

Before the
MAHARASHTRA ELECTRICITY REGULATORY COMMISSION
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CASE No. 128 of 2021

Case filed by Maharashtra State Power Generation Company Limited (MSPGCL) seeking approval for Change in Law claims related to Coal Tolling arrangement carried out under Case -IV Phase-II.

And

Case No 48 of 2022

Petition of Dhariwal Infrastructure Limited (DIL) in the matter of Change in Law claims of Maharashtra State Power Generation Company Limited related to Coal Tolling arrangement carried out under Case -IV Phase II.

Coram

**Sanjay Kumar, Chairperson
I.M. Bohari, Member
Mukesh Khullar, Member**

Case No.128 of 2021

Maharashtra State Power Generation Co. Ltd. (MSPGCL)Petitioner

V/s

Maharashtra State Electricity Distribution Company Limited. (MSEDCL) ... Respondent

Dhariwal Infrastructure Ltd. (DIL) Impleaded Respondent

Case No.48 of 2022

Dhariwal Infrastructure Ltd. (DIL) Petitioner

Vs

Appearance

For the MSPGCL

: Shri Ramandeep singh, Rep.
: Shri P.K. Kotecha, CE, MSPGCL

For the MSEDCL

: Adv. G SaiKumar, MSEDCL

For DIL

: Adv. Deepa Chawan, DIL

ORDER

Date: 14 September, 2022

1. Maharashtra State Power Generation Company Limited (**MSPGCL**) has filed the Petition being Case No. 128 of 2021, on 17 September, 2021 seeking approval for Change in Law claims related to Coal Tolling arrangement carried out under Case -IV Phase-II.

2. **Main Prayers of MSPGCL are as follows:**

“

- a) *Condone the delay in submission of the petition and admit the Petition as per the provisions of the Regulation 32 of the Maharashtra Electricity Regulatory Commission (Conduct of Business) Regulations 2004;*
- b) *Allow Petitioner to recover the amount of “Change in Law” claims, under Case-IV Phase-II coal tolling arrangement contract with M/s DIL, from MSEDCL through FAC mechanism.*
- c) *Condone any error/omission and to give opportunity to rectify the same;*
- d) *Permit the Petitioner to make further submissions, addition and alteration to this Petition as may be necessary from time to time.”*

3. Dhariwal Infrastructure Limited (**DIL**) has also filed the Petition being Case No. 48 of 2022, on 23 February, 2022 making its claims regarding Change in Law events related to Coal Tolling arrangement carried out under Case -IV Phase-II.

4. **Main Prayers of DIL are as follows:**

“

This Hon'ble Commission be pleased to

- a. direct MSPGCL to pay an amount of Rs. 25.74 Crores to DIL being the amount of the differential arising from revision of price of coal on account of Mine Specific Charges and Surface Transportation Charges for the period 01.11.2019 to 31.05.2021 as per the Statement being Annexure P-3 annexed to this Petition;
- b. direct MSPGCL to reconcile and pay to DIL the differential amount arising due to rise in coal prices for the period from 01.06.2021 till the date of the Petition, based on the same principles as decided above;
- c. allow DIL to recover carrying cost at a rate which may be specified by the Hon'ble Commission on the above differential amount due to variation in price of coal from 01.11.2019 till date;
- d. direct MSPGCL to top-up all future upfront payments received from DIL so as to include the increase in cost of coal, while making advance payments to WCL, as per the said guidelines dated 20.02.2017 and the bidding documents and the DPA dated 18.10.2019 executed between the parties for the balance period of the contract, i.e., from the date of filing of this Petition till 31.03.2022.
- e. pass such other order(s) as the Hon'ble Commission may deem just and fit in the facts of the present Petition.....”

5. There are 3 parties and they have made multiple submission in these cases as under:

a) The details of the Submissions made in these Cases are as under:

Sr. No	Date of submission	Submission made by	Remarks (Submission in Case No.)
1	17 September, 2021	MSPGCL	Petition in Case No. 128 of 2021
2	26 November, 2021	MSEDCL	Reply in Case No. 128 of 2021
3	23 December, 2021	DIL	Reply in Case No. 128 of 2021
4	23 December, 2021	DIL	Miscellaneous Application in Case No. 128 of 2021
5	7 January, 2022	MSEDCL	Reply of MSEDCL to MA filed by DIL in Case No. 128 of 2021
6	7 January, 2022	MSEDCL	MSEDCL's submission in Case No. 128 of 2021
7	7 January, 2022	MSPGCL	Rejoinder submission of MSPGCL in Case No. 128 of 2021
8	2 February, 2022	MSPGCL	Additional Rejoinder submission of MSPGCL in Case No. 128 of 2021
9	23 February, 2022	DIL	Petition filed by DIL (Case No. 48 of 2022)
10	4 May, 2022	MSEDCL	MSEDCL's Reply in Case No. 48 of 2022
11	5 May, 2022	MSPGCL	MSPGCL's submission in Case No. 128 of 2021

12	17 May, 2022	DIL	Rejoinder submission of DIL in Case No. 48 of 2022
13	17 May, 2022	DIL	Additional submission of DIL in both the cases
14	20 May, 2022	MSEDCL	MSEDCL's additional submission in Case No. 128 of 2021
15	8 June, 2022	MSPGCL	MSPGCL's Rejoinder submission in 128 of 2021
16	20 June, 2022	MSPGCL	MSPGCL's additional submission in both the Cases

b) Hearings held in these matters:

Sr. No.	Particulars	Date of hearing
1	First hearing	30 November, 2021
2	Second hearing	6 May, 2022
3	Third hearing	10 June, 2022

6. MSPGCL in its Petition in Case No. 128 of 2021 has stated as under:

- 6.1 The Central Electricity Authority (CEA) vide its Notification dated 8 June, 2016, envisaged following five types for allowing flexibility of utilization of coal:
- **Case-1:** Use of Coal aggregated with the State in its own State Generating Stations
 - **Case-2:** Use of Coal aggregated within one State in Generating Stations of other State's utilities
 - **Case-3:** Use of Coal aggregated with State in Central Generating Stations and vice versa
 - **Case-4: Use of Coal by any State/ Central generating company in Private Generating Stations (IPPs)**
 - **Case-5:** Use of coal assigned to the Central Generating Company in their own plants or any other more efficient plants.
- 6.2 The Guidelines for Case - IV type bidding were issued by CEA on 20 February, 2017. The Government of Maharashtra (GoM) vide Government Resolution (GR) dated 15 May, 2017 appointed MSPGCL as State Notified Agency. Accordingly, MSPGCL floated tender for purchase of 400 MW power on short term basis from Independent Power Plants (IPP) considering the use of coal from Western Coal Field Limited (WCL) mines in Case -IV, Phase -I.
- 6.3 After successful implementation of Case-IV, Phase-I of the coal tolling, MSPGCL floated tender on DEEP portal considering ceiling tariff of Rs.2.890/kWh for purchase of 380 MW power on short term basis for a period of 12 months starting from 01

November, 2019 to 31 October, 2020 on Round the Clock (RTC) basis from IPPs considering the use of coal from WCL mines.

- 6.4 MSPGCL issued Letter of Award (LoA) to DIL for 185 MW at Rs. 2.889/kWh and Ideal Energy Projects Limited (IEPL) for 195 MW at Rs. 2.889/kWh on 13 September, 2019.
- 6.5 Subsequently, the Tripartite Agreement (TPA) (between MSEDCL, MSPGCL and DIL) as well as the Detailed Procedure Agreement (DPA) (between MSPGCL and DIL) were signed on 18th October 2019 for a period of 12 months. IEPL had not fulfilled the conditions as specified in LoA, therefore, DPA / TPA was not signed with IEPL.
- 6.6 DIL started the supply of power from 1st November 2019 against one Unit of Nashik TPS. Post the completion date of the contract i.e., 31st October 2020, the contract was extended twice till 31st October 2021. Thereafter it was extended up to 31 March, 2022.
- 6.7 As per the Case -IV Notification, the change in price of coal, taxes and duties prevailing at the time of submission of the Bid will be borne by MSPGCL and it will be pass through to MSEDCL.
- 6.8 The claim of Change in Law under Case -IV Phase -II is as under:

Change or variation in price of coal under Case IV arrangement:

- 6.9 The table from RFP dated 10 June, 2019 related to ceiling prices and the assumptions on the quality and price of coal prevailing at the time of bidding is as under:

Ceiling Tariff	Rs. 2.890 per unit (Bid rate up to 3 decimal points)	
Source of Coal	WCL	
Particulars	Grade (G11)	Grade (G12)
GCV (kCal/kg)	4001-4300	3701-4000
Ash Content (%)	34.75-42.5	34.75-42.5
Moisture (%)	4.5-5.4	4.5-5.4
Sulphur (%)	0.4-0.8	0.4-0.8
Carbon (%)	30-35	30-35
Price Details (Rs. / MT)		
Basic Price	1145	1063
Crushing Charge	87	87
Surface Transportation Charge	As per Price Notification No. NGP/ WCL/ M&S/ Comm/ 2018/ 1829 dated 26.12.2018	
Royalty @ 14% on Basic Price	160.3	148.82
MMDR Roy. Central Fund @30 % on Royalty	48.09	44.65
MMDR Roy. State Fund @2% on Royalty	3.21	2.98
Evacuation Charges	50	50

CGST @ 2.5%	Applicable after inclusion of Surface Transportation Charges	
SGST @ 2.5 %	Applicable after inclusion of Surface Transportation Charges	
GST Compensation Cess	400	400
Total (Rs. / MT) (Except STC)	(Total charges after inclusion of Surface Transportation Charges and applicable GST)	

- 6.10 As per WCL circular dated 26 December, 2018, the prevailing Surface Transportation charges as on bid date were as shown below:

Distance Slab (km)	Rate (Re/ Te)
0 to 3	30
3 to 10	67
10 to 20	100
Above 20	Actual STC+ 10% i.e., 100% of Actual STC

- 6.11 The Western Coal Fields Limited (WCL) vide its circular dated 24 December, 2019 revised the Surface Transportation Charges w.e.f. 25 December, 2019. This has increased the surface transportation cost.

- 6.12 The revised Surface Transportation Charges w.e.f. 25 December, 2019 are as shown below:

Distance Slab (km)	Rate (Re/ Te)
0 to 3	34
3 to 10	67
10 to 20	115
Above 20	Actual STC+ 10% i.e., 100% of Actual STC

- 6.13 As per terms of the Power Purchase Agreement (PPA), all the existing coal price, taxes and duties prevailing at the time of submission of the bid shall be paid by seller and any increase in price of coal or duties and taxes during contract period needs to be borne by MSPGCL and to be pass on to MSEDCL for recovery under FAC mechanism. The relevant extract from the PPA is outlined below:

“Obligation of Seller under PPA:

5.1.18. All GST/Cess/Taxes on coal as applicable on the date of bidding shall be paid by MSPGCL and reimbursed by Seller.

Obligation of MSPGCL:

5.2.8. Any increase in cost of coal, duties and taxes on coal and the railway freight charges under change in law, post the date of submission of bid as per the bidding documents and its amendment thereof, shall be borne by MSPGCL during the contract period for which the rate of power needs to be revised accordingly under MoD principle.

c. In case of any variation in the price of coal during the Contract Period, MSPGCL shall pay to the Coal Company the cost of coal as per the actual

prevailing rates notified by the Coal Companies. The differential amount between the price of coal paid by MSPGCL to the Coal Company and that received from the Seller towards advance upfront payment in accordance shall be recovered by MSPGCL from MSEDCL in case of increase of price of coal and will be paid by MSPGCL to MSEDCL in case of decrease of price of coal, on monthly basis under FAC mechanism

Obligation of MSEDCL:

5.3.6. MSEDCL to reimburse to MSPGCL/ recover from MSPGCL the price differential on account of variation in the price of coal, duties and taxes under FAC Mechanism;

Tariff

9.4.2. The Tariff payable by MSEDCL under this Article 9 shall be inclusive of Cess/Taxes on coal, Electricity Duty, Value Added Tax or General Sales Tax or Goods & Service Tax (GST), or any replacement thereof, if applicable as on the date of the bidding.

9.4.4. Any increase in cost of coal, duties and taxes on coal shall be borne by MSEDCL during the contract period by way of revision in the energy rate to be generated by Seller

Payment and Security Mechanism

10.2. Billing and Payment on account of variation in price of coal and other charges

10.2.1. During the contract period, the price of coal can change either on account of change in the basic price of the coal and/or related the taxes/duties/royalties/etc. payable to the coal company. The price of coal payable by MSPGCL to the coal company will be based on the prevailing basic price and the taxes/duties/royalties/etc. However, the Seller will be required to pay for the coal at the prices and taxes/duties/royalties/etc. i.e. at the rate **prevailing at the time of submission of bid**. Accordingly, in case of change in the price of coal, the differential between the price of coal paid by MSPGCL to the Coal Company and that received from the Seller, towards advance upfront payment in accordance with Clause 5.1.15 shall be recovered by MSPGCL from MSEDCL under FAC. Similarly, in case of decrease of price of coal, MSPGCL will pass on the benefit of the reduced price of coal i.e. difference between the advance payment against price of coal received from the Seller and the amount payable by MSPGCL to the Coal Company, to MSEDCL under FAC. In any case, such variation in the price of coal, due to Change in Law as specified in clause 13.1.3, will be adjusted in the energy rate as quoted by the bidder at which the power is required to be supplied to MSEDCL only for the purpose of scheduling of power under MoD principle and the same will be calculated by MSPGCL and intimate to Seller and MSEDCL.

6.14 Therefore, any change in price of coal, taxes and duties prevailing at the time of submission of the bid will be borne by MSPGCL and it will be pass through to MSEDCL.

- 6.15 Further, WCL offered coal from Mine Specific Sources from 2 November 2019, which resulted in additional price of Rs. 450 per tonne on base price. MSPGCL denied this offer and wrote to Ministry of Coal for reducing WCL coal price. WCL started raising bills with add-on pricing of Rs.450 per tonne on Notified coal from Mine Specific sources supply from 2 November, 2019. MSPGCL denied the coal invoices which had an additional component of Rs. 450/MT in the basic price of coal.
- 6.16 It was observed that the realization of notified price coal from WCL had significantly dropped and WCL was insisting on off-take from Mines with Mine-Specific add-on prices mentioning that only few Mines are now under notified coal prices. This was resulting in severe depletion in coal stock at various power plants of MSPGCL. Hence in view of the dwindling coal stock position, in the meeting dated 8 March, 2021 between MSPGCL and WCL officials, MSPGCL agreed to release the payment on account of Mine Specific prices w.e.f. 1 January, 2021.
- 6.17 As MSPGCL has agreed to pay the additional Mine-Specific price also for the coal diverted to DIL due to Case-IV Phase-II contract, there is impact on the variable charge for the power supplied through this contract due to such price of mine specific coal w.e.f. 1 January, 2021.
- 6.18 In view of the above, post submission of bids (10 July, 2019), the following changes in price of coal and other taxes/duties/charges have been notified by WCL:

Date	Changes in Charges/ price
2 November, 2019	WCL Circular for change in Mine Specific Price for 11 mines (Ballarpur (1), Majri (1), Nagpur (3), Umrer (3), Wani (3)) of WCL vide circular no. WCL/GM/GM(M&S)/2019/307 dated 01 November, 2019 (In the Petition, the impact is considered w.e.f. 1 January, 2021 only instead of the notification date of 2 November 2019).
25 December, 2019	WCL circular for change in Surface Transportation Charges vide circular no. NGP/WCL/M&S/Comml/2019/1781 dated 24 December, 2019 (w.e.f. 25 December, 2019)

- 6.19 Based on the above notifications, such change in the coal price per MT in comparison to the price of coal prevalent at the time of bid submission is changed from Rs. 2073.28 to Rs. 2089.03 per MT on account of STC and Rs. 2648.84 per MT on account of impact of increase in Mine Specific Coal price and STC. The difference is Rs. 15.75 per MT and Rs. 575.57 per MT respectively as under:

Sr. No	Particulars	Bid Price	Impact of increase in mine specific and STC
		As on 10 July, 2019	

1	2	3	4	5
			25.12.2019 onwards on a/c of STC	01.01.2021 onwards on a/c of mine specific including STC
A	Basic per MT	1145	1145	1595*
B	Crushing charges per MT	87	87	87
C	STC per MT	100	115	115
D	Evacuation charges per MT	50	50	50
E	Royalty (14% on basic)	160.30	160.30	223.30
F	DMF (30% on Royalty)	48.09	48.09	66.99
G	NMET (2% on Royalty)	3.21	3.21	4.47
H	Assessable value (A to G)	1593.60	1608.60	2141.76
I	GST @ 5% (H*5/100)	79.68	80.43	107.09
J	Sub Total (H+I)	1673.28	1689.03	2248.84
K	Compensation Cess @ 400 per MT	400	400	400
L	Total rate of coal (J+K)	2073.28	2089.03	2648.84
M	Difference (4-3) & (5-3)		15.75	575.57

* The MSP of Rs. 450/ MT is added in the Basic price of coal

- 6.20 As per coal supplied to DIL under Case IV, Phase-II arrangement, the proportion of the Mine Specific coal and other than Mine Specific Coal supplied to DIL during the months of 1 January, 2021 to 31 May, 2021 is 10%, 9%, 42%, 44% and 52% respectively.
- 6.21 As per clause 5.2.8 of the DPA, increase in price of coal has to be borne by MSPGCL during contract period and accordingly rate of power needs to be revised under MoD. Accordingly, since January, 2020, while submitting the MoD rates for Case-IV contract, MSPGCL had factored the 1 paise / kWh rise on account change in Surface Transportation Charges. However, as MSPGCL was not paying coal costs as per incremental rate of mine specific price up to 31 December, 2020, the impact of such additional price was not considered by MSPGCL as “Change in Law” impact for MoD purpose. The decision of acceptance of MSP coal was finalised by MSPGCL in March, 2021. Initially MSPGCL tried to keep MSP coal supply to DIL at minimum possible level. MSPGCL was trying not to divert more quantity of MSP coal to DIL. During January, 2021 and February, 2021, the supply of MSP coal was below 10% of the coal supplied to DIL. The trend of higher quantum of MSP coal supply to DIL started after March, 2021. As the coal data for ‘n-2th’ month is available for MoD purpose, the impact of MSP was not factored in MoD till May, 2021. In June, 2021 it was added to work out the impact of mine specific prices to the quoted tariff for submission of MoD rates to MSEDCL.
- 6.22 Based on the quantum of Mine Specific coal and considering the additional impact for Mine Specific coal and increase in STC, as per three-month average for March, 2021 to

May, 2021, the notional impact of “Change in Law” claims on account of increase in STC and MSP is Rs. 0.19/kWh considering that approximately 50% of the coal supplied to DIL is having mine-specific coal.

- 6.23 On 14 June, 2021 it was communicated to MSEDCL that proposed MoD rate for the period 16 June, 2021 to 15 July, 2021 for the Case-IV Phase-II contract with DIL will be Rs. 3.079/kWh considering addition of Rs.0.19/kWh, towards notional impact of “Change in Law” claims payable to MSPGCL, to the contracted Tariff of Rs. 2.889 /kWh.
- 6.24 MSPGCL will consider the impact of the “Change in Law” on notional basis for the MoD rate submission purpose and claims for the period from 16 June, 2021 will be recovered through Fuel Adjustment Charge (FAC) bill from MSEDCL on monthly basis as per the actual additional cost borne by MSPGCL. However, impact of such approved “Change in Law” claims for the prior period till 15 June, 2021, will be recovered separately through lump sum amount, post approval of the same by the Commission.
- 6.25 The change or variation in the coal quantity and quality is being factored in the overall generation and the same is being considered under process of reconciliation. The final reconciliation for the period from 01 November, 2019 to 31 October, 2021 will be carried out on completion of the said period and accordingly final settlement based on the reconciliation will be undertaken. Hence, there will be no impact of change or variation in quantity and quality of coal to be claimed through FAC mechanism.
- 6.26 In view of above submission, MSPGCL may be presently allowed to recover Rs. 8.76 Crores under FAC mechanism towards the impact on account of change in price of coal supplied to DIL for the period from 25 December, 2019 to 31 May, 2021 (Rs. 2.32 Crores towards the increase in STC from 25 December, 2019 and Rs. 6.44 Crores towards the Mine Specific coal price from 1 January, 2021 to 31 May, 2021)
- 6.27 The calculation of Change in Law on account of increase in price of mine specific coal w.e.f. 01.01.2021 to 31.05.2021 and increase in STC w.e.f. 25.12.2019 to 31.05.2021 is as shown below:

Month	Quantity of coal despatched to DIL (MT)		Change in Price of coal (Rs. MT)		Impact of Change in Law (Rs. Crore)			
					Mine Specific	Other than mine specific	MSP Impact	
	Mine specific coal (A)	Other than mine specific coal (B)	w.e.f. 25.12.2019 (C)	w.e.f. 01.01.2021 (D)	STC w.e.f. 25.12.2019 (A)*C/10 ⁷	STC w.e.f. 25.12.2019 (B)*C/10 ⁷	STC w.e.f. 01.01.2021 A*D/10 ⁷	Total
Nov-19	23531	43292			-	-	-	-
01.12.2019 to 24.12.2019	6287	61040			-	-	-	-
25.12.2019 to 31.12.2019	3115	24998	15.75		0.00	0.04	-	0.04
Jan-20	8550	101765	15.75		0.01	0.16	-	0.17
Feb-20	24213	75584	15.75		0.04	0.12	-	0.16
Mar-20	24816	79718	15.75		0.04	0.13	-	0.16
Apr-20	29362	58779	15.75		0.05	0.09	-	0.14
May-20	9850	74697	15.75		0.02	0.12	-	0.13
Jun-20	10452	85777	15.75		0.02	0.14	-	0.15
Jul-20	8997	66092	15.75		0.01	0.10	-	0.12
Aug-20	4947	63134	15.75		0.01	0.10	-	0.11
Sep-20	23200	53547	15.75		0.04	0.08	-	0.12
Oct-20	38334	58322	15.75		0.06	0.09	-	0.15
Nov-20	25691	46881	15.75		0.04	0.07	-	0.11
Dec-20	29987	69381	15.75		0.05	0.11	-	0.16
Jan-21	8953	82902	15.75	559.82	0.01	0.13	0.50	0.65
Feb-21	4146	44196	15.75	559.82	0.01	0.07	0.23	0.31
Mar-21	35761	48544	15.75	559.82	0.06	0.08	2.00	2.13
Apr-21	43010	55779	15.75	559.82	0.07	0.09	2.41	2.56
May-21	23223	21286	15.75	559.82	0.04	0.03	1.30	1.37
Total					0.56	1.75	6.44	8.76

6.28 MSPGCL further requests to allow it to claim similar claims of “Change in Law” impact for Case-IV Phase-II contract with DIL, based on data for recent prior months.

6.29 As per Case IV Guidelines, for floating a tender, ceiling tariff is set as lowest of the variable cost of the Generating Station whose power is to be replaced by generation from IPP. Hence, the benefit envisaged in view of reduction in cost of power generating station under these Guidelines is already factored in when IPP has quoted tariff below ceiling tariff and agreement is executed at the discovered tariff rate.

6.30 In case the Case IV was not implemented, such change in charges against the procurement of coal would have been borne by MSPGCL in business-as-usual case and ultimately the impact needs to be passed on to MSEDCL under FAC Mechanism as per the MYT Regulations 2019.

6.31 The coal tolling arrangement with DIL was against one of the three Units at Nashik TPS. The rate submitted for Nashik TPS for MoD stack for the period 16 June, 2021 to 15 July, 2021 was Rs. 3.551 /kWh whereas the MoD rate submitted for Case-IV DIL contract was Rs. 3.079 /kWh after addition of the impact of the present “Change in Law” claim to the contracted tariff and without considering any discount offered by DIL.

Change or variation in quality and quantity of coal supplied to IPPs under Case IV arrangement:

6.32 As per provision 13.2 of Case IV Guidelines, reconciliation with respect to coal consumed for generation and supply of electricity to the buyer corresponding to quality and quantity of coal at loading end is required to be done monthly. Any excess coal supplied to DIL at the end of contract will be settled through supply of equivalent energy to MSEDCL at the same terms and conditions. In the event of shortfall in the supply of

fuel from coal company, the same will be settled/adjusted through asking for reduced quantum of supply to the extent of fuel availability under contract or DIL can use other sources of fuel which may be available at the time with the consent of Buyer.

- 6.33 In view of above, change or variation in the coal quantity and quality is being factored in the overall generation and the same is being considered under process of reconciliation. It is done in terms of quantum of generation supplied during the period of the contract.
- 6.34 Provisional reconciliation of coal provided to M/s DIL for the period from 01 November, 2019 to 31 March 2021 under Case IV (Phase II) arrangement, vis-à-vis the energy supplied to MSEDCL is carried out and communicated to DIL vide MSPGCL's letter dated 30 June, 2021. It is also submitted that the reconciliation is carried out considering GCV ARB basis in line with the proviso 8.2.1 and 5.2.8 (b) of Detailed Procedure Agreement (DPA).
- 6.35 From the reconciliation statement it is observed that DIL has utilized coal of 145143 MT from its own stock for the energy supplied to MSEDCL for the period from 1 November, 2019 to 31 March, 2021 under Case- IV, Phase-II arrangement. Considering that the contract period of Case-4, Phase-II is up to 31 October, 2021, hence the final settlement for the above excess coal utilized by DIL from its own stock is not settled as on date. Petitioner submits that final reconciliation for the period from 1 November, 2019 to 31 October, 2021 will be carried out on completion of the said period and accordingly final settlement based on the reconciliation will be undertaken.
- 6.36 The change or variation in coal quantity and quality is factored in through a mechanism of 'Reconciliation of coal' envisaged as per Case IV Guidelines. Hence, there will be no impact of change or variation in quantity and quality of coal to be claimed through FAC mechanism.
- 6.37 In the context of Phase-II of Case- IV coal tolling contracts, MSPGCL may be presently allowed to recover Rs. 8.76 Crores. under FAC mechanism towards the impact on account of change in price of coal supplied to DIL for the period from 25 December, 2019 to 31 May, 2021 (Rs. 2.32 Crores. towards the increase in STC from 25 December, 2019 and Rs. 6.44 Crores towards the mine specific coal price from 1 January, 2021 to 31 May, 2021)

Comparison of the overall costs of power supplied under tolling arrangement with the cost of generation from MSPGCL stations considered for tolling:

- 6.38 As per Case IV Guidelines, for floating a tender, ceiling tariff is set as lowest of the variable cost of the generating station whose power is to be replaced by generation from IPP. Hence, the benefit envisaged in view of reduction in cost of power generating station under these guidelines is already factored in when IPP has quoted tariff below ceiling tariff and agreement is executed at the discovered tariff rate, i.e., lower than the ceiling