Before the Maharashtra Electricity Regulatory Commission, Mumbai

Submission in Case no: 187 of 2024
Date: 22nd January 2025

IN THE MATTER OF

Multi Year Tariff Petition of Maharashtra State Power Generation Company Ltd (MSPGCL) for True Up of FY 2022-23 & FY 2023-24, provisional True Up for FY 2024-25 and projected ARR & tariff for FY 2025-26 to FY 2029-30 in 5th MYT Control Period, under section 61 & 62 of the Electricity Act 2003, MERC (Multi Year Tariff) Regulations, 2019 and MERC (Multi Year Tariff) Regulations, 2024 (MERC Case No. 187/MY/2024)

SUBMISSION FROM PRAYAS (ENERGY GROUP)

MSPGCL filed a MYT petition for the final true up of FY23 and FY24, provisional true-up of FY25, and approval of ARR and tariff for FY26 to FY30. A public hearing in this regard was held on 8th January 2025. Prayas (Energy Group) made a brief presentation with some inputs during the hearing. As permitted by the Chair during the hearing, we are now sharing our written submission with detailed comments. We request the MERC to consider this submission on record.

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1. Coal Procurement:

1.1. Coal Quality

In para 12.4.1.4 of the petition, MSPGCL has requested that the entire variation in coal GCV between loading and unloading points be passed through. MSPGCL has made this ask in previous petitions, including the previous multi-year tariff proceedings (296 of 2019) and mid-term review process (227 of 2022). In Order 296 of 2019, MERC did not allow the entirety of the slippages, stating that:

"7.11.14 ***The Commission is of the view that if entire GCV loss is allowed, then there will be no incentive for MSPGCL to control the GCV loss****. Hence, the Commission allows the relaxation of 225 kCal/kWh in loss of GCV in addition to 300 kCal/kg as per MERC MYT Regulations, 2019, for FY 2020-21. Further,* ***the Commission feels that MSGPCL should gradually try to reduce the GCV loss and accordingly approves the relaxation for subsequent years with some improvement in GCV*** *as follows:*

*FY 2021-22: Relaxation of 200 kcal/kg in loss of GCV in addition to 300 kCal/kg as per MYT Regulations, 2019. [..]" [**Emphasis added**]*

While the Commission also denied this ask in Order 227 of 2022, it further increased the allowances for FY21 and FY22 to 650 kcal/kg and 625 kcal/kg, respectively. It also increased the allowances for FY23, FY24 and FY25 to 600 kcal/kg, 575/625 kcal/kg, and 550/575 kcal/kg. The Commission has also consistently directed MSPGCL to take adequate steps to minimize grade slippages.

Despite these directions and the multiple relaxations in GCV afforded by the Commission, MSPGCL recorded grade slippages that annually averaged around 760-900 kcal/kg over the FY21-FY25 control period – with slippages as high as 1200 kcal/kg (or 4 grades and 30% of the corresponding GCV As Billed) being recorded in some cases.

Despite its claims (in para 12.4.1.3 of the petition) that *"till the time unloading of coal has happened, the coal has not even been handled by MSPGCL"*, MSPGCL's prayers for relaxation and pass-through of costs arising out of GCV degradation between loading and unloading points are untenable. Most of MSPGCL's coal purchase from coal companies is governed by the Fuel Supply Agreement (FSA) signed with CIL or its subsidiaries. Para 7 of CIL's model Fuel Supply Agreement (FSA) clearly states,

"7. Transfer of Title to Goods

Once delivery of coal have been effected at the Delivery Point by the Seller, the property/title and risk of Coal so delivered shall stand transferred to the Purchaser *in terms of this Agreement. Thereafter the Seller shall in no way be responsible or liable for the security or safeguard of the Coal so transferred. The Seller shall have no liability, including towards increased freight or transportation costs, as regards missing/diversion of wagons/rakes or road transport en-route, for whatever causes, by Railways, or road transporter or any other agency." [**Emphasis added**]*

Given this, the coal becomes MSPGCL's property at the loading/delivery point and all the risks thereafter are transferred to it. If MSPGCL is allowed slippages over and above the generous allowances already provided for in the tariff regulations, it dilutes the accountability of the generator, and the consumer bears the undue burden of such slippage. The Commission has recognised this, and in the EM for MYT Regulations 2019, it states:

"***It is the responsibility of the Generator to ensure quantity as well as quality of coal from loading point till the unloading point and further to firing of coal****...The Consumers are paying the price of coal at loading point and hence, in the interest of consumers, it is proposed to consider the quality of Coal for which the Generator pays. Accordingly, the "GCV as billed basis" is proposed to be considered for computation of Energy Charges." [****Emphasis added****]*

Moreover, at least at stations where MSPGCL has ro-ro, merry-go-round, conveyor-belt based coal delivery, coal gets loaded onto these at sites owned and operated by MSPGCL.

MSPGCL, in its petition, also states that it is leaving no stone unturned in attempting to control grade slippages. However, this is difficult to verify, since most supporting documents uploaded with regard to coal quality were inaccessible on the generator's website, as discussed in section 4.

While ensuring MSPGCL is held accountable and consumer interests are safeguarded, the Commission must also take steps to address the generators concerns with coal sampling and grade declaration at the mine end. Towards addressing this challenge and improving reliability of sampling, the generating company could undertake the installation of tamper-proof and automated sampling equipment, including Auger samplers, at the point of delivery on the mine siding. Given the extent of impacts, the costs for such infrastructure could be shared between the generator and the consumer. MERC should direct MSPGCL to undertake a techno-economic study or commission pilots to understand the impact of such measures on grade slippages between the loading and unloading end.

Thus, we request that the Commission:

- Disallow any slippages between GCV As Billed and GCV As Received, over and above that already stipulated in the applicable Regulations
- Direct MSPGCL to undertake a techno-economic study or pilot in installing tamper-proof and automated sampling equipment at the mine end, and make available the findings of such study/pilot in the public domain
- Mandate that MSPGCL provide reports and documents with regard to steps taken by them to reduce grade slippage, on their website in an accessible manner

1.2. Coal Washing

As per para 3.4.1.1 of its petition, MSPGCL has envisaged a plan for coal beneficiation to the extent of 11.3 MMT, to improve the quality of coal. However, in para 12.3.2 (e), MSPGCL states that it has envisaged the beneficiation of coal for 19.91 MMT.

Additionally, MSPGCL states that it is undertaking coal beneficiation towards improving coal quality at multiple instances in its petition. In para 12.2.2.13 of its petition, *"Increase in GCV of coal"* is first on its list of Tangible benefits of use of Washed Coal. However, the generator, in the same para, also states, *"**In the last 2 years of washed coal usage**, it is observed that even though the GCV of the washed coal is not improving considerably, …" **[Emphasis added]***

MSPGCL has submitted the results of Cost Benefit Analysis (CBA) for coal beneficiation in Annexure 09 of its petition. The submitted CBA is subject to conditions such as *"GCV DATA PERTAINS TO 3X660 MW KTPS only"* and *"RAW ROAD LANDED COST DOES NOT INCLUDE TRANSPORTATION COST"*. As per the data submitted by the generator, the Rs./Kcal price of washed coal is higher than the Rs./Kcal price of raw coal in nearly all the instances where both the values have been reported, as illustrated in Table 1.

Table 1. Comparison of Rs./Kcal price of washed and raw coal, as submitted by MSPGCL in Annexure 09

FY	Coal Company	Raw coal (Rs./Kcal)	Washed coal (Rs./Kcal)
FY23	WCL-Road	1.039	1.1
	SECL	1.005	1.01
	MCL	0.831	1.18
FY24	WCL	1.143	1.49
	WCL-Road	0.956	1.3
	SECL	1.281	1.11
	MCL	1.103	1.21
FY25	WCL-Road	1	1.4
	SECL	1.053	1.07
	MCL	1.12	1.25

Moreover, as per Table 145 of the petition, the GCV of washed coal is *lower* than that of raw coal sent to the washery in some instances (for Koradi in FY23 and FY24, and Chandrapur in FY24).

It is important to note that in para 6.8.3 of Order 296 of 2019, MSPGCL envisaged supply of washed coal from FY20 and submitted that coal beneficiation is likely to achieve the improvement in GCV by 500-600 kcal/kg. In the absence of any analysis to support these claims, MERC directed MSPGCL to *"carry out the proper cost benefit analysis of coal beneficiation after receiving the tenders and before going ahead for placing the contracts for coal beneficiation. **MSPGCL should try to ensure that the effective landed price of washed coal at thermal station in terms of Rs./Kcal is lower than the landed price of normal mined coal at thermal station in terms of Rs./Kcal**."[**Emphasis added**]*

As seen in Table 1, this is not the case. Improvements in coal quality on account of washing have not been to the extent claimed by MSPGCL. It should also be noted that MSPGCL has not carried out a detailed CBA for coal beneficiation to justify the prudence of undertaking coal washing, even at the end of the control period. While the generator lists tangible and intangible benefits of coal washing in para 12.2.2.13 of this petition, it does not provide robust and quantitative justification for even the tangible benefits of washed coal at a plant level.

Given MSPGCL's intention to rely on washed coal in the upcoming control period, tariff format F2.2 should be amended as suggested in Table 2. This will allow better assessment of the impacts of coal beneficiation by comparing the the GCV of the raw coal sent to the washery with the GCV of washed coal and the price of doing so.

Table 2. Suggested amendment to F2.2

Sr. No.	Particulars	Units	...	...
...	...	...	...	...
2.1.3	Fuel 3- Washed Coal		...	...
2.1.3.1	Coal sent to washery	Kcal/unit	...	...
2.1.3.2	Coal received from washery	Kcal/unit	...	...

There are several discrepancies in the reporting of washed coal GCV As Billed for the true-up period, as per the data reported in the current petition's tariff formats. This is discussed in detail in section 4 of this submission.

The significant additional costs on account of coal washing will be passed through to the consumer. It is crucial that such costs be allowed only if there is proportionate and demonstrable advantages to undertaking such costs. This is especially a concern given that, unlike notified coal prices, the price of coal washing is neither discovered in a competitive market nor governed by any regulatory agency. MSPGCL plans significant use of washed coal for several of its generating stations in the forthcoming control period as well. Towards safeguarding consumer interests, such costs must be allowed only after scrutinising plant-wise justification of benefits and cost impacts.

Thus, we request that the Commission:

- Direct MSPGCL to submit plant-wise details on impact of coal washing in the next control period
- Disallow the associated coal washing costs until such details are submitted and scrutinised, subject to a public process, and it is confirmed that the landed Rs/kcal cost of washed coal is lower than raw coal
- Amend the tariff format F2.2 in line with Table 2 of this submission

1.3. Coal from Gare Palma-II

The techno-economic viability study, mentioned in para 12.3.2.39, analyses coal utilisation from GP-II at various MSPGCL plants. Based on this, MSPGCL's Board concluded that GP-II coal is not viable for Chandrapur and Parli units. Despite this, in the FY26-FY30 control period, coal from GP-II has been envisaged for Chandrapur Units 8&9 and Parli Unit 8. This is a concern on account of the increase in energy charge in Chandrapur Units 8&9 and Parli Unit 8 when using GP-II coal, as compared to linkage coal, as seen in Table 8 of Order 231 of 2019.

Para 12.3.2.45 tabulates the indicative prices of coal from GP-II, excluding transportation, in the FY26-FY30 control period. The prices range from Rs. 2840/MT in FY26 to Rs. 6115/MT in FY28.

Given the distance of the mine from MSPGCL plants, transportation costs considered are also high (Rs. 1,289/MT for Koradi 8,9,10, Rs. 1666/MT for Chandrapur 8&9, Rs. 2,289/MT for Parli 8). The GCV for GP-II, considered for computing energy charges, is 3265 kcal/kg, which corresponds to grade G-14. Thus, the cost of MSPGCL's GP-II integrated mine is projected to be much higher than the equivalent CIL notified price. The notified price of G-14 coal as per CIL price notification 2023 is much lower, at Rs. 758/MT. Considering WCL-specific charges over and above notified price, and assuming Maharashtra-specific taxes, the cost of G-14 coal exclusive of transportation charges from CIL linkages amounts to around Rs. 1812.3/MT making coal procurement from GP-II 1.57-3.37 more expensive than procuring it from CIL.

In addition to increased costs and delays in production, coal quality from GP-II has been a concern. In para 12.3.2.54 of this petition, MSPGCL states *"Because of the variation in the GCV due to the initial seams, MSPGCL may take the appropriate call on utilisation of the GP II coal during that time"*. The issue of quality has also raised doubts regarding the viability of coal procurement from GP-II, as seen in Order 231 of 2019, where MSPGCL submitted that *"With inferior coal grades, the development of Gare Palma II may be economically unviable and, therefore MSPGCL is considering the future course of action"*.

Coal from GP-II mines are expensive and of lower quality than expected, apart from being located far away from MSPGCL plants. Such procurement is hence not likely to be in the interest of the consumer or MSPGCL. The higher VC for TPPs on account of coal procurement from GP-II will result in the plants moving lower down on the MoD, and may also likely result in them being not scheduled at all. Instead, MSPGCL could consider swapping linkages to replace coal dependence on GP-II. The Commission should require MSPGCL to undertake a study to identify prudent coal supply options before starting procurement of expensive, lower quality coal from GP-II.

It is important to note that GP-II is a captive mine allotted to MSPGCL, and an objective of offering coal mines for captive use is to reduce power tariffs. The procurement of coal from such captive mines should be at a price lower than CIL's notified price. This is also consistent with Regulation 56.1 of the Commission's MYT regulations 2024. Therefore, even if MSPGCL procures coal from GP-II for any of its stations, the input price of coal from GP-II should be capped at the CIL notified price for the corresponding grade.

Thus, we request that the Commission:

- Direct MSPGCL to undertake a study to establish the prudence and optimality of procuring coal from GP-II, which should be subject to public review
- Ensure that utilisation of GP-II coal is contingent on detailed analysis for justification, and is only approved after public review and consultation
- Direct MSPGCL to explore other options such as swapping GP-II coal with CIL linkages to minimise cost
- Cap the input price of coal from integrated mine GP-II at the CIL notified price for the corresponding grade, in line with Regulation 56.1 of MERC MYT regulations 2024
- Disallow use of washed coal from GP-II without a detailed cost-benefit analysis to justify it, similar to the point made above regarding use of washed coal

1.4. Coal Imports

In para 12.3.2.35 of its petition, MSPGCL states that *it "procures imported coal as per blending directives of MoP"*. The most recent MoP advisory was only applicable till 15th October 2024 and is no longer applicable. However, MSPGCL submits that coal procurement contracts are being placed for supply of 2.08 MMT of imported coal till May 2025, with an additional 1 MMT being required to meet shortfall of coal.

MSPGCL recognises that imported coal procurement results in significantly higher costs, and other avenues of coal procurement (such as e-auctions) could prove to be better alternatives (para 12.3.2.59). Given the impact of such procurement on consumer tariffs, imported coal should only be considered as a last resort.

MSPGCL claims that it was *"mandated to buy the costly imported coal for blending purpose on immediate basis, even though usage of imported coal is generally not undertaken during monsoon months"*. However, it should be noted that the MoP letters regarding coal blending, including the latest dated 27 June 2024, are merely Advisories to all GENCOs, and not mandates. For example, the advisory dated 27 June 2024 has the subject as *"**Advisory to all GENCOs** including Independent Power Producers (IPPs) for timely Import of Coal for blending purposes and maximizing production in captive coal mines reg"*. Additionally, Para 5 of the same letter reads *"GENCOs must also continuously review the stock positions of their domestic coal based plants (DCBs) and **opt for blending as per the requirements** so that the adequate coal stocks are maintained at the thermal power plants". [**Emphasis added**]*

There are no mandates or advisories for blending currently applicable to MSPGCL and more prudent options of fuel supply are available to the generator for the FY26-FY30 control period. Despite this, MSPGCL continues to plan for procurement of imported coal for Bhusawal, Chandrapur, Khaperkheda, Koradi and Nashik.

Thus, we request that the Commission:

- Ensure that the most prudent avenue of coal procurement is chosen, and disallow cost impacts of unreasoned, imprudent fuel procurement
- Scrutinise considerations of imported coal and ensure MoP advisories are not interpreted as mandates

2. Projections for FY26-FY30

2.1. High proportion of thermal generation till FY30

The MSPGCL petition projects coal-based generation for the second half of FY25, and the FY26-FY30 control period. The projections for generation in the second half of FY25 is unreasonably high, as shown in Table 3.

Table 3. Unrealistic PLF projections for H2 FY25

	Apr-Sep (A)	Oct-Mar (B)	Oct-Dec (C)	Jan-Mar (D)
	Actuals as submitted in F2.2	Estimates as submitted in F2.2	Actuals compiled from National Power Portal	Calculated based on (B) and (C)
Bhusawal	64%	83%	63%	104%
Chandrapur	61%	81%	57%	106%
Khaparkheda	75%	77%	73%	82%
Koradi	70%	84%	73%	96%
Nashik	51%	79%	53%	106%
Paras	64%	85%	70%	101%
Parli	56%	85%	60%	112%

Most of MSPGCL's plants will have to generate at PLF's exceeding 100% over Jan-Mar, to be in line with the estimates submitted in the petition, which is highly unrealistic. Generation from MSPGCL's coal fleet for FY26 is projected from this elevated base to further increase by 13%. No growth is projected for the remainder of the control period.

MSPGCL's generation projections have significant impacts on system operations and fuel procurement planning, and by extension, on electricity supply and consumer tariffs. Towards optimal and prudent operations and fuel procurement, the Commission must disallow unrealistic projections of generation by MSPGCL for its coal fleet.

The high VC projected for MSPGCL (up to Rs. 7.77/unit) plants further reduces their probability of being scheduled, and calls to question the extent of coal-based generation projected by MSPGC. MSPGCL, in para 14.2.1.6 of its petition, acknowledges that the normative PLF assumed results in higher generation. It also acknowledges that the generation profile as per the norms would materialize only if the stations fall under the merit order dispatch, which is unlikely given the aforementioned high VC and increased RPO targets. Furthermore, as per section 5.4 of MSEDCL's Resource Adequacy Plans, *"The coal capacity PLF is expected to remain in the range of 53%- 68% for the years till 2032"*. Despite the reality that none of MSPGCL's TPPs have operated at normative PLF in the last control period, normative PLF is assumed for the projection of generation from MSPGCL TPPs in the FY26-FY30 control period.

The projected net annual generation from MSPGCL's coal fleet is comparable, on average, to 33% of MSEDCL's energy demand in the FY26-FY30 period. On including generation from Bhusawal unit 6, which is expected to begin operations by 31st January 2025, the proportion increases to an average of 35.4%. Such projection is unrealistic. Actual generation from MSPGCL as a proportion of MSEDCL's total power procurement declined from 34% in FY18 to 31% in FY22. This declining trend is likely to continue given the ongoing energy transition and the RPO target of 43.3% by FY30.

Further, towards adherence to RPO targets, significant must-run RE capacity will be brought online in the coming control period. MSEDCL has also recently contracted a composite 5000 MW solar and 1600 MW coal-based project, as per Order 155 of 2024. There is also significant operational MSPGCL coal-based capacity, including R&M expenses undertaken for older units with deferred retirements and under construction capacity of Bhusawal Unit 6 and Koradi 11 and 12. Given this, there is no case for any new coal based capacity addition by MSPGCL. The Commission must reconsider the prudence of capacity additions beyond that under construction, and mandate that any additional capacity additions be considered only through Section 63, as stipulated in Regulation 19.3 of MERC MYT Regulations 2024.

Thus, we request that the Commission:

- Disallow the unrealistic PLF considerations and generation projected by MSPGCL and direct MSPGCL to adopt realistic and analysis based projections in all its future submissions
- Disallow any further coal-based capacity additions by MSPGCL, particularly under Section 62

2.2. Pollution Control Equipment CapEx

MSPGCL includes the impact of Pollution Control Equipment (PCE) on station ARR as part of its tariff formats. In para 14.3.1.6, MSPGCL submits the per unit charges on account of reagent costs for PCE operations, which leads to increased energy charges. The significant spikes in VC, in the range of Rs. 0.1-0.72/kWh, are applicable to some units as early as FY26. Increased auxiliary consumption on account of PCE operation is also claimed by MSPGCL from the beginning of the next control period.

As of 30th December 2024, MoEFCC further pushed back the deadlines for SOx compliance by three years. Given the VC impact of running the PCE and the lack of a legal mandate to do so, it is rational for MSPGCL to not utilise their PCE so as to not affect their position on the MoD stack. Therefore, any PCE-related tariff and operational relaxations (such as auxiliary consumption) on account of PCE should only be allowed based on proof of PCE utilisation submitted by MSPGCL.

Thus, we request that the Commission:

- Ensure that auxiliary consumption and variable cost impact of PCE should only be allowed based on proof of PCE operation in light of the new MoEFCC notification

3. Consideration of LPS Rule 9

In accordance with MoP's Electricity (Late Payment Surcharge and Related Matters) (Amendment) Rules 2024, generators are required to offer un-requisitioned surplus (URS) power) in the power exchange. Rule 9, according to the Amendment, states

"(1) A distribution licensee shall intimate its schedule for requisitioning power for each day from each generating company with which it has an agreement for purchase of power at least two hours before the end of the time for placing proposals or bids in the day ahead market for that day, failing which ***the generating company, shall offer, the un- requisitioned surplus power including the power available against the declared capacity of the unit under shut down, in the power***

exchange, subject to the limitation of ramping and start up capability as specified by the Appropriate Commission*:*

Provided that if the power so offered by the generating company is not cleared in Day-Ahead Market, it shall be offered in other market segments, including the Real Time Market, in the power exchange: Provided further that such offer of power, in the market shall be at a price not exceeding 120 per cent of its energy charge, as determined or adopted by the Appropriate Commission or calculated under the directions, issued by the Central Government, under section 11 of the Act, if applicable, plus applicable transmission charges:

Provided also that if the generating company fails to offer such un-requisitioned surplus power in the power exchange, the un-requisitioned surplus power to the extent not offered in the power exchange up to the declared capacity shall not be considered as available for the payment of fixed charges*." [****Emphasis Added****]*

Given the likely impacts on the generating company's finances, and towards better resource utilisation, the Commission should direct MSPGCL to sell URS power. To ensure the monitoring of such sale of URS power, the Commission should require MSPGCL to submit data tracking the treatment of un-requisitioned capacity. A format for such tracking is suggested in Table 4.

Table 4. Proposed format for tracking of URS from each unit

For each generating unit:							
Contracted Capacity	Declared Capacity	Scheduled Capacity	Un-requisitioned capacity	Capacity offered for sale	Bid offered	Capacity sold	Remaining capacity
A	*B*	*C*	*D=B-C*	*E*	*F*	*G*	*H=D-G*
(MW)	(MW)	(MW)	(MW)	(MW)	*(₹/unit)*	(MW)	(MW)
Block 1							
Block 2							
….							

Such tracking should be reported on the MSPGCL's website periodically, say every month, and submitted to the Commission. Additionally, to ensure accountability, MSPGCL should submit certification towards the capacity offered for sale, bid offered, and the capacity sold from the power exchange.

Thus, we request that the Commission:

- Direct MSPGCL to publish on their website the necessary information to track capacity declared available, scheduled and offered on the market as suggested in Table 4, and require that such data (with power exchange certification) be submitted to the Commission on a monthly basis
- Allow fixed cost recovery only after consideration of such data submitted by MSPGCL, and in line with LPS Rule 9 of the MoP

4. Issues with reporting

There are several noted instances of errors and discrepancies in the submitted petition by MSPGCL, such as:

1. Tariff format errors: For Chandrapur Units 3-7, the availability estimated for FY25 exceeds 100%, on account of it being calculated as the sum of actual availability from April to September and the estimated availability from October to March (Sheet F2.2, Cells Q15 to Q19).
2. Inaccessible files: As part of its data gaps reporting, MSPGCL has uploaded documents highlighting its compliance with the Commission's repeated directives to minimize grade slippage, in the section '[DG - 004 Comm wh MoC and Others for Grade Slippage](https://www.mahagenco.in/Data-Gap-File?id=4&folderName=DG%20-%20004%20Comm%20wh%20MoC%20and%20others%20for%20Grade%20Slippage)' (https://www.mahagenco.in/Data-Gap-File?id=4&folderName=DG%20-%20004%20Comm%20wh%20MoC%20and%20others%20for%20Grade%20Slippage). However, five out of the six files uploaded are not downloadable. Similarly, files listed in the section '[DG-II Annexures](https://www.mahagenco.in/Data-Gap-File?id=85&folderName=DG-II_Annexures)' (https://www.mahagenco.in/Data-Gap-File?id=85&folderName=DG-II_Annexures), pertaining to capital expenses and coal washing, are also not accessible.
3. Discrepancies in coal washing data: As part of reporting in tariff format F2.2, GCV of washed coal is reported As Billed and As Received. The GCV As Billed for raw coal is better than that of washed coal in most instances, across the true-up and projected period. Additionally, for the same considered period, the GCV of washed coal As Billed is lower than the GCV of washed coal As Received in several instances. This suggests that the quality of washed coal improves during transit which is clearly impossible. Given its impact on consumer tariffs, coal washing costs should only be approved subject to clarification of such discrepancies and justification of prudence as discussed in section 1.2 of this submission.

Many of the problems highlighted in this submission could have been identified early and action could have been taken, if a rigorous and diligent technical validation session (TVS) involving more stakeholders had been conducted.

> Thus, we request that the Commission:
>
> - Ensure that rigorous TVS involving a wide variety of stakeholders takes place for all important tariff processes
> - Direct MSPGCL to supply the missing data and correct the data discrepancies before issuing the tariff order

We request the Commission to accept this submission on record and to allow us to make additional submission in this matter, if any.

Prayas (Energy Group)
Place: Pune
Date: 22nd January 2025