of Tariff for the FY 2016-17, FY 2017-18 and FY 2018-19 before the Commission on May 25, 2018 considering the original

project cost as per the approved amended PPA and the final Order was issued by the Commission on March 28, 2019.

17. Subsequently, OPGC filed a separate Petition numbered as Case No. 54 of 2018, for approval of additional capitalization for the FY 2015-16, FY 2016-17, FY 2017-18 and FY 2018-19 in compliance to the Commission's directive in the Tariff Order for FY 2018-19 dated March 22, 2018 and the Order of the Hon'ble Apex Court in Civil Appeal No. 9485/2017 dated April 19, 2018.

18. In tune with the approach adopted in Petitions filed under Case No. 33 of 2018 and Case No. 54 of 2018, OPGC had filed the Petition for the FY 2019-20 and FY 2020-21 and the final Orders were issued by the Commission.

19. The Commission notified the Odisha Electricity Regulatory Commission (Terms and Conditions for Determination of Generation Tariff) Regulations, 2020 ("OERC Generation Tariff Regulations, 2020") on August 26, 2020 exercising the powers conferred under Section 61 & 62 read with Section 181 of the Act. As per the said Regulations, the Tariff Period is for four years from FY 2020-21 to FY 2023-24. In accordance with the provisions of OERC's Generation Tariff Regulations, 2020 and in line with the approach adopted in Petitions in Case No. 70 of 2018, Case No. 33 of 2018, Case No. 54 of 2018 and Case No. 69 of 2019, OPGC had filed a Petition for approval of Generation Tariff for the FY 2021-22. The said Petition was numbered as Case no. 71 of 2020 and the final Order was issued by the Commission on March 26, 2021.

20. Subsequently, the Commission, vide Order dated May 21, 2021 in Case No. 54 of 2018, disallowed actual additional capitalization for FY 2015-16 to FY 2017-18 and proposed additional capital expenditure for FY 2018-19. OPGC had filed an Appeal before Hon'ble APTEL on November 15, 2021 with DFR No. 407/2021 against OERC's Order dated May 21, 2021 in Case No.54 of 2018. The Hon'ble APTEL vide its daily Order dated 15.07.2024, has instructed to include the Appeal under *'List of Short Matters'*, which would be taken up in its turn for further proceedings.

21. In accordance with the provisions of OERC's Generation Tariff Regulations, 2020 and in line with the approach adopted in Petitions in Case No. 33 of 2018, Case No. 70 of 2018, Case No. 69 of 2019, Case No. 71 of 2020, and Case No. 104 of 2021, OPGC had filed Petition for approval of Generation Tariff for FY 2023-24. The said Petition was registered as Case No.75 of 2022 and the final Order was issued by the Commission on March 23, 2023. In similar line, annual tariff Petition filed by OPGC for FY 2024-25 (Case No. 112 of 2023) has been disposed of by the Commission vide Order dated 13.02.2024.

22. In the present Petition, OPGC has claimed approval for Generation Tariff for FY 2025-26 based on the provision of the approved Amended PPA against the original project cost. With regard to the claim of additional capitalization for FY 2025-26, OPGC has submitted that a separate petition will be submitted based on the outcome of the Appeal registered before Hon'ble APTEL in Appeal No. 335/2021 by OPGC.

23. Accordingly, the present Petition has been filed by OPGC based on the following agreements entered between the parties and notification of Govt. of Odisha:

    a) Bulk Power Supply Agreement between OPGC and GRIDCO, dated August 13, 1996 ("PPA") and an agreement Supplemental to Bulk Power Supply Agreement dated December 19, 2012 ("Amended PPA"). Both agreements were approved by the Commission vide its Order dated April 27, 2015;

    b) Tripartite Agreement between OPGC, GRIDCO and Government of Odisha dated October 18, 1998 ("Tripartite Agreement");

    c) Govt. of Orissa ("GoO") Notification No. 7216/E dated June 21, 2008;

    d) Agreements as Supplemental to Tripartite Agreement dated September 6, 2012 ("Amended Tripartite Agreement") which was approved by the Commission vide its Order dated April 27, 2015; and

    e) Escrow and Securitization Arrangement dated November 30, 1998 entered between OPGC, GRIDCO and Union Bank of India, which was approved by the Commission vide its Order dated April 27, 2015.

24. Generation Tariff for the FY 2025-26 considering the original project cost

OPGC has submitted that, the Annual Fixed Cost (AFC), as per Clause 3.0 of Schedule II of the Amended PPA, shall consist of the following components:

a. Depreciation;

b. Return on Equity;

c. Interest on Loan;

d. Operation and Maintenance Expenses; and

e. Interest on Working Capital.

25. Capital Cost and Additional Capitalization

a) OPGC has considered capital cost of the Project as Rs. 1060 Crore for FY 2025-26 as per the Amended PPA signed between OPGC and GRIDCO.

b) Further, OPGC has submitted that after detailed discussions/ deliberations with GRIDCO, it had earlier filed a Petition registered as Case No 66 of 2021 for in-principle approval of the Commission for Renovation & Modernization for enhancement of plant life and implementation of FGD and FGC for complying with the revised Emission Standards as prescribed by MoEF & CC. The Commission was pleased to dispose of the Case vide its Order dated November 03, 2021.

c) Subsequently, OPGC filed a review petition before the Commission for reconsidering construction of a new ash pond commensurate with proposed extended life of the plant (Case No 99 of 2021), considering the practical difficulties being faced for 100% utilization of Ash by OPGC. The Commission was pleased to approve in-principle to construct a new ash pond. OPGC has submitted that the implementation of Renovation & Modernization has been taken up after receiving concurrence from the Board of Directors of OPGC.

d) In the present Petition, OPGC has not projected additional capitalization for FY 2025-26. Based on the outcome of the Appeal filed before Hon'ble APTEL against the Commission's order in Case No. 54 of 2018, OPGC will approach the Commission for approval of actual additional capitalization for the FY 2015-16 to FY 2023-24 and projected additional capitalization for the FY 2024-25 and FY 2025-26 through a separate petition.

26. Debt – Equity Ratio

OPGC has submitted that while approving the Amended PPA, vide Order dated April 27, 2015, the Commission had approved the equity of Rs. 450 Crore and loan of Rs. 610 Crore. OPGC has considered actual debt: equity ratio, as approved in amended PPA and the same was considered in Tariff order for the FY 2024-25, and the same has also been proposed for determination of tariff for FY 2025-26.

27. Depreciation

As the assets corresponding to Original Capital Cost of Generating Station are fully depreciated by the financial year that ended on March 31, 2009, OPGC has not claimed any amount towards depreciation for FY 2025-26.

28. Return on Equity

OPGC has proposed Return on Equity considering the actual amount of equity capital (Rs.450 Crore) and Return on Equity at the rate of 16% as per Clause 8.0 (10) of Schedule II of PPA. Accordingly, OPGC claimed Return on Equity of Rs.72 crore for the FY 2025-26.

29. Interest on Loan Capital

OPGC has submitted that Clause 8.0 (7) and (11) of Schedule II of the Amended PPA provides the loan amount of Rs. 610 Crore and interest on loan as per actual. Since the loan amount of Rs. 610 Crore has been fully repaid by financial year ending March 31, 2012, OPGC has not claimed any interest on loan capital for the FY 2025-26.

30. O&M Expenses

OPGC has submitted that Clause 3.0 (d) and (e) of Schedule II of the Amended PPA provides that O&M expenses for first year of operation at the rate of 2.5% of the capital cost which shall be escalated by 8% each year from April 1, 1996. Accordingly, OPGC has proposed Rs.239.92 Crore under O&M Expenses for the FY 2025-26 considering the annual escalation factor of 8% as per the methodology prescribed in amended PPA.

31. Interest on Working Capital

OPGC has claimed that Clause 3.0 (f) of Schedule II of the Amended PPA provides the details of interest on working capital. As OPGC has started availing working capital from external sources, the actual interest rate for the Working Capital facility availed by OPGC in the FY 2024-25 as on September 2024 is 8.90%. Accordingly, the same has been considered for the FY 2025-26. Accordingly, OPGC claimed interest on working capital as Rs.16.86 Crore for the FY 2025-26. The details are given in the Table 1 below:

Table 1

Computation of interest on working capital for the FY 2025-26 (Rs. Crore)

Sr. No.	Particulars	Amount
1	Cost of Coal for one and half months	41.01
2	Cost of Secondary Fuel Oil for two months	9.48
3	O&M Expenses for one month	19.99
4	Receivables equivalent to two months	118.95
5	**Total Working Capital Requirement**	**189.43**
6	Interest Rate (%)	8.90%
7	**Interest on Working Capital**	**16.86**

32. Summary of Annual Fixed Cost

Considering above mentioned annual fixed cost components, OPGC has proposed the Annual Fixed Cost of Rs. 328.78 Crore for the FY 2025-26 corresponding to the original project cost. The details are given in the Table 2 below:

Table 2:

Annual Fixed Cost of OPGC for the FY 2025-26 (Rs. Crore)

Particulars	Amount
Depreciation	0.00
Return on Equity	72.00
Interest on Loan Capital	0.00

Particulars	Amount
O&M Expenses	239.92
Interest on Working Capital	16.86
Total Annual Fixed Cost	**328.78**

33. Operational Performance Parameters

The norms of operation proposed by OPGC for the FY 2025-26 as per Clause 8 of Schedule II of the approved Amended PPA are given in Table 3 below:

Table 3:

Operational Performance Parameters for the FY 2025-26

Sl. No.	Particulars	Unit	Value
1.	Normative Availability	%	68.49%
2.	Target Plant Load Factor for incentive	%	80.00%
3.	Auxiliary Consumption	%	9.50%
4.	Station Heat Rate	kcal/kWh	2500
5.	Specific Oil Consumption	ml/ kWh	3.50

34. Fuel Prices & GCV

(i) OPGC has been meeting tis Coal requirement from Lakhanpur mines of MCL till May 2024. Coal production in the OCPL mine exceeded the requirement of Units 3 & 4 and therefore OCPL proposed to utilize surplus Coal in Units 1&2. The matter was deliberated in the presence of OPGC, OCPL, GRIDCO and Department of Energy, Government of Odisha and it was agreed that OCPL would consider MCL price for billing to OPGC against the Coal to be used for Units 1&2. The Ministry of Coal also approved supply of 50% of the required Coal from OCPL's Manoharpur mines to Units 1&2. Subsequently, a supplementary FSA was executed between OCPL and OPGC on 18.05.2024 for supply of Coal from OCPL mines to meet 50% of coal requirement of OPGC Units 1&2 effective till 31.03.2030.

(ii) During the FY 2025-26, the coal requirement for OPGC Units 1&2 is proposed to be met from coal supply under existing FSA with Mahanadi Coal Fields Limited (MCL) from Lakhanpur mines and Addendum Agreement to FSA with Odisha Coal and Power Limited (OCPL) from Manoharpur mines.

(iii) In line with the Judgment of the Hon'ble Supreme Court of India dated 18.04.2018 in Civil Appeal No. 9485 of 2017, variable costs for OPGC are to be determined as per the PPA. As per the provision of PPA, the GCV of Oil and Coal is to be considered as actually delivered to the power station. Accordingly, OPGC has considered the GCV of coal and oil as actually delivered to the power station for the computation of energy charges.

(iv) Further, Clause 9 of Schedule II of the PPA stipulates that the prices and GCV of oil and coal for one year shall be the base for the next year. OPGC has filed Appeal No. 189 of 2020 before the Hon'ble APTEL against the Commission's Order dated October 28, 2020 in Case No. 43 of 2017 on the GCV to be considered for tariff computation. However, pending disposal of the Appeal No. 189/2020 by the Hon'ble APTEL, OPGC has considered the GCV of coal as mandated by OERC in its Order dated 28.10.2020 in Case No. 43/2017 and GCV of Oil as actually delivered to the power station for computation of energy charges.

(v) OPGC in additional submission has submitted that on an average, for the same declared Grade of Coal, the Total Moisture corrected as delivered GCV of Coal from OCPL is higher in comparison to coal received from MCL. The blending of better quality of coal has enabled OPGC for better capacity utilization and reduction in energy loss. For billing purposes, pending determination of input price, OCPL is considering the MCL Notified Base Price and the applicable statutory charges in accordance with OERC Input Price Regulations 2024. After input price of coal is determined, the excess/ shortfall in the billing amount shall be set off through Debit/ Credit Note as per the Regulations.

(vi) Accordingly, OPGC has considered the actual delivered fuel prices and GCV of oil and coal for the period from April to September 2024 for purpose of computation of tariff in the present Petition. Accordingly, the price and GCV of coal and oil considered for the FY 2025-26 have been given in the Table 4 below:

Table 4:

Price and Gross Calorific Value of Coal and Oil proposed for the FY 2025-26

Sr. No.	Source of Coal	Base for the FY 2025-26
1	Price of Coal (Rs. /MT)	1697.31
2	Price of LDO (Rs./kL)	81711.23
3	Price of HFO (Rs./kL)	62584.89
4	Gross Calorific Value of Coal (kCal/kg)	3213.85
5	Gross Calorific value of LDO (kCal/ltr.)	10000
6	Gross Calorific value of HFO (kCal/ltr.)	10000

35. Energy Charge

OPGC has proposed that in accordance with Clause 7.0 of Schedule II of the Amended PPA, it has considered the norms of operation, GCV and prices of the fuel for computation of Energy Charge for the FY 2025-26. Accordingly, it has proposed Variable charges of 168.79 paise/kWh for the FY 2025-26. The details are given in Table 5 below:

Table 5:
Computation of Energy Charge for the FY 2025-26

Particulars	Unit	FY 2025-26
Auxiliary Consumption	%	9.50%
Gross Station Heat Rate	kCal/kWh	2500
GCV of Coal	kCal/kg	3213.85
GCV of Oil (LDO)	kCal/ltr	10000.00
GCV of Oil (HFO)	kCal/ltr	10000.00
Specific Coal Consumption	kg/kWh	0.77
Specific Oil Consumption-LDO	ml/kWh	0.35
Specific Oil Consumption-HFO	ml/kWh	3.15
Price of Coal	Rs./MT	1697.31
Price of Secondary Oil-LDO	Rs./ kL	81711.23
Price of Secondary Oil-HFO	Rs./ kL	62584.89
Variable Charges per kWh (base value)	**Paisa/kWh**	**168.79**

36. Reimbursement of Other Charges

OPGC has proposed for reimbursement of the different charges and expenses which comprise of Electricity Duty, water cess and charges, tax and cess on land, SOC and MOC paid to SLDC, EPRC charges, Annual Inspection fees, Income tax, recovery of ARR and tariff petition fees and ash utilization expenses including transportation charges as per Clause 10 of the approved amended PPA. The details are given in Table 6 below:

Table 6:
Other Charges for the FY 2025-26 (Rs. Crore)

Sl. No.	Particulars	Amount
1	Electricity Duty	15.37
2	Water Cess and Water Charges	11.01
3	Energy Compensation Charges	-
5	Tax and Cess on land	0.25
6	SOC and MOC for SLDC	0.49
7	ERPC Charges	0.16
8	Annual inspection fees	0.44
9	Income Tax	24.22
10	Recovery of ARR & Tariff Petition Fee	0.30
11	Contribution towards Water Conservation Fund	-
12	Ash Utilization Expenses including Transportation Charges	59.94
	Total	**112.17**

OPGC has requested to provisionally approve the other charges of **Rs. 112.17 Crores**. OPGC has further requested to direct GRIDCO Ltd. to reimburse the other charges on actual basis during the year.

37. Additional Capitalization for FY 2025-26

OPGC has submitted that the additional claim in respect of Annual Fixed Charges due to additional capitalization during the period from the FY 2015-16 to FY 2023-24 and projected additional capitalization for the FY 2024-25 and FY 2025-26 will be raised by OPGC through a separate petition based on the outcome of Appeal No. 335/2021 registered before Hon'ble APTEL.

38. **Summary of Tariff proposal for FY 2025-26**

The Summary of tariff proposed is given in the Table-7 and other charges in Table 8 below:

Table 7
Summary of Tariff Proposal of OPGC for FY 2025-26

Particulars	**Units**	**Amount**
Depreciation	Rs. Crore	0.00
Return on Equity	Rs. Crore	72.00
Interest on loan	Rs. Crore	0.00
O&M expenses	Rs. Crore	239.92
Interest on working capital	Rs. Crore	16.86
Total Annual Fixed Cost	**Rs. Crore**	**328.78**
Variable Charges per kWh	**Paisa/kWh**	**168.79**

Table 8
Other Charges for FY 2025-26

Particulars	**Units**	**Amount**
Other Charges	**Rs. Crore**	**112.17**

39. The Petitioner has submitted the following in compliance to directives of the Commission for the previous FY 2024-25:

(i) Steps for land acquisition for construction of new Ash Pond D, which has been primarily envisaged to meet the requirement during extended life of Units 1&2 (post R&M) have been initiated and is expected to be in operation in FY 2026-27. Ash Pond A is undergoing embankment elevation (from 208m to 211m RL) and upon completion it will be designated solely for dry ash filling with ash transported from Pond C. Tendering process for installation of FGD systems has been put on hold on account of recommendations of CSIR-NEERI.

(ii) Ash Pond C was breached on 09.12.2023 which was accidental and happened unexpectedly without any prior indication/ warning. The spilled ash was evacuated and dumped back to Ash Pond C. This led to downtime of Units 1 & 2 for 924 hours with loss of generation of about 195 MUs and under recovery of Capacity charge of Rs 1.56 Cr for FY 2023-24. No casualties or injuries to humans and adverse effects to livestock has been reported and environmental impact was minimal since emergency protocols were promptly activated. OPGC has spent Rs 32.23 Cr towards restoration of breached pond, crop compensation and other miscellaneous activities which has been claimed under insurance and settlement is under progress.

(iii) There have been 80 nos. of forced outages from FY 2019-20 till FY 2023-24 due to boiler tube leakages, life of the equipment, grid operational conditions, generator protection relay, grid disturbances and other electrical & mechanical/ operational issues.

(iv) OPGC is in process of setting up 50 MW solar PV power project at the exhausted Ash Pond B for which GRIDCO has provided in-principle consent to procure power subject to approval of Commission. Identification of new patches of land to enhance renewable generation and the compliance of RGO for proposed expansion of Unit 5 & 6 is in progress which will contribute to the reduction of carbon emission. Further, feasibility study of a 2 MW solar plant near river intake channel is underway and biogas plant processing 1 MT/day of waste is producing 42 kg of gas daily for cooking in the guest house.

(v) Despite persistent requests to MCL for allocation of void mines, the latest proposal of allocating BOCM mines was declined by MCL due to integration of Lakhanpur-Belpahar-Lilari mines and the ongoing extraction from additional seams in these mines. OPGC has engaged C-FARM to co-ordinate with MCL and the Central mine Planning & Design Institute to facilitate the allotment of suitable mine voids for ash stowing/ filling.

VIEWS OF THE OBJECTORS AND RESPONSE OF OPGC (PETITIONER) ON THE GENERATION TARIFF PROPOSAL FOR FY 2025-26 (Para 40 to 67)

The views of the objectors and response of OPGC on various issues are as follows:

40. **True-Up and Financial Performance of OPGC**

Views of the Objectors

Shri Ananda Kumar Mohapatra has submitted that OPGC failed to file the Truing up Petition for FY 24 within the specified timeline, instead OPGC has filed an ARR & Tariff Application for FY 26 but denying the true up for the previous year. OPGC manipulated Regulation 11 & 12(3) of OERC (Terms & Conditions for Determination of Generation Tariff) Regulations, 2024, requiring a review of Regulation 12(3).

Further, he has submitted that the Commission is examining the financial performance of OPGC, a wholly owned Govt of Odisha enterprise, to determine any variations in approved ARR and expected revenue from Tariff and Charges. He has urged before the Commission to request documents from OPGC in the current proceeding to assess their performance in the true up for FY 2023-24.

Response of OPGC

OPGC has submitted that the present Petition filed by OPGC for its Units #1&2 is in accordance with the Hon'ble SC order in Civil Appeal No 9485/2017 dated 19.04.2018. The relevant excerpts of the Hon'ble SC is reproduced below for ready reference:

> *"We are of the view that the Commission vide Order dated 27.04.2015 on the joint application of the parties dated 26.02.2014 rightly fixed the tariff but the view taken in subsequent order dated 21.03.2016 which has been upheld on appeal is unsustainable.*
> *Accordingly, we set aside the impugned order and remand the matter to the State Commission for fresh decision. The State Commission may take into account the Notification dated 21.06.2008 for the fixed costs, the PPA for the variable costs specified therein and for other costs not reflected in the PPA, statutory Regulations may be applied.*
> *The appeal shall stand disposed of as indicated above.*
> *The parties may appear before the State Commission for further proceedings on 2.07.2018."*

The Commission, vide its Order dated 21.05.2021 in Petition No. 54 of 2018, disallowed the actual additional capitalisation claimed for FY 2015-16 to FY 2017-18 and the proposed additional capital expenditure for FY 2018-19. OPGC has filed an Appeal against the said Order dated 21.05.2021 before the Hon'ble APTEL on 15.11.2021, which has been registered as Appeal No. 335/2021. The matter is currently sub-judice.

Pending disposal of the Appeal No. 335/2021 by Hon'ble APTEL, OPGC had filed the Annual Tariff Petition Case No. 75 of 2022 with a prayer before the Commission for liberty to file separate Petition related to additional capitalisation on the basis of decision by Hon'ble APTEL in the said Appeal. In Para 74 of the Order dated 23.03.2023, the Commission was pleased to consider the prayer of OPGC and allowed to file a separate Petition related to additional capitalisation for the period from FY 2015-16 to FY 2022-23 after the Hon'ble APTEL's Judgement in Case No. 335/2021 is pronounced. The relevant extract from the said Order is reproduced below:

> *"74. As per the prayer of OPGC, the Commission hereby allow OPGC to file a separate petition relating to additional capitalisation for the period from the FY 2015-16 to the FY 2022-23 after the APTEL's Judgement is pronounced in the above appeal of OPGC."*

In similar lines, the Commission was pleased to allow OPGC to file a separate petition relating to additional capitalisation for the period from the FY 2023-24 and FY 2024-25 after pronouncement of Judgement of Hon'ble APTEL in the above appeal of OPGC, in its Order dated 13.02.2024 in Case No 112/2023 (para-81).

Further, Regulation 12(3) of the OERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2024, limits the scope of truing up to expenses related to capital expenditure, including additional capital expenditure.

In view of the above and based on the outcome of the Appeal No 335/2021, OPGC will approach the Commission for approval of actual additional capitalisation since FY 2015-16 through a separate True up Petition. Further, OPGC has submitted that the stakeholder may refer to the Standalone Audited Accounts of OPGC for the FY 2023-24 submitted alongwith the Petition, and the audited accounts for the previous years available in OPGC website, to assess financial performance of OPGC. OPGC remains committed to regulatory compliance and will file the necessary True-Up Petition based on the outcome of Appeal pending before the Hon'ble APTEL and the applicable Regulations. Accordingly, the request for additional financial documents and performance scrutiny in this proceeding is outside the scope of the current regulatory framework.

41. Cash flow statement

Views of the Objectors

Mr. Ramesh Ch. Satpathy has submitted that OPGC has to submit the month wise cash flow statement showing sources of inflow & outflow of cash from the FY 2010-11 to March '23.

Response of OPGC

OPGC has submitted that the audited annual account for FY 2023-24 has been submitted as Annexure-15 to the Tariff Petition. Further, the annual reports of OPGC are published on the website of OPGC and the stakeholder may refer to the same.

42. **ARR & Tariff Petition**

Views of Objectors

(a) Shri Ananda Kumar Mohapatra has submitted that Regulation 9 of the OERC (Terms & Conditions for determination of generation tariff) Regulations, 2024 mandates that a Tariff Petition filed by a Generating Company for their existing generating station must include a forecast of Aggregate Revenue Requirement and expected revenue from Tariff for each year of the Tariff Period. The forecast is based on the estimated quantum of electricity generated by each unit/station for each year of the Tariff Period. The Generating Company must submit the proposed Tariff or Fees and Charges for each year of the Tariff Period to meet the gap in the Aggregate Revenue Requirement, including unrecovered revenue gaps of previous years. Regulation 9(7) allows OHPC and OPGC (Units-1&2) to make applications for determination of tariff by November 30^{th} of every year along with data in the prescribed format and details of underlying assumptions for projected capital cost and additional capital expenditure, with necessary information and explanations for determination based on capital expenditure incurred up to the date of commercial operation and additional capital expenditure incurred during the period.

The Regulation does not prohibit OPGC from filing applications for approval of annual revenue requirements, including capacity charges and energy charges. However, OPGC has been continuously denied ARR filing for Units-1&2, raising questions about their decision to refuse ARR filing.

(b) Shri Ramesh Ch. Satpathy has submitted that OPGC in their ARR application mentioned about their functioning as per the PPA signed between GRIDCO & OPGC knowing fully well that PPA & tariff hearing are separate matters. At present the government is the owner of OPGC, the calculation as per provisions of PPA as per the direction of the Hon'ble Supreme Court should be stopped.

Applicant OPGC proposes 9.5% auxiliary consumption whereas, the central thermal power station like NTPC considers 5.5% auxiliary consumption. The auxiliary calculation should be made as per the regulation.

Response of OPGC

The Multi-Year Tariff (MYT) framework and Tariff Policy determine the two-part tariff of generating stations, consisting of Annual Fixed Charges (AFC) and Energy Charge Rate (ECR), in accordance with the Tariff Regulations and/or the prevailing Power Purchase Agreement (PPA). The need for forecasting the ARR and expected revenue is irrelevant, and there is no provision for annual reconsideration of revenue earned by the generating station during tariff determination by the Commission. Regulation 9(7) of the OERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2024 provides the framework for tariff determination applicable to OHPC and OPGC. OPGC has submitted its Tariff Petition for FY 2025-26 in full compliance with Regulation 9(7), providing all requisite information related to capacity charges, base energy charges, and other applicable charges for reimbursement. OPGC has submitted that its filing practice adheres strictly to the applicable Regulations and directives of the Commission, and any additional clarifications regarding capacity charges, energy charges, or other costs have been provided within the scope of regulatory compliance and in the prescribed format.

43. Compliance to RGO

Views of Objectors

Shri Ananda Kumar Mohapatra has submitted that the Union Ministry of Power, Government of India has notified the Renewable Generation Obligation (RGO) as per the Revised Tariff Policy, 2016. This requires generating companies establishing coal/lignite-based thermal generating stations with a Commercial Operation Date (COD) on or after 1 April 2023 to establish renewable energy generating capacity of at least 40% of the capacity. The Applicant is required to generate 40% of the capacity (40% of 1740 MW) equivalent to 700 MW from renewable sources or procure and supply renewable energy equivalent to 40% capacity. The timelines for projects to meet RGO are not specified by the Applicant. The Applicant is trying to identify new land to enhance its renewable generation and compliance with RGO for its proposed expansion Project of Unit 5&6. However, the works and activities to supply 700 MW renewable power to GRIDCO are dismal, suggesting that the Applicant's compliance with the RGO is unreachable.

Response of OPGC

OPGC has submitted that the Ministry of Power, Government of India has notified the Renewable Generation Obligation (RGO) as per the Revised Tariff Policy, 2016. This requires generating companies establishing coal/lignite-based thermal generating stations with a Commercial Operation Date (COD) of 1 April 2023 to establish renewable energy generating capacity of at least 40% of the capacity or procure and supply renewable energy equivalent to such capacity. A coal/lignite-based thermal generating station with a Commercial Operation Date between April 2023 and March 2025 must comply with a 40% RGO by April 2025.

OPGC has submitted that its current and future renewable energy projects, including solar and wind projects, are aligned with the RGO requirements. The company is also working to identify new land for the establishment of a solar project to comply with the RGO requirement for its proposed expansion project of Unit 5&6.

The Commission published the proposed OERC (Procurement of Energy from Renewable Sources and its Compliance) Regulations, 2024, seeking views or suggestion opinion by 13.09.2024. OPGC has submitted its views on various points, including concerns about implementing RGO for coal-based thermal stations without any regulatory provision of power tie-up and firm beneficiary commitments from RE projects under RGO. The regulations are under consideration for finalization.

OPGC remains committed to integrating renewable energy into its generation mix and contributing to carbon emissions reduction in alignment with national and global climate goals.

44. **Levelized Tariff of Renewable Project**

Views of Objectors

Shri Ananda Kumar Mohapatra has submitted that the applicant has not submitted the levelised tariff for their renewable projects, and OPGC is required to do so and address the issue.

Response of OPGC

The Central Electricity Regulatory Commission (CERC) and the Odisha Electricity Regulatory Commission (OERC) regulate the determination and disclosure of levelised tariffs for renewable energy projects. OPGC's 50 MW Solar PV Project is currently in the bidding stage and the PPA is under discussion. The company will undertake detailed tariff calculations and levelised cost estimations at the appropriate stage to comply with regulatory requirements. Until the parameters for determining levelised tariffs are finalized, it would be premature to present a theoretical levelised tariff. OPGC will ensure full regulatory compliance and transparency in tariff submissions.

45. Capitalization & Gross Fixed Assets

Views of Objectors

Shri Ananda Kumar Mohapatra has submitted that the original project cost of Stage-1 (Unit-I&II) of OPGC is Rs. 1060 Cr., with additional capitalisation for FY16 to FY20 filed before the OERC at Rs. 128.56 Cr. However, the matter is under jurisdiction before Hon'ble APTEL. The additional capitalisation for FY 2020-21 to FY 2025-26 is not yet filed, and OPGC plans to file it after Hon'ble APTEL's disposal of the case. OPGC has not projected additional capitalisation for FY 2025-26. Based on the outcome of the Appeal against the Commission's Order in Case No. 54 of 2018 before Hon'ble APTEL, OPGC plans to approach the Commission for approval of actual additional capitalisation for FY 2015-16 to FY 2023-24 and projected additional capitalisation for FY 2024-25 and FY 2025-26 through a separate petition. OPGC filed a Petition registered as Case No 66 of 2021 for in-principle approval of OERC, which granted approval for the R&M works and installation of FGD and FGC. However, the Commission was not inclined to approve the proposed capital expenditure of Rs. 140 Cr. towards the construction of a new ash pond, directing OPGC to use the existing ash pond and follow the mandate of the Government of India for 100% ash utilization.

Response of OPGC

The original project cost of OPGC Stage-I was approved by the Commission at Rs. 1060 Crores. OPGC will file a separate petition for approval of Additional Capitalization based on the outcome of the Appeal pending before Hon'ble APTEL. The year-wise book value of additional capitalization done by the Applicant since FY 2015-16 was provided by OPGC.

Further, OPGC submitted that the installation of FGD and FGC in OPGC Units #1&2 is put on hold due to recent recommendations from CSIR-NEERI regarding FGD systems.

46. Capital Cost

Views of Objectors

GRIDCO has submitted that the Commission has been considering the capital cost of the project (#1 and #2) as Rs.1060 Crores and Debt: Equity ratio as per the Government Notification dated 21.06.2008 while working out the tariff for previous financial years and therefore, such considerations may also be made for determining tariff for FY 2025-26.

Response of OPGC

OPGC has not made any submission in this regard.

47. Additional Capitalisation

Views of Objectors

GRIDCO has submitted that the Petitioner's thermal plant has fully depreciated since March, 2009. The claim of the OPGC for additional capitalisation pertaining to FY 2015-16, FY: 2016-17, FY 2017-18 and FY 2018-19 vide Case No. 54 of 2018 has been finally disposed of by the Commission vide order dated 21.05.2021. Subsequently, OPGC filed another application as Case No. 66 of 2021 for in principle approval of expenditure for R & M and installation of Emission Control System (i.e. FGD) and final order was passed on 03.11.2021. Further, OPGC filed a review petition registered as Case No. 99 of 2021 for seeking a review and modification of the order dt. 03.11.2021 passed by OERC in Case No.66 of 2021 and final order was passed on 15.01.2022. GRIDCO has submitted that OPGC has not claimed actual additional capitalisation for FY 2020-21, FY 2021-22, FY 2022-23 and FY 2023-24 and projected additional capitalisation for FY 2024-25 and FY 2025-26 and shall approach the Commission through a separate petition for approval of actual capitalisation as per outcome of the Appeal APL 335/2021. GRIDCO has submitted that, in view of in-principle approval of R & M with 15 years' life extension allowed by Commission vide order dated 03.11.2021 in Case No. 66 of 2021, and since the Appeal No. 335 of 2021 is sub-judice, the submissions of OPGC regarding additional capitalisation may not be considered in the present application.

Response of OPGC

The OPGC has filed an appeal against the Order dated 21.05.2021 in Petition No. 54 of 2018 which disallowed its claim to consider actual additional capital expenditure for FY 2015-16 to FY 2017-18 and the proposed additional capital expenditure for FY 2018-19. The matter is currently sub-judice. OPGC had filed Annual Tariff Petition in Case No. 75 of 2022 with a prayer before the Commission for liberty to file a separate petition related to additional capitalisation on the basis of decision by the Hon'ble APTEL in the said Appeal. In Para 74 of the Order dated 23.03.2023, the Commission was pleased to consider the prayer of OPGC and allowed OPGC to file a separate petition related to additional capitalisation for the period from FY 2015-16 to FY 2022-23 after the Hon’ble APTEL's Judgement in Case No. 335/2021 is pronounced.

In the instant Petition, OPGC has not claimed any additional capitalisation for FY 2025-26 and has prayed before the Commission to allow OPGC to file a separate Petition regarding additional capitalisation for FY 2025-26 based on the outcome of the Appeal No 335/2021 pending before the Hon'ble APTEL. Accordingly, OPGC has prayed before the Commission for approval of actual additional capitalisation for FY 2015-16 to FY 2023-24 and projected additional capitalisation for FY 2024-25 and FY 2025-26 through a separate Petition.

The stakeholder, GRIDCO, has pleaded for non-consideration of additional capitalisation due to the in-principle approval of R&M with 15 years life extension allowed by the Commission vide order dated 03.11.2021 in Case No 66 of 2021. OPGC submitted that GRIDCO cannot be permitted to conflate or link these distinct regulatory concepts.

48. Public Capital

Views of Objectors

Shri Ananda Kumar Mohapatra has submitted that the Applicant, a wholly owned government public body, is responsible for ensuring the security of public capital deployed in the sector and utilizing it in the interest of the state without making losses. However, the Govt Bodies, including the Applicant and Govt of Odisha JVs like TATA DISCOMs, have failed to secure public capital received from both Union and State Govt and plough back funds generated by public bodies. The Assembly reply states that more than Rs. 30000 Crores has been disbursed to public bodies since the commencement of reforms in 1995, but the bodies have failed to live the capital in their books of account, Balance Sheet. If the Balance Sheets of all public bodies are consolidated, only Rs. 5000 Crores is found, indicating that the balance public capital worth Rs. 25000 Crore dies in the account of public bodies. The Regulatory Body of Public Bodies has tolerated the death of public capital while approved tariffs, resulting in one Crore of Odisha consumers paying higher energy bills above the national average. The Applicant urges before the Commission to initiate necessary measures to make all public capital alive since 01.04.1995 in the regulatory tariff and accounts of public bodies.

OPGC does not mention the Govt Grants Capital Investment (public capital) received since 01.04.1995, which can lead to increased retail tariffs and dilapidated power infrastructure.

The Objector questions which law, Act, Rules & Regulations empower the Commission, Govt, and Power Enterprises to kill public capital. Setting aside public capital from balance sheet and tariff determination makes it insecured and killed. The applicant urges the Learned Commission and Dept of Energy, Govt of Odisha, to take necessary measures to ensure public capital security and make tariffs and supplies affordable for people.

Public capital refers to the government's budgets disbursed to public utilities and the funds used for capital works or equity. It is not profit-making and is used for the welfare of the people without causing any loss. Public utilities, such as OPGC, OHPC, OPTCL, and GRIDCO, are branches of the government that collect revenue directly and indirectly from people and spend it without making any losses. The Chairman, MD, Directors, and Employees of these public utilities are public servants appointed by the government. The Act, Policies, Rules & Regulations notified by the government and government bodies like the Regulatory Commission do not allow Govt Bodies to make returns out of public capital. The return on private capital must be paid to private bodies, and depreciation on assets created out of public capital is not chargeable to tariff. Public capital is not eligible to make returns where it is deployed, as this is the rule of a welfare state.

However, the OERC could approve a return on equity on public capital deployed by public utilities and charge the same to tariff, thereby recovering from people. This is a grossly illegal act and needs to stop as soon as possible. Public capital must be alive in the books of the regulatory accounts, without which tariffs cannot be affordable or services cannot be reliable.

Public servants are struggling to differentiate public capital from private capital due to a lack of rules in place by the federal or state governments. Private capital, which is financed through loans, can be repaid through equity or interest payments. Forgetting public capital can make the government a private company. The stakeholder urges the OERC and the state governments to address this issue and implement measures to educate public servants on the difference between public and private capital, which could lead to better economic outcomes.

Response of OPGC

OPGC, being a wholly owned Government of Odisha enterprise, the investments in OPGC's projects and operations are aimed at ensuring efficient, reliable, and affordable electricity generation while complying with regulatory directives and national policies. All capital investments are reflected in the company's audited financial statements and balance sheets. The financial records are audited by statutory auditor and C&AG Auditor and regulatory scrutiny, ensuring accuracy and compliance with applicable laws.

49. Annual Fixed Cost (AFC) excludes NTI

Views of Objectors

Shri Ananda Kumar Mohapatra has submitted that the capacity charges proposed by OPGC for FY 2025-26 are based on the original project cost of Rs. 1060 Cr., which grossly ignores Non-Tariff Income (NTI). The OERC Generation Tariff Regulations, 2024, state that NTI is an element of AFC and will be deducted to arrive at net capacity charges. The applicant is urged to submit NTI details as per Regulation 35 for consideration by the Commission before the public hearing of the case.

Response of OPGC

OPGC's tariff determination is governed primarily by the terms of the approved Power Purchase Agreement (PPA) executed between OPGC and GRIDCO by the Commission. The Hon'ble Supreme Court of India, in Civil Appeal No. 9485 of 2017 (Judgment dated 19.04.2018), unequivocally held that tariff norms prescribed under the PPA must take precedence. OPGC's approved PPA, which governs tariff determination for Units 1 and 2 of IB Thermal Power Station, contains no provision mandating the deduction of NTI from AFC. Since NTI is not recognized within the contractual structure of the PPA, it is not applicable for tariff computation under the existing framework. Therefore, inclusion of NTI for AFC determination would contravene both the binding PPA terms and the judgment of the Hon'ble Supreme Court.

50. Debt: Equity Ratio

Views of Objectors

GRIDCO has submitted that as per Clause 8.0 of Schedule II of the PPA, the original capital cost of Rs 1060 Crore of the project consists of equity of Rs.450 crore and debt of Rs 610 crores. Accordingly, the Commission may consider debt-equity ratio for determination of generation tariff of OPGC Stage I for FY 2025-26.

Response of OPGC

OPGC has not submitted any response in this regard.

51. RoE (Return on Equity)

Views of Objectors

(a) Shri Ananda Kumar Mohapatra has submitted that OPGC proposes a return on equity (ROE) of Rs. 72 Cr. considering equity of 450 Cr @30% Equity from the original project cost of Rs. 1060 Cr. The OERC is urged to clarify the balance equity of Rs. 142 Cr, as 30% of the project cost is Rs. 318 Cr, not Rs. 450 Cr. The Applicant claims that the loan for the projects has been fully repaid and no interest has been claimed. However, they claim a return on equity of Rs. 72 Cr, calculated at 16% per annum on

Rs. 450 Cr equity. The question arises whether the equity book value is loan capital or public capital, and whether the loan capital is converted into equity as a 30:70 ratio. The Objector also questions why the Govt of Odisha enterprise intends to make further profit and why OPGC wants to profit from.

(b) GRIDCO submitted that as per Clause 8.0 (10) of Schedule II of PPA, Return on Equity is to be paid @ 16% on Equity Capital. Considering the equity capital of Rs.450 crores of the original project cost and rate of RoE of 16%, OPGC has computed the Return on Equity for FY 2025-26. The Commission may consider the same Return on Equity while determining the tariff.

Response of OPGC

OPGC has submitted that norms and parameters prescribed in PPA are adopted for determination of Tariff of OPGC Units #1&2 in accordance with the Supreme Court Order as quoted at Para 2 above. Accordingly, the tariff of Units #1&2 are being determined by OERC since FY 2016-17 considering project cost of Rs. 1060 Crore with equity of Rs. 450 Crore and loan of Rs. 610 Crore as per approved Amended PPA vide Order dated 27.04.2015. Hence, OPGC has considered actual debt : equity ratio, as approved in Amended PPA, for the purpose of determining tariff applicable for FY 2025-26. Accordingly, Return on Equity (ROE) of Rs. 72 Crore for FY 2025-26 is calculated at a rate of 16% as per the terms of the PPA. Therefore, the concerns raised regarding profit-making and equity claims are misplaced and without legal merit.

52. Interest on Loan

Views of Objectors

(a) Shri Ananda Kumar Mohapatra has submitted that the applicant claims that all original project loans have been repaid, resulting in no interest on loan claims, and the interest on loan is given zero in the capacity charges.

(b) GRIDCO has submitted that as per Clause 8.0 (7) and (11) of Schedule II of the Amended PPA, loan amount is Rs. 610 crore and interest on loan will be paid as per actual. As the loan amount of the original project cost has been fully repaid by financial year ending 2011-12, the Commission may not consider any amount towards Interest on Loan Capital for determination of generation tariff for FY 2025-26.

Response of OPGC

No response have been submitted by OPGC in this regard.

53. **Depreciation**

Views of Objectors

(a) Shri Ananda Kumar Mohapatra has submitted that OPGC does not propose any depreciation charges for the pass-through in capacity charges for FY 2025-26.

(b) GRIDCO submitted that the Clause 3.0 (a) of Schedule II of the Amended PPA provides that depreciation charges shall be equal to 7.5% of the Capital Cost during the year. Since the assets of the generating Stations have fully depreciated by the end of FY 2008-09, the Commission may not consider any amount towards depreciation for determination of generation tariff for FY 2025-26.

Response of OPGC

No response has been submitted by OPGC in this regard.

54. O&M Expenses

Views of Objectors

(a) Shri Ananda Kumar Mohapatra has submitted that The applicant proposes a total of Rs. 239.92 Cr for O&M Cost pass through in capacity charges for FY 2025-26. They have proposed a 2.5% increase in O&M Cost from FY97 to FY 2025-26, with an 8% annual escalation. However, the audited account for FY 2023-24 does not differentiate between Stage-1 and Stage-II projects, making it difficult to compare the actual O&M Cost with the proposed normative cost. The applicant urges Ld OERC to verify the actual O&M Cost with the proposed normative cost to ensure a prudent pass through of O&M Cost.

(b) GRIDCO has submitted that as per Clause 3 (d) & (e) of Schedule-II of the amended PPA, for the purpose of computation of O&M expenses, capital cost is to be taken as Rs.1030 Crore and O & M Expenses for the first year of operation shall be @ 2.5% of the capital cost and it shall be escalated @ 8% each year from 01.04.1996 with the first escalation factor becoming applicable on 01.04.1997. Based on the above methodology, the Commission may consider O&M expenses for determination of generation tariff for FY 2025-26. However, actual O&M expenses and its growth rate may be reviewed by the Commission in this regard.

Response of OPGC

OPGC has submitted that they have claimed Rs. 239.92 Cr for O&M expenses for FY 2025-26, following the approved PPA and regulatory principles. The audited accounts reflect the company's financial performance, but Stage-I O&M expenses are accounted independently. The break-up of actual O&M expenses for FY 2023-24 and the current year up to December-2024 has been submitted to the Commission as filing-2 and is being shared with stakeholders.

OPGC has claimed the O&M Expenses at 2.50% of the capital cost of Rs. 1030 Crore for the first year and escalated in accordance to provision of the approved amended PPA and the Judgement dated 19.04.2018 of the Hon'ble Supreme Court and the Commission has been considering the same methodology for O&M expenses for determination of generation tariff.

55. Interest on working Capital

Views of Objectors

(a) Shri Ananda Kumar Mohapatra has submitted that OPGC proposes an interest on working capital of Rs. 16.86 Cr for FY 2025-26, based on the actual interest paid in FY 2023-24. The calculation is based on coal and oil costs, and the input price of coal from Manoharpur Mines of OCPL, which supplies over 50% of coal to OPGC since June 2024, is also considered.

(b) GRIDCO has submitted that as per the Clause 3.0 (f) of Schedule II of the PPA, working capital requirement is to be worked out by considering coal cost for 1.5 months, Oil cost for 2 months, O & M expenses for one month and receivable for 2 months on the normative level of generation. OPGC has submitted that it has been availing working capital requirement from external sources and the actual interest rate for the working capital facility was 8.9% as on September, 2024. So, interest on working capital may be reviewed by the Commission based on actual information.

Further, without prejudice to the stand of GRIDCO in Appeal No. 189 of 2020 before the Hon'ble APTEL, the cost of coal may be prudently verified and considered by the Commission.

GRIDCO has submitted that OPGC has prayed for approval of Annual Fixed Charges (AFC) of Rs.328.78 Crores for FY: 2025-26 vis-à-vis current AFC of Rs.309.91 Crores i.e. a hike of about 5.74%. Therefore, GRIDCO prayed before the Commission to carry out prudent verification of Working Capital and Interest on Working Capital claimed by OPGC.

(c) TPWODL has submitted that while the Commission approved an Interest on Working Capital of Rs. 15.76 crore for FY 2024-25, the proposed amount for FY 2025-26 is Rs. 16.10 crore. The Stakeholder has requested the Commission to prudently review and verify this proposed cost.

Response of OPGC

OPGC has submitted that the proposed Interest on Working Capital (IoWC) for FY 2025-26 amounting to Rs. 16.86 Cr is on a normative basis as per the provisions of the Clause 3.0(f) of Schedule II of the approved Amended PPA. As coal is being used from both MCL and OCPL, the actual landed cost of coal for the period FY 2024-25 upto September-2024 has been considered. Also, the actual interest rate of 8.90% has been considered for computing Interest Rate on Working Capital for FY 2025-26, as OPGC has been availing working capital requirement.

With regard to consideration of GCV for tariff determination, OPGC has submitted that OPGC has preferred an Appeal No. 189 of 2020 before Hon'ble APTEL against the Commission's Order dated 28.10.2020 in Case No. 43 of 2017 in the matter of GCV of coal to be considered for tariff computation and presently the matter is sub judice.

Therefore, considering above, it is requested before the Commission to allow interest on working capital and Annual Fixed Cost (AFC) as claimed in the instant Petition.

56. Non-Tariff Income

Views of the Objector

(a) Shri Ananda Kumar Mohapatra has submitted that the Applicant has not submitted the Non-Tariff Income (NTI) in the proposed Capacity Charges for FY 2025-26.

(b) Mr. Ramesh Ch. Satpathy submitted that OPGC have 51% share of OCPL and now incurring profit more than Rs. 600 Crs. The amount of profit corresponding to 51% OPGC share should be added as a Non-Tariff Income of the Company & tariff claim of OPGC should be reduced accordingly.

Response of OPGC

OPGC has submitted that OPGC's tariff determination is governed primarily by the terms of the approved Power Purchase Agreement (PPA) executed between OPGC and GRIDCO by OERC. The Hon'ble Supreme Court of India, in Civil Appeal No. 9485 of 2017 (Judgment dated 19.04.2018), unequivocally held that tariff norms prescribed under the PPA must take precedence. OPGC's approved PPA, which governs tariff determination for Units 1 & 2 of IB Thermal Power Station, contains no provision mandating the deduction of NTI from AFC. Since NTI is not recognized within the contractual structure of the PPA, it is not applicable for tariff computation under the existing framework of Units #1&2. Therefore, inclusion of NTI for AFC determination would contravene both the binding PPA terms and the judgment of the Hon'ble Supreme Court.

57. Energy Charges

Views of Objectors

(a) Shri Ananda Kumar Mohapatra has submitted that the applicant has proposed energy charges of 168.79 Paisa Unit in the instant petition, considering a 9.5% auxiliary consumption and a station heat rate of 2500 Kcal/Kwh. Other parameters like GCV, coal and oil consumption are derived from the actual period from April 24 to

September 24. However, the price of coal approved for FY 2024-25 is higher by Rs. 44.46 per Ton compared to the proposal of OPGC, which the applicant may explain before the public hearing.

(b) GRIDCO has submitted that the Petitioner has not complied with the provisions under Clause 7.0 and 9.0 of the Schedule II of PPA dated 13.08.1996 and Supplemental PPA dated 19.12.2012 in respect of GCV of coal considered in determining the Energy Charge Rate (ECR) as well as the actual Specific Fuel Oil consumption, without prejudice to their stand in the Appeal. The ECR claimed by OPGC for FY: 2025-26 is 168.79 Paise/kWh vis-à-vis approved rate of 165.10 Paise/kWh for FY 2024-25.

In view of the above submissions, GRIDCO urged the Commission to consider to determine the base ECR prudently and set the principle of monthly ECR determination accordingly, which shall be paid on actual basis from month to month. Till date, the GRIDCO has been making payment of ECR at base rate fixed by Commission in respective tariff orders of OPGC Stage I (i.e. unit #1 and #2) and the Fuel Price Adjustment claim on account of Secondary Fuel Oil only.

Response of OPGC

OPGC has submitted that the price and GCV of coal as approved by Commission vis-à-vis OPGC's proposal for FY 25 has been elaborated in Para 79 (b) of the Tariff Order for FY 2025, which is primarily due to revision in Declared Grade of Coal by MCL from G-14 to G-12. The observation of the Commission at Para 79 (b) is reproduced below:

> *"The Commission, vide its Order dated 28.10.2020 in Case No. 43/2017, has provided the basis for calculation of GCV of coal as delivered to the power station (total moisture basis). This has been challenged by OPGC in APTEL which is subjudice. In response to the Commission's queries, OPGC has submitted the actual coal prices and GCV from April 2023 till November 2023. In absence of the actual data from December 2023 till March 2024, the Commission is inclined to consider the notified price of Coal and GCV from December 2023 till March 2024. It may further be noted that MCL has revised the grade of Coal in November 2023 (G-14 revised to G-12 for Lakhanpur mines) and accordingly the revised GCV and price of Coal from December 2023 till March 2024 has been considered for arriving at the energy charges. Considering all the above operational norms, price and GCV of Coal and Secondary fuel oil parameters of PPA, details for calculation of energy charges are given in Table 12 below:".*

OPGC has submitted that the present Petition has been filed for determination of Generation Tariff for its Units 1&2 following the same principles in Case No. 33 of 2018, Case No. 70 of 2018, Case No. 69 of 2019, Case No. 71 of 2020, Case No. 104 of 2021, Case No. 75 of 2022 and Case No. 112 of 2023. Accordingly, OPGC has prayed for allowing variation in energy charges during the year on account of fuel prices and calorific value to be claimed through Fuel Price Adjustment in supplementary bills on half yearly basis in accordance with the provisions of the approved Amended PPA.

58. Consumption of Coal

Views of Objectors

(a) Shri Ananda Kumar Mohapatra has submitted that OPGC requested 2.7 million tons of coal per year to operate Units 1&2. The Manoharpur Coal Mine will supply 50% of Stage-1's coal for FY 2024-25, and since June 2024, the FSA with MCL has been revised. The Objector questions whether this arrangement is a long-term, continuous supply or a short-term arrangement limited to FY 2024-25. They need to confirm the arrangements with MCL and OCPL, as per the Coal Ministry's approval.

Further, the Specific coal consumption of 0.77 Kilogram is considered for the generation of 2764 MUs for the ensuing FY 2025-26, requiring 2.128 MT coal. However, the FSA states that the supply is 2.7 MT per annum. In the first six months of the current year, OPGC received 2.071 MT coal, which is higher than the normative requirement of 0.77 Kg/kWh. This results in a surplus coal of 5,30,000 tons being stacked at OPGC end. If the actual coal received for the first six months is prorated into annual supply, it will reach 4.142 MT by the end of FY 2024-25, compared to the normative requirement of 2.7 MT per annum. This means that 1.442 MT of surplus coal will be stacked unutilized at OPGC at the end of FY 2024-25.

The petition provides information on the quantity of OCPL and MCL coal received and their GCV, as well as the coal burnt during the first six months of the current year. The Applicant's OTAR Form No. 15 provides the coal burnt data. The transaction of coal for the first six months of the current year forms the basis for determining the Energy Charge for the ensuing FY 2025-26. The Objector submits in the instant Petition the applicant claims that the coal produced by OCPL, Manoharpur Mine is better than MCL, Lakhanpur Mine. However, the data shows that the OCPL coal's quality has been inferior to Lakhanpur coal, as evidenced by the coal received during July and August 2024. The GCV of coal received from MCL decreased by over 100 Kcal/kg compared to April and May'24. The applicant's statement contradicts this, and they must comply before passing out of energy charge in the current proceeding.

(b) Mr. Ramesh Ch. Satpathy submitted that that, the Coal cost of OCPL should not be equal with MCL. The coal of OCPL cost should be less than the MCL as because OCPL is the own company of OPGV.

Response of OPGC:

OPGC has submitted that the original FSA for coal supply from MCL for an ACQ of 2.7 MT is valid for 20 years from 1st April 2009, and the addendum FSA executed with OCPL for supply of 1.35 MT of ACQ Coal for OPGC Units #1&2 is valid until 31st March 2030. However, the Ministry of Coal has granted diversion of 1.35 MT of coal for use in Unit #1&2 from OCPL for FY 2024-25 on an annual basis, which is likely to be extended year on year.

The calculation of Base Energy Charge Rate, including specific coal consumption of 0.77 kg/kWh, is based on normative parameters specified in the approved PPA. The project gross generation for FY 2025-26 is 3104.14 MU instead of 2764 MU as claimed by the stakeholder. The received coal quantity from OCPL & MCL in the first six months of the current financial year is 1.27MT, and the coal consumption quantity is 1.299 MT. The detailed receipt and consumption of coal from MCL and OCPL have been given in Form-15 (C), but the same numbers have not been reflected in Table-3.6 due to inadvertent typological error.

The stakeholder's conclusion regarding surplus coal of 5,30,000 tons in the initial six months and further extrapolation to reach a coal receipt figure of 4.142 MT at the end of the year is incorrect. The actual coal to be consumed in the plant shall be dependent on the quality of coal and gross generation, and coal shall be procured from both MCL and OCPL in accordance with the relevant FSA.

Further, OPGC submitted that the cost of coal procured from OCPL is governed by the OERC (Determination of Input Price of Coal from Integrated Mine) Regulations, 2024. Pending determination of Input Price of Coal of OCPL mines, the coal procured is being settled as per Regulations of the above-mentioned Input Price Regulations.

59. **Operational Performance Parameters**

Views of Objectors

GRIDCO has submitted that OPGC has not submitted the actual operational parameters achieved in the first 9 months of operation in FY: 2024-25 for kind information of all stakeholders. The Commission may prudently fix the operational parameters for FY: 2025-26 in respect of the Petitioner's Unit #1 and #2. Further, the Plant Availability Factor for the Month (PAFM %), Plant Load Factor (PLF %) for FY: 2025-26 shall have to be certified by SLDC on month-to-month basis as is being carried out at present.

Response of OPGC

OPGC has submitted that the Petitioner has already submitted the actual details of the performance parameters for the current FY 2024-25 up to December 2024 on affidavit dated

17.01.2025 as Filing-2 in response to the additional information sought by the Commission vide letter dated 26.12.2024.

Further, OPGC has submitted that the Hon'ble Supreme Court vide its Judgement dated 19.04.2018 has unequivocally held that the tariff norms under the PPA are to be followed in determining OPGC's tariff. Further, to the extent there are tariff norms not covered by the PPA, the Tariff Regulations may be relied upon by the OERC to determine OPGC's tariff. OPGC in its Petition for computation of variable charges for FY 2025-26 has considered the operational performance parameters as per Clause 8 of Schedule II of the approved Amended PPA and requests the Commission to kindly approve the same.

60. Fuel Prices and GCV of Coal

Views of Objectors

GRIDCO has submitted that, the Commission vide its Order dated 28.10.2020 in Case No. 43/2017 has provided the basis for calculation of GCV of coal "As delivered" to the power station (total moisture basis) as mentioned in the PPA, in compliance to Hon'ble Supreme Court's Order dated 19.04.2019. The Commission order has been challenged by OPGC before Hon'ble APTEL and is sub -judice now. As per Clause 7 of Schedule-II of the PPA, Gross Calorific Value (GCV) of Secondary Oil and Coal is to be considered on "As delivered" to the power station.

GRIDCO has further submitted that, in this present tariff application for FY 2025-26, OPGC has submitted that pending disposal of the A.No.189 of 2020 by the Commission and without prejudice to their rights under law and contentions taken in the said Appeal, they have considered the GCV of coal as mandated by the OERC in its order dated 28.10.2020 in Case No. 43 of 2017 and GCV of Oil as actually delivered to the power station for the computation of energy charges. OPGC has submitted that the actual delivered fuel prices and GCV of coal and oil for the period from April to September, 2024 which has been considered for purpose of computation of tariff in the instant petition is based on auditor certified Half Yearly Fuel Price Adjustment Bill raised by OPGC on 11.11.2024. It is pertinent to mention here that the cost of linkage coal constitutes 60% of the Energy Charge Rate (ECR) determined from month-to-month basis in case of thermal generating stations pan India. It is essential on the part of GRIDCO to be vigilant enough while scrutinising each and every parameter contributing to determination of ECR, when the generator is availing linkage coal at concessional rate for supply of firm power to the State consumers. The GCV of linkage coal procured from MCL ought to commensurate with landed cost paid for the notified grade of GCV of coal by the coal supplier. GRIDCO requested that OPGC may be directed to provide GCV of coal measured at billing end as per the joint party sampling of coal at colliery end by CIMFR for FY 2023-24 up to January, 2024 and for every month along with landed price of coal to GRIDCO as well as the Commission.

GRIDCO urged the Commission that OPGC may be directed to provide the details of GCV of secondary fuel oil along with ratio of LDO: HFO for FY: 2022-23 and up to January 2024 (FY: 2023-24) for necessary scrutiny and consideration by the Commission while determining the tariff for FY:2024-25.

Response of OPGC:

OPGC has submitted that it has filed Appeal No. 189 of 2020 before the Hon'ble APTEL against this Commission's Order dated 28.10.2020 in Case No. 43 of 2017 in the matter of GCV to be considered for tariff computation. Pleadings in Appeal No 189 of 2020 have been completed and the Hon'ble APTEL, in its daily Order dated 15.09.2023, has directed for inclusion of the Appeal in the "List of Finals" for taking up hearing in its turn.

Pending disposal of the Appeal No 189/2020 by the Hon'ble APTEL and without prejudice to OPGC's rights under law and contentions taken in Appeal No 189/2020, OPGC has considered the GCV of coal as mandated by OERC in its Order dated 28.10.2020 in Case No 43/2017 and GCV of oil as actually delivered to the power station for the computation of energy charges.

61. **Price of Coal**

Views of Objectors

Shri Ananda Kumar Mohapatra has submitted that the price of coal produced from the Manoharpur mine integrated with OPGC is expected to be cheaper than MCL coal due to its allotment for public interest. The Commission has published the OERC (Determination of Input Price of Coal from Integrated Mine) Regulations, 2024, which aims to determine the input price of coal produced from the Manoharpur Mine before tariff proceedings begin for the ensuing year. Allottee Company OCPL was given three months to file an application before the OERC by the end of August 2024. However, OCPL failed to file the application, and the input price is not determined. OPGC, the holding company, has proposed a higher coal price of Rs. 1697.31 per Ton, and OPGC needs to explain why its subsidiary company OCPL failed to file the application within the timeframe regulated in the regulations.

Response of OPGC:

OPGC and OCPL are operating as a Joint Venture company, with OPGC holding a 51% shareholding in OCPL. Both entities operate separately and have a Fuel Supply Agreement (FSA) to maintain separate identities. OPGC files a petition for the determination of generation tariff for OPGC 3&4, while OCPL stands as the affected party due to the implications of the input price of coal determination. The Commission has notified OCPL to file the petition for the determination of input price of coal from Manoharpur Mines, adhering to the OERC (Determination of Input Price of Coal f0rom Integrated Mines) Regulations, 2024. OPGC denies any allegation of failure and is not liable for any failure by OCPL for filing the application within the timeline.

62. Higher Price of Coal:

Views of Objectors

Shri Ananda Kumar Mohapatra has submitted that the price of MCL coal before receiving OCPL coal by OPGC was Rs. 1657 per Ton for Apr'24 and Rs. 1656 for May'24. However, the average price of OCPL and MCL coal increased to Rs. 1755 for Sep 2024, making OCPL coal more expensive than MCL coal. If OPGC's proposal on coal price is considered in the ECR calculation, it could be seen as inefficiency of operation. The Stakeholder urged the Commission to review OPGC's proposal and take necessary action to reduce the price of coal.

Response of OPGC

The proposed coal price of Rs 1,697.31 per ton is the weighted average cost of Coal received during the period of April to September-2024 from both MCL and OCPL. Pending determination of Input Price by the Commission, the coal procured from OCPL is being billed as per the Regulations of OERC (Determination of Input Price of Coal from Integrated Mines) Regulations, 2024. The indicative cost of coal procured from both MCL and OCPL vis-à-vis the cost considered for determination of base Energy Charge Rate are submitted as part of filing-2 in the instant petition.

63. Reimbursement other charges

Views of Objectors

(a) Shri Ananda Kumar Mohapatra has submitted that the Commission had approved 50% of the applicant's other charges for FY 2024-25, but the applicant has doubled them in the current proposal. The major charge for the ensuing year is Ash Utilisation and Transportation Charges. The applicant is urging before the Commission to approve the other charges according to the norms and regulations to make the retail tariff more affordable for consumers.

(b) GRIDCO has submitted that it has been carrying out reimbursement of other charges such as Electricity Duty, Water Cess and Water Charges, Tax and Cess on land, SOC and MOC charges, ERPC charges. Income Tax, recovery of ARR and Tariff petition fee and publication expenses as per the Commission's order from time to time after detail scrutiny of supporting documents.

The petitioner, OPGC, has raised a demand for Rs.77,65,405/- towards Ash Transportation Expenses and other expenses towards ash utilization for FY 2023-24 in respect of OPGC Units-1 & 2. The petitioner is requested to provide supporting documents for views of GRIDCO, and the Commission may consider prudently verifying OPGC's claim and considering allowing provisional amount in the tariff order. However, GRIDCO shall make payment as per actual expenses incurred after due verification of all supporting documents.

The petitioner has also requested reimbursement of contribution by OPGC towards creation of Water Conservation Fund (WCF) as per Resolution of Department of Water Resources, Government of Odisha dated 03.11.2015. GRIDCO shall reimburse the amount actually paid by OPGC subject to necessary direction by the Commission and submission of all supporting documents in this regard. The amount paid to the Department of Water Resources, Government of Odisha may be considered to be allowed in Truing up Exercise. GRIDCO shall oblige by the direction of the Commission and OPGC has to provide all supporting documents in support of its claim in this regard.

GRIDCO shall make monthly ECR on actual basis, so there will be no necessity of Fuel Price Adjustment on Half Yearly and Annual basis. Incentive/Disincentive shall be paid as per certified monthly energy accounting statement by SLDC and formula provided in the subsisting PPA. Any other statutory charges/taxes pertaining to generation of power from Unit #1 and #2 (2x210MW) may be claimed by the appellant along with submission of all necessary supporting documents and shall be scrutinized properly before consideration of payment by the Respondent GRIDCO.

For the financial year 2025-26, OPGC has proposed a total of Rs. 112.17 crore on various heads, which include electricity duty, water cess, tax and cess on land, and other operational costs. Notably, the company has outlined Rs. 59.94 crore for ash utilization expenses, which encompass transportation charges. These charges are a significant part of the overall claim, following improvements in ash utilization for Units 1 and 2. In comparison to FY 2024-25, the proposed charges reflect slight increases in electricity duty, water cess, and income tax, which had not been directly approved in the prior year but were instead reimbursed by GRIDCO based on actual costs. The Commission is expected to review these expenses, especially the ash transportation costs, and make decisions regarding their reimbursement after a prudent check, as per previous directives. OPGC seeks to maintain this approach for

FY 2025-26, particularly for the income tax, as it was reimbursed on an actual basis in the prior year.

The proposal for FY 2025-26 includes an increase in the annual fixed cost to Rs. 328.78 crore (a 6% increase), variable charges to 168.79 P/Unit (a 2% increase), and a substantial rise in other charges to Rs. 112.17 crore (a 311% increase). The significant hike in other charges is mainly due to the inclusion of costs like income tax and ash utilization expenses, including transportation charges. The Commission is expected to consider these factors while making a decision.

Response of OPGC

OPGC has submitted that the proposed reimbursement of other charges from GRIDCO for the financial years FY 2024-25 and FY 2025-26 is in line with the legitimate financial requirements of OPGC to ensure the continued operation and compliance with regulatory norms. The increase in the proposed charges, particularly the Ash Utilization and Transportation Charges, is a direct reflection of the escalating costs incurred due to regulatory changes and operational exigencies. As per the MoEF mandate, all thermal Power generating stations are required to abide by the ash utilization mandate and OPGC in its effort to comply with the same is targeting to enhance the ash utilization to 76% thereby anticipating higher expenses and accordingly seeking reimbursement of the charges that are essential for sustaining its operations and complying with statutory obligations imposed by the relevant authorities. On working capital as claimed in the Main Petition.

Further, as per Clause 10 & 11 of the approved amended PPA, OPGC has claimed the following other charges for FY 2025-26 considering the actual figures of FY 2023-24 and Projections for FY 2025-26, with rationale detailed in the Petition. The Commission is requested to issue appropriate direction to GRIDCO for reimbursement of other charges on actuals in accordance with the approved Amended PPA.

Further, pending resolution of OPGC's request by Water Resources Department, Government of Odisha, OPGC has not made any payment towards Energy Compensation Charge (ECC) to OHPC in FY 2023-24. Therefore, no amount has been considered towards ECC while projecting other costs for FY 2025-26. However, OPGC requested the Commission to kindly allow for reimbursement of such amount, if any, paid during FY 2025-26.

OPGC has further submitted that the proposed other charges for FY 2025-26, including Income Tax aligns with terms of the Approved PPA and the direction of the Commission that such taxes be reimbursed by GRIDCO on an actual basis. OPGC requested that this principle be consistently applied in the instant proceeding.

64. Report on collapse of Ash Pond-C

Views of Objectors

(a) Shri Ananda Kumar Mohapatra has submitted that the Ash Pond-C collapse on December 9, 2023, caused widespread panic in the state, causing significant damage to plough lands and crops. The leakage of Ash Pond-C was caused by defects in the Tilia Ash Pond, a Rs. 580 Cr. Pond built for disposal of fly ash from the Stage-II project. The pond, located 15 km away from the project, was unable to function due to the high pressure it was carrying. The OPGC commissioned both Stage-II units during FY 2020-21, and the fly ash generated from Stage-II was released into Ash Pond-C since FY 2020-21. The MD of OPGC, who remained silent, failed to address the leakage, leading to the pond's collapse.

The collapse of Ash Pond-C, built for a lower capacity Stage-1 (Unit-1&2) 420 MW project, is attributed to the non-operation of Tilia Ash Pond. The breach occurred on 09.12.2023 at 08:30 hrs, and the restoration work was completed on 02.05.2024. The loss of generation of 195 MUs due to the breach has resulted in under recovery of the capacity charge of Rs 1.56 Cr for FY 23-24. OPGC has incurred an expenditure of Rs. 32.23 Cr towards restoration, crop compensation, and other miscellaneous activities. The Ash Pond was taken into service in April 2024, and the cost incurred has been claimed under insurance. The claim settlement activity is currently under progress.

The above reply of OPGC is misleading, claiming the ash pond collapse was accidental and without prior indication. OPGC needs to clarify who is responsible for the non-operation of Tilia Ash Pond, the contractor responsible for recovery, and the remedial actions taken. The high pressure of fly ash released from Stage-II high capacity project to Ash Pond-C caused leakages and collapse. The collapse is manmade, and unrecovered losses from OPGC should be recovered from the officers responsible. The applicant urges the Learned Commission to initiate measures for recovery of unrecovered losses of OPGC from those held responsible.

(b) Mr. Ramesh Ch. Satpathy submitted that OPGC has to produce before the Commission, the loss of paddy & other crops of the consumer due to damage of ash-pond in last 1 year in different times.

Response of OPGC

OPGC has submitted that the collapse of Ash Pond-C at OPGC cannot be characterized as an entirely avoidable event, as it happened accidentally and without any prior indication/warning, which is beyond the reasonable control of the Company. It is crucial to note that the circumstances surrounding the collapse were not a direct consequence of any single individual's action or failure to act, and as such, holding officers responsible for unrecovered losses is not warranted. Furthermore, attributing fault or seeking recovery of losses from officers without conclusive evidence of culpable negligence or breach of duty is legally untenable. However, the cost incurred towards restoration of Ash Pond -C has been claimed under insurance and the claim settlement activity is under process.

65. **Tariff Application for Stage-II (Unit-III & IV)**

Views of Objectors

Shri Ananda Kumar Mohapatra has submitted that the applicant, OPGC, has not filed a Tariff Application for FY 2024-25 to FY 2028-29 within the timelines specified in the OERC Regulations, 2024. Additionally, OCPL, OPGC's subsidiary company, has not filed an application for the determination of coal input price within the same timeline. The Commission is urged to direct OPGC to file the Tariff Application for FY 2025-26 and coal input price application by OCPL as soon as possible to ensure a reasonable and prudent determination of Retail Supply tariff.

Response of OPGC

OPGC has duly complied with the regulatory requirements set forth in the OERC (Terms & Conditions for Determination of Generation Tariff) Regulations, 2024 and accordingly, the Application for True-Up for FY 2019-2024 and MYT for FY 2024-29 has already been filed for Stage-II (Unit-3&4) on 30th December 2024 before OERC and the same has been registered as Case No 112/2024. Therefore, the assertion regarding non-filing of the Tariff Application for OPGC Stage-II is factually incorrect.

66. Miscellaneous issues

Views of Objectors

Mr. Ramesh Ch. Satpathy has submitted that the OPGC is generating unit of the state Govt and the government of Odisha being the owner of 100% share of OPGC, the Commission should direct the OPGC authorities to conduct the audit through CAG.

The Respondent submitted that the thermal Power Station of the State such as IPPs & Central Sector NTPC are now generating more than 85 to 90% PLF. The Commission should pass order directing OPGC to be functional with more than 85% PLF.

The Respondent has further submitted that OPGC in their ARR application have mentioned their functioning as per the PPA signed between GRIDCO & OPGC knowing fully well PPA is a separate & tariff hearing is separate matter. At present the government is the owner of OPGC, the calculation as per provisions of PPA as per the direction of the Hon'ble Supreme Court should be stopped.

OPGC proposes 9.5% auxiliary consumption whereas, the central thermal power station like NTPC considers 5.5% auxiliary consumption. The auxiliary calculation should be made as per the regulation.

The Respondent has submitted that the Commission may direct OPGC to produce the no. of force outage & reason for such outage from the year 2016 till today.

Mr. Ramesh Ch. Satpathy has submitted that the Govt. of Odisha, Dept. of Energy, have published in newspaper for sale of 49% share of the OPGC, which the Respondent strongly opposed, because OPGC is a profit-making generating unit of the state & regularly paying dividend Rs. 200 Crs per year. Further, it is a brown-filed power project & going to install 2 units i.e., Unit-5 &6 (total 4x660 MW) for the interest of consumers. The Commission should direct the government of Odisha to produce the reasons for the disinvestment & explanation must be submitted before the hearing of the case.

Response of OPGC

OPGC has submitted that its financial accounts are audited regularly in compliance with applicable statutory provisions, including audit by the Comptroller and Auditor General (CAG). The actual PLF of the plant depends on scheduled maintenance outages and other operating conditions beyond the control of OPGC during a given year. Notably, in FY 2016-17, OPGC achieved a PLF of 87.92%, securing the top position among thermal generating stations in the State Sector. Further, OPGC has set a target to export 2,764.07 MU of power to GRIDCO for FY 2025-26, corresponding to a gross PLF of 84.37%.

OPGC has submitted that the Petition for approval of Generation Tariff for FY 2025-26 has been filed in accordance with the approved Amended PPA pursuant to the Hon'ble Supreme Court's Order dated 19.04.2018 in Civil Appeal No. 9485 of 2017 and the Commission's Orders dated 28.03.2019 in Case No. 33. of 2018 and subsequent Tariff Orders issued till FY 2024-25.

Further, regardless of changes in ownership, the fundamental principles governing tariff determination cannot change, and the tariff needs to be determined in accordance with the provisions of the PPA, in compliance with the Hon'ble Supreme Court's judgment. Hence, assertions by the stakeholder suggesting non-compliance with the Supreme Court's Orders are unwarranted.

The normative auxiliary consumption claimed by OPGC for its Units #1&2 is 9.50% in accordance with the approved Amended PPA even though the actual auxiliary consumption has remained above 10% since COD of the station. The Commission approved the normative auxiliary consumption of 9.50% for Units 1&2 while determining tariff for the years till FY 2024-25. The reference to auxiliary consumption of central generating stations like NTPC is misplaced as they are different for different unit configuration as per Tariff Regulations of the Hon'ble Central Electricity Regulatory Commission.

In compliance to the Commission's direction in the Tariff Order dated 13.02.2024, OPGC has submitted numbers of forced outages in last 5 years including reason for such outage and remedial measures taken to forestall such incidents at Para 5.6 of the main Petition. Also, additional information related to the same has been provided at Para-13 of filing-2 dated 17.01.2025, in compliance to the queries raised by the Commission.

67. **Other Issues**

Views of Objectors

GRIDCO has submitted a proposal for the tariff for FY 2025-26 to be determined by the Commission after a prudence check. The Commission may also consider fixing the rate of imported power from the grid system to be the actual full tariff at which power is procured from the petitioner by GRIDCO. GRIDCO has been adjusting the cost of imported power from FY 2016-17 onwards as per the actual rate of power arrived at, considering all charges paid to OPGC. The petitioner also requests guidance on Deviation Settlement Mechanism (DSM) Charges payable by the petitioner in case of deviation between scheduled generation and actual export to GRIDCO. The OERC Tariff Regulation, 2024 provides for this, stating that variations between actual net injection and scheduled net injection for generating stations and beneficiaries shall be treated as their respective deviations. GRIDCO requests leave and reserves the right to make further submissions at the hearing.

Response of OPGC

OPGC would like to submit that power imported from the grid system is being settled in accordance with the practice being followed as per the approved PPA and record note of discussion held on 13.08.1996 between OPGC and GRIDCO. The approved PPA has the appropriate provision for considering the tariff for power imported by OPGC for black start up along with its settlement. Hence, OPGC submitted before the Commission for allowing settlement of the imported power in accordance with the approved PPA.

Further, the energy scheduling to GRIDCO from its power station is being settled on net exchange basis every month, wherein actual generation is being considered as scheduled generation, in accordance with the practice being followed as per the approved Amended PPA.

68. VIEWS OF CONSUMER COUNSEL (Para 68)

WISE, Pune on behalf of the Consumers made a presentation on the Analysis of ARR and tariff filing of OPGC for FY 2025-26. The Consumer Counsel's observations/ suggestions are as given below:

i. OPGC has not proposed any additional capitalization as the same was decided in the Commission's order in Case No. 54 of 2018. ROE has been claimed based only on original capital cost.

ii. OPGC has proposed interest on working capital @8.90% for FY 2025-26 based on actual interest rate for working capital for FY 2024-25, which is higher than rate approved in tariff order for FY 2024-25. So, the increased rate of interest on working capital may be reviewed by the Commission based on actual interest rate and working capital requirement should be based on approved values.

iii. OPGC has considered the Clause 3.0 (d) and (e) of Schedule II of the Amended PPA which provides that O&M expenses for first year of operation at the rate of 2.5% of the capital cost and which shall be escalated by 8% each year from April 1, 1996. O&M Expenses of Rs.239.92 Crore has been proposed for FY 2025- 26. Actual O&M expenses and its growth rate can be reviewed by the Commission in this regard.

iv. OPGC proposed the PLF as 80.00%, as per Amended PPA for computation of incentive; however, normative availability proposed as 68.49%. As per generation plan submitted to GRIDCO, gross PLF is 84.37%. However, the actual PLF for FY 2023-24 was 67.94%. However, actual Average PLF of OPGC (FY 2011-12 to FY 2023-24) is 78.47%. So, the Commission can appropriately decide the PLF for FY 2025-26. Further, as per Regulations, NAPLF of thermal power stations is considered as 85%.

v. OPGC has submitted the specific oil consumption as 3.5 ml/kWh for FY 2025-26 as a mix of HFO and LDO in the ratio of 90:10. As per actual data of FY 23-24 and FY 24-25, they have used LDO only but now proposing to use LDO and HFO. Further, the actual data of fuel usage (of FY 24-25) as per Form-15 shows the use of FO and LDO. In the reply to the query of Commission, only LDO use has been submitted by the Petitioner. OPGC should justify its proposal.

vi. The Commission, in the ARR of the FY 2024-25, has approved the GCV as 3294 kcal/kg. However, OPGC proposes the same as 3213.85 kcal/kg for FY 2025-26. The observation of the Commission at Para 79(b) of the Order for FY 2024-25 is as follows:

> "*The Commission, vide its Order dated 28.10.2020 in Case No. 43/2017, has provided the basis for calculation of GCV of coal as delivered to the power station (total moisture basis). ... In absence of the actual data from December 2023 till March 2024, the Commission is inclined to consider the notified price of Coal and GCV from December 2023 till March 2024. It may further be noted that MCL has revised the grade of Coal in November 2023 (G-14 revised to G-12 for Lakhanpur mines) and accordingly the revised GCV and price of Coal from December 2023 till March 2024 has been considered for arriving at the energy charges.*"

As per submission of OPGC, MCL and OCPL supply G-14 grade coal. As per actual data of FY 24-25 (up to Dec), the average price is Rs 1709/MT and GCV is 3232 kCal/kg (as delivered basis). On similar lines, the present declared grade's GCV of coal can be considered for present tariff determination process. Also, the latest available price of coal (MCL and OCPL) can be considered.

vii. OPGC has proposed the electricity duty payment for FY 2025-26 as per generation plan and auxiliary consumption of 9%. It should be as approved by the Commission for FY 2024-25, i.e. at the rate of Rs.0.55/kWh in accordance with PPA norms, i.e. 9% of auxiliary Consumption on normative generation of 68.49%.

viii. Water cess and water charges should be reviewed and OPGC should produce proper justification of payment of such charges along with relevant documents while claiming reimbursement from GRIDCO.

ix. Income tax: The Commission has not considered any income tax for FY 2024-25. However, the Commission directed that GRIDCO should reimbursed Income tax on actual basis as per the applicable provisions in PPA. The same principle can be continued.

x. Issue related to Ash transportation cost should be dealt with as per decision taken in Case No 99/2023 [for U#1 to 4 (FY 16-17 to FY 22-23)].

69. OBSERVATIONS OF THE STATE ADVISORY COMMITTEE (SAC) (Para 69)

The Members of the SAC suggested (a) to link the Variable Cost directly with the fuel cost; (b) to form a subsidiary of OPGC in SPV model; (c) to revive the defunct micro hydro power plants by signing of PPA between OPGC and GRIDCO; (d) to improve ash handling and disposal of ash; (e) to devise plans for compliance of RGO; and (e) to allow higher blending of coal to improve the PLF and overall plant efficiency.

In response to the suggestions, OPGC stated that the Stage-I, Units 1 & 2 are 30 years old. The Renovation and Maintenance (R&M) of Unit-1 has already started and both the Units' R&M are planned to be completed in the FY 2025-26 after which the efficiency is expected to increase remarkably. Stage – II, Unit-3 & 4, are performing efficiently within normative parameters. Regarding RGO Obligations, OPGC stated that the tender has already been executed and is now in the award stage for 50 MW solar and they are exploring the possibility of increasing their solar presence.

70. VIEWS OF THE GOVERNMENT OF ODISHA (Para 70)

The Department of Energy, Government of Odisha vide their letter No. 3941 dated 21.03.2025 have communicated views/ suggestions on various issues relating to tariff for the FY 2025-26. However, no specific view/ suggestion is provided in regards to the determination of Generation Tariff for OPGC Units 1&2 for the FY 2025-26.

ANALYSIS OF OPGC'S PROPOSAL AND COMMISSION'S OBSERVATIONS WITH REFERENCE TO DETERMINATION OF GENERATION TARIFF FOR THE FY 2025-26 (Para 71 to 83)

71. The present petition for determination of Generation Tariff for the FY 2025-26 has been filed by OPGC under Sections 62 & 86 of the Electricity Act, 2003 read with Approved Bulk Supply Agreement & Supplemental Agreement (together referred to as the Amended PPA); related provisions of OERC (Conduct of Business) Regulations, 2004 & OERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2024 and Hon'ble Supreme Court's Order dated 19.04.2018 in Case No. 9485 of 2017.

72. As per the judgement of Hon'ble Supreme Court of India, the Commission while determining the tariff of the Generating Company for the FY 2025-26 has relied on the norms of PPA for fixed & variable costs and statutory Regulations for other costs not reflected in the PPA.

73. The Commission has carefully examined and analyzed the proposal of OPGC and the written & oral submissions of the objectors & the representative of Government of Odisha have been considered while determining the tariff. The detailed analysis and observations of the Commission are as follows:

74. Computation of Annual Fixed Cost

(a) The Commission has considered norms as per Clause 3.0 of Schedule II of the amended PPA for approval of the Annual Fixed Cost (AFC). Accordingly, the component wise AFC of OPGC for determination of generation tariff for FY 2025-26 is as under:

i. **Capital Cost:** As per the amended PPA signed between OPGC & GRIDCO and approved by the OERC, vide its order dated 27.04.2015, the original capital cost of the project is Rs.1060 Crore. Accordingly, the same is approved for determination of generation tariff of OPGC for the FY 2025-26.

ii. **Debt – Equity Ratio:** As per Clause No. 8.0 of Schedule II of the PPA, the original capital cost of the project (Rs. 1060 Crore) consists of equity of Rs. 450 Cr. and debt of Rs. 610 Cr. Accordingly, the Commission approves the same debt-equity ratio for determination of generation tariff for the FY 2025-26.

iii. **Depreciation:** The Clause No.3.0 (a) of Schedule II of the Amended PPA provides that depreciation charges shall be equal to 7.5% of the Capital Cost during the year. Since the assets of the generating Stations have been fully depreciated by the end of FY 2008-09, OPGC has not considered any amount towards depreciation. Accordingly, the Commission does not approve any amount towards depreciation for determination of generation tariff for the FY 2025-26.

iv. **Return on Equity (RoE):** As per Clause 8.0 (10) of Schedule II of PPA, Return on Equity is to be paid @ 16% on Equity Capital. Considering the Equity Capital of Rs 450 Cr., OPGC has claimed the RoE of Rs 72 Cr. (@ 16% per annum). Accordingly, the Commission approves Rs 72 Cr. towards RoE for determination of generation tariff for the FY 2025-26.

v. **Interest on Loan Capital:** As per Clause 8.0 (7) and (11) of Schedule II of the amended PPA, loan amount is Rs. 610 Crore and interest on loan will be paid as per actual. As the loan amount of the original project cost has been fully repaid by the FY 2011-12, OPGC has not claimed any amount towards Interest on loan capital. Accordingly, the Commission does not approve any amount towards interest on loan capital for determination of generation tariff for FY 2025-26.

vi. **O&M Expenses:** As per clause 3 (d) & (e) of Schedule-II of the amended PPA, capital cost is to be taken as Rs 1030 Crore (against original Capital Cost of the Project of Rs 1060 Crore) and O & M expenses for the first year of operation shall be @ 2.5% of the capital cost and it shall be escalated @ 8% each year from 01.04.1996 with applicability of the first escalation from 01.04.1997. Based on the above methodology, OPGC has claimed Rs. 239.92 Cr. towards O&M expenses. Accordingly, the Commission approves the amount of Rs. 239.92 Cr., i.e., [Rs 1030 Cr. x 2.5% x $(1.08)^{29}$] towards O&M expenses for determination of generation tariff for FY 2025-26.

vii. **Interest on Working Capital:** As per the Clause 3.0 (f) of Schedule II of the PPA, working capital requirement is to be worked out by considering coal cost for 1.5 months, Oil cost for 2 months, O & M expenses for one month and Receivable for 2 months on the normative level of generation. The interest rate applicable for working capital shall be as on the date when the fixed charges are computed. OPGC has submitted that it has started availing working capital from external sources and the actual interest rate for the working capital facility is 8.90% in the FY 2024-25 till September 2024. The same has been considered for FY 2025-26. Coal is being procured from both MCL & OPCL in accordance with the relevant FSA and the actual landed cost of coal for the period FY 2024-25 up to September 2024 has been considered as proposed by OPGC. The price and GCV of Coal considered for the calculation are Rs 1696.61/ MT & 3211.92 Kcal/kg respectively and similarly, the price of secondary fuel oil (LDO and HFO) considered for calculation are Rs 81,711.23/ KL and Rs 62,584.89/ KL respectively, which has been approved by OERC in Para 75 of this Order. Accordingly, the total cost of Coal and Secondary fuel oil works out to Rs 328.11 Cr. & Rs 56.88 Cr. respectively corresponding to Gross generation of 2519.88 MU calculated as per provisions of the PPA. The detailed calculation of working capital requirement and interest on working capital approved by the Commission against OPGC's proposal for determination of generation tariff for FY 2025-26 is given in Table 9 below:

Table-9
Interest on working capital Approved by Commission for determination of Generation Tariff for FY 2025-26

(Rs Crore)

Particulars	**Norms**	**FY 2025-26**	
		OPGC Proposal	**OERC Approval**
Cost of Coal	1.5 Months	41.01	41.01
Cost of Secondary Fuel Oil	2 Month	9.48	9.48
O&M expenses	1 Month	19.99	19.99
Receivables	2 Month	118.95	118.96
Working Capital Requirements		**189.43**	**189.45**
Rate of Interest		8.90%	8.90%
Interest on working capital		**16.86**	**16.86**

Accordingly, the Commission approves Rs. 16.86 Crore towards interest on working capital as proposed by OPGC.

(b) The proposal of OPGC and approval of the Commission in respect of Annual Fixed cost of OPGC (Unit-1 & 2) is summarised in the Table 10 below:

Table- 10
Total Annual Fixed Cost (AFC) Approved by Commission for determination of Generation Tariff of OPGC for FY 2025-26

(Rs Crore)

Particulars	OPGC Proposal	OERC Approval
Depreciation	0.00	0.00
Return on Equity	72.00	72.00
Interest on Loan Capital	0.00	0.00
O&M Expenses	239.92	239.92
Interest on working capital	16.86	16.86
Total	**328.78**	**328.78**

The total AFC works out to Rs 328.78 Cr. as proposed by OPGC.

75. Computation of Energy Charges:

(a) **Operational Performance Parameters**

Regarding operational parameter, the Commission adopts the norms mentioned in the PPA, the details of which are given in Table 11 below:

Table-11
Operational norms adopted by the Commission in accordance with PPA for Determination of Generation Tariff of OPGC for FY 2025-26

Particulars	Unit	OPGC Proposal	OERC Approval
Plant Load Factor (PLF)-Normative	%	68.49	68.49
Auxiliary consumption	%	9.50	9.50
Gross Station Heat Rate	(Kcal/kWh)	2500	2500
Secondary Fuel Oil Consumption (LDO-10% & HFO-90%)	(ml/kWh)	0.35, 3.15	0.35, 3.15

The Gross generation of OPGC works out to 2519.88 MU corresponding to PLF of 68.49% and net generation becomes 2280.50 MU for normative Auxiliary Consumption of 9.5%. However, OPGC has set a target of 3104.14 MU as gross generation corresponding to PLF of 84.37%. The actual export to GRIDCO will depend upon actual Auxiliary Consumption which is more than the normative Auxiliary Consumption of 9.5% as stipulated in the PPA.

(b) **Price & GCV of Coal and Secondary fuel oil**

The Commission, vide its Order dated 28.10.2020 in Case No. 43/2017, has provided the basis for calculation of GCV of coal as delivered to the power station (total moisture basis). This has been challenged by OPGC before the Hon'ble APTEL, which is sub-judice. The current annual coal requirement of Units 1&2 is approximately 2.7 MT which was being sourced through long term coal linkage from MCL coal mines.

Meanwhile, coal production in OCPL mine has exceeded the requirement for OPGC's Units 3&4. Consequent to the proposal of OCPL to supply 50% of the annual requirement of coal from OCPL mines, a supplementary FSA was executed between OCPL and OPGC on 18.05.2024. Presently coal is being sourced from both MCL and OCPL for OPGC Units 1&2. In response to query raised by the objector, OPGC has submitted that as per original FSA, MCL is to supply 2.7 MT of ACQ for a period of 20 years from 01.04.2009. As per addendum FSA, OCPL is to supply 1.35 MT of ACQ till 31.03.2030 & Ministry of Coal, Government of India has granted diversion of 1.35 MT of coal from OCPL for use in Unit 1 & 2 for the FY 2024-25 which is likely to be extended on year-on-year basis. The quantity of coal received from OCPL & MCL in first six months of the current financial year (2024-25) is 1.27 MT and consumption was 1.299 MT. Further, as submitted by OPGC, the quantity of coal required for the FY 2025-26 is about 2.128 MT for expected generation of 2764 MU assuming specific coal consumption of 0.77 kg/kWh (as per PPA). However, actual coal to be consumed in the plant shall be dependent on the quality of coal and gross generation. OPGC has also stated that coal received from both MCL & OCPL are undergoing through a sampling process by CEA's empanelled Third Party agencies as per the FSA and directive of Government of India from time to time.

The Commission observes that the landed price of Coal from OCPL is higher even if the base price of coal is equivalent to that of MCL for the same grade (G-14) of Coal due to certain statutory charges that OCPL is mandated to pay. Further, OPGC in additional submission has submitted that the quality of coal received from OCPL is consistently been better than the coal received from MCL. On an average, for the same declared Grade of Coal, the Total Moisture corrected as delivered GCV of Coal from OCPL is higher in comparison to coal received from MCL and the blending of better quality of coal has enabled OPGC to run the Units 1&2 with better capacity utilization and reduction in energy loss. For billing purposes, pending determination of input price, OCPL is considering the MCL Notified Base Price and the applicable statutory charges in accordance with OERC (Determination of Input Price of Coal from Integrated Mine) Regulations, 2024. After input price of coal is determined, the excess/ shortfall in the billing amount shall be set off through Debit/ Credit Note as per the Regulations.

Moreover, GRIDCO in its submission have stated that the landed cost of coal consumed in OPGC Unit 1&2 is quite competitive. Currently, the actual audited coal cost and GCV of coal as received for last 6 months, (i.e. from April 2024 till September

2024) as submitted by the Petitioner is available with the Commission and the annual audited price of coal and GCV of coal for the FY 2024-25 is yet to be finalized. Therefore, the Commission is of the view that the decision regarding procurement of Coal from OCPL shall be taken after the annual audited price of coal and GCV is available for the FY 2024-25 and after the input price of coal is determined by the Commission as per the OERC (Determination of Input Price of Coal from Integrated mine) Regulations, 2024. For the purpose of Tariff determination in the instant petition, the audited actual landed price of coal available for the FY 2024-25 shall be considered for determination of price of coal for FY 2025-26.

OPGC has submitted the audited actual coal prices and GCV of coal as delivered from April 2024 till September 2024. In absence of the audited actual data from October 2024 till March 2025, the Commission after verification have considered the weighted average of the audited actual price of Coal (Rs 1696.61/MT) and GCV of coal (3211.92 Kcal/Kg) as received from April 2024 till September 2024 for calculation of Energy charges for the FY 2025-26. Considering the above operational norms, price and GCV of Coal and Secondary fuel oil parameters as mentioned in PPA, details for calculation of energy charges are given in Table 12 below:

Table-12
Computation of Energy Charges for determination of Generation Tariff of OPGC for FY 2025-26

Particulars	Unit	OPGC Proposal	OERC Approval
Price of Coal	(Rs./MT)	1,697.31	1696.61
Price of LDO	(Rs./KL)	81,711.23	81,711.23
Price of HFO	(Rs./KL)	62,584.89	62,584.89
GCV of Coal	(Kcal/Kg)	3,213.85	3211.92
GCV of Oil (LDO/HFO)	(Kcal/Ltr)	10,000.00	10,000.00
Specific Coal Consumption	(Kg/kWh)	0.77	0.77
Specific Oil Consumption	(ml/kWh)	3.50	3.50
Energy Charges	**(Paisa/kWh)**	**168.79**	**168.82**

Note: The HFO:LDO ratio is considered @90:10 as per the PPA for computation of ECR. The above variable charge corresponds to total fuel cost of Rs 384.99 Cr. (Cost of Coal: Rs 328.11 Cr. + Cost of Secondary fuel oil: Rs 56.88 Cr.) and net generation of 2280.50 MU calculated as per provisions of the PPA.

The Commission therefore approves indicative Energy charges as 168.82 paisa/kWh for OPGC as against OPGC's proposal of 168.79 paisa/ kWh for FY 2025-26. However, GRIDCO shall verify bill on actual basis, price & GCV of Coal & Oil and make payment accordingly.

76. Reimbursement of Other Charges

Apart from the Annual Fixed Cost and Energy Charges, as per Clause 10 and 11 (vii) of Schedule II of PPA, other charges such as levies, taxes, duties, cess, tariff filing fee etc. and supplementary bills, if any, are to be reimbursed by GRIDCO. Accordingly, OPGC has proposed to consider other charges of Rs. 112.17 Cr. for FY 2025-26 as part of the reimbursement from GRIDCO. The bills raised against these charges are to be examined by GRIDCO and paid as per applicable norms/rules. However, the following expenditure towards Other Charges is allowed provisionally:

(a) **Electricity Duty**

OPGC has submitted that Rs. 15.37 Cr. (@ Rs.0.55/kWh) has been projected for FY 2025-26 considering projected gross generation of 3104.14 MU. It has been observed that in the application before the Hon'ble APTEL in the year 2004, both OPGC and GRIDCO had agreed to consider auxiliary consumption of 9% for the purpose of calculation of Electricity Duty. Further, in response to the Commission's queries, OPGC has submitted an estimated PLF of 84.37% for FY 2025-26. Considering 9% of auxiliary Consumption and nominal PLF of 84.37%, the Commission provisionally approves Rs. 15.37 Cr. (@ Rs.0.55/kWh) towards electricity duty for FY 2025-26.

(b) **Water Cess & Water Charges**

OPGC has submitted that, during the FY 2023-24, it has incurred an expenditure of Rs.11.01 Cr. towards water cess and water charges and accordingly the same has been claimed for reimbursement for the FY 2025-26. Based on the above proposal of OPGC, the Commission provisionally approves the amount of Rs. 11.01 Cr. towards water cess and water charges for FY 2025-26 and direct OPGC to produce proper justification of payment of such charges along with relevant supporting documents while claiming reimbursement from GRIDCO. The Commission also directs GRIDCO to verify the documents while making such payment to OPGC.

(c) **Energy Compensation Charge (ECC)**

OPGC has not made any payment towards ECC to OHPC during the FY 2023-24 and therefore has not claimed any amount towards ECC while projecting other costs for FY 2025-26. However, OPGC has requested to allow for reimbursement of such amount, if any, paid during FY 2025-26.

Accordingly, the Commission does not allow any amount towards ECC for FY 2025-26. However, ECC shall be reimbursed by GRIDCO on the basis of actual payment made and claimed by OPGC for FY 2025-26. The Commission also directs OPGC to submit details of such payment while claiming reimbursement from

GRIDCO and GRIDCO is directed to make payment to OPGC after verification of relevant documents. Such amount shall be considered during Truing-up of GRIDCO.

(d) **Tax and Cess on Land**

OPGC has submitted that an expenditure of Rs.0.25 Cr. has been incurred towards tax and cess on land during the FY 2023-24 and the same has been claimed for reimbursement. The Commission provisionally approves the same amount for reimbursement of tax and cess on land to OPGC from GRIDCO during FY 2025-26.

(e) **System Operation Charges (SoC) & Market Operation Charges (MoC) for SLDC**

OPGC has claimed Rs.0.49 Cr. towards SoC & MoC charges payable to SLDC. The Commission approves Rs.0.41 Crore (@ Rs.9788.224/MW/year) for the FY 2025-26 towards SoC & MoC charges of OPGC payable to SLDC as per the latest SLDC Charges and Fees Order.

(f) **ERPC Charges**

OPGC has proposed an amount of Rs. 0.16 Cr. towards reimbursement against ERPC charges which has been actually paid by OPGC during FY 2023-24. The Commission provisionally approves Rs 0.16 Cr. for reimbursement by GRIDCO during FY 2025-26.

(g) **Annual Inspection Fees**

OPGC has proposed an amount of Rs. 0.44 Cr. towards reimbursement against Annual Inspection Fees (based on actual expenses made during FY 2024-25), which includes Annual Electrical Inspection fee, Annual Boiler Inspection / Renewal of License fees and Consent to Operate fees paid by OPGC during FY 2024-25 till December 2024. In additional submission, OPGC has submitted that out of the claim of Rs 0.44 Cr., Rs 0.22 Cr. is in FY 2023-24 and Rs 0.22 Cr. is submitted for FY 2024-25 up to September 2024. The Commission, considering the actual expenses of Rs 0.22 Cr. for FY 2023-24, provisionally approves Rs. 0.22 Cr. for reimbursement by GRIDCO during FY 2025-26 on account of Annual Inspection fees.

(h) **Income Tax**

OPGC has proposed an amount of Rs. 24.22 Crore towards reimbursement of income tax for the FY 2025-26 considering the RoE of Rs. 72 Crore corresponding to the equity capital of Rs 450 Crore (original capital cost of Rs 1060 Crore) and the applicable tax rate of 25.17% on pre-tax RoE. As per Clause 6 of Schedule II of the PPA, income tax on the income for supply of power will be passed on to GRIDCO. In response to queries raised by the Commission, OPGC has not intimated any claim towards income tax for FY 2023-24. Accordingly, the Commission is not considering any income tax under other charges of OPGC for FY 2025-26. However, Income tax shall be reimbursed by GRIDCO on actual basis as per the applicable provisions in PPA as and when claimed by OPGC for FY 2025-26 and such amount shall be reflected by GRIDCO in the Truing-up.

(i) **Recovery of ARR and Tariff Petition Fees & Publication Expenses**

The Commission provisionally approves Rs.0.30 Cr for the FY 2025-26 towards recovery of ARR and Tariff petition fees & publication expenses as proposed by OPGC.

(j) **Reimbursement of contribution towards Water Conservation Fund (WCF)**

In the instant case, the Petitioner has stated that it has not made any payment towards WCF in FY 2023-24. Therefore, no amount has been proposed by OPGC towards WCF while projecting other costs for FY 2025-26. However, OPGC has requested the Commission to allow for reimbursement of such amount, if any, paid during FY 2025-26.

Accordingly, the Commission does not allow any amount towards Water Conservation Fund. However, the amount shall be reimbursed by GRIDCO on the basis of actual payment made and claimed by OPGC for the FY 2025-26. The Commission also directs OPGC to submit details of such payment while claiming reimbursement from GRIDCO and GRIDCO is directed to make payment to OPGC after verification of relevant documents. Such amount shall be considered during Truing-up of GRIDCO.

(k) **Ash transportation and other Ash Utilization expenses**

Highlighting the MoEF&CC Notification dated 25.01.2016, OPGC has stated that as per the Notification, the coal based thermal power plants are obligated to share the financial burden of transporting fly ash to user agencies as per the cost-sharing mechanism stipulated therein. Furthermore, to ensure 100% utilization of fly ash generated by the coal based thermal power plants, the Central Government reviewed the existing Notifications and has introduced environmental compensation mechanism, vide the MoEF&CC Notification dated 31.12.2021, which enforces measures to guarantee full fly ash utilization, setting clear deadlines, distinct obligations for thermal power generators and user agencies, and penalties through environmental compensation for non-adherence. The expenses being statutory in nature, OPGC has filed a separate Petition (Case No. 99/2023) before the Commission, for recovery of the cost incurred towards Ash transport and other Ash Utilization Expenses for which the Commission had approves Rs. 4.44 Cr. for the period FY 2016-17 to FY 2022-23.

It is observed that the reimbursement of Ash Transportation and Utilization expenses form a part of the PPA (Clause 10.0 of PPA) and therefore the Commission believes that such expenses should be reimbursed by GRIDCO in line with the provisions of the PPA. Moreover, such expenses are also mandated by MoEF in their Notifications dated 31.12.2021 and 25.01.2016. The Commission further observes that the actual Ash Transportation and Utilization expenses for FY 2023-24 as submitted by the Petitioner is Rs.0.88 Cr. Accordingly, the Commission provisionally approves an amount of Rs 0.88 Cr. towards Ash Transportation and utilization expense as against the claim of Rs 59.94 Cr. for the FY 2025-26. However, the amount shall be reimbursed by GRIDCO on the basis of actual payment made and claimed by OPGC for the FY 2025-26. The Commission also directs OPGC to submit details of ash transportation & utilisation expenses on actual basis along with supporting documents while claiming reimbursement from GRIDCO and GRIDCO is directed to make such payment to OPGC after verification of relevant documents. Such amount shall be considered during Truing-up of GRIDCO.

The summary of reimbursement of other charges allowed by the Commission for the FY 2025-26 on provisional basis is given in the Table 13 below:

Table – 13
Reimbursement of Other Charges for the FY 2025-26
(Rs. in Crore)

Sl. No.	Particulars	OPGC Proposal	OERC Approval
(a)	Electricity Duty	15.37	15.37
(b)	Water Cess and Water Charges	11.01	11.01
(c)	Energy Compensation Charges	0.00	0.00
(d)	Tax and Cess on land	0.25	0.25
(e)	SOC and MOC for SLDC	0.49	0.41
(f)	ERPC Charges	0.16	0.16
(g)	Annual Inspection fees	0.44	0.22
(h)	Income Tax	24.22	0.00
(i)	Recovery of ARR and Tariff Petition Fees	0.30	0.30
(j)	Contribution towards Water Conservation Fund	0.00	0.00
(k)	Ash utilization expenses including transportation charges	59.94	0.88
	Total	**112.17**	**28.60**

Since the above charges are reimbursable, the same shall be reflected in the ARR of GRIDCO. As per Clauses 10 & 11(vii) of Schedule II of the PPA, GRIDCO is directed to reimburse the charges as mentioned above on actual basis as and when claimed by OPGC with appropriate documentary evidences.

77. Additional Capitalization

The Commission had earlier disallowed additional capitalisation in its Order dated 21.05.2021 in Case No. 54 of 2018. However, as per the request of OPGC, the Commission, vide its order dt.13.02.2024, had allowed the Petitioner to file a separate petition in respect of additional capitalization from FY 2015-16 till FY 2024-25. In the instant case, OPGC has requested the Commission to allow OPGC to file a separate petition to the claim of additional capitalization for FY 2025-26 based on the outcome of the Appeal registered before Hon'ble APTEL in Appeal No. 335/2021 by OPGC and accordingly, the Commission allowed OPGC to file a separate petition relating to additional capitalisation for the FY 2025-26 after the APTEL's Judgement is pronounced.

78. Non-Tariff Income (NTI)

As per Regulation 14(4) of the OERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2024, *"Notwithstanding anything mentioned in these Regulations, Capacity Charge and Energy Charge for OHPC and OPGC (Unit-I & II) will be determined by the Commission by taking into account the notification(s) issued by the Government of Odisha from time to time and their PPAs."* The notifications of Government of Odisha did not mention about deduction of NTI from the Fixed Cost. Since fixed cost is firmed up by Govt. of Odisha, the Commission cannot deviate from it in view of the Order of the Hon'ble Supreme Court of India. Further, the approved amended PPA of OPGC does not provide for any adjustment of NTI in AFC, therefore, Non-Tariff Income has not been factored in the tariff determination.

79. GCV and Price of Coal

GRIDCO in its submission has stated that landed cost of coal consumed in OPGC Unit 1&2 is quite competitive. The Commission observes that the landed cost of Coal from OCPL is higher even if the base price of coal is same as that of MCL for the same grade (G-14) of Coal due to certain statutory charges that OCPL is mandated to pay. Further, as per the available information, the GCV of Coal as received from OCPL does not have significant variation as compared to GCV of Coal as received from MCL. Therefore, the Commission is of the view that the decision on procurement of Coal from OCPL shall be taken after the annual audited price of coal and GCV of coal is available for the Financial Year 2024-25 and after the input price of coal is determined by the Commission as per the OERC (Determination of Input Price of Coal from Integrated mine) Regulations, 2024. In the instant petition for the FY 2025-26, the audited actual landed price of coal and GCV of coal available for the FY 2024-25 have been considered for the purpose of determination of tariff for the FY 2025-26.

80. Other Issues

The Commission has taken note of other issues raised by Objectors relating to Auxiliary Consumption, PLF and Capital Cost, fuel cost & GCV of coal, cash flow statements etc. It may be noted that these aspects shall be dealt as per the provision in the PPA following the directions of Hon'ble Supreme Court. Further, since OPGC is a public sector company, their auditing shall be governed by the rules of the Government. Certain issues related to Stage-II (Units 3 & 4) of OPGC such as filing of MYT petition, truing-up petition, time and cost over-run, input pricing of coal fired, RGO, capital cost passed out of Tilia ash pond, etc. have been raised by the Objectors. As the instant case is relating to ARR of Stage- I of OPGC, the Commission feels that it would be pertinent to take up the aforesaid issues at the time of determination of tariff for Stage- II (Units 3 & 4) generation of OPGC.

81. Summary of Approved Generation Tariff of OPGC for FY 2025-26

Summary of generation tariff as approved by the Commission for FY 2025-26 is as under:

Table - 14
Summary of Approved Generation Tariff of OPGC for FY 2025-26

Particulars	Units	OPGC Proposal	OERC Approval
Annual Fixed Cost	Rs. Crore	328.78	328.78
Variable Charges	Paisa/kWh	168.79	168.82
Other Charges	Rs. Crore	112.17	28.60

82. Directives of the Commission

(a) The recovery of monthly Capacity Charges approved by the Commission shall be made as per the methodology stipulated in the amended PPA. Further, based on the operational norms like Auxiliary Consumption, Gross Station Heat Rate and specific secondary Oil consumption as indicated in Clause 8 of Schedule-II of the PPA, Price and GCV of Oil & Coal as actually delivered to the power station as per Clause 7 of Schedule-II of the PPA, bills shall be raised by OPGC. Moreover, the incentives/ disincentives, other charges, supplementary bills etc. are to be recovered by OPGC from GRIDCO as per Clause 10 and 11 (vii) of the PPA on production of documentary evidence. Any such amount as mentioned above shall be paid by GRIDCO after due verification and scrutiny of documents/ bills.

(b) OPGC is required to segregate the financial accounts/ statements for Stage I (Units 1&2) and Stage II (Units 3&4). The financial accounts for Stage I and Stage II shall be separately created for FY 2025-26.

(c) OPGC needs to submit status of construction of new ash pond, which was approved by the Commission in Case No. 99 of 2021, and time line for completion of the work.

(d) OPGC needs to submit the (i) timeline for implementation of 50 MW solar power project for which GRIDCO has agreed in principle to procure power from subject project; and (ii) the status of execution of RE power project or procurement and supply of RE power to comply RGO requirement for proposed generation expansion project (Unit 5 & 6) in line with Notification of Ministry of Power, Government of India to reduce carbon emission.

(e) OPGC has taken up a number of initiatives for fly ash utilization & disposal. However, OPGC is directed to pursue with OCPL/ MCL or any other mines for allotment of mine void space for disposal of ash to comply with MoEF&CC Notification.

(f) OPGC shall submit initiatives taken to reduce the number of forced outages of generating units.

(g) OPGC may intimate about any planning to convert old thermal generation unit as synchronous condenser to provide reactive support and increase the inertia of the system.

(h) The Tariff now approved shall be effective from 01.04.2025 for energy sold to GRIDCO and shall be in force until further Orders.

83. The Case is accordingly disposed of.

Sd/-	**Sd/-**
(S.K. RAY MOHAPATRA) **MEMBER**	**(G. MOHAPATRA)** **OFFICIATING CHAIRPERSON**