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**ODISHA ELECTRICITY REGULATORY COMMISSION**  
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**Present: Shri Pradeep Kumar Jena, Chairperson**  
**Shri Sushanta Kumar Ray Mohapatra, Member**  
**Shri Biswajit Mohanty, Member**

**CASE NO.120 OF 2025**

**Date of Hearing : 05.02.2026 (at 10:30 AM)**

**Date of Order : 24.03.2026**

**IN THE MATTER OF: Application for determination of Generation Tariff of Odisha Power Generation Corporation Ltd. (OPGC) Units 1 & 2 for the FY 2026-27 under 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), related provisions of OERC (Conduct of Business) Regulation, 2004, OERC (Terms and Conditions for Determination of Generation Tariff) Regulation, 2024 and Hon'ble Supreme Court Order dated 19.04.2018 in Case No. 9485 of 2017.**

**ORDER**

**PROCEDURAL HISTORY (Para 1 to 9)**

The petitioner, Odisha Power Generation Corporation (OPGC) Ltd has filed an application before the Commission for determination of Generation Tariff of its 420MW (2X 210MW) of IB Thermal power stations for the financial year 2026-27 after withdrawal of Special Leave Petition (Civil) Nos.6812-13 of 2005 from the Hon'ble Apex Court arising 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 of 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 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.*

*8. The appeal shall stand 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, 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.

2. 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 2026-27 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. purchases powers from the generating stations of OPGC Ltd. for bulk supply to Distribution Licensees.
3. As per Regulation 61(2) of the OERC (Conduct of Business) Regulations, 2004, a generating company is required to file an application by 30<sup>th</sup> 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.
4. In compliance to the above direction of the Commission, OPGC Ltd. has filed an application on 29.11.2025 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 2026-27 of Unit-I & II 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 arising 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.
5. 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 newspaper on 18.12.2025 and was also posted in the Commission's website, inviting 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 has received suggestions/objections from the following four (4) persons /organizations:

(1) Shri Basudeb Bhatta, Co-Convenor, Aama Janata Adhikar, 226, Kharavel Nagar, Unit-3, Bhubaneswar-751001. (2) Shri Ramesh Ch. Satpathy, Secretary, National Institute of Indian Labour & President, Upobhokta Mahasangha, Plot No.302(B), Beherasahi, Nayapalli, Bhubaneswar-751012, (3)M/s. GRIDCO Limited, Janapath, Bhubaneswar-751022, (4). Shri Ananda Kumar Mohapatra, Power Analyst, Plot No-799/4, Kotitirtha Lane, Old Town, Bhubaneswar-751012.

6. In exercise of the power under section 94(3) of the Electricity Act, 2003 and to protect the interest of the consumers, the Commission had appointed Deloitte, Gurgoan, as the Consumer Counsel for objective analysis of the applicant's petition for determination of generation tariff proposal for Units 1&2 of its power station for the FY 2026-27.
7. The date of hearing was fixed as 05.02.2026 at 10.30 A.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.
8. As part of the consultative process, the Commission conducted a public hearing at its premises at Bhubaneswar on 05.02.2026 at 10.30 A.M. M/s. OPGC made a brief presentation about their application for Determination of Generation tariff for Units 1&2 each of (210 MW). The consumer counsel, M/s. Deloitte presented their views on above application of M/s.OPGC. All the Objectors Shri Basudeb Bhatta; Shri Ananda Kumar Mohapatra; Shri Padmalochan Sahoo, GM (PP) on behalf of GRIDCO Ltd.; Shri Gagan Bihari Swain, Director (Finance) along with Shri Haresh Satapathy Additional General Manager (C&RA) on behalf of the Applicant M/s. OPGC Ltd.; Shri Gourahari Nayak & Shri Tanmay Chatterjee of Deloitte, the Consumer Counsel; and Shri Alekh Chandra Mallick, Shri Laxmikanta Mishra, J.C. to Govt. and Ms. Sonali Pattnaik, Manager (Law), Department of Energy, Govt. of Odisha participated in hearing. None appeared on behalf of National Institute of Indian Labour & President, Upobhokta Mahasangha. during tariff hearing held in hybrid mode. Their written submissions filed before the Commission were taken on record and considered by the Commission. The applicant (M/s. OPGC Ltd.) has submitted its response/reply to the queries / issues raised by the various Objectors and the Commission during hearing.
9. The Applicant, Objectors, Consumer Counsel and the Representative of the Dept. of Energy, Government of Odisha at length were heard during the proceeding. The Commission

convened the State Advisory Committee (SAC) meeting through hybrid mode on 16.03.2026 at 11.00 A.M. to discuss on the application for determination of generation tariff proposal of the generating company for FY 2026-27. 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 2026-27 (Para 10 to 39)**

10. 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, 7<sup>th</sup> 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 18<sup>th</sup> 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 30<sup>th</sup> November, 1998 was entered between OPGC, GRIDCO and Union Bank of India.
11. 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.
12. The Commission, vide its Order dated April 27, 2015, had approved the amended PPA and directed OPGC to file application for determination of Generation Tariff for the rest of the control period starting from FY 2016-17 onwards in line with the amendments as tariff for 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.

13. Aggrieved by the said Order, OPGC had filed Appeal No. 126 of 2016 before the Hon'ble APTEL against the Tariff Order for 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 fresh decision. In effect, the Hon'ble Supreme Court of India, vide their judgement dated 19.04.2018, 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.
14. In the meantime, the Commission had disposed of the Generation Tariff Petition for FY 2017-18, vide its Order dated March 23, 2017 in Case No. 62/2016, and Generation Tariff Petition for FY 2018-19, vide its Order dated March 22, 2018 in Case No. 75/2017, in line with approach/principle adopted for determination of tariff for FY 2016-17.
15. 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 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.
16. Subsequently, OPGC filed a separate Petition registered as Case No. 54 of 2018, for approval of additional capitalization for 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.
17. In tune with the approach adopted in Petitions filed in Case No. 33 of 2018 and Case No. 54 of 2018, OPGC had filed the Petition for FY 2019-20 and FY 2020-21 and the final Orders were issued by the Commission.
18. The Commission notified the OERC (Terms and Conditions for Determination of 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 the 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 Petition for approval of Generation Tariff for FY 2021-22. The said Petition was registered as Case no. 71 of 2020 and the final Order was issued by the Commission on March 26, 2021.
19. Subsequently, the Commission, vide Order dated May 21, 2021 in Case No. 54 of 2018, disallowed 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.
  20. In accordance with the provisions of OERC's Generation Tariff Regulations, 2020 and in line with the approach adopted in the 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. It was registered as Case No.75 of 2022 and the final Order was issued by the Commission on March 23, 2023. The Annual Tariff Petition, filed by OPGC for FY 2024-25 (Case No. 112 of 2023) was disposed of by the Commission *vide* Order dated 13.02.2024. Subsequently, OERC has come up with the OERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2024, hereafter referred to as OERC Generation Tariff Regulations, 2024.
  21. In the present Petition, OPGC has claimed approval for Generation Tariff for FY 2026-27 based on the provision of the approved Amended PPA against the original project cost till 30<sup>th</sup> June 2026. From 1<sup>st</sup> July 2026 onwards, OPGC has claimed the approval for Generation Tariff for FY 2026-27 as per the OERC Generation Tariff Regulations, 2024. With regard to the claim of additional capitalization for FY 2026-27, 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.
  22. The present Petition has been filed by OPGC based on the following agreements entered between the parties and notification of Govt. of Odisha and Regulation of OERC:
    - 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;
- 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; and
- f) Odisha Electricity Regulatory Commission (Terms and Conditions for Determination of Generation Tariff) Regulations, 2024 notified on 06.11.2024.

**23. Generation Tariff for FY 2026-27 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 till 30.06.2026 (for 91 days), 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.

The AFC of a generating station from 01.07.2026 (for 274 days) shall be as per OERC Generation Tariff Regulations 2024 and shall consist of the following components:

- a. Return on Equity;
  - b. Interest on loan capital;
  - c. Depreciation;
  - d. Interest on working capital;
  - e. Operation and maintenance expenses;
  - f. Tax on Income
- Less:
- g. Non-Tariff Income.

**24. Capital Cost and Additional Capitalization**

- a) OPGC has considered capital cost of the Project as Rs. 1060 Crore for FY 2026-27 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 disposed 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 the 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 approved 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 2026-27 till 30<sup>th</sup> June 2026 (91 days). Based on the outcome of the Appeal filed against the Commission's Order in Case No. 54 of 2018, OPGC will approach the Commission for approval of actual additional capitalization for FY 2015-16 to FY 2025-26 and projected additional capitalization upto 30<sup>th</sup> June 2026 (91 days), if any, through a separate Petition.
- e) From 1<sup>st</sup> July 2026 onwards, OPGC has proposed additional capitalization of Rs 38.90 Cr. on account of ash disposal line, capacity increase of ash pond, upgradation of hydraulic system, firefighting pipelines, etc.

**25. 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 2026-27 till 30<sup>th</sup> June 2026 (91 days). It is further submitted that for the period commencing from 1<sup>st</sup> July 2026 (274 Days), it has followed Regulation 26 of the OERC Generation Tariff Regulations 2024 for consideration of equity for the generating station which has completed its useful life and for additional capital expenditure.

**26. 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 claimed no amount towards depreciation for FY 2026-27 till 30 June 2026 (91 days). It is further submitted that for the period commencing from 1<sup>st</sup> July 2026 (274 Days) it has followed Regulation 31 of OERC Generation Tariff Regulations 2024 for calculation of Depreciation and the same has been computed considering the asset class-wise GFA and the rates of depreciation specified in the OERC Tariff Regulation, 2024.

Since, the original capital assets have already depreciated completely, OPGC proposes to recover the depreciation towards 90% value of complete additional capitalization within the extended life of 15 years in straight-line method at the rate of 6% per annum. Accordingly, the depreciation claimed for FY 2026-27 (from 01 July 2026 – 274 Days) is as under:

**Table 1**  
**Depreciation (Rs. Crore)**

<b>Particulars</b>	<b>FY 2026-27 (from 01 July 2026)</b>
Opening GFA	0.00
Net Addn.	38.90
Closing GFA	38.90
<b>Avg. GFA</b>	<b>19.45</b>
<b>WAROD (%)</b>	<b>6.00%</b>
<b>Depreciation</b>	<b>1.17</b>
<b>Depreciation (274 days)</b>	<b>0.88</b>

**27. 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 till 30<sup>th</sup> June 2026. Accordingly, it has claimed Return on Equity of Rs.17.95 crore for FY 2026-27 till 30<sup>th</sup> June 2026 (91 days). It is submitted that from 1<sup>st</sup> July 2026 onwards (274 Days) it has followed the mandate of OERC Generation Tariff Regulations 2024 for calculation of Return on Equity. Regulation 26 (3) of the OERC Generation Tariff Regulations, 2024 provides for consideration of the equity component at 30% of the capital cost for plants completing its useful life as on 01.04.2024 or during 2024-29 tariff periods. OPGC has claimed Return on Equity (RoE) for the period from 1<sup>st</sup> July 2026 to 31<sup>st</sup> March 2027 (274 Days) as Rs. 33.95 Cr, as mentioned below:

**Table 2**  
**RoE (Original Scope) (Rs. Crore)**

<b>Particulars</b>	<b>FY 2026-27 (from July 2026)</b>
Opening Equity	318.00
Equity Addition	0.00
Deletion	0.00
Closing Equity	318.00
Average Equity	318.00
Rate of Return on Equity	14.00%
Return on Equity (274 Days)	33.42

**Table 3**  
**RoE (Beyond Original Scope) (Rs. Crore)**

<b>Particulars</b>	<b>FY 2026-27 (from July 2026)</b>
Opening Equity	0.00
Equity Addition	11.67
Deletion	0.00
Closing Equity	11.67
Average Equity	5.84
Rate of Return on Equity	12.00%
Return on Equity (274 Days)	0.53

**Table 4**  
**Consolidated RoE (Rs. Crore)**

<b>Particulars</b>	<b>FY 2026-27 (from July 2026)</b>
RoE (for 274 Days)	33.95

Hence, the total Return on Equity Claimed by OPGC for FY 2026-27 is Rs. 33.95 Cr.

**28. Interest on Loan Capital**

OPGC has submitted that Clause 8.0 (7) and (11) of Schedule II of the Amended PPA provides 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 claimed no interest on loan capital for FY 2026-27 till 30<sup>th</sup> June 2026 (91 days). It is submitted that for the period from 1<sup>st</sup> July 2026 onwards (274 Days), OPGC has followed Regulation 30 of OERC Generation Tariff Regulations 2024 for calculation of Interest on Loan Capital.

The opening loan balance for FY 2026-27 (from 01<sup>st</sup> July 2026 – 274 Days) has been considered as zero since all the actual loans due to the original capital cost is paid out. Normative repayment has been considered as equivalent to the depreciation in accordance with the provisions of OERC Tariff Regulation, 2024. The interest on loan has been calculated on the normative average loan for the respective period by applying the actual rate of interest applicable for FY 2024-25. The interest on loan claimed for FY 2026-27 (from 01<sup>st</sup> July 2026 – 274 Days) is as shown in the Table below:

**Table 5**  
**Interest on Loan (Rs. Crore)**

<b>Particulars</b>	<b>FY 2026-27 (from 01 July 2026)</b>
Gross Loan- Opening	0.00
Cumulative repayments of Loans upto previous year	0.00
Net loan – Opening	0.00
Receipts during the year	27.23
Repayment during the year	1.17
Net loan – Closing	26.06
Average Net Loan	13.03

Particulars	FY 2026-27 (from 01 July 2026)
Rate of Interest on Loan	9.22%
<b>Interest on loan</b>	<b>1.20</b>
<b>Interest on loan (for 274 days)</b>	<b>0.90</b>

OPGC has not claimed any Interest on Loan for the period upto 30<sup>th</sup> June 2026 (91 days). However, OPGC has claimed Rs 0.90 Cr from 01.07.2026 onwards. Hence, the total Interest on Loan claimed by OPGC for the FY 2026-27 is Rs. 0.90 Cr.

## 29. 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.64.60 Crore under O&M Expenses for FY 2026-27 till 30 June 2026 (91 days) considering the annual escalation factor of 8% as per the methodology prescribed in amended PPA.

**Table 6**  
**O&M Expenses (Rs. Crore) - (till 30 June 2026)**

Sl.	Particulars	Legend	FY 2026-27 (till 30 June 2026)
1	Capital Cost of Project considered for O&M Expenses as per Amended PPA	A	1030.00
2	O&M Expenses for first year @ 2.5% of Capital Cost	$B=A \times 2.5\%$	25.75
3	Escalation rate	C	8.00%
4	O&M Expenses for the whole year	$D=B \times (1+C)^{30}$	259.11
5	O&M Expenses till 30 June 2026 (91 days)	$E= D \times (91/365)$	<b>64.60</b>

It is submitted that from 1<sup>st</sup> July 2026 onwards (274 Days) it has followed Regulation 34 of OERC Generation Tariff Regulations 2024 for calculation of O&M expenses. The O&M expenses claimed for FY 2026-27 (from 01<sup>st</sup> July 2026 - 274 Days) is as shown in the Table below:

**Table 7**  
**O&M Expenses - FY 2026-27 (Rs. Crore) (from 01 July 2026)**

Particulars	Units	FY 2026-27 (from 01 July 2026)
O&M Expense norms for Unit (per MW)	Rs. Lakh	45.33
Unit size	MW	210
No of Units	No.	2
<b>Normative O&amp;M expense</b>	<b>Rs. Cr.</b>	<b>190.39</b>
<b>Total Normative O&amp;M Expense (for 274 days)</b>	<b>Rs. Cr.</b>	<b>142.92</b>

Accordingly, OPGC has claimed Rs. 207.52 Cr. towards Operation & Maintenance (O&M) Expense for FY 2026-27.

### 30. Interest on Working Capital

Clause 3.0 (f) of Schedule II of the Amended PPA provides the details of Interest on Working Capital. It is submitted that as OPGC has started availing working capital from external sources, the actual interest rate for the Working Capital facility availed by it during FY 2025-26 as on September 2025, is 8.90%. Accordingly, the same has been considered for FY 2026-27 till 30<sup>th</sup> June 2026 (91 days). Thus, OPGC claims Rs.4.72 Crore towards Interest on Working Capital for FY 2026-27 till 30<sup>th</sup> June 2026 (91 days). The details are given in the Table below:

**Table 8**  
**Computation of Interest on Working Capital for FY 2026-27 (till 30<sup>th</sup> June 2026)**  
**(Rs. Crore)**

Sl. No.	Particulars	Amount
1	Cost of Coal for one and half months	55.76
2	Cost of Secondary Fuel Oil for two months	0.84
3	O&M Expenses for one month	21.59
4	Receivables equivalent to two months	133.53
5	<b>Total Working Capital Requirement</b>	<b>211.72</b>
6	Interest Rate (%)	8.95%
7	<b>Interest on Working Capital (for 91 days)</b>	<b>4.72</b>

It is submitted that from 1<sup>st</sup> July 2026 (274 Days) onwards OPGC has followed Regulation 32 of OERC Generation Tariff Regulations 2024 for calculation of Interest on Working Capital. The rate of Interest on Working Capital has been considered as 12.00% in line with the one-year MCLR as on April 1, 2025. The IoWC claimed for FY 2026-27 (from 01<sup>st</sup> July 2026 - 274 Days) is given in the following Table:

**Table 9**  
**Interest on Working Capital (Rs. Crore)**

Particulars	Norms Considered		FY 2026-27 (from 01 July 2026)
Cost of coal	40	days	43.98
Cost of secondary fuel oil	1	month	1.89
Maintenance spares (as % of O&M expenses)	20%		38.08
Receivables	45	days	84.34
O&M expenses	1	month	15.87
<b>Working Capital Loan Requirement</b>			<b>184.15</b>
Rate of Interest			12.00%
<b>Interest on Working Capital (for 274 days)</b>			<b>16.59</b>

\* The one-year MCLR of SBI as on April 1, 2025 is 9.0 %.

Accordingly, OPGC has claimed Interest on Working Capital for FY 2026-27 as Rs. 21.31 Cr. (i.e., Rs 4.72 Cr. till 30<sup>th</sup> June 2026 and Rs 16.59 Cr. from 01.07.2026 onwards).

**31. Tax on Income**

Regulation 29 of the OERC Generation Tariff Regulation, 2024 governs recovery of Tax on Income. Accordingly, OPGC has claimed no Tax on Income in the instant Petition as part of AFC. It has requested for reimbursement of Tax on Income from the Generation Business for the whole year including for the period since 01<sup>st</sup> July 2026 (274 Days) in line with the principle adopted by the Commission in its Order dated 07.01.2023 in Case No 96 of 2021.

**32. Non-Tariff Income**

Consideration of Non-Tariff Income for arriving at the AFC for FY 2026-27 shall be in accordance with Regulation 35 and Regulation 60 of the OERC Generation Tariff Regulations, 2024. In the present Petition, the Non-Tariff Income for FY 2026-27 has been considered as 'Zero'. OPGC has requested for consideration of the actual Non-Tariff Income based on the audited accounts for FY 2026-27, if any, at the time of Truing-up.

**33. Summary of Annual Fixed Cost**

Considering the above-mentioned annual fixed cost components, OPGC has proposed the Annual Fixed Cost of Rs. 282.51 cr. for the FY 2026-27. The details are given in the Table below:

**Table 10**  
**Annual Fixed Cost of OPGC for FY 2026-27 (Rs. Crore)**

Particulars	Amount (upto 30 <sup>th</sup> June 2026)	Amount (upto 01 <sup>st</sup> July 2026 Onwards)	Total
Depreciation	0	0.88	0.88
Return on Equity	17.95	33.95	51.90
Interest on Loan Capital	0	0.90	0.90
O&M Expenses	64.60	142.92	207.52
Interest on Working Capital	4.72	16.59	21.31
<b>Total Annual Fixed Cost</b>	<b>87.27</b>	<b>195.23</b>	<b>282.51</b>

Accordingly, OPGC has claimed Rs. 282.51 Cr. towards Annual Fixed Cost for the FY 2026-27.

**34. Operational Performance Parameters**

The norms of operation proposed by OPGC for FY 2026-27 (up to 30<sup>th</sup> June 2026) as per Clause 8 of Schedule II of the approved Amended PPA are given in Table below:

**Table 11****Operational Performance Parameters for FY 2026-27 till 30.06.2026**

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

OPGC has submitted that from 1<sup>st</sup> July 2026 (274 Days) onwards it has followed Regulation 49 of the OERC Generation Tariff Regulations 2024. The same is submitted below:

**Table 12**  
**Operational Norms for FY 2026-27 (from 01<sup>st</sup> July 2026)**

Particulars	Units	FY 2026-27 (from 01 July 2026 till 31 March 2027)
Total Capacity	MW	420
Availability	%	83.00%
PLF	%	83.00%
Gross Generation	MU	3053.74
Auxiliary Energy Consumption	%	9.80%
Heat Rate	kcal/kWh	2415.00

*\* As induced draft cooling towers and tube type coal mill is used in Units 1&2, the auxiliary consumption norms have been considered*

**35. Fuel Prices & GCV**

- (i) OPGC was meeting its Coal requirement from Lakhanpur mines of MCL till May 2024. Coal production in the OCPL mine exceeded the requirement of Units 3 & 4. Therefore, OCPL proposed to utilize surplus Coal in Units 1&2. The matter was deliberated amongst 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 FY 2026-27, 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 dated 18.04.2018 of the Hon'ble Supreme Court of India, rendered 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) 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, passed in Case No. 43 of 2017 on the GCV to be considered for tariff computation. However, pending disposal of 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 (*supra*) and GCV of Oil as actually delivered to the power station for computation of energy charges.
- (v) OPGC 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 2025 for purpose of computation of tariff in the present Petition. Accordingly, the price and GCV of coal and oil considered for FY 2026-27 have been given in the Table below:

**Table 13**  
**Price and Gross Calorific Value of Coal and Oil proposed for the FY 2026-27**

Sr. No.	Source of Coal	Base for the FY 2026-27
1	Price of Coal (Rs. /MT)	1,715.91
2	Price of LDO (Rs./kL)	74,141.58
3	Price of HFO (Rs./kL)	61,971.48
4	Gross Calorific Value of Coal (kCal/kg)	3,202.58
5	Gross Calorific value of LDO (kCal/ltr.)	10,600.00
6	Gross Calorific value of HFO (kCal/ltr.)	10,000.00

### 36. Energy Charge

OPGC has submitted 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 2026-27. Accordingly, it has proposed Variable charges of 170.36

paise/kWh for the FY 2026-27 (till 30<sup>th</sup> June 2026 - 91 days). The same is given in the Table below:

**Table 14  
Computation of Energy Charge for the FY 2026-27**

<b>Particulars</b>	<b>Unit</b>	<b>FY 2026-27(till 30.06.2026)</b>
Auxiliary Consumption	%	9.50%
Gross Station Heat Rate	kCal/kWh	2,500.00
GCV of Coal	kCal/kg	3,202.58
GCV of Oil (LDO)	kCal/ltr	10,600.00
GCV of Oil (HFO)	kCal/ltr	10,000.00
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	1,715.91
Price of Secondary Oil-LDO	Rs./ kL	74,141.58
Price of Secondary Oil-HFO	Rs./ kL	61,971.48
<b>Variable Charges per kWh (base value)</b>	<b>Paise/kWh</b>	<b>170.36</b>

It is submitted that OPGC has computed base Energy Charge Rate/Variable Charge for FY 2026-27 (from 01<sup>st</sup> July 2026 - 274 Days) in line with the OERC Generation Tariff Regulations, 2024. The computation of base Energy Charge Rate for FY 2026-27 is given in the Table below:

**Table 15  
Energy Charge Rate**

<b>Tariff Period</b>	<b>Unit</b>	<b>FY 2026-27 (from 01 July 2026)</b>
GCV of Coal (CVPF)	kcal/kg	3139
GCV of LDO	kcal/L	10,600
Avg. CVSF	kcal/mL	10.60
Sp. Oil Consumption- LDO	mL/kWh	1.00
Coal Price	Rs/MT	1715.91
Avg. LPSFi	Rs/kL	74141.58
Station Heat Rate (SHR)	kcal/kWh	2415
<b>Energy Charge rate (ECR)</b>	<b>Ps./kWh</b>	<b>153.93</b>

OPGC has submitted that it has considered the GCV of coal as received at the unloading point since sampling and measurement of GCV by Third Party Agency is being carried out at the unloading point of Units 1&2. Further, specific consumption of 1 ml/kWh for LDO only is considered in accordance with the Regulations since there is no arrangement for use of HFO in Units 1&2. It is further submitted that Fuel Policy, issued by Environment and Forest Department, Government of Odisha on 12.04.2021 mandates to replace HFO consumption completely.

Thus, OPGC has requested for approval of the base value of Energy Charge Rate for estimation of Working Capital Requirement with a further request to the Commission to allow the billing of Energy Charges on monthly basis considering the actual fuel prices and GCV in accordance with the OERC Tariff Regulation, 2024 for the power supplied since 01<sup>st</sup> July 2026 (274 Days).

**37. Reimbursement of Other Charges**

OPGC has proposed for reimbursement of different charges and expenses which comprise 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 below:

**Table 16**  
**Other Charges for FY 2026-27 (Till 30<sup>th</sup> June 2026) (Rs. Crore)**

<b>Sl. No.</b>	<b>Particulars</b>	<b>Amount</b>
1	Electricity Duty	15.64
2	SOC and MOC of SLDC	0.41
3	Inspection Fees	0.57
4	Ash Utilisation Expenses including Transportation Charges	6.91
5	Water Cess and Water Charges	12.22
6	ARR & Tariff Petition fee and publication expenses	0.25
7	Income Tax	0.00
	<b>Total</b>	<b>36.01</b>

OPGC has requested for provisional approval of the Other Charges of Rs. 36.01 Cr. It has sought a direction to GRIDCO Ltd. for reimbursement of the Other Charges on actual basis during the year.

**38. Additional Capitalization for FY 2026-27**

OPGC has requested for approval of Rs. 38.90 Cr. towards additional capitalization for FY 2026-27 for ash disposal line- change in pipeline material, capacity increase of Ash Pond-C, upgradation of CW hydraulic system, installation of CFC free compressor, upgradation of firefighting pipelines, replacement of rails & ballast in old track, and installation of chlorine dioxide dosing system.

**39. Summary of Tariff proposal for FY 2026-27**

The Summary of Other Charges are reflected in the following Table:

**Table 17**  
**Summary of Tariff Proposal of OPGC for FY 2026-27**

Particulars	Units	Till 30 June 2026	From 01 July 2026
Depreciation	Rs. Crore	0.00	0.88
Interest on Term Loans & Fin. Charges	Rs. Crore	0.00	0.90
Return on Equity	Rs. Crore	17.95	33.95
Interest on Working Capital Loans	Rs. Crore	4.72	16.59
O & M Expenses	Rs. Crore	64.60	142.92
Ash Handling and Utilization Expenses	Rs. Crore	0.00	0.00
Tax on Income	Rs. Crore	0.00	0.00
Less: Non Tariff Income	Rs. Crore	0.00	0.00
<b>Annual Fixed Cost</b>	<b>Rs. Crore</b>	<b>87.27</b>	<b>195.23</b>
<b>Energy Charge Rate</b>	<b>Paisa/kWh</b>	<b>170.36</b>	<b>153.93</b>

**Table 18**  
**Other Charges for FY 2026-27**

Particulars	Units	Amount
<b>Other Charges</b>	<b>Rs. Crore</b>	<b>36.01</b>

**VIEWS OF THE OBJECTORS AND RESPONSE OF OPGC (PETITIONER) ON THE GENERATION TARIFF PROPOSAL FOR FY 2026-27 (Para 40 to 73)**

The views of the Objectors and Response of OPGC on various issues are as follows:

**40. Annual Fixed Cost (AFC)**

**Views of Objectors:**

- (a) Shri Basudeb Bhatta has submitted that the proposed Annual Fixed Cost (AFC) of Rs.87.27 Cr till June 30, 2026 and Rs. 195.23 Cr. from July 1, 2026, along with Energy Charge Rate (ECR) of 170.36 p/kWh till June and 153.93 p/kWh from July, introduces a mid-year split without sufficient explanation. This could potentially mask inefficiencies or unverified assumptions, such as changes in coal Gross Calorific Value (GCV) or prices. OPGC to provide a detailed breakdown of the cost drivers (e.g., O&M expenses with ~8% escalation as per PPA, return on equity at 16% on the equity base) and conduct a prudence check under OERC Regulations, 2024, to ensure no unjustified escalations. If the split relates to fuel supply agreement expiry or new regulatory norms, it should be verified to avoid mid-year burden on consumers. This would promote uniform and potentially lower tariffs, reducing GRIDCO's power purchase costs and stabilizing retail prices for Odisha's consumers.
- (b) Shri Ananda Kumar Mohapatra has submitted that the OPGC has proposed AFC more under PPA than the OERC Generation Tariff Regulations: The Plant is same, i.e., Stage-I but the AFC determined under PPA is much more than AFC determined under OERC Generation Tariff Regulations, 2024. The estimated AFC per Unit during 1st block of 3

months is 126.66 Paisa whereas it reduced to 94.50 Paisa during 2nd block 9 months due to the impact of Generation Tariff Regulations of OERC. It is easy to estimate how much more revenue the Petitioner has earned during life time of last 30 years by citing the PPA provisions. Therefore, the Non-tariff Income (NII) due to interest on investment may be taken into consideration for determination of Capacity charge of the Petitioner.

**Response of OPGC:**

OPGC has submitted that the mid-year variation in AFC and ECR for FY 2026–27 arises due to the change in the applicable tariff framework from 1st July 2026. The existing PPA dated 13.08.1996 for Units 1 & 2 remains valid only up to 30<sup>th</sup> June 2026 and therefore, tariff up to that date has been determined in accordance with the PPA and the Hon'ble Supreme Court's judgment dated 19.04.2018 in Civil Appeal No. 9485/2017. Accordingly, the AFC and base ECR up to 30<sup>th</sup> June 2026 have been proposed at ₹87.27 crore and 170.36 paise/kWh, respectively.

From 1<sup>st</sup> July 2026 onwards, tariff is to be determined as per the OERC Generation Tariff Regulations, 2024, for the extended life of the plant, in line with the in-principle approval granted by the Commission in its Order dated 03.11.2021 in Case No. 66/2021. Accordingly, the AFC and base ECR from 1<sup>st</sup> July 2026 have been proposed at Rs.195.23 crore and 153.93 paise/kWh, respectively. The AFC will be recovered on normative availability basis, while Energy Charges will be recovered as per actuals through Fuel Price adjustment in accordance with the PPA/Regulations. The bifurcation reflects the regulatory transition and is subject to prudence check, ensuring transparency and no undue burden would be on GRIDCO or consumers. Notably, post 1<sup>st</sup> July 2026 tariffs are based on stricter regulatory norms and are expected to be more competitive.

Regarding the objection on higher AFC under the PPA, it is submitted that the difference arises from distinct tariff methodologies applicable to different periods, though the plant remains the same. The tariff under the PPA was duly approved in line with the Hon'ble Supreme Court's judgment and no excess return has been earned beyond what was lawfully permitted. Subsequent change in methodology under the 2024 Regulations cannot retrospectively imply excess recovery, nor can non-tariff income be adjusted for the past PPA-governed period. However, for the period from 01.07.2026 onwards, non-tariff income shall be considered at the time of truing-up based on audited accounts and in accordance with the OERC Generation Tariff Regulations, 2024.

#### 41. **Operational Performance Parameters**

##### **Views of Objectors:**

Shri Basudeb Bhatta has submitted that the normative parameters, such as plant availability (68.49%), auxiliary consumption (9.50%) and station heat rate (2500 kcal/kWh) remain unchanged, but historical under-performance (e.g., actual Plant Load Factor below the 80% incentive threshold in prior years) has resulted in higher effective costs. He suggested for linking tariff approvals to stricter performance targets, auditing actual versus normative figures, and reducing auxiliary consumption to 9% or below through technological upgrades. In cases of generation exceeding norms, any excess revenue should be credited back to consumers via reduced ECR. This would enhance operational efficiency, further lower variable costs, reduce reliance on costlier power imports and improve supply reliability for the public in Odisha.

##### **Response of OPGC:**

OPGC has submitted that the normative parameters (availability 68.49%, auxiliary 9.5%, SHR 2500 kcal/kWh), considered till 30.06.2026 are in line with the approved PPA and the normative parameters (availability 83.00%, auxiliary 9.80%, SHR 2415 kcal/kWh), considered from 01.07.2026 are in line with the OERC Generation Tariff Regulations, 2024. The improved and stricter norms, as specified in the OERC Generation Tariff Regulations are proposed to be achieved by undertaking renovation and modernization of the equipment considering the in-principle approval, accorded by the Commission in its Order dated 03 November 2021 in Case No 66/2021, which is under progress. Hence, the proposal to pass on gains/losses due to variation in performance parameters both above and below the norms based on the actuals shall be in accordance with the applicable OERC Generation Tariff Regulations, 2024.

#### 42. **O&M Expenses and Additional Capitalization Claims**

##### **Views of Objectors:**

Shri Basudeb Bhatta has submitted that the AFC likely incorporates escalated O&M costs (projected similar to Rs. 239.92 Cr. approved for FY 2025-26), but previous Commission's orders have disallowed non-essential items. He objected to any potential unjustified inclusions, particularly if the mid-year adjustment implies reduced maintenance costs. The Commission should confirm that no additional capitalization (subject to the orders in pending APTEL appeals) is factored in and capping O&M escalation at actual inflation rates rather than the fixed 8% as per PPA. This would ensure cost controls allowing savings to be

redirected toward public safety measures, such as improved ash utilization to mitigate environmental hazards near the IB Thermal Power Station.

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 up to 30<sup>th</sup> June 2026. 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 up to 30 June 2026, O&M expenses have been computed strictly in accordance with the amended PPA provisions, i.e., 2.5% of the capital cost (Rs.1,030 crore) with 8% annual escalation from 01.04.1996. This methodology has consistently been approved by the Commission in earlier Tariff Orders, including that of FY 2025–26 and aligns with the Hon’ble Supreme Court’s judgment dated 19.04.2018. From 1 July 2026 onwards, O&M expenses have been claimed strictly as per the norms specified under the OERC Generation Tariff Regulations, 2024, without any arbitrary escalation. With regard to Additional Capitalisation, Appeal No. 335/2021 against the Commission’s Order dated 21.05.2021 in Case No. 54/2018, is pending. In earlier Tariff Orders, no Additional Capitalisation has been allowed with the liberty granted to OPGC to approach the Commission depending on the outcome of the Appeal. No Additional Capitalisation for the period up to 30<sup>th</sup> June 2026 has been claimed in the present Petition. However, OPGC reserves its right to claim the same subject to the Appeal’s outcome and applicability of PPA norms. The Additional Capitalisation proposed from 1 July 2026 onwards is strictly in accordance with the OERC Tariff Regulations, 2024, including compliance with MOEF&CC norms for safe ash handling and disposal.

**43. Other Charges and Fuel Price Adjustments**

**Views of Objectors:**

Shri Basudeb Bhatta has submitted that the proposed Other Charges of Rs. 36.01 Cr (an increase from Rs. 28.60 Cr approved for FY 2025-26) include items like electricity duty, water charges and SLDC fees without a detailed breakdown. For fuel price adjustments (half-yearly as per PPA), the pass-through should be capped to only verified variations in coal

costs. This would lower the net costs benefiting taxpayers through the government-owned OPGC and preventing subsidization of operational inefficiencies at the expense of consumers.

**Response of OPGC:**

OPGC has submitted that Other Charges and Fuel Price Adjustments are claimed strictly in accordance with the explicit provisions of the approved Amended PPA and the OERC Generation Tariff Regulations, 2024 as stated at para 4.30, 4.31 and 4.32 of the Main Petition. The tariff approved under the PPA is clearly exclusive of statutory taxes, duties, levies, water charges, electricity duty, SLDC charges, ash utilization expenses and other statutory costs, which are required to be reimbursed by GRIDCO on actuals. The estimated claim towards Other Charges of Rs. 36.01 Crore for FY 2026-27 is fully explained with a detailed break-up in Form-20 of the Tariff Formats which is a part of the Tariff Petition for FY 2026-27 and is based on applicable statutory rates and actual expenses incurred in recent years, not on any arbitrary estimates. Non-tariff income is already dealt with as per the PPA and regulatory framework and cannot be used to offset statutory reimbursements. Further, Fuel Price Adjustments are also passed through strictly on a half-yearly basis as per the PPA, based only on verified and audited changes in coal price and related costs, leaving no scope for inefficiency or excess recovery. Hence, the comment on capping fuel price adjustments is not in line with the provisions of the PPA and OERC Generation Tariff Regulations, 2024. Therefore, the other charges and fuel cost adjustments claimed by OPGC are fully justified, transparent, regulation-compliant, and necessary for lawful and reliable operation, without imposing any unjust burden on consumers.

**44. Sustainability and Transparency Measures and utilization of fly ash**

**Views of Objectors:**

Shri Basudeb Bhatta has submitted that mandating plans for emission reductions (e.g., enhanced ash transportation to comply with MoEF norms) and integration of renewable elements (e.g., solar hybridization) is required. OPGC should be required to publish quarterly reports on performance metrics, costs, and coal sourcing (from MCL/OCPL) on their website for transparency and to facilitate public feedback. This would support a cleaner energy transition, create employment opportunities in green initiatives and mitigate health and environmental risks for local communities, while maintaining affordable long-term tariffs. Further, OPGC should focus on value addition to fly ash instead of mere dumping. Efforts should be made to process and sell ash for productive uses such as rock brick production, cement manufacturing, road construction etc. The allotment of Birjupali coal

mines (or associated mine voids) for ash backfilling/utilization should be expedited to achieve 100% ash utilization as per MoEF&CC norms, reduce environmental hazards and create additional income stream for OPGC, which can help in lowering the revenue requirement burden on consumers. As per the policy of the Ministry of Power (MoP) under the SAMARTH Mission (and related guidelines on biomass co-firing in coal-based thermal power plants), OPGC should mandatorily utilize at least 7% biomass (in the form of pellets or torrefied biomass) blended with coal. These will help OPGC combat climate change by reducing carbon emissions, earn additional revenues, promote renewable energy, waste management, sustainable power generation.

**Response of OPGC:**

OPGC has submitted that sustainable and transparent measures are being actively taken in compliance with the directions of the Commission and applicable statutory requirements. OPGC has been putting all out efforts for transportation of ash and complying with MoEF & CC norms on ash utilization, such as giving transport subsidy to the agencies for utilizing ash in NH/SH road construction and abandoned quarry filling, following up with MCL and OCPL for utilization of ash by mixing with overburden, signing long term agreements with Cement Companies namely M/s Dalmia Cement & M/s Ambuja Cement for supply of ash using dedicated BTAP/BCFC rakes, finalizing ash transportation rates for a radial distance of 300kms. The ash handling system project as a part of R&M is going to be executed in OPGC-1 for facilitating wagon loading from Silos of OPGC-I, supplying ash to the brick manufacturers in the locality and manufacturing ash bricks inside the plant for utilizing ash bricks in construction activities.

45. **CAG Audit**

**Views of the Objectors:**

Shri Ramesh Ch. Satpathy has submitted that OPGC being a generating company of the Government of Odisha with 100% share in OPGC, the Commission should direct OPGC authorities to conduct audit through CAG.

**Response of OPGC:**

OPGC has submitted that its financial accounts are being audited periodically including audit by the Comptroller and Auditor General (CAG).in compliance with applicable statutory provisions.

46. **Lower PLF**

**Views of the Objectors:**

Shri Ramesh Ch. Satpathy has submitted that there is a PLF reduction i.e. 81.46%, but all the thermal Power Station of IPPs & Central Sector (NTPC) within the state are now generating at PLF more than 85 to 90%. As such, the Commission should direct OPGC to operate at PLF more than 85%.

**Response of OPGC:**

OPGC has submitted that the actual PLF of the plant depends on scheduled/planned maintenance outages and forced outages and other operating conditions arising from technical constraints of heavy power plant machinery, which are beyond the control of OPGC. The national average PLF of coal-based stations during FY 2024-25 was 69.45%, whereas OPGC has achieved PLF of 73.73 % for its Units 1&2 which is 30-year-old. Against the National Average PLF of 62.86%, OPGC has achieved a PLF of 82.39% during FY 2025-26 till November-2025. OPGC has consistently operated its Units 1&2 above the norms specified under PPA during its subsistence. It is submitted that comparison with IPPs and Central Sector stations such as NTPC is not appropriate, as they operate under different contracts, plant age and maintenance schedules and therefore, the same PLF cannot be applied to all generating stations. However, in the instant Petition for determination of Tariff and estimation of working capital requirement, OPGC has proposed normative PLF of 68.49% till 30.06.2026 as per the PPA and Normative PLF of 83.00% in line with the OERC Generation Tariff Regulations, 2024 for the period from 01.07.2026 to 31.03.2027 respectively as per OERC's Order dated 03.11.2021 in Case 66/2021 in which in-principle approval for R&M has been accorded, and the proposed R&M and efficiency audits will improve the PLF.

47. **Non-Consideration of PPA for Tariff**

**Views of the Objectors:**

Shri Ramesh Ch. Satpathy has submitted that OPGC in their ARR applications 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 Govt. being the owner of 100% share of OPGC, the calculation in line with PPA as per direction of the Hon'ble Supreme Court should be stopped.

**Response of OPGC:**

OPGC has submitted that while ARR and tariff hearings are procedurally separate, tariff up to 30.06.2026 is required to be determined in accordance with the existing PPA dated 13.08.1996 and the Hon'ble Supreme Court's judgment dated 19.04.2018 in CA No. 9485 of 2017. In compliance of the Judgment of the Hon'ble Supreme Court, tariff norms as provided in the PPA have been considered up to 30.06.2026. From 01.07.2026 onwards, on expiry of the original PPA, tariff has been proposed under the OERC Generation Tariff Regulations, 2024, for the extended life of the plant pursuant to the in-principle approval of the Commission dated 03.11.2021 in Case No. 66 of 2021. Hence, the present tariff determination process is governed by statutory principles of transparency, prudence check, and contractual obligations irrespective of ownership structure, considering the provisions of both the PPA (till 30.06.2026) and OERC Generation Tariff Regulations, 2024 (from 01.07.2026). Any assertion to disregard a validly executed PPA lacks legal merit and contravenes the established regulatory practices. Hence, the stakeholder's concern is misconceived and devoid of merit.

**48. Auxiliary Consumption****Views of the Objectors:**

Shri Ramesh Ch. Satpathy has submitted that OPGC have proposed 9.5% auxiliary consumption whereas, the auxiliary consumption of central thermal power station like NTPC is 5.5% auxiliary consumption. As such, the auxiliary consumption calculation should be made as per the Regulations.

**Response of OPGC:**

OPGC has submitted that the normative auxiliary consumption of 9.50% has been considered up to 30.06.2026 in line with the norms of the existing PPA dated 13.08.1996 and the Hon'ble Supreme Court's judgment dated 19.04.2018 in CA No. 9485 of 2017, which mandate tariff determination strictly as per the PPA up to its validity. The said norm has consistently been approved by the Commission in earlier Tariff Orders notwithstanding the fact that the actual auxiliary consumption has been higher than 10%. From 01.07.2026 onwards, on expiry of the PPA, auxiliary consumption has been proposed strictly as per the OERC Generation Tariff Regulations, 2024 at 9.80% for the extended life of the plant. The reference to auxiliary consumption of 5.50% of central generating stations like NTPC is misplaced since these units are of higher capacity (>500 MW) and the units are equipped with Turbine driven boiler feed pumps. Hence, the stakeholder's concern is misconceived and devoid of any merit.

49. **Details of Forced Outages**

**Views of the Objectors:**

Shri Ramesh Ch. Satpathy has submitted that OPGC may be directed to produce the details of force outage & reasons for such outage from the year 2016 till today.

**Response of OPGC:**

OPGC has submitted that the information sought by the stakeholder has been submitted for last 5 years including the reasons for such outage and remedial measures taken to forestall such incidents at Para 6.6 of the main Petition, in compliance to the Commission's direction in the Tariff Order dated 24.03.2025. Further, additional information related to the same has been provided at Para-13 in our filing-2 dated 09.01.2026 in response to the queries raised by the Commission.

50. **Month-wise Cash Flow Statement**

**Views of the Objectors:**

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

**Response of OPGC:**

OPGC has submitted that audited annual account for FY 2024-25 has been submitted along with the Tariff Petition and the annual reports of all financial years of OPGC are published in its website. The actual month-wise cash flow statement has no bearing on the Tariff Proceedings and the Tariff Regulations doesn't stipulate submission of such details for determination of Tariff.

51. **Detailed Action Plan for Mini Hydro Projects**

**Views of the Objectors:**

Shri Ramesh Ch. Satpathy has submitted that OPGC must produce the detailed action plan, they have prepared for development of Hydro Projects now under their disposal. The list of mini hydro power projects, their functioning, their per unit cost should be produced before the Commission.

Shri Basudev Bhatta has submitted that OPGC should take immediate action to revive all the five defunct Mini Hydel Projects (Andharibhangi, Birbati, Badanal, Banpur, Harabhangi) so that clean and renewable power can be generated. This will reduce reliance on coal-based generation and help in combating climate change besides contributing to reduce overall power costs and aligning with Odisha's renewable energy goals.

**Response of OPGC:**

OPGC has submitted that the information requested by the stakeholder is not relevant for determination of the tariff for Units 1 & 2 of the IB-Thermal (Coal- based) Power Generating Station.

**52. Details of Cases Pending and Legal Expenses****Views of the Objectors:**

Shri Ramesh Ch. Satpathy has submitted that OPGC must produce the number of cases pending before different courts & amount for legal expenses incurred for those cases during FYs 2015-16, 2016-17, 2017-18, 2018-19 & 2019-20 2020-21, 2021-22, 2022-23 and 2023-24. It is claimed that all these cases should be withdrawn.

**Response of OPGC:**

OPGC has submitted that the Petitioner has claimed only normative O&M expenses and has not separately sought any compensation for legal expenses. OPGC further submits that the information sought by the stakeholder regarding legal expenses is not relevant as only normative O&M expenses are considered for Tariff determination, though the information is available in the Audited Accounts of the Petitioner. Further, the Petitioner has a statutory right to prefer an appeal in case it feels that any prudent expenses incurred by the Petitioner is not approved by the Commission. Hence, the proposal of withdrawal of the cases has no merit.

**53. Income from OCPL****Views of the Objectors:**

Shri Ramesh Ch. Satpathy has submitted that OPGC have 51% share of OCPL & are managing the entire OCPL as a subsidiary company of OPGC & now incurring profit more than Rs. 600 Crs. The amount for 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 its tariff determination is governed primarily by the terms of the approved Power Purchase Agreement (PPA) executed between OPGC and GRIDCO by the Commission till 30.06.2026. The Hon'ble Supreme Court of India in Civil Appeal No. 9485 of 2017 (Judgment dated 19.04.2018) has 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 deduction of Non-Tariff Income (NTI) from Annual Fixed Cost (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 till 30.06.2026. Further, for the period from 01.07.2026, the NTI shall be considered as per the OERC Generation Tariff Regulations, 2024 that postulate that the income from the stakes in OCPL is included in Income from Investments and cannot be considered while sharing the Non-Tariff Income. Hence, the proposal of the Stakeholder to consider dividend from OCPL under Non-Tariff Income is devoid of any merit.

**54. Cost of OCPL Coal**

**Views of the Objectors:**

Shri Ramesh Ch. Satpathy has submitted that the Coal cost of OCPL for the purpose of OPGC should not be equal with that of MCL as OCPL is the own company of OPGC.

**Response of OPGC:**

OPGC has 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 the CIL Notifications and other Statutory levies as per directions in OERC Case No 05/2025.

**55. 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 2025-26 within the specified timeline and instead, it has filed an ARR & Tariff Application for FY 2026-27 denying the true up for the previous year. OPGC, it is submitted, has manipulated Regulation 11 & 12(3) of OERC (Terms & Conditions for Determination of Generation Tariff) Regulations. It is submitted that the Commission should examine 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 requested the Commission to direct OPGC to submit documents for assessment of their performance in the true up for FY 2024-25.

**Response of OPGC:**

OPGC has submitted that Regulation 9 of the OERC Generation Tariff Regulations, 2024 does not mandate segregation of Audited Accounts. It is submitted that the segregated financial accounts for Stage-I and Stage-II, duly certified by the Auditor, shall be furnished

for FY 2025-26 upon completion of the Financial Year as per the direction of the Commission at para 82(b) of Order dated 24.03.2025 in Case 82 of 2024.

It is submitted that the Original PPA and its subsequent amendment executed between OPGC and GRIDCO for Units 1&2 is valid till 30.06.2026. The effect of the Hon'ble Supreme Court's Judgment dated 19.04.2018 would apply for the entire term of subsistence of the PPA. The present Petition filed by OPGC for its Units 1&2 up to 30.06.2026 is in accordance with the Hon'ble Supreme Court's Order in Civil Appeal No 9485/2017 dated 19.04.2018.

The Commission *vide* its Order dated 21.05.2021 in Petition No. 54 of 2018 disallowed the claimed actual additional capitalization for FY 2015-16 to FY 2017-18 and the proposed additional capital expenditure for FY 2018-19. OPGC has filed Appeal No. 335/2021 against the said order before the Hon'ble APTEL. Pending disposal of the Appeal No. 335/2021 by Hon'ble APTEL, OPGC had filed the Annual Tariff Petition Case No. 75 of 2022 before the Commission seeking liberty to file separate Petition related to additional capitalization based on decision by Hon'ble APTEL in the above Appeal. In Order dated 23.03.2023, the Commission has given them the liberty to file a separate Petition related to additional capitalization for the period from FY 2015-16 to FY 2022-23 after the disposal of Appeal No. 335/2021. The Commission has allowed them to file a separate petition relating to additional capitalization for FY 2023-24 and FY 2024-25 in its Order dated 13.02.2024 in Case No 112/2023 (para-81). Likewise, in its Order dated 24.03.2025 in Case No 82/2024 the Commission has also allowed them to file a separate petition relating to additional capitalization for FY 2025-26 after the disposal of the above appeal. Regulation 12(3) of the OERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2024, limits the scope of trueing up to expenses related to capital expenditure, including additional capital expenditure. It is submitted that OPGC shall approach the Commission for approval of actual additional capitalization since FY 2015-16 through a separate True up Petition. OPGC remains committed to regulatory compliance and shall file the necessary True-Up Petition based on the outcome of appeal pending before the Hon'ble APTEL and the applicable Regulations.

**56. Financial Statement and Balance Sheet**

**Views of the Objectors:**

Shri Ananda Kumar Mohapatra has submitted that OPGC reported total revenue of Rs.3,981.77 Cr and other income of Rs. 55.67 Cr in FY25, with an audited operating profit of Rs. 534.22 Cr. Its equity capital stands at Rs. 2,323.50 Cr and other equity at Rs. 2,497.86

Cr, including retained earnings of Rs. 2,349.38 Cr and FY25 profit. These figures reflect a strong liquidity position, supporting the proposed Stage-III 1320 MW (Units 5 & 6) expansion. The Commission is requested to ensure optimal utilization of reserves exceeding Rs 2,500 Cr to help reduce generation tariffs for public welfare.

**Response of OPGC:**

OPGC has submitted that the retained earnings of Rs.2,349.38 Crore as on 31.03.2025 corresponds to the ROE (Return on Equity) allowed to the Generating Company over the years against equity amount in Generating Station. The same is utilized for repayment of loans (debt servicing), expansion Project of Stage-II, Additional Capital expenditures incurred in the OPGC Stage-I and Stage-II. A large expansion project like Stage-III (Units 5 & 6) requires around Rs. 15,800 Crores. It is financially prudent to use term loans along with equity so that the cost of the project is recovered gradually over the life of the plant without disturbing operational cash flows.

**57. Capacity Charge for FY 2026-27**

**Views of the Objectors:**

Shri Ananda Kumar Mohapatra has submitted that OPGC has proposed Capacity for Stage-I during FY 2026-27. As the lifelines of the PPA executed by OPGC with GRIDCO for Stage-I ended by 30th June, 2026, the Petitioner segregates Capacity Charge into two blocks, i.e., first 3 Months from April to June and second 9 months from July to March for the ensuing FY 2026-27. The first 3 months AFC has been determined as per PPA and the 2nd 9 months AFC has been determined as per OERC Generation Tariff Regulations, 2024. The Projected Sales of 2755 MU to GRIDCO for FY 2026-27 arrived considering the Plant Availability and PLF of 83% and the Auxiliary consumption of 9.20% proposed by the Petitioner.

**Response of OPGC:**

OPGC has submitted that the Tariff for FY 2026-27 till 30.06.2026 is claimed based on the PPA and from 01.07.2026 based on the provisions of the OERC Generation Tariff Regulations, 2024. Hence, the normative parameters (availability 68.49%, auxiliary 9.5%) are in line with the approved PPA and and the OERC Tariff Regulations, 2024 for the respective period.

**58. Return of Equity**

**Views of the Objectors:**

Shri Ananda Kumar Mohapatra has submitted that the OPGC has proposed that the total Annual Fixed cost estimated by the Petitioner for FY 2026-27 is Rs. 282.50 Cr in which RoE

is projected for Rs.51.90 Cr. The standard regulatory practice is that the Petitioner cannot be allowed RoE on public capital included in the Equity capital of OPGC. The Petitioner does not distinguish the amount of public capital like Govt grants/subsidies and Retained Earnings in presenting the Equity Capital of OPGC. He has requested or exclusion of public capital from Equity Capital and calculate the net equity capital on which the Petitioner is entitled for RoE.

GRIDCO has 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 up to June 30,2026. The Commission may consider the same Return on Equity while determining the tariff.

**Response of OPGC:**

OPGC has submitted that that the Return on Equity claimed by it for FY 2026-27 has been computed strictly in accordance with the provisions of the Approved PPA-I on the equity capital as admitted by the Commission in earlier tariff orders for April 2026 to June 2026 and the OERC Generation Tariff Regulations, 2024 for July 2026 onwards. No return is claimed on any government grant, subsidy or other public capital, as such amounts, wherever applicable, are excluded from the capital base as per settled regulatory practice. Therefore, the RoE of Rs. 51.90 crore claimed for FY 2026-27 is included in the AFC in line with the Approved PPA-1 and Tariff Regulations, 2024 for the respective period and is transparent and in line with the applicable regulatory practice The request of the objector is therefore misconceived and liable to be rejected. OPGC has submitted that it has computed RoE at 16% on equity of Rs. 450 Crore consistent with the PPA and the approval accorded by the Commission in its previous Tariff Orders.

**59. Non-Tariff Income**

**Views of the Objectors:**

Shri Ananda Kumar Mohapatra has submitted that the OPGC does not consider any amount under the head NTI. The huge plough back profit generated by the Petitioner due to PPA based tariff is retained by the Petitioner and invested in the market on which they are getting huge interest. The interest from the income on above investment cannot be retained by the Petitioner. He has requested to include those interest income in the NTI while approving the AFC for FY 2026-27.

**Response of OPGC:**

OPGC has submitted that the tariff for FY 2026-27 has been determined for two distinct periods, namely from April 2026 to June 2026 under the original PPA dated 13.08.1996, wherein adjustment of Non-Tariff Income against AFC is not envisaged and from July 2026 to March 2027, Non-Tariff Income forms part of the AFC framework as per OERC Generation Tariff Regulations, 2024. In view of the applicability of Tariff Regulations for the second part of the Tariff period, the non-tariff income shall be treated based on the audited accounts of FY 2026-27 in accordance with the OERC Generation Tariff Regulations, 2024 at the time of true-up, for the period since 01.07.2026.

**60. Energy Charge Rate****Views of the Objectors:**

Shri Ananda Kumar Mohapatra has submitted that ECR has been calculated separately. The Price of HFO & LDO, GCV of HFO and Specific Coal Consumption per Unit (Kg/Kwh) are not disclosed by the Petitioner while arriving at for 2<sup>nd</sup> block, July to Mar' 2027. The Petitioner is required to submit such information for consideration in the instant proceeding. The Petitioner has proposed ECR of 170.36 P/U for April to June and 153.93 P/U for July to Mar' 2027. The low ECR proposed for 2<sup>nd</sup> block months, in comparison to 1<sup>st</sup> block of months, is attributable to the OERC Generation Tariff Regulation 2024.

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: 2026-27 (up to June'2026) is 170.36 Paise/kWh vis-à-vis the approved rate of 165.10 Paise/kWh for FY 2025-26.

GRIDCO has further requested for determination of 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, 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&2) and the Fuel Price Adjustment claim on account of Secondary Fuel Oil only.

**Response of OPGC:**

OPGC has submitted that all parameters used for computing the base Energy Charge Rate (ECR) for July 2026 to March 2027 such as coal and LDO GCV, specific oil consumption, coal price, secondary fuel oil price, and station heat rate—have been duly disclosed in the Tariff Petition (Form 15). The ECR is presented in two separate tables because FY 2026–27

is governed by two distinct frameworks, the PPA regime up to 30<sup>th</sup> June 2026 and the OERC Generation Tariff Regulations, 2024 thereafter. The variation in ECR between the two periods arises solely due to the change in regulatory norms and does not reflect any surplus or undue gain, as tariffs since FY 2016–17 have been approved by the Commission under the applicable framework.

OPGC has clarified that the base ECR is computed for working capital purposes. The actual monthly ECR will be determined based on actual fuel parameters and normative provisions under the PPA (April–June 2026) and the Generation Tariff Regulations, 2024 (from July 2026 onwards).

For the period up to 30<sup>th</sup> June 2026, the base ECR of 170.36 paise/kWh has been computed in accordance with Clauses 7.0 and 9.0 of the PPA dated 13.08.1996 and Supplemental PPA dated 19.12.2012, consistent with the methodology approved by OERC and is subject to Fuel Price Adjustment (FPA) and reconciliation without prejudice to the pending appeal before APTEL.

From 1 July 2026 onwards, the base ECR of 153.93 paise/kWh has been computed strictly as per the OERC Generation Tariff Regulations, 2024, with actual ECR to be settled monthly in accordance with the Regulations.

**61. Tariff Application for Stage-II (Unit-3 & 4)**

**Views of the Objectors:**

Shri Ananda Kumar Mohapatra has submitted that the petition for determination of MYT of Stage-II for the period FY25 to FY29 and true up for the period FY20 to FY24 was filed by OPGC before the Commission on 30.12.2024, registered as Case No. 112/2024 Hearing was concluded on 06.05.2025. The order of OERC is not published till date but in the meantime Consumers of Odisha have already paid the provisional tariff determined by OERC for FY25 & FY26. The input price of coal petition filed by OCPL in Case No. 05/2025 is still pending at OERC. In the meantime, CERC has merged the input price of coal regulations with the new Tariff Regulations, 2024. Because of the input price of coal, the variable cost of OPGC stage-II is likely to be reduced significantly but it is surprising that the benefits associated with input price of coal could not be passed to the consumers due to an average tariff @344.35 P/U for FY25 & 9610.98 MU @342.01 P/U for FY26. The Petitioner has proposed less procurement and high price. The proposal of GRIDCO for OPGC power for FY27 is not acceptable to Stakeholders. It needs to be reviewed and revised.

**Response of OPGC:**

The issue of Tariff of Application for Stage II (Units # 3 & 4) raised by the objector though is not relevant to the instant Petition, the Commission has passed its Order in Case No. 112/2024 on 13.01.2026. The impact of reduction in input cost of Coal from OCPL for Unit 3 & 4, if any, shall be dealt in accordance with applicable Regulations and the orders of the Commission.

**62. Unsustainable Outages of the Generating units of OPGC****Views of the Objectors:**

Shri Ananda Kumar Mohapatra has submitted that it is surprising to note that the numbers of outages occurred in the Thermal Power Station, Banaharpali, Jharsuguda is highest in the country. The frequent outage of the TGs in thermal power station reduces its long lifeline period of 25 years. The TG has been manufactured by BHEL to run round the clock for 11 Months. One month is taken for shut down to repair the machines. Moreover, 2 months in a block period of 4 years, the TG undergoes outage for major maintenance works. That means a TG will be kept under outage for 2 times a year and 50 times during the lifetime of 25 years. But it is surprising to note that the Average Outage of the 4 TGs commissioned at Thermal Power Station is 5 times per year. This is alarming information for a Thermal Power Station. The number of outages of Unit-1, 2, 3 & 4 of Thermal Power Station during 66 months i.e. from April 2020 to Sep 2025. The high outages of the OPGC's TG (5 times a year) indicates that the lifetime configured outages of the TG will be consumed within a period 10 years, i.e., by 2030. Thereafter the balance working period of 15 years of the TG rests upon the mercy of God. This is unfortunate and disgusting. Therefore, he has requested the Commission and Govt of Odisha to resolve the alarming issue by initiating necessary action as deemed fit for restructuring of OPGC.

**Response of OPGC:**

OPGC has submitted that the comparison between planned maintenance and outages is misplaced. As per OEM Bharat Heavy Electricals Limited (BHEL) guidelines, turbine and generator overhauls are scheduled at defined intervals (minor, medium, major) based on operating hours, with varying scopes of work. Outages arise from multiple factors such as fuel quality, boiler tube leakage, grid disturbances, electrical and mechanical faults, and operational constraints, many beyond the Petitioner's control.

The delay in commissioning of Units 3 & 4 has no relevance to the tariff of Units 1 & 2. The objector's estimated loss of Rs.3,452.27 crore is based on incorrect assumption that reduced PLF is solely due to outages, ignoring factors like renewable energy integration and backing

down. Units 1 & 2 have operated above PPA norms, and comparisons with IPPs or central stations like NTPC Limited are inappropriate due to different conditions.

OPGC has proposed a normative PLF of 68.49% up to 30.06.2026 (as per PPA) and 83% thereafter in line with OERC Regulations, 2024 and the Commission's Order dated 03.11.2021 (Case No. 66/2021), considering approved R&M works. Accordingly, the loss computation is misleading.

**63. Capital Cost**

**Views of Objectors:**

GRIDCO has submitted that the Commission has been considering the capital cost of the project Unit 1&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 up to 30<sup>th</sup> June 2026.

**Response of OPGC:**

OPGC has submitted that the opening capital cost of Rs. 1060 Crore as on 01.04.2026 is considered as per the PPA and has retained the same till 01.07.2026 since no additional capitalisation is considered till 30.06.2026 (expiry of the PPA). It is submitted that the proposal to reduce the capital cost of the project in line with Regulation 22 (3) considering renovation and modernization is not applicable. Therefore, in line with the OERC's Generation Tariff Regulations,2024 for the period from 01.07.2026 onwards, Original Capital Cost of Rs 1060 Crore in addition to the proposed additional capitalisation of Rs.38.90 Cr which is of routine and operational nature (augmentation of ash handling system for compliance with MoEF&CC norms and statutory compliance) has been proposed.

**64. 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 has been finally disposed of by the Commission vide order dated 21.05.2021 in Case No. 54 of 2018. Subsequently, OPGC had filed another application, registered 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 had filed a review petition, registered as Case No. 99 of 2021, seeking 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 Appeal No.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 the fact that 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 submitted that in line with Regulation 26 (3) of OERC Generation Tariff Regulations, 2024, the equity component is limited to 30% of the original Project Cost of Rs.1060 Crore i.e, Rs. 318 Crore. The additional capitalisation is proposed to be funded completely from internal sources. However, in line with Regulation 26 of the OERC Generation Tariff Regulation, 2024, OPGC has considered funding of the additional capitalisation through equity up to 30% and the remaining amount to be funded through normative loan. Hence, the Petitioner has proposed funding of Additional Capitalisation, Interest on Loan and Return on Equity in line with the OERC Generation Tariff Regulations, 2024.

65. **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 2026-27.

**Response of OPGC**

No comments.

66. **Depreciation**

**Views of Objectors:**

GRIDCO has submitted that 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 2026-27.

**Response of OPGC:**

OPGC has submitted that the original capital cost of the generating station stands fully depreciated and is in line with the OERC Generation Tariff Regulations, 2024. Depreciation for FY 2026-27 has been computed only on the additional capitalisation proposed beyond 30.06.2026 as per the OERC Generation Tariff Regulations, 2024 for efficient operation of generating station. As per the Regulations read with Appendix-A, 90% of the admitted additional capital cost is depreciable and is required to be recovered over the extended life, and accordingly depreciation has been prudently calculated at 6% per annum using the Straight-Line Method to ensure full recovery. It is further submitted that Depreciation Rate in Appendix-A of the OERC Generation Tariff Regulations, 2024 is specified considering 25 years of life of the Plant and equipment. Hence, the petitioner has requested the Commission to consider the depreciation as proposed in the Petition for uniform loading in the Tariff during the balance 15 years of life and avoid any back loading of cost in the Tariff.

**67. Interest on Loan****Views of Objectors:**

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 2026-27.

**Response of OPGC:**

OPGC has submitted that the original project loan having been fully repaid by FY 2011-12, no interest on loan is claimed for the period up to 30.06.2026.

**Interest on Working Capital****Views of Objectors:**

- (a) Shri Ananda Kumar Mohapatra has submitted that OPGC has huge liquidity surplus of funds as revealed from its financial statements. There is no need for the Petitioner to go for working capital loan. It could use the liquidity funds like cash & bank balances for the purpose. The interest on working capital of Rs. 21.31 Cr proposed by the Petitioner in the estimation of AFC for FY27 should be disallowed.
- (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 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.350.00 Crores for FY: 2026-27. Therefore, GRIDCO requested for the prudent verification of Working Capital and Interest on Working Capital claimed by OPGC.

**Response of OPGC:**

OPGC has submitted that the Interest on Working Capital (IoWC) claimed by it for FY 2026-27 has been computed strictly on a normative basis in accordance with the applicable tariff framework and not based on actual cash balances. The Interest on Working Capital is allowed as per the Tariff Framework to compensate the time delay between the procurement of fuel and the collection of Generation Tariff. Availability of internal funds or liquidity surplus is irrelevant under the settled regulatory principle, as Interest on Working Capital is allowed on normative basis to ensure smooth operations. It has computed the working capital in accordance with the Clause 3.0(f) of Schedule II of the approved Amended PPA. Further, it has considered the actual prevailing rate of interest of working capital as of September 2025 at 8.95% in accordance with the PPA provisions.

**68. 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 had 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. 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 according to OPGC, pending disposal of Appeal No.189 of 2020 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. The actual delivered fuel prices and GCV of coal and oil for the period from April to September 2025 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 17.10.2025. The cost of linkage coal constitutes 60% of the Energy Charge Rate (ECR) determined on month-to-month basis in case of thermal generating stations pan India. GRIDCO should be vigilant enough while scrutinizing 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 the landed cost paid for the notified grade of GCV of coal by the coal supplier.

**Response of OPGC:**

OPGC has submitted that for the period up to 30.06.2026, OPGC has consistently followed the provisions of the Power Purchase Agreement (PPA) dated 13.08.1996 and Supplemental PPA dated 19.12.2012 regarding consideration of Gross Calorific Value (GCV) of coal and oil. It is submitted that without prejudice to its rights pending disposal of Appeal No. 189 of 2020 by the Hon'ble APTEL, the GCV considered is "as delivered" to the power station, in line with the Commission's Order dated 28.10.2020 (Case No. 43/2017). It has relied on actual audited data for coal and oil prices and GCV from April 2025 to September 2025 as certified in the Half-Yearly Fuel Price Adjustment (FPA) bill raised on 17.10.2025. The weighted average GCV of coal from both MCL and OCPL has been considered, with corrections for total moisture (TM%). Coal transportation cost and normative transit and handling loss in ECR is not done during the subsistence of the PPA, though coal is transported through MGR. However, it will be claimed for the period from 01.07.2026 in accordance with the norms and parameters specified in the OERC Generation Tariff Regulations. The base Energy Charge Rate (ECR) has been computed based on actual delivered fuel prices and GCV, in compliance with Clause 9 of Schedule-II of the PPA and consistent with previous OERC directives. Therefore, the base ECR claimed for the period up to 30.06.2026 is justifiable and accurate.

**69. Operational Norms**

**Views of Objectors:**

GRIDCO has submitted that the norms of Operation from 01<sup>st</sup> July, 2026 till 31<sup>st</sup> March, 2027 shall be guided by OERC Generation Tariff Regulations, 2024. The petitioner has considered the specific consumption of LDO as 1 ml/kWh in accordance with the Regulations since there is no arrangement for the use of HFO in Units-1 & 2. The Fuel Policy of State of Odisha issued by Environment and Forest Department of Odisha also mandates to replace HFO consumption completely. In line with specific proviso under OERC Generation Tariff regulations, 2024, the Petitioner has claimed operational norms for FY

2026-27(From 1sJuly, 2026). However, the Petitioner may be directed to submit supporting documents towards the mechanism and type of cooling system used in Units-1 & 2 based on which the Auxiliary Consumption norms have been claimed in the instant petition.

**Response of OPGC:**

OPGC has submitted that it has proposed the operational norms for the period from 01.07.2026 to 31.03.2027 strictly in line with the OERC Generation Tariff Regulations, 2024, applicable to thermal stations completing 30 years from COD and has accordingly considered NAPAF, NAPLF, GSHR, auxiliary consumption and secondary fuel oil consumption with LDO taken at 1 ml/kWh as per Regulations and the State Fuel Policy dated 12.04.2021 mandating complete phase-out of HFO for Units-1 & 2. Furthermore, there is no arrangement in the Plant for the use of HFO. So far, auxiliary consumption is considered based on the existing configuration of the plant including the condenser cooling system. The Coal Mill is of ball and tube mill type and condenser cooling system is of Induced Draft Cooling Tower (IDCT) type. As induced draft cooling towers and tube type coal mill is used in Units 1&2, the auxiliary consumption norms have been considered as 9.8% with the break up: 200 MW-300 MW series (Induced Draft Cooling Tower): 9.0% + 0.8% (For use of tube type coal mill) = 9.8%.

**70. Reimbursement other charges**

**Views of Objectors:**

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. GRIDCO shall reimburse the ED, SOC and MOC charges for SLDC, Inspection Fees, ash utilisation expenses, water cess and water charges, Income Tax and ARR Tariff Application Fee and Publication Expenses as per the actuals after due verification of all relevant documents provided by the Petitioner along with their claim subject to necessary direction from the Commission. GRIDCO has requested the Commission to prudently verify the claim of OPGC and accordingly allow provisional amount in the tariff order. However, GRIDCO shall make payment as per actual expenses incurred after due verification of all supporting documents and such payments may be considered for recovery in the ARR order of GRIDCO for FY 2026-27. It shall make payment of monthly ECR on actual basis and thus there will be no necessity of Fuel Price Adjustment on Half Yearly and Annual basis, for which OPGC may be directed to submit

necessary certified coal and oil data as per required format prescribed in OERC Generation Tariff Regulations, 2024 from time to time. 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 etc. pertaining to generation of power from Unit 1&2 (2x210MW) may be claimed by the Appellant along with submission of all necessary supporting documents and shall be scrutinised properly before consideration of payment by the GRIDCO.

OPGC shall have to provide all supporting documents in support of their claim raised vide monthly energy bills/supplementary bills (if any) on GRIDCO in respect of fixed charges, energy charges and reimbursement of other charges.

**Response of OPGC**

OPGC has submitted that all other charges such as Electricity Duty, Water Cess, SOC & MOC, ERPC charges, tax, ARR/Tariff petition fees, and ash utilization charges are claimed based on actual verified expenditure. GRIDCO has been reimbursing these charges as per the Commission's Orders, and OPGC shall provide all supporting documents for further verification at the time of claim.

**71. FPA Bill**

**Views of Objectors:**

GRIDO has submitted that it shall make payment of monthly ECR on actual basis and thus there will be no necessity of Fuel Price Adjustment on Half Yearly and Annual basis, for which OPGC may be directed to submit the necessary certified coal and oil data as per required format prescribed in OERC Regulation from time to time. 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 etc. pertaining to generation of power from Unit 1&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 GRIDCO. The Petitioner shall have to provide all supporting documents in support of their claim raised vide monthly energy bills/supplementary bills (if any) on GRIDCO in respect of fixed charges, energy charges and reimbursement of other charges.

**Response of OPGC:**

OPGC has submitted that monthly ECR payments on an actual basis, as per the Regulations, remove the need for half-yearly or annual FPA adjustments after the expiry of the Approved

Amended PPA dated 13.08.1996. The monthly data for coal and oil shall be submitted in the prescribed format (Form-15) along with the Monthly Energy Bill by OPGC to GRIDCO.

**72. Cost of Imported Power & DSM**

**Views of Objectors:**

GRIDCO has submitted that fixing the rate of imported power from the grid system to be the actual full tariff at which power is procured from OPGC by GRIDCO should be fixed. 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.

**Response of OPGC:**

OPGC has submitted that power imported from the grid system is being settled in accordance with the practice being followed as per the approved PPA and recorded 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. Further, 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. OPGC has requested the Commission for allowing settlement of the imported power in accordance with the approved PPA till 30.06.2026. However, from 01.07.2027, the scheduling shall be as per the Odisha Grid Code (OGC) Regulations, 2015. Accordingly, Deviation Settlement Mechanism shall be applicable, which shall take care of deviation between Scheduled and Actual Generation including import power for black start up.

**73. Other Issues**

**Views of Objectors:**

GRIDCO has submitted a proposal for the tariff for FY 2026-27 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 Generation Tariff Regulations, 2024 provides that variations between actual net injection and scheduled net injection for generating stations shall be treated as deviations.

**Response of OPGC:**

OPGC has submitted that power imported from the grid system is being settled in accordance with the practice being followed as per the approved PPA and recorded 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 has 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.

**74. VIEWS OF CONSUMER COUNSEL (Para 74)**

Deloitte, Gurgaon on behalf of the consumers made a presentation on the Analysis of ARR and tariff filing of OPGC for FY 2026-27. The Consumer Counsel's observations/suggestions are given below:

- i. The Petitioner has proposed a total Annual Fixed Cost (AFC) of Rs. 282.50 Crore for FY 2026-27 for Unit-1 & 2 (2 × 210 MW, total 420 MW), as against Rs. 328.78 Crore approved in FY 2025-26, reflecting a reduction of approximately 14%. However, while the overall AFC appears lower, the internal cost components show substantial increase under certain heads during the post-July 2026 period. The AFC is split into two phases—up to 30.06.2026 and from 01.07.2026 onwards—under different regulatory frameworks, which necessitates careful scrutiny to ensure no duplication or inflated recovery during the transition period.
- ii. The Petitioner has claimed a total Return on Equity of Rs. 51.90 Crore, which constitutes approximately 18.37% of the total AFC. Out of this, Rs. 17.95 Crore pertains to the period up to June 2026 and Rs. 33.95 Crore pertains to the period from July 2026 onwards. The substantial increase in RoE in the second half of the year may be due to additional capitalization or change in normative treatment. It is submitted that RoE should be strictly limited to approved equity capital in accordance with regulatory norms and unapproved capitalization should not be allowed to earn RoE, as it would directly increase tariff burden.
- iii. The Petitioner has proposed depreciation of Rs. 0.88 Crore for FY 2026-27 applying a depreciation rate of 6% on additional capitalization. It is submitted that under prevailing regulatory norms, depreciation rates are lower (for example, around 3.34% for civil works and 4.22% for plant and machinery). Application of 6% rate for recovery of 90% of

- additional capitalization over 15 years appears higher than normative principles and requires prudence check to avoid front-loading of tariff recovery.
- iv. Interest on loan capital has been projected at Rs. 0.90 Crore for FY 2026-27. Although the amount appears modest, it is necessary for the Commission to verify the outstanding loan position, interest rates, repayment schedule and actual capital structure to ensure that only normative debt servicing costs are passed through to consumers.
  - v. The Petitioner has claimed Interest on Working Capital of Rs. 21.31 Crore, which accounts for 7.54% of total AFC. Out of this, Rs. 4.72 Crore relates to the period up to June 2026 and Rs. 16.59 Crore relates to the post-July 2026 period. The sharp increase in IoWC in the second half of the year appears to be driven by higher O&M expenses and fuel cost projections. Since IoWC is computed based on normative fuel cost, O&M, maintenance spares and receivables, any overestimation in base parameters directly inflates IoWC and consequently the tariff.
  - vi. The Petitioner has projected total O&M expenses of Rs. 207.52 Crore, which constitutes approximately 73.46% of the AFC. Out of this, Rs. 64.60 Crore pertains to the period up to June 2026 and Rs. 142.92 Crore pertains to the post-July period. The post-July O&M component shows a significant escalation. Given that O&M forms nearly three-fourths of total AFC, any deviation from normative benchmarks has a direct and substantial impact on tariff. Therefore, O&M projections must be examined against regulatory norms and past actuals before approval.
  - vii. For the period up to June 2026, the Petitioner has considered a PLF of 68.49%, resulting in Gross Generation of 2,519.88 MU and Net Generation of 2,280.50 MU, with auxiliary consumption of 9.50%. For the period from July 2026 onwards, PLF has been projected at 83.00%, resulting in Gross Generation of 3,053.74 MU and Net Generation of 2,754.47 MU, with auxiliary consumption of 9.80%. While the increase in PLF from 68.49% to 83% reflects improved utilization, the auxiliary consumption increases from 9.50% to 9.80%, which is counterintuitive, as improved operational efficiency typically results in lower auxiliary consumption.
  - viii. The Station Heat Rate has been projected at 2,500 kcal/kWh up to June 2026 and improved to 2,415 kcal/kWh from July 2026 onwards. The reduction in SHR indicates improved thermal efficiency. However, this improvement must be examined in conjunction with fuel quality assumptions, as efficiency gains should ideally translate into reduced fuel cost per unit.
  - ix. The approved coal price for FY 2025-26 was Rs. 1,696.61 per MT, whereas for FY 2026-27 (post-July period), the Petitioner has assumed Rs. 1,715.91 per MT, indicating an

increase of approximately Rs. 19 per MT. Simultaneously, the Gross Calorific Value (GCV) has been reduced from 3,211.92 kcal/kg to 3,139 kcal/kg. The reduction in GCV increases specific coal consumption per unit of generation, thereby increasing fuel cost despite improved SHR. The combined effect of higher coal price and lower GCV warrants detailed scrutiny.

- x. The energy charge rate is projected at 170.36 paisa/kWh up to June 2026 and 153.93 paisa/kWh from July 2026 onwards. Although the per-unit rate declines post-July due to improved efficiency and PLF, the total fuel cost for the post-July period is projected at Rs. 424 Crore, primarily due to higher generation volume. The total energy charges for FY 2026-27 aggregate to approximately Rs. 415.15 Crore.
- xi. The Petitioner has claimed Other Charges of Rs. 36.01 Crore for FY 2026-27, as compared to Rs. 28.60 Crore approved in FY 2025-26, reflecting an increase of approximately Rs. 7.41 Crore. These include Water Charges of Rs. 15.64 Crore, Energy Compensation Charges of Rs. 12.22 Crore, Electricity Duty at Rs. 0.55/kWh, and SOC/MOC at Rs. 9,788.2234 per MW per year. All such charges must be supported by statutory notifications and actual liability.
- xii. The total proposed ARR for FY 2026-27 comprises AFC of Rs. 282.51 Crore, Energy Charges of Rs. 415.15 Crore and Other Charges of Rs.36 Crore aggregating to Rs. 733.66 Crore. The resulting proposed tariff works out to Rs. 2.783 per kWh. In the post-July component-wise tariff, RoE contributes Rs.0.197/kWh, O&M contributes Rs.0.787/kWh, Energy Charges contribute Rs.1.575/kWh, IoWC contributes Rs.0.081/kWh, Depreciation Rs. 0.003/kWh and Other Charges Rs. 0.137/kWh. It is evident that Energy Charges and O&M together account for nearly 85% of the total tariff and therefore these parameters require strict prudence verification.

#### **75. OBSERVATION OF THE STATE ADVISORY COMMITTEE (SAC) (PARA 75)**

The Commission convened the State Advisory Committee (SAC) meeting on 16.03.2026. One Member mentioned that Government of India is coming up with new Biomass Policy and OPGC can purchase biomass to comply with its RCO. The Commission advised that OPGC needs to utilize its cash reserve and come up with solar or battery storage to meet the demand during peak hours. The Commission states that there is need to bring in efficiency in the operation of OPGC and therefore O&M expenses should be made judiciously and instead of normative values, OPGC should consider actual O&M expenses in the ARR. In

response, MD, OPGC submitted that they are under active consideration for installation of solar and battery storage in the upcoming FY 2026-27.

**76. VIEWS OF THE GOVERNMENT OF ODISHA (Para 76)**

In course of hearing, the Commission had requested the Government to submit its views within seven (7) days of the date of conclusion of the hearing for consideration in the tariff determination process. The Commission had held a meeting on 05.03.2026 with the Department of Energy, led by the Additional Chief Secretary, Government of Odisha and deliberated on the issues related to electricity tariff. The views in writing of the Government of Odisha were finally received on 17.03.2026. On meticulous scrutiny, the Commission observes that the same are not comprehensive and do not adequately address the issues raised in the instant proceeding. Since tariff determination is a time-bound statutory exercise, the Commission has proceeded with the determination of tariff based on the materials available on record.

The relevant portion of the minutes of the meeting held on 05.03.2026, pertaining to OPGC, is as under:

***“Electricity Duty is double charged on the same energy***

*The Electricity duty imposed on the auxiliary energy consumption of the Generator is reimbursed by GRIDCO to the Generator which is subsequently passed on to the consumers through BSP. Again, the Electricity Duty is charged on the consumption of the electricity on the consumers whose tariff has a component of BSP. This results in double payment of ED on ED by the consumers. The representatives of the Government acknowledged the issue and agreed to GRIDCO’s proposal for reimbursement of the ED amount collected from Generators to GRIDCO.*

*Action-State Government*

***Proportion of Equity investment by Government Utilities***

*As per the practice in the sector, any capital investment is treated in the ARR in the Debt:Equity ratio of 70:30. The Cost of equity is generally higher than that of debt. Therefore, the Regulations capped it at 30%. The utilities must try to reduce the equity level so that the consumer will be less burdened through tariff. Therefore, the Commission advised the Government to consider instructing all Utilities for investing equity of 20% or less in all the CAPEX investments in the future. The balance of investment must be arranged through loan. In that way, the investment will have lower return and as a result the tariff of such utilities will also reduce. Further, the Commission opined that the surplus fund available with the PSUs, if reinvested in CAPEX, will be treated as normative loan and allow return on this investment accordingly. The Representatives of the Government took note of the matter.*

*Action-State Government”*

**ANALYSIS OF OPGC'S PROPOSAL AND COMMISSION'S OBSERVATIONS WITH REFERENCE TO DETERMINATION OF GENERATION TARIFF FOR THE FY 2026-27 (Para 77 to 89)**

77. The present petition for determination of Generation Tariff for FY 2026-27 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.
78. The Commission while determining the tariff of the Generating Company for FY 2026-27 has relied on the norms of PPA for fixed & variable costs and statutory Regulations for other costs not reflected in the PPA for the period from 01.04.2026 till 30.06.2026. The existing PPA is valid till 30.06.2026 and beyond this date, the norms for determination of tariff for Units 1 & 2 shall be guided by the provisions of OERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2024.
79. The Commission has carefully examined and analyzed the proposal of OPGC with reference to the written & oral submissions of the objectors. The detailed analysis and observations of the Commission are as follows:
80. **Additional Capitalization**

OPGC has proposed an estimated additional capitalization of Rs 38.90 Cr. for Units 1 & 2 in line with para 8(2) of the OERC Generation Tariff Regulations, 2024. Such additional capitalization includes ash disposal line, capacity increase in ash pond C, upgradation of cooling water hydraulic system, installation of CFC free compressor in switchyard, upgradation of firefighting pipelines, replacement of rails and ballast in old track and installation of chlorine dioxide dosing system. It may be noted that as per the notification of the Ministry of Environment, Forest and Climate Change (MoEF&CC) dt. 31.12.2021 and subsequent notifications, 100% utilization and disposal of ash (fly ash and bottom ash) is mandatory for coal or lignite-based thermal power plants. The Commission in Case No. 66 of 2021 has directed OPGC to utilize 100% ash generated by OPGC. Moreover, the Commission in Case No. 99 of 2021 has given approval of construction of a new ash pond to meet the stipulations/standards prescribed by the notification of the MoEF&CC. However, as per the submission made by OPGC, the utilization of ash from Units 1&2 up to December 2025 was only 2.75%. The detailed information regarding construction of new ash pond is not available with the Commission. In view of the above, the Commission is not inclined to

allow any additional capitalization for increase in Capacity of Ash Pond C which has been proposed at a cost of Rs 10.00 Cr. Accordingly, the Commission approves additional capitalization of Rs 28.90 Cr against the proposed estimated additional capitalization of Rs.38.90 Cr for FY 2026-27 from 01<sup>st</sup> July 2026 onwards (for 274 days).

81. **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) till 30.06.2026. From 01.07.2026, the Commission has considered the AFC as per the provisions of OERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2024. Accordingly, the component wise AFC of OPGC for determination of generation tariff for FY 2026-27 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 FY 2026-27.
- ii. **Debt – Equity Ratio:** As per provisions of the original and the amended PPA, the original capital cost of the project (Rs. 1060 Crore) consists of equity of Rs. 450 Cr. and debt of Rs. 610 Cr. OPGC has proposed the above debt-equity for determination of tariff for FY 2026-27 till 30<sup>th</sup> June 2026 (for 91 days). Further, from 01<sup>st</sup> July 2026 onwards (for 274 days), OPGC has proposed Debt-equity ratio of 70:30 as per the OERC Generation Tariff Regulations, 2024, which works out to Rs 742 Cr and Rs 318 Cr respectively. Accordingly, the Commission approves the proposed debt-equity ratio for determination of generation tariff for FY 2026-27.
- iii. **Depreciation:** 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 claimed no amount towards depreciation for FY 2026-27 till 30<sup>th</sup> June 2026 (91 days). From 1<sup>st</sup> July 2026 onwards (274 Days), the depreciation has been calculated following the provisions of the OERC Generation Tariff Regulations 2024. OPGC has proposed depreciation towards 90% value of complete additional capitalization within the extended life of 15 years in straight line method at a rate of 6% per annum. Accordingly, OPGC has proposed depreciation of Rs 0.88 Cr for 274 days. But as explained above regarding additional capitalization, the depreciation for 274 days has been calculated, which works out

to Rs 0.57 Cr. Accordingly, the Commission approves depreciation of Rs 0.57 Cr as against the proposed Rs 0.88 Cr for FY 2026-27 from 01<sup>st</sup> July 2026 onwards (for 274 days).

- 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.17.95 crore till 30<sup>th</sup> June 2026 (91 days) (@ 16% per annum). Accordingly, the Commission approves Rs 17.95 Cr. towards RoE for calculation of AFC and determination of generation tariff for FY 2026-27 till 30<sup>th</sup> June 2026 (91 days) as per the provisions of the PPA. OPGC has followed the OERC Generation Tariff Regulations 2024 for calculation of Return on Equity from 1<sup>st</sup> July 2026 onwards (274 Days). Regulation 26 (3) of the OERC Generation Tariff Regulations, 2024 provides for consideration of the equity component (Rs.318 Cr.) @ 30% of the capital cost for plants (Rs.1060 Cr.) completing its useful life. Regulation 28 of the OERC Generation Tariff Regulation, 2024, specifies the base rate of RoE as 14.00%. For additional capitalization beyond the original scope (Rs.28.9 Cr.), the base rate is 12.00%. OPGC has proposed RoE of Rs 33.42 Cr (original scope) for 274 days and Rs 0.53 Cr (beyond original scope) for 274 days. As the proposed RoE beyond original scope has been calculated considering the proposed estimated additional capitalization, the Commission approves Rs 0.39 Cr against the proposed RoE beyond original scope of Rs 0.53 Cr for 274 days from 01<sup>st</sup> July 2026 and approves Rs 33.42 Cr as per original scope for 274 days from 01<sup>st</sup> July 2026 onwards.
- 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 claimed no amount towards Interest on loan capital for FY 2026-27 till 30<sup>th</sup> June 2026 (91 days). Accordingly, the Commission approves nothing towards interest on loan capital for determination of generation tariff for FY 2026-27 till 30<sup>th</sup> June 2026 (91 days). OPGC has proposed Interest on Loan for additional capitalization of Rs.38.9 Cr from 1<sup>st</sup> July 2026 onwards (274 Days) as Rs 0.90 Cr. But the additional capitalization approved by the Commission is Rs.28.90 Cr. Therefore, the Interest on loan works out to Rs 0.67 Cr. Accordingly, the Commission approves interest on loan as Rs 0.67 Cr as against the proposed Rs 0.90 Cr from 01<sup>st</sup> July 2026 onwards (274 days).

- 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). O & M expenses for the first year of operation shall be @ 2.5% of the capital cost and 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. 64.60 Cr. towards O&M expenses for 91 days. Accordingly, the Commission approves the amount of Rs. 64.60 Cr., i.e., [Rs 1030 Cr. x 2.5% x (1.08)<sup>30</sup> x 91/365] towards O&M expenses for determination of generation tariff for FY 2026-27 till 30<sup>th</sup> June 2026 (91 days). From 01<sup>st</sup> July 2026 onwards (274 Days) the provisions of the OERC Generation Tariff Regulations 2024 shall be considered for calculation of O&M expenses. As per Para 34(1) of these regulations, the normative O&M expenses shall be Rs 45.33 Cr per MW for 200/210/250 MW series. Accordingly, the O&M expenses come to Rs 142.92 Cr from 01<sup>st</sup> July 2026 onwards (274 days). Therefore, the Commission approves Rs.142.92 Cr towards O&M expenses from 01<sup>st</sup> July 2026 onwards (274 days).
- vii. **Interest on Working Capital:** As per 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 been availing working capital from external sources and the actual interest rate for the working capital facility is 8.95% in FY 2025-26 till September 2025. Accordingly, the same has been considered for FY 2026-27 till 30<sup>th</sup> June 2026 (91 days). Coal is being procured from both MCL & OPCL in accordance with the relevant FSA. The actual landed cost of coal for the period FY 2025-26 up to December 2025 has been considered as per submission of OPGC. The price and GCV of Coal considered for the calculation are Rs 1657.51/MT & 3200.11 Kcal/kg respectively. Similarly, the price of secondary fuel oil (LDO and HFO) considered for calculation are Rs 74,042/ KL and Rs 61,971.48/ KL respectively. Accordingly, the total cost of Coal and Secondary fuel oil works out to Rs 371.78 Cr. & Rs 30.87 Cr. respectively corresponding to Gross generation of 2920.64 MU calculated as per provisions of the PPA till 30<sup>th</sup> June 2026 (91 days) and as per Generation Tariff Regulations, 2024 from 01<sup>st</sup> July 2026 onwards (274 days). 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 2026-27 till 30<sup>th</sup> June 2026 (91 days) is given in Table 9 below:

**Table 19**  
**Interest on working capital Approved by Commission for determination**  
**of Generation Tariff for FY 2026-27 till 30 June 2026**  
**(Rs Crore)**

Particulars	Norms	FY 2026-27 (till 30.06.2026)	
		OPGC Proposal	OERC Approval
Cost of Coal	1.5 Months	55.76	40.21
Cost of Secondary Fuel Oil	2 Month	0.84	9.29
O&M expenses	1 Month	21.59	21.59
Receivables	2 Month	133.53	121.95
<b>Working Capital Requirements</b>		<b>211.72</b>	<b>193.04</b>
Rate of Interest		8.95%	8.95%
<b>Interest on working capital (91 days)</b>		<b>4.72</b>	<b>4.31</b>

Accordingly, the Commission approves Rs.4.31 Cr towards interest on working capital against the proposed Rs 4.72 Cr for FY 2026-27 till 30<sup>th</sup> June 2026 (91 days).

Further, from 01<sup>st</sup> July 2026 onwards (274 days) the provisions of the OERC Generation Tariff Regulations 2024 shall be considered for calculation of Interest on Working Capital. The rate of interest on working capital is 12.00% as per MCLR of 1 year as on 01.04.2025. The IoWC claimed for FY 2026-27 from 01<sup>st</sup> July 2026 (274 days) is given in Table as follows:

**Table 20**  
**Interest on Working Capital approved by Commission for Determination**  
**of Generation Tariff for FY 2026-27 from 01.07.2026**  
**(Rs Crore)**

Particulars	Norms	FY 2026-27 (from 01.07.2026)	
		OPGC Proposal	OERC Approval
Cost of Coal	40 days	43.98	42.57
Cost of Secondary Fuel Oil	1 month	1.89	1.88
Maintenance spares (as % of O&M expenses)	20%	38.08	38.08
Receivables	45 days	84.34	82.58
O&M expenses	1 month	15.87	15.87
<b>Working Capital Requirements</b>		<b>184.15</b>	<b>180.98</b>
Rate of Interest		12.00%	12.00%
<b>Interest on working capital (274 days)</b>		<b>16.59</b>	<b>16.30</b>

Accordingly, the Commission approves Rs. 16.30 Cr towards interest on working capital against the proposed Rs.16.59 Cr for FY 2026-27 from 01<sup>st</sup> July 2026 onwards (91 days).

- viii. **Non-Tariff Income (NTI):** As per OERC Generation Tariff Regulations, 2024, the Non-Tariff Income forms part of the AFC. OPGC has submitted that in the present petition, the NTI has been considered zero. The actual NTI based on the audited

accounts of FY 2026-27, if any, shall be taken into account during truing-up exercise. Accordingly, the Commission does not consider any Non-Tariff Income for OPGC unit 1&2 for FY 2026-27 from 01.07.2026 onwards with an observation that the same shall be considered on actual basis during truing-up exercise.

ix. **Tax on Income:** As per OERC Generation Tariff Regulations, 2024, Tax on Income forms a part of the AFC. OPGC has claimed no tax on income in the instant petition and accordingly, the Commission approves nothing towards Tax on Income for FY 2026-27 as part of AFC.

(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 following Table:

**Table 21**  
**Total Annual Fixed Cost (AFC) approved by Commission for Determination of Generation Tariff for FY 2026-27**

Particulars	Amount (up to 30 <sup>th</sup> June 2026)	Amount (from 01 <sup>st</sup> July 2026 Onwards)	Total
Depreciation	0	0.57	0.57
Return on Equity	17.95	33.81	51.76
Interest on Loan Capital	0	0.67	0.67
O&M Expenses	64.60	142.92	207.52
Interest on Working Capital	4.31	16.30	20.61
Tax on Income	-	0.00	0.00
Less: Non-Tariff Income	-	0.00	0.00
<b>Total Annual Fixed Cost</b>	<b>86.85</b>	<b>194.22</b>	<b>281.13</b>
Total AFC (P/U)	152.77	93.95	106.64

Accordingly, the Commission approves total AFC of Rs 281.13 Cr as against the proposed Rs.282.51 Cr. for FY 2026-27.

## 82. 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 below:

**Table 22**  
**Operational norms adopted by the Commission in accordance with PPA for**  
**Determination of Generation Tariff for FY 2026-27**

Particulars	Unit	OPGC Proposal till 30.06.2026	OPGC Proposal From 01.07.2026	OERC Approval till 30.06.2026	OERC Approval From 01.07.2026
Plant Load Factor (PLF)-Normative	%	68.49	83.00	68.49	83.00
Auxiliary consumption	%	9.50	9.80	9.50	9.80
Gross Station Heat Rate	(Kcal/kWh)	2500	2415	2500	2415
Secondary Fuel Oil Consumption (LDO-10% & HFO-90%)	(ml/kWh)	0.35, 3.15	1.00, 0.00	0.35, 3.15	1.00, 0.00

The Gross generation of OPGC works out to 628.25 MU corresponding to PLF of 68.49% and the net-generation becomes 568.57 MU for normative Auxiliary Consumption of 9.50% till 30.06.2026. From 01.07.2026 onwards, the Gross generation of OPGC works out to 2292.39 MU corresponding to PLF of 83.00% and the net-generation becomes 2067.74 MU for normative Auxiliary Consumption of 9.80%. In total, the gross generation for FY 2026-27 works out to 2920.64 MU and the net-generation becomes 2636.31 MU for FY 2026-27 for OPGC Unit 1&2.

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

Presently, coal is being sourced from both MCL and OCPL for OPGC Units 1&2. The quantity of coal procured from OCPL & MCL till December 2025 of the current financial year (2025-26) is 1.96 MMT and consumption was 1.88 MMT. OPGC has proposed the cost of coal as Rs.1715.91/MT for FY 2026-27 which is the actual weighted average landed cost of coal till September 2025. OPGC has proposed the GCV of 3202.58 kcal/kg till 30.06.2026 (91 days) and GCV of 3139.05 kcal/kg from 01.07.2026 onwards (274 days). OPGC in its additional submission has submitted the actual price & GCV of Coal procured from both MCL & OCPL till December 2025. The Commission has analysed the month-wise landed price of Coal from OCPL & MCL as submitted by OPGC for Units 1&2 for grade G-14 of Coal. For the declared Grade of Coal, the Total Moisture corrected as delivered. As received GCV of Coal for Units 1&2 has also been analysed separately. For arriving at the cost of coal and GCV for the period till 30.06.2026 and beyond, the weighted average of actual landed cost of coal and actual GCV till December 2025 have been considered in absence of the actual data from January 2026 till March 2026. For the period till 30.06.2026, the GCV

shall be considered on “as delivered” basis as per the OERC Order dt. 28.10.2020 in Case no. 43 of 2017 and for the period from 01.07.2026 onwards, the GCV shall be considered on “as received” basis as per the provisions of OERC Generation Tariff Regulations, 2024.

Accordingly, the Commission upon prudent verification has considered the weighted average actual price of Coal from April 2025 till December 2025, i.e., Rs 1657.51/MT for calculation of energy charges for FY 2026-27. Similarly, the Commission has considered the actual weighted average of “as delivered” GCV of coal from April 2025 till December 2025, i.e., 3200.11 Kcal/Kg for calculation of energy charges for FY 2026-27 till 30.06.2025. From, 01.07.2026 onwards, the Commission has considered the actual weighted average of “as received” GCV of coal from April 2025 till December 2025, i.e., 3133.38 Kcal/Kg for calculation of energy charges. Similarly, the actual cost of secondary fuel oil from April 2025 till December 2025 have been considered for calculation of secondary fuel oil cost for FY 2026-27. Considering the above operational norms, price and GCV of Coal and Secondary fuel oil parameters as mentioned in PPA, the details for calculation of energy charges are given in Table below:

**Table 23**  
**Computation of Energy Charges for determination of Generation**  
**Tariff for FY 2026-27**

<b>Particulars</b>	<b>Unit</b>	<b>OPGC Proposal till 30.06.2026</b>	<b>OPGC Proposal From 01.07.2026</b>	<b>OERC Approval till 30.06.2026</b>	<b>OERC Approval From 01.07.2026</b>
Price of Coal	(Rs./MT)	1,715.91	1,715.91	1,657.51	1,657.51
Price of LDO	(Rs./KL)	74,141.58	74,141.58	74,042	74,080
Price of HFO	(Rs./KL)	61,971.48	-	61,971.48	-
GCV of Coal	(Kcal/Kg)	3,202.58	3,139	3,200.11	3,133.38
GCV of Oil (LDO/HFO)	(Kcal/Ltr)	10,600/10,000	10,600	10,600/10,000	10,600
Specific Coal Consumption	(Kg/kWh)	0.77	0.77	0.77	0.77
Specific Oil Consumption	(ml/kWh)	3.50	1.00	3.50	1.00
<b>Energy Charges</b>	<b>(Paisa/kWh)</b>	<b>170.36</b>	<b>153.93</b>	<b>165.50</b>	<b>149.22</b>

*Note: The HFO:LDO ratio is considered @90:10 as per the PPA for computation of ECR for the period till 30.06.2026. From 01.07.2026, only LDO has been considered as per OERC Generation Tariff Regulations, 2024. The above variable charge corresponds to total fuel cost of Rs 402.65 Cr. (Cost of Coal: Rs 371.78 Cr. + Cost of Secondary fuel oil: Rs 30.87 Cr.) and net generation of 2636.30 MU calculated as per provisions of the PPA till 30.06.2026 and as per OERC Generation Tariff Regulations, 2024 from 01.07.2026.*

The Commission therefore approves indicative Energy charges as 165.50 paisa/kWh for OPGC Units 1&2 as against OPGC's proposed 170.36 paisa/ kWh for FY 2026-27 till 30.06.2026. From 01.07.2026 onwards, the Commission approves indicative Energy charges as 149.22 paisa/kWh for OPGC Units 1&2 as against OPGC's proposed 153.93 paisa/ kWh. However, GRIDCO shall verify bill on actual basis, price & GCV of Coal & Oil and make payment accordingly.

**83. 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. Moreover, reimbursement of these charges has been provided in Regulation 54, 66 & 67 of the OERC Generation Tariff Regulations, 2024. Accordingly, OPGC has proposed to consider Other Charges of Rs. 36.01 Cr for FY 2026-27 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. 15.64 Cr (@ Rs.0.55/kWh) has been projected for FY 2026-27 considering projected gross generation of 2920.64 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 9.00% for the purpose of calculation of Electricity Duty till 30.06.2026. Accordingly, the Commission, after analysis, provisionally approves ED of Rs.3.11 Cr till 30.06.2026 (91 days). From 01.07.2026 onwards (274 days), the Commission has considered auxiliary consumption of 9.80% and normative PLF of 83.00% as per OERC Generation Tariff Regulations, 2024 for calculation of ED and accordingly provisionally approves ED of Rs.12.36 Cr. Considering the above, the Commission provisionally approves Rs.15.47 Cr (@ Rs.0.55/kWh) towards electricity duty against Rs.15.64 Cr. as proposed by OPGC for the FY 2026-27.

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

OPGC has submitted an expenditure of Rs.12.22 Cr towards water cess and water charges which has been escalated by 5.25% p.a. In additional submission, OPGC has submitted that the actual water cess & water charges for FY 2024-25 is Rs.11.04 Cr. Accordingly, the Commission provisionally approves Rs. 11.04 Cr towards water cess and water charges for FY 2026-27 as actually incurred during FY 2024-25 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) **System Operation Charges (SoC) & Market Operation Charges (MoC) for SLDC**  
OPGC has claimed Rs.0.41 Cr. towards SoC & MoC charges payable to SLDC as per the actual expenses incurred for FY 2024-25. The Commission approves Rs.0.39 Crore (@ Rs.9196.171/MW/year) for FY 2026-27 towards SoC & MoC charges of OPGC payable to SLDC as per the latest SLDC Charges and Fees Order.

- (d) **Annual Inspection Fees**

OPGC has proposed an amount of Rs. 0.57 Cr towards reimbursement against Annual Inspection Fees which is the actual expenses, incurred in FY 2024-25. Considering these actual expenses, the Commission provisionally approves Rs.0.57 Cr. towards reimbursement by GRIDCO during FY 2026-27 towards Annual Inspection fees.

- (e) **Income Tax**

OPGC having incurred no expenses towards income tax for FY 2024-25, has not proposed any amount towards reimbursement of income tax for FY 2026-27. Accordingly, the Commission is not considering any income tax under Other Charges of OPGC for FY 2026-27. However, Income tax shall be reimbursed by GRIDCO on actual basis for FY 2026-27 as and when it is claimed by OPGC and such amount shall be reflected by GRIDCO in the Truing-up.

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

The Commission provisionally approves Rs.0.25 Cr for FY 2026-27 towards recovery of ARR and Tariff petition fees & publication expenses as proposed by OPGC.

- (g) **Ash transportation and other Ash Utilization expenses**

As per the MoEF&CC Notification dated 25.01.2016, 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. Besides, to ensure 100% utilization of fly ash generated by the coal based thermal power plants, the Central Government has introduced environmental compensation mechanism, issued *vide* 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 requested for allowing Rs 6.91 Cr towards Ash transport and other Ash Utilization Expenses for FY

2026-27. The Commission further observes that the actual Ash Transportation and Utilization expenses for FY 2024-25 as submitted by the Petitioner is Rs.6.24 Cr which has been escalated by 5.25% p.a to arrive at expenses for FY 2026-27. Accordingly, the Commission provisionally approves an amount of Rs 6.24 Cr for FY 2026-27 as actually incurred during FY 2024-25 towards Ash Transportation and utilization expense against the claim of Rs 6.91 Cr. However, the amount shall be reimbursed by GRIDCO on the basis of actual payment made and claimed by OPGC in FY 2026-27. The Commission also directs OPGC to transport & utilize 100% of the ash generated as per MoEF&CC Notification dated 31.12.2021 and submit the details of ash transportation & utilisation expenses on actual basis along with supporting documents indicating the actual utilisation & purpose of utilisation while claiming reimbursement from GRIDCO. GRIDCO is directed to make such payment to OPGC after verification of relevant documents and the same shall be considered during Truing-up of GRIDCO. The summary of reimbursement of Other Charges allowed by the Commission for the FY 2026-27 on provisional basis is given in the Table below:

**Table 24**  
**Reimbursement of Other Charges for FY 2026-27**  
**(Rs. in Crore)**

Sl. No.	Particulars	OPGC Proposal	OERC Approval
(a)	Electricity Duty	15.64	15.47
(b)	Water Cess and Water Charges	12.22	11.04
(e)	SOC and MOC for SLDC	0.41	0.39
(g)	Annual Inspection fees	0.57	0.57
(h)	Income Tax	0.00	0.00
(i)	Recovery of ARR and Tariff Petition Fees	0.25	0.25
(k)	Ash utilization expenses including transportation charges	6.91	6.24
	<b>Total</b>	<b>36.01</b>	<b>33.95</b>

Since, the above charges are reimbursable, the same shall be reflected in the ARR of GRIDCO. Further, GRIDCO is directed to reimburse the charges as mentioned above on actual basis as and when claimed by OPGC with appropriate documentary evidence.

**84. 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, the directions of Hon'ble Supreme Court and the provisions of the OERC Generation Tariff Regulations, 2024 as applicable. Further, since OPGC is a State Public Sector Company, their auditing shall be governed by the rules of the Government. Certain issues related to Stage-II & III

generation of OPGC such as filing of MYT petition, truing-up petition, time and cost over-run, input pricing of coal fired, capital cost of ash pond, etc. have been raised by the Objectors. As the instant petition relates to ARR & determination of tariff and true up exercise of Stage- I of OPGC, the Commission feels that it would be prudent to take up the aforesaid issues/matters at the time of determination of tariff for Stage- II & III generation of OPGC.

**85. Summary of Approved Generation Tariff for FY 2026-27**

Summary of Generation Tariff as proposed by OPGC and approved by the Commission for FY 2026-27 is given in the Table below:

**Table 25  
Summary of Proposed & Approved Generation Tariff of OPGC for FY 2026-27**

<b>Particulars</b>	<b>Units</b>	<b>Proposal by OPGC till 30.06.2026</b>	<b>Proposal by OPGC from 01.07.2026 onwards</b>	<b>Total proposed by OPGC for FY 2026-27</b>	<b>OERC's Approval till 30.06.2026</b>	<b>OERC's Approval from 01.07.2026 onwards</b>	<b>Total Approved by OERC the FY 2026-27</b>
<b>Annual Fixed Cost</b>	<b>Rs. Crore</b>	<b>87.27</b>	<b>195.23</b>	<b>282.51</b>	<b>86.86</b>	<b>194.27</b>	<b>281.13</b>
<b>Variable Charges</b>	<b>Paisa/kWh</b>	<b>170.36</b>	<b>153.93</b>	<b>157.47</b>	<b>165.50</b>	<b>149.22</b>	<b>152.73</b>
<b>Other Charges</b>	<b>Rs. Crore</b>	<b>36.01</b>			<b>33.95</b>		

86. The reduction in variable cost & fixed cost for FY 2026-27 compared to current financial year 2026-27 will have positive impact on power purchase cost and hence overall tariff of the consumers of the State.

**87. Compliance to the directives of the Commission in FY 2025-26:**

The Petitioner has submitted the following in compliance with the directives of the Commission for the FY 2025-26:

<b>Directions of the Commission</b>	<b>Response of OPGC</b>
To segregate the financial accounts/ statements for Stage I (Units 1&2) and Stage II (Units 3&4). Financial accounts for Stage I and Stage II to be separately created for the FY 2025-26.	Financial accounts for Stage I and Stage II shall be bifurcated for the FY 2025-26 by the end of the financial year.

<b>Directions of the Commission</b>	<b>Response of OPGC</b>
OPGC to submit status of construction of new ash pond and timeline for its completion.	Initiatives have been taken for land acquisition for construction of Ash Pond D. Socio-economic impact study has been completed. Public hearing is already conducted. Proclamation of 40 acres of Govt. land is done. Possession of the land is expected to be obtained by June 2027 and Ash Pond is proposed to be constructed in FY 2027-28.
OPGC 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.	Regarding implementation of 50 MW solar power project discussion for execution of PPA is already held.  Regarding RE power project, State Nodal Agency (GRIDCO) has been requested to allocate suitable Water Body / land for development of approximately 500MW Floating/Ground-mounted solar PV project, 200MW Wind power & sites for development of 600MW PSP. However, as per the Notification dated 06.08.2025 of MoP, establishment of a minimum capacity of RE generation sources or purchase & supply of RE equivalent to such capacity is voluntary and not mandatory.
To pursue with MCL or any other mines for allotment of mine void space for disposal of ash to comply with MoEF & CC Notification	Making concerted efforts to achieve 100% ash utilization in compliance with MoFF & CC Notification. Despite persistent request to MCL since 2006 for allocation of void mines for fly ash backfilling, the latest proposal of allocation of BOCM Mines was declined by Director Technical, MCL. OPGC had engaged the Centre for Fly Ash & Management (C-Farm) to provide scientific and technical expertise for securing “Consent for mine void filling with fly ash & Design Institute to facilitate the allotment of suitable void mines for ash stowing. Other initiatives such as LTA with Dalmia & Ambuja Cement, supplying ash to NHAI, SH, PWD along with construction of dry ash silos at OCPL siding end are also being taken up. It is in the process of complying with the directives of the Commission.
OPGC shall submit initiatives taken to reduce the number of forced outages of generating units.	Various remedial measures such as root cause analysis, trip analysis, reliability and performance improvement, stringent parameter monitoring, residual life assessment, critical spare part inventory, asset management standard and skill development programs have been undertaken to reduce the number of forced outages of the generating units.
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.	As of now there is no such plan to convert old thermal generation unit as synchronous condenser to provide reactive support and increase the inertia of the system.

## 88. Directives of the Commission

- (a) The Commission had directed OPGC to segregate the financial accounts/ statements for Stage I (Units 1&2) and Stage II (Units 3&4) in the previous Tariff Order (FY 2025-26). The same has not been carried out yet. Therefore, the Commission once again directs OPGC to segregate the financial accounts/ statements for Stage I and Stage II at the earliest. The Commission makes it clear that the ARR petition for subsequent years for OPGC Units 1&2 shall not be accepted by the Commission unless such segregation has been carried out by OPGC.
- (b) The responsibility of Energy security of the State also lies with OPGC. Surplus fund available with them can be utilized for development of Ground mounted solar in ash pond area with Battery Energy Storage System (BESS). OPGC should plan for BESS of suitable capacity which can be charged during daytime when there is need for backing down of generation or to operate at technical minimum level. The quantum of generation forced to be backed down can be effectively utilized for the charging of BESS and the stored energy can be sold in power market or can be sold to GRIDCO at a mutually agreed rate to meet peak demand of the State. Instead of seeking additional equity from Government, OPGC should utilize its cash surplus to develop solar projects and BESS.
- (c) The Commission in the Generation Tariff Order for FY 2025-26 had sought the timeline for implementation of 50 MW solar power project for which GRIDCO had in-principle agreed to procure power from subject project. OPGC has not provided the present status of the project. Therefore, the Commission directs OPGC to execute the 50 MW solar project in the FY 2026-27 and install BESS which will be in the interest of the State as well as OPGC.
- (d) The development of mini hydel projects of OPGC shall be taken up in consultation with Government of Odisha considering their requirement/importance under present scenario of large-scale integration of RE power.
- (e) The Commission had approved construction of Ash Pond-D vide Order in Case No. 99 of 2021. In the previous Tariff Order for FY 2025-26, it had sought the status of construction of new ash pond (Ash Pond-D) in response to which OPGC has submitted that the Ash Pond is proposed to be constructed in FY 2027-28. The Commission taking note of the issue, observes that there has been significant delay in the commissioning of the new ash pond which will lead to cost overrun and therefore, OPGC is directed to complete the construction at the earliest. The Commission shall not allow any

additional expenditure due to time and cost overrun to be passed on to consumers in the ARR of OPGC for subsequent years.

- (f) OPGC has taken up several initiatives for fly ash utilization & disposal. However, the utilization of ash is only 2.75% as per submission of OPGC which is contrary to the directions of MoEF&CC. Accordingly, OPGC is directed to utilize 100% of the ash as per MoEF&CC Notification to avoid penalty.
- (g) The Commission observes that 16 nos. of forced outages have taken place in operation of Units 1&2 till 31.12.2025, which is very high. GRIDCO is paying the fixed cost irrespective of the number of outages and is also forced to avail high-cost power from other generators in merit order list or from spot market during outages to meet the power requirement of the State which has impact on the overall tariff burden on consumers of the State. The Commission, therefore, directs OPGC to take remedial measures to reduce the number of forced outages of generating units.
- (h) The Tariff now approved shall be effective from 01.04.2026 for energy sold to GRIDCO and shall be in force until further Orders.

89. The Case is accordingly disposed of.

**Sd/-**

**(B. Mohanty)**  
**Member**

**Sd/-**

**(S. K. Ray Mohapatra)**  
**Member**

**Sd/-**

**(P. K. Jena)**  
**Chairperson**