CERC Terms & Conditions of Tariff, 2024–29

Tariff period: 1 April 2024 – 31 March 2029 | Principal Regulations notified 15 March 2024 | 10 source documents compiled

AT A GLANCE

15 chapters plus appendices. Debt-equity ratio 70:30 for new projects. Return on Equity: 15.00%–17.00% base rates by asset type. NAPAF: 85% for most thermal stations. Depreciation: Straight Line Method, 10% salvage value, max. 90% depreciable.

TARIFF STRUCTURE (CH. 4–5)

Annual Fixed Cost = Return on Equity + Interest on Loan Capital + Depreciation + Interest on Working Capital + O&M Expenses, recovered as capacity charge. Energy charge = landed fuel cost + secondary fuel oil + limestone/reagent cost.

RETURN ON EQUITY (REG. 30)

Existing: 15.50% (thermal/transmission/RoR hydro), 16.50% (storage/pumped hydro). New (COD ≥ 1.4.2024): 15.50% thermal/RoR hydro, 15.00% transmission, 17.00% storage/pumped hydro. Additional capitalisation: SBI 1-yr MCLR + 350 bps, capped 14%. Thermal RoE also moves ± up to 2% for grid-code and ramp-rate compliance.

NORMS OF OPERATION (CH. 12)

NAPAF: 85% (most thermal), 83% (coal/lignite units 30+ years old). Auxiliary consumption: 8.50% (200–300 MW), 8.00%/5.25% (500 MW+ electrically/steam-driven BFP), 2.75% (gas CC), 1.00% (gas OC). Station heat rate norms vary by unit size and vintage.

KEY AMENDMENTS

First Amendment (4 Feb 2025): defines “Bank Rate” as 1-yr SBI MCLR + 100 bps, replacing prior references in Regs 9 & 10. Part-Load Compensation Procedure (14 Jul 2025): NLDC mechanism compensating heat-rate/auxiliary/fuel-oil degradation from part-load operation and start/stops.

SECOND AMENDMENT — ESS (20 MAR 2026)

Extends tariff determination to co-located Integrated Energy Storage Systems. Lithium-ion battery useful life: 15 years. Round-trip efficiency norm: higher of 85% or actual. Amendments to Regulations 51 & 52 apply retrospectively from 1.4.2024; other provisions from Gazette notification.

CHAPTER MAP (15 CHAPTERS)

1 Preliminary • 2 Date of Commercial Operation • 3 Procedure for Tariff Determination • 4 Tariff Structure • 5 Capital Structure • 6 Computation of Capital Cost • 7 Additional Capital Expenditure • 8 Computation of Annual Fixed Cost • 9 Input Price of Coal/Lignite (Integrated Mine) • 10 Components of Energy Charge • 11 Capacity & Energy Charges • 12 Norms of Operation • 13 Scheduling, Accounting & Billing • 14 Sharing of Benefits • 15 Miscellaneous Provisions

PRACTICAL READER GUIDE

- Understand the legal tariff framework → Principal Regulations
- Check why a provision was framed → Statement of Objects & Reasons
- Prepare a tariff petition / filing package → Tariff Filing Forms, Parts I–IV
- Check 2025 tariff changes → First Amendment Regulations
- Assess part-load compensation → CERC-approved NLDC Procedure
- Assess 2026 ESS-related tariff provisions → Second Amendment Regulations
- Check corrections to the original text → Corrigendum

REGULATORY TIMELINE

15 Mar 2024 Principal Regulations • 9 Apr 2024 Corrigendum • 11 Jul 2024 Statement of Objects & Reasons • 4 Feb 2025 First Amendment • 14 Jul 2025 Part-Load Compensation Procedure • 20 Mar 2026 Second Amendment (ESS)

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