



UTTAR PRADESH ELECTRICITY REGULATORY COMMISSION

LUCKNOW

Petition No. 2233 of 2025

Filed by

Uttar Pradesh Rajya Vidyut Utpadan Nigam

IN THE MATTER OF

**Petition under Section 62 and 86 (1) of the Electricity Act 2003
together with relevant provisions of Uttar Pradesh Electricity
Regulatory Commission (Conduct of Business) Regulations, 2019
and UPERC (Terms and Conditions of Generation Tariff)
Regulations, 2024 for approval of Final Capital Cost, Annual
Revenue Requirement & determination of provisional Tariff in
respect of (1X660 MW) Panki Extension Thermal Power Station of
U. P. Rajya Vidyut Utpadan Nigam (UPRVUNL).**

DD.29.09.2026





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Petition No. 2233 of 2025

Before

THE UTTAR PRADESH ELECTRICITY REGULATORY COMMISSION

LUCKNOW

Date of Order: 29.09.2026

Present:

Hon'ble Shri Arvind Kumar, Chairman

Hon'ble Shri Dr. Sanjay Kumar Singh, Member

Hon'ble Shri Griesh Kumar Vaish, Member (Law)

IN THE MATTER OF: Petition under Section 62 and 86 (1) of the Electricity Act 2003 together with relevant provisions of Uttar Pradesh Electricity Regulatory Commission (Conduct of Business) Regulations, 2019 and UPERC (Terms and Conditions of Generation Tariff) Regulations, 2024 for approval of Final Capital Cost, Annual Revenue Requirement & determination of provisional Tariff in respect of (1X660 MW) Panki Extension Thermal Power Station of U. P. Rajya Vidyut Utpadan Nigam (UPRVUNL))

Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited (UPRVUNL),

14th floor, Shakti Bhawan Extension, Ashok Marg, Lucknow – 226001**Petitioner**

Versus

1) Uttar Pradesh Power Corporation Limited (UPPCL),

14- Ashok Marg, Shakti Bhawan, Lucknow 226001

2) Madhyanchal Vidyut Vitran Nigam Limited (MVVNL),

4-A, Gokhale Marg, Lucknow – 226001

3) Purvanchal Vidyut Vitran Nigam Limited (PuVVNL),

DLW, Bhikaripur, Vidyut Nagar, Varanasi - 221004

4) Paschimanchal Vidyut Vitran Nigam Limited (PVVNL),

Urja Bhawan, Victoria Park, Meerut - 250001

5) Dakshinanchal Vidyut Vitran Nigam Limited (DVVNL),





Urja Bhawan, NH-2, Sikandara Road, Agra- 282007

6) Kanpur Electricity Supply Co. Ltd. (KESCO),

KESA House, 14/71, Civil Lines, Kanpur – 208001

.....**Respondents**

The following were present:

1. Ms. Puja Priyadarshini, Advocate, UPPCL
2. Shri Rishabh Bhardwaj, Advocate, UPPCL
3. Shri Hari Shyam, C.E. (Commercial), UPRVUNL
4. Shri Divyanshu Bhatt, Advocate, UPRVUNL
5. Shri Abhayaditya Singh, Advocate, UPRVUNL
6. Shri Shailendra Tewari, Consultant, UPRVUNL
7. Shri Prakher Shukla, Advocate, UPRVUNL
8. Shri Vishal K Gupta, Advocate, UPRVUNL
9. Shri Rajkumar Verma, A.E. (Commercial), UPRVUNL
10. Shri Manish Diwvedi, CE PPA, UPPCL
11. Shri Jagnayak Singh, SE PPA, UPPCL

ORDER

(Date of Hearing- 14.07.2026)

1. Background

1.1. Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited (hereinafter referred to as "UPRVUNL" or the "Petitioner"), is a wholly owned company of the Government of Uttar Pradesh and was incorporated on 25.08.1980 with the principal object of generation of electricity. All the electricity generated by the Petitioner is sold to Uttar Pradesh Power Corporation Limited ("UPPCL"), which is vested with the responsibility of distribution of electricity in the State of Uttar Pradesh.

1.2. The EPC Contract of Panki Ext. Thermal Power Station consisting of 1x660 MW Unit having supercritical technology was awarded to M/s BHEL on date March 31, 2018. The project is in district of Kanpur about 15 KM from Kanpur Central Railway Station on Kalpi Road.





- 1.3. The Thermal Power Plant is to be fed by the coal from "Saharpur Jamarpani coal block" which will be developed by UPRVUNL. Also Bridge linkage for the project has been granted by the Ministry of Coal. However, due to various reasons, including law and order issues, the coal block could not be made operational.

2. Application for the determination Multi Year Tariff and Provisional Capital Cost

2.1 Submission of the Petitioner

- 2.1.1. The Petitioner has submitted that, for the purpose of determining the opening Gross Fixed Assets (GFA) as on 23.04.2025 (COD on 24.04.2025), the project cost pertaining to FGD and SCR has been deducted from the total project cost certified by the statutory auditor. The details of GFA as submitted by the Petitioner are as follows:

Table 1 Opening Gross Fixed Asset Balance of 'Panki Extension (660 MW) TPS' (in Rs. Cr.)

Particulars	GFA (as on 23.04.2025)
Opening Gross Fixed Asset (GFA) as on 23.04.2025.*	Rs. 7,445.13 Cr.
Less: Cost of FGD and SCR (as on 23.04.2025 based on CA Certificate) **	Rs. 173.74 Cr.
Opening Gross Fixed Asset (GFA) (Excluding the Cost of FGD and SCR) on 23.04.2025.	Rs. 7,271.39 Cr.

*Inclusive of Cost of FGD and SCR (As per Auditor Certificate the capitalization on account of FGD & SCR on 23.04.2025)

** The Fixed Charges related to FGD and SCR has been treated under Supplementary Tariff Section

- 2.1.2. Summary of the Annual Capacity Charges (Fixed Charges) claimed for Control Period FY 2025-26 to FY 2028-29.

Table 2 Annual Fixed Charges and Energy Charges claimed by Petitioner for FY 2025-26 to FY 2028-29 (in Rs. Cr.)

Sr. No.	Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
1	Depreciation	377.00	391.20	405.40	405.40
2	Interest on Loan	533.77	512.82	490.33	446.18
3	Return on Equity	327.21	339.54	351.86	351.86
4	Interest on Working Capital	93.24	93.81	94.32	94.23
5	Operation & Maintenance	179.06	188.50	198.40	208.82
7	Total Annual Capacity Charges	1510.28	1525.87	1540.32	1506.51





Sr. No.	Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
8	Total Energy Charge	1951.34	1951.34	1956.68	1951.34

2.1.3. The Petitioner has determined the Energy Charges for the Base Year (FY 2025-26) in accordance with the norms specified in the applicable Regulations. For the subsequent years no escalation in the prices of oil and coal has been considered at this stage.

2.1.4. Further, the Petitioner has claimed supplementary tariff for FGD and SCR for FY 2025-26 to FY 2028-29 as submitted below:

Table 3 Determination of Fixed charge and Energy Charge on account of Emission Control System for the Control Period (in Rs. Cr.)

Sr. No.	Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
1	Depreciation	9.01	17.09	25.16	25.16
2	Interest on Loan	9.67	17.60	24.87	22.79
3	Return on Equity	7.82	14.83	21.84	21.84
4	Interest on Working Capital (SBI MCLR + 350 basis Points) as on 1st April of FY	3.21	3.61	3.98	3.99
5	O & M Expenses	9.71	10.22	10.75	11.32
6	Total Supplementary Annual Capacity Charge	39.42	63.34	86.61	85.10
7	Total Supplementary Annual Energy Charge	79.64	79.64	79.64	79.64

2.2 Additional Submission of the Petitioner

2.1.5. As per Commission's direction, petitioner has submitted the revised Tariff Forms through an additional affidavit dated 18.09.2025, along with a revised Auditor's Certificate for the Project Cost after excluding the expenditure towards the Emission Control System, with a clear bifurcation of the expenditure pertaining to FGD and SCR. The Commission has considered the additional Submission filed on 18.09.2025 for determining the Provisional tariff.

2.2. Prayer(s) of the Petitioner:

2.2.1. The Petitioner respectfully prays followings to the Commission:

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- a) Admit the proposal submitted by the Petitioner for favourable consideration as detailed in the enclosed petition, along with any clarifications submitted in this regard;
- b) Approve the provisional Capital Cost, norms for regent used in emission control system.
- c) Approve the provisional tariff with effect from the COD for Control Period FY 2024-25 to FY 2028-29.
- d) Permit recovery of Statutory charges like water cess, water cost, payment to Pollution Control Board, rates and taxes, Regulatory fees, Tax on Income, Forest cess, Pay Commission revision impact, other fuel related costs, station supplies, lubricants and consumables critical to the generating stations, Gratuity and Provident fund, fees payable to UPERC/CERC/CEA/UPSLDC and any other payment made to fulfil statutory requirements on actual basis.
- e) Condone any inadvertent omissions/errors/shortcomings and permit to add/change/modify/alter/clarify this filing and make further submissions as may be required at a future date; and
- f) Permit recovery of expenses understated/ not considered in this Petition subsequent to the submission of this petition.
- g) Pass such further orders, as the Commission may deem fit and proper, keeping in view of the facts and circumstances of the case.

3. Record of Proceedings

- 3.1.1. During the hearing on 19.08.2025, the petitioner was directed to cure the deficiencies in the petition and to submit the requisite information along with revised tariff forms through an additional affidavit. The Petitioner was also directed to submit a revised Auditor's Certificate for the project cost, excluding the expenditure incurred on the Emission Control System, along with a separate bifurcation of costs pertaining to the FGD and SCR systems.
- 3.1.2. Thereafter, hearings were held on 23.09.2025 and 30.10.2025. Pursuant to the hearing conducted on 30.10.2025, the ROP order was issued on





11.11.2025, whereby six weeks' time was granted to the Respondent for filing their reply, and a further period of four weeks was granted thereafter to the Petitioner for filing its rejoinder.

3.1.3. Subsequently, during the hearing on 20.01.2026, the Commission allowed the IA regarding interim payment filed by UPRVUNL and directed UPPCL to verify and make payments to UPRVUNL in the interim for energy bills and for 80% of Annual Fixed Charges. Further hearings were conducted on 17.03.2026 and 07.04.2026. Vide order dated 13.04.2026, arising from the hearing held on 07.04.2026, four weeks' time was granted to the Respondent for filing its reply.

3.1.4. Thereafter, the matter was heard on 12.05.2026, and vide order dated 18.05.2026, four weeks' time was granted to the Petitioner for filing its submissions/reply. A further hearing was conducted on 14.07.2026, and the Commission reserved the matter for order.

4. Petitioner's Submission and Respondent's Reply

4.1. Capital Cost

Petitioner's Submission

4.1.1. The project scheme was initially approved in the Detailed Project Report (DPR) by the Government of Uttar Pradesh on 01.08.2014, with an initial estimated cost of Rs. 4,712.31 Crores, which was subsequently revised by an additional amount of Rs. 1104.39 Crores due to compliance with new provisions of environmental Standards (Change due to FGD and SCR related work)., increasing the total cost to Rs. 5,816.70 Crores. This revised cost was approved by the Government of Uttar Pradesh on 20th March 2018.

4.1.2. The capital cost further increased by Rs. 912.50 crore, from Rs. 5,816.70 crore to Rs. 6,729.20 crore, on account of transmission line shifting, start-up fuel, engineering review and inspection by NTPC, and monitoring-related works. This revised capital cost scheme was approved by the Board of Directors of the petitioner in its 202nd meeting held on 25 February 2022 and subsequently approved by the Appraisal Committee on 1st June 2022,

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followed by approval from the Government of Uttar Pradesh on 10 November 2022.

4.1.3. Further, the capital cost was enhanced by Rs. 1,575.96 crore, increasing from Rs. 6,729.20 crore to Rs. 8,305.16 crore. This increase was approved in the 7th meeting of the Board of Directors (post-merger with UP Jal Vidyut Nigam) held on 29th November 2024 and was forwarded to the Appraisal Committee of the Government of Uttar Pradesh on 26th December 2024, prior to the anticipated Commercial Operation Date (COD) of 31st March 2025.

4.1.4. However, the Appraisal Committee raised queries and directed submission of the final capital cost as on the COD. In compliance, UPRVUNL submitted a revised capital cost of Rs. 8,236.83 crore, thereby reducing the proposed additional increase from Rs. 1,575.96 crore to Rs. 1,507.63 crore. Thus, the overall project cost increased to Rs. 8,236.83 Crores. The revised proposal is presently under process for approval by the Board of Directors and, thereafter, will be placed before the Appraisal Committee of the Government of Uttar Pradesh, followed by consideration by the Energy Task Force and the UP Cabinet. The Breakup of three cost revisions is provided as below:

Table 4 Justification and Breakup of Project Cost Revision 1(in Rs. Cr.)

S No	Particulars	Estimated Cost as per DPR	Estimated Cost as per Revision-1	Increase in Cost	Justification of Cost increased
1	EPC Work (Excluding Tax)	3,030.00	3,715.00	685.00	The escalation in the project cost has primarily arisen on account of compliance with the revised environmental standards, incorporation of advanced technical parameters, inclusion of additional scope of works, and the consequent increase in civil works cost.
2	Non-EPC Work	365.79	365.79	-	No Change
	Tertiary Sewage Treatment Plant	-	249.92	249.92	The project cost has been revised as per the updated estimates prepared by Jal Nigam. Cabinet Approval dated 20.03.2018.
	Total Non-EPC Work	365.79	615.71	249.92	
	Total (EPC + Non-EPC Work)	3,395.79	4,330.71	934.92	
3	Estimated GST	379.77 (Pre GST)	668.70 (Post GST)	288.93	The project cost has further escalated on account of the applicability of GST and the consequent increase in tax incidence on





Multi Year Tariff and Provisional Capital Cost Approval for Panki Extension (1X660 MW) TPS for FY 2025-26 to FY 2028-29

S No	Particulars	Estimated Cost as per DPR	Estimated Cost as per Revision-1	Increase in Cost	Justification of Cost increased
					goods and services. Cabinet Approval dated 20.03.2018.
4	Margin Money	164.54	137.25	-27.29	
5	Finance Expenses	3.78	5.00	1.22	
6	IDC	768.44	675.04	-93.40	The rate of Interest During Construction (IDC), which was initially estimated at 11% in the original DPR, has been revised and considered at 10% for the purpose of cost computation.
	Total	4,712.31	5,816.70	1,104.39	

Table 5 Justification and Breakup of Project cost Revision 2 (in Rs. Cr.)

Head	Estimated Cost as per DPR (In Crores)	Actual / Estimated Cost as per Revision-2 (In Crores)	Increase in Cost (In Crores)	Justification of Cost Increase (Approvals of the project cost by Appraisal Committee on date 01.06.2022 is attached as Annexure-7)
Construction of two underpasses on the railway corridor for coal movement from Panki railway station to the project site	30.00	58.74	28.74	DPR for this component was initially prepared in 2013. Thereafter, UPRNN Ltd., vide its proposal dated 24.07.2020, submitted a revised cost estimate amounting to Rs. 58.74 crore. The cost increase is primarily attributable to the escalation in prices of construction materials and labour during the intervening period, which has resulted in higher cost of works.
Railway Siding Works	50.00	77.63	27.63	The Detailed Project Report (DPR) for this project was originally prepared in 2013. As per the updated information provided by RITES in September 2021, the cost of works has escalated owing to the substantial increase in the prices of materials and labour during the intervening period.
De-commissioning of Old 2x105 MW units	8.52	168.52	160.00	With the closure of the old units of the project and in the absence of any separate fund allocation under the O&M head, all decommissioning-related expenses were necessarily borne under the 1x660 MW Expansion Project. Accordingly, additional provisions had to be made towards expenditure on CISF deployment and common facilities, which has led to an escalation in the decommissioning cost.
Shifting of 220/132 kV transmission line and 33 kV feeders	-	32.16	32.16	Due to the constraint of limited land availability, the DPR of the project was prepared in 2013 with an optimized layout plan. Subsequently, following the revised MoEF norms of 2017, installation of FGD and SCR systems along with mandatory utilization of STP water was required. To integrate these additional facilities within the available land, modifications had to be made in the layout plan. Consequently, it



Multi Year Tariff and Provisional Capital Cost Approval for Panki Extension (1X660 MW) TPS for FY 2025-26 to FY 2028-29

Head	Estimated Cost as per DPR (In Crores)	Actual / Estimated Cost as per Revision-2 (In Crores)	Increase in Cost (In Crores)	Justification of Cost Increase (Approvals of the project cost by Appraisal Committee on date 01.06.2022 is attached as Annexure-7)
				became necessary to shift certain towers of the UPPCL 220/132 kV transmission line as well as the 33 kV feeders and overhead lines of DVVNL and Kesco, leading to additional cost impact.
Consultancy Charges	8.52	89.70	81.18	The design drawings prepared by the BHEL design agency were originally to be approved by UPRVUNL. However, since UPRVUNL lacked prior experience in the installation of supercritical technology-based thermal units, it was considered prudent to engage NTPC. Given NTPC's proven experience in this domain, as well as its ability to ensure the quality of supplied equipment and to provide effective project coordination, the decision was taken to utilize the services of NTPC.
Start-up Fuel	6.60	74.40	67.80	In the Detailed Project Report, the auxiliary steam system was proposed to be sourced from the existing 110 MW unit. However, with the decommissioning of the 110 MW unit, there has been an increase in the requirement of start-up oil, along with escalation in prices, resulting in an increase in cost.
Price Variation	4383.70 (Inclusive GST) +/-20% Price variation	4868.70 Estimated (Inclusive Price variation)	485.00	In line with the directions of the Government of India and the Central Electricity Authority, provision for price variation was incorporated in the contract. To maintain prudence, the ceiling on price variation was restricted to (+/-) 20%. For the Panki Project, the price variation works out to around 13% of the EPC cost, which is well within the prescribed ceiling of (+/-) 20%.
Tertiary Sewage Treatment Plant	249.92	279.91	29.99	In the revised project cost estimates, a provision of Rs. 249.92 crore has been made towards installation of a Tertiary Treated Effluent Plant (TTEP). However, GST was not included in the approved cost. Since the tax liability is extra, an additional burden of approximately Rs. 29.99 crore, calculated at the applicable GST rate of around 12%, arose under this head.
Total Increased Cost			912.50	





Table 6 Justification and Breakup of Proposed Cost Revision 3 (in Rs. Cr.)

Particulars	Actual / Estimated Cost as per Revision-2 (In crores)	Actual / Estimated Cost as per Revision-3 (In crores)	Increase in Cost (In crores)	Remarks
Construction of two underpasses on the railway corridor for coal movement from Panki railway station to the project site	58.74	65.58	6.84	The cost escalation is attributable to (i) increase in GST rates from 12% to 18%, (ii) increase in the scope of works (larger construction area), and (iii) revision in the standard schedule of rates issued by the Ministry of Road Transport and Highways (MoRTH).
Railway Siding Works	77.63	108.45	30.82	The cost escalation is attributable to (i) increase in GST rates from 12% to 18%, (ii) redesign and reconstruction of about 3 km of existing railway tracks, (iii) additional scope of civil, signalling & telecommunication (S&T) works, and overhead electrification (OHE) works, and (iv) increase in the prices of railway steel materials.
De-commissioning of Old 2x105 MW	168.52	247.87	79.35	The decommissioning of the existing 2x105 MW units and the withdrawal of their declared capacity resulted in delay in project execution activities, thereby contributing to cost overrun.
Consultancy Charges	89.70	91.52	1.82	An escalation of Rs. 0.45 crore occurred on account of review engineering, quality assurance and other consultancy services by NTPC, while an escalation of Rs. 1.37 crore arose due to site supervision services undertaken by DCLPL.
Pre-operative Expenses	211.65	305.99	94.34	The project cost has increased substantially due to price escalation of key inputs. As compared to the DPR rates of 2014, the price of steel has increased by about 1.53 times and the price of coal by about 1.2 times.
Price Variation	485.00	607.08	122.08	As per the terms of the EPC contract, price adjustment is admissible within a ceiling of (+/-) 20%. At present, the price escalation claimed by BHEL amounts to 15.06% of the EPC cost.
Tertiary Sewage Treatment Plant	279.91	296.33	16.42	The cost escalation under this head is attributable to (i) revision of GST rates from 12% to 18%, and (ii) increase in the scope of works, such as additional pipeline length, Connection for KESCO, laying of cables and construction of a new bay, among others.
Interest During Construction	675.04	1,831.00	1,155.96	
Total increased in 3rd Revision			1,507.63	





4.1.5. Accordingly, Petitioner has requested the Commission to consider and approve the revised project cost as **Rs. 8236.83 Cr.**

4.1.6. The Petitioner has submitted that the time overrun in execution of the Panki Extension (1X660 MW) TPS was primarily caused on account of factors largely beyond the reasonable control of the Petitioner, including escalation in civil works and other unforeseen circumstances. The details of the same is tabulated as below:

Table 7 Justification for Delay in CoD

S No	Description	Impact of Project Schedule	Remarks
1	Delay in Land handover to BHEL for PT plant Clarified water tanks due to DVVNL Office and Store	21 Months (November 2018 to September 2020)	The land utilized for the construction of the Power Plant and its associated facilities, including clarified water tanks, is encumbrance-free. However, during the planning and execution phase, certain portions of the land were not fully available due to the presence of the existing Dakshinanchal Vidyut Nigam Workshop, Store, and Office. The Petitioner undertook necessary arrangements to resolve the same, and all required clearances were obtained prior to commencement of construction activities on these portions of the land.
2	Delay in Land handover to BHEL for TG Area due to existing Ram Mandir and Shani Manidir at TG Area	12 months (June 2018 to June 2019)	During site execution the proposed drain alignment in the TG area is overlapping with the existing Ram Mandir, rendering construction unfeasible without impacting the Mandir. Furthermore, the presence of a Shani Mandir located almost at the center of the proposed road alignment in the TG area posed additional challenges for execution. Considering the sensitive nature of the matter involving religious structures UPRVUNL has taken utmost care to respect local sentiments while planning and finalizing the revised alignment.
3	Gaja Cyclone	04 Months (November 2018 to February 2019)	Boiler columns, Beams & Bracings, Structures, Ceiling Girders & Critical duct components which are loaded with Ancillary Units are affected, resulting in delay in supplies from the schedule committed.
4	Covid 1 st Wave	09 Months (January 2020 to September 2020)	Bought out Items (BOI) i.e. Slurry Pumps, Wet Ball Mills, Gypsum Dewatering System, Slurry RC pumps, Agitators etc.) of FGD package are from China. These said BOIs are under advance stage of ordering. Some of the cases are cited as below: • 24-815 (Spray Water System)- Vendor (Jiangsu Chengde Steel Tube Share Co) • 12-917 (Suspension of Radint Roof)- Vendor (Yangzhou Lontrin Steel) • 12-852 (Unks to SH Platen Inlet Hdr) - Vendor (Yangzhou Lontrin Steel) • 05-227 (Fur Upper Rear Outlet Hdr) - Vendor (Yangzhou Lontrin Steel) • 04-323 (Storage Tank) -Vendor (Yangzhou Lontrin Steel), • 10-274 (Finish SH Outlet Hdr) - Vendor (Yangzhou Lontrin Steel) • Pipe & tubes from Vendors M/s Jingsu Wujin, Zhejiang Jiuli, Yangzhou Lontrin, Huadi, Hengyang Steel, Hubei Xingyegang, Yangzhou Chengde • Dispatch of Generator Rotor from M/s Siemens



Multi Year Tariff and Provisional Capital Cost Approval for Panki Extension (1X660 MW) TPS for FY 2025-26 to FY 2028-29

S No	Description	Impact of Project Schedule	Remarks
5	GoI Notification regarding restriction on Global Tendering	10 Months (May 2020 to March 2021)	Several procurement packages initially planned under the GTE route had to be withheld, reviewed, or re-tendered through domestic bidding, resulting in extended timelines for vendor finalization and placement of purchase orders
6	Nivar Cyclone	03 Months (November 2020 to February 2021)	The production and dispatch of vital equipment, including Boiler, ESP, and FGD components, were delayed, with normalcy at vendor works being restored only after a considerable period extending into February 2021.
7	Covid 2 nd Wave	06 Months (April 2021 to September 2021)	This severe effect of Covid and the precautionary measures taken by the Government of were disrupting the trade by impacting the supply chains, including but not limited to Pre/post-Purchase order discussions, RFQ's, drawing/documentation process, logistics, manufacturing, inspections, movement of work force which had direct impact on the availability of Raw materials and manufacturing activity of the materials for above Project.
8	Russia Ukraine War	06 Months (September 2022 to March 2023)	Adverse impact on the supply chain of critical imported items required for the Project, particularly oil modules and other essential components sourced from abroad
9	Russia Ukraine War	05 Months (July 2023 to December 2023)	The supply of Steam and Water Analysis System (SWAS) and the Turbine Supervisory Instrumentation (TSI) package, both of which are critical for the commissioning activities, was severely delayed due to non-availability of shipping slots, diversion of consignments, and extended lead times from foreign vendors.
10	Failure of SC Test of GT	19 Months June 2023 to January 2025	During the Short Circuit (SC) Test conducted at NHPTL on 21.06.2023, the Generator Transformer (Sr. No. 6007890) could withstand two short circuit shots successfully; however, it failed during the third shot with structural and electrical damages, including: • Detachment/cracking of tank stiffeners, • Dislodgement of HV winding barriers and displacement of discs at the bottom, • Blackening of lower portion of HV winding, • Breakage of LV bus bar wooden supports and visible burn marks.

UPPCL's Replies dated 19.01.2026 and 08.05.2026:

4.1.7. UPPCL submitted that the capital cost claimed by the Petitioner is required to be subjected to a comprehensive prudence check before being admitted for tariff purposes. Reliance was placed on the judgment of the Hon'ble APTEL in *Meghalaya State Electricity Board v. MSERC & Ors.* (Appeal No. 37 of 2010), wherein it was held that an auditor's certificate merely establishes that expenditure has been incurred and does not, by itself, establish the prudence or admissibility of such expenditure. Accordingly, UPPCL contended that the Commission is required to independently assess the reasonableness, necessity, and admissibility of each claimed cost.





- 4.1.8. UPPCL further submitted that the Petitioner has primarily relied upon auditor-certified figures without furnishing adequate supporting documents, cost reconciliation, contractual provisions, invoices, payment records, or technical justifications. It was highlighted that the project cost increased from ₹4,712.31 crore to ₹8,236.83 crore through three successive revisions, representing an aggregate increase of ₹3,524.52 crore, or approximately 75%. According to UPPCL, approvals granted by the Government of Uttar Pradesh, the Board of Directors, or other authorities cannot bind the Commission or substitute the statutory prudence check mandated under the Tariff Regulations.
- 4.1.9. UPPCL also pointed out that the cost heads reflected in the Auditor/CA Certificate do not correspond with those contained in the original DPR, thereby preventing proper reconciliation and prudence assessment. Although IDC, financing charges, and other associated expenditure may form part of capital cost under the applicable Regulations, their admissibility remains subject to examination of the financing arrangements, reasonableness of expenditure, time and cost overruns, and attribution of delay.

First Revision of Capital Cost

- 4.1.10. UPPCL objected to the first revision of ₹1,104.39 crore. It submitted that the claims relating to FGD and SCR systems cannot presently be considered, as the systems have not been commissioned or capitalized and no in-principle approval has been obtained under the applicable Regulations. The progress of these systems has also not been substantiated through supporting records.
- 4.1.11. UPPCL further contended that the increase claimed towards the Tertiary Sewage Treatment Plant arises from deficient planning, scope changes, engineering modifications, and post-award revisions rather than any new statutory requirement. It was submitted that no adequate evidence of actual expenditure or justification for the cost increase has been furnished.
- 4.1.12. The GST-related claim was opposed on the ground that it constitutes a Change in Law claim under the PPA and cannot be recovered through





capital cost without compliance with the applicable contractual requirements.

- 4.1.13. UPPCL also challenged the claims relating to margin money, financing expenses, and IDC due to the absence of supporting calculations and documentary evidence. It was maintained that IDC arising from delays attributable to the Petitioner cannot be passed on to the beneficiaries.

Second Revision of Capital Cost

- 4.1.14. UPPCL objected to the second revision of ₹912.50 crore, submitting that the additional expenditure towards railway underpasses, railway siding works, decommissioning of old units, shifting of transmission lines and feeders, consultancy services, start-up fuel, price variation, and the Tertiary Sewage Treatment Plant primarily arose from inadequate planning, estimation errors, scope changes, and delays attributable to the Petitioner.

- 4.1.15. UPPCL contended that activities such as decommissioning, dismantling, site clearance, and certain consultancy services do not result in the creation of new assets and, therefore, should not qualify for capitalization. It also highlighted the absence of expenditure-wise details, invoices, contractual provisions, payment records, and asset-wise reconciliation.

- 4.1.16. UPPCL further alleged that GST and price variation components appear to have been claimed under multiple heads, creating a risk of duplication and double recovery. It was submitted that the contractual basis and detailed computations supporting the price variation claim have not been adequately established.

Third Revision of Capital Cost

- 4.1.17. UPPCL raised a preliminary objection to the third revision of ₹1,507.63 crore on the ground that the requisite approvals from the competent authorities, including the Board of Directors, Appraisal Committee, Energy Task Force, and State Cabinet, had not been obtained. It was, therefore, submitted that the proposed revision should not be considered at the present stage.





- 4.1.18. UPPCL challenged the claims relating to railway underpasses, railway siding works, decommissioning expenses, consultancy charges, pre-operative expenses, price variation, Tertiary Sewage Treatment Plant works, and IDC on account of inadequate supporting documentation, absence of cost reconciliation, unsubstantiated scope changes, and the risk of duplication with earlier revisions.
- 4.1.19. UPPCL particularly objected to the increase in IDC from ₹675.04 crore to ₹1,831 crore. It contended that the increase of ₹1,155.96 crore is a consequence of prolonged delays attributable to the Petitioner's planning and execution deficiencies and, therefore, cannot be passed through in tariff.

Petitioner's Rejoinders dated 01.04.2026 and 09.07.2026

- 4.1.20. UPRVUNL submitted that the claimed provisional capital cost of ₹6,996.14 crore up to COD, including IDC and financing charges, is based solely on actual expenditure incurred and duly certified by the Statutory Auditor. The claim has been made in accordance with Regulations 14(2) and 17(2)(b) of the UPERC Generation Tariff Regulations, 2024, and does not include any notional or projected expenditure.
- 4.1.21. The Petitioner submitted that the original DPR was only a planning-stage estimate and that subsequent revisions arose from statutory and environmental requirements, detailed engineering, scope modifications, GST implementation, escalation in material and labour costs, financing requirements, transmission line shifting, decommissioning activities, start-up fuel, monitoring works, site-specific conditions, and other project implementation developments.
- 4.1.22. UPRVUNL clarified that the present petition seeks approval of provisional capital cost under Regulation 14(2), and not determination of final capital cost. Since the audited accounts for the COD year are yet to be finalized, the petition for final capital cost would be filed subsequently in accordance with Regulation 14(A)(3). It has, therefore, sought provisional recovery of up to 90% of the claimed Annual Fixed Cost, subject to adjustment upon determination of the final tariff.

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4.1.23. The Petitioner further contended that the regulatory framework distinguishes provisional tariff from final tariff. According to UPRVUNL, detailed examination of individual cost components, DPR reconciliation, IDC, financing charges, delay attribution, and cost overrun is required to be undertaken at the stage of final capital cost determination. Subjecting the claim to a final-stage prudence check at the provisional tariff stage would, in its view, defeat the purpose of the provisional tariff mechanism.

First Revision of Capital Cost

4.1.24. UPRVUNL submitted that the first revision arose from mandatory and unavoidable factors, including environmental compliance requirements, GST implementation, financing adjustments, and approved project modifications. It clarified that the expenditure relating to FGD and SCR systems has not been included in the presently claimed capital cost up to COD and would be claimed separately in accordance with the applicable Regulations.

4.1.25. The Petitioner stated that the Tertiary Sewage Treatment Plant is a mandatory environmental compliance facility and an integral part of the project. The associated cost increase arose from site conditions, statutory requirements, engineering refinements, and the impact of GST. It further submitted that GST has been claimed as part of the actual capital expenditure incurred and not as a Change in Law claim under the PPA.

4.1.26. UPRVUNL maintained that the claims relating to margin money, financing expenses, and IDC reflect actual financing arrangements and audited expenditure. It further stated that reductions in margin money and certain IDC components have reduced the project cost and benefited the beneficiaries.

Second Revision of Capital Cost

4.1.27. The Petitioner contended that expenditure on railway underpasses, railway siding works, decommissioning of old units, transmission line shifting, consultancy services, start-up fuel, price variation, and the Tertiary Sewage Treatment Plant was necessary for project execution,





environmental compliance, safe commissioning, and operational readiness of the 660 MW generating unit.

4.1.28. UPRVUNL maintained that decommissioning expenditure, consultancy charges, transmission infrastructure modifications, and start-up fuel are directly attributable to the creation and commissioning of the new asset and cannot be treated as routine O&M expenses. It further submitted that price variation is contractually permissible under the EPC agreement and denied any duplication or double recovery.

Third Revision of Capital Cost

4.1.29. UPRVUNL submitted that the third revision is based on expenditure incurred or crystallized through firm contractual commitments arising from statutory compliance, regulatory changes, detailed engineering, revised technical specifications, environmental obligations, escalation in input prices, pandemic-related disruptions, and site-specific requirements essential for completion of the project.

4.1.30. The Petitioner maintained that expenditure relating to railway underpasses, railway siding infrastructure, decommissioning activities, consultancy services, pre-operative expenses, price variation, Tertiary Sewage Treatment Plant works, and IDC is directly attributable to the creation and commissioning of the generating station. It denied allegations of duplication, double recovery, imprudence, or inefficiency and submitted that the expenditure is supported by contracts, revised estimates, approvals, invoices, and statutory audit records.

4.1.31. UPRVUNL further submitted that the increase in IDC resulted from extension of the construction period due to regulatory changes, environmental requirements, statutory approvals, COVID-19 disruptions, third-party dependencies, and other factors beyond its reasonable control. It contended that the admissibility of such IDC should be determined after detailed examination of delay attribution at the final capital cost stage.

Time Overrun

UPPCL's Replies dated 19.01.2026 and 08.05.2026:





- 4.1.32. UPPCL opposed the Petitioner's claim for condonation of the 42-month time overrun. It submitted that the alleged delay events have not been substantiated through contemporaneous project records, approved schedules, notices, supplier communications, contractor reports, procurement documents, or critical path analysis.
- 4.1.33. UPPCL contended that generalized references to Force Majeure and Change in Law events are insufficient unless a direct causal nexus between each event and the critical path of the project is established.
- 4.1.34. UPPCL maintained that delay attribution is relevant even at the provisional tariff stage, particularly since it directly affects the admissibility of IDC and other consequential costs.

A. Delay in Handover of Land for Clarified Water Tanks

- 4.1.35. UPPCL disputed the claimed delay of 21 months arising from non-availability of land for the PT Plant and clarified water tanks. It submitted that the land was under the ownership and control of the Petitioner and that the presence of the DVVNL workshop, store, and office was known since preparation of the DPR in 2013. The issue, therefore, arose from deficiencies in planning and land management.
- 4.1.36. UPPCL further submitted that the disputed parcel constituted only a small portion of the total project land and that the Petitioner failed to demonstrate, through critical path analysis, how its non-availability delayed the entire project by 21 months.

B. Delay Due to Ram Mandir and Shani Mandir

- 4.1.37. UPPCL opposed the claimed delay of 12 months due to the presence of Ram Mandir and Shani Mandir in the TG area. It submitted that the structures were visible and existing features of the site and should have been identified and addressed during DPR preparation and project planning.
- 4.1.38. UPPCL further contended that the Petitioner had not demonstrated that the structures affected critical-path activities or the overall construction schedule.

C. Cyclone Gaja and Cyclone Nivar





4.1.39. UPPCL submitted that no purchase orders, delivery schedules, dispatch records, vendor communications, or status reports have been produced to establish that Cyclone Gaja or Cyclone Nivar delayed the supply of critical-path equipment. It was further contended that major procurement milestones ought to have been completed before the occurrence of these cyclones.

D. COVID-19 Pandemic

4.1.40. UPPCL disputed the delays attributed to the first and second waves of COVID-19. It submitted that power sector activities were largely exempted from lockdown restrictions and that construction activities were permitted to resume from April 2020.

4.1.41. UPPCL further pointed out that several affected procurement and supply activities, particularly those relating to FGD equipment, were scheduled for completion during 2018 and 2019, before the onset of the pandemic. In the absence of project-specific supplier communications, manpower records, revised schedules, or evidence of disruption to critical-path activities, UPPCL contended that COVID-19 was being relied upon to mask pre-existing delays.

E. Restriction on Global Tender Enquiries

4.1.42. UPPCL submitted that the Petitioner had not identified any specific procurement package affected by the Government of India's restriction on Global Tender Enquiries. No bid documents, tender timelines, cancellation records, re-tendering details, or revised approvals were produced to demonstrate the impact of the policy.

4.1.43. It was further contended that critical procurement for a project scheduled to be commissioned in 2021 should have been substantially completed before issuance of the Office Memorandum dated 15.05.2020. Any pending procurement at that stage reflected deficiencies in procurement planning rather than the impact of the Government notification.

F. Russia-Ukraine Conflict

4.1.44. UPPCL opposed the delay attributed to the Russia-Ukraine conflict on the ground that the project was originally scheduled for commissioning in





2021. Equipment allegedly affected during 2022 and 2023 should, therefore, have been procured and installed before the conflict arose.

4.1.45. UPPCL further submitted that the Petitioner has made only generalized assertions regarding shipping delays, container shortages, freight escalation, and port congestion without identifying the affected equipment or producing purchase orders, shipping documents, vendor communications, or revised delivery schedules.

G. Failure of the Generator Transformer

4.1.46. UPPCL submitted that failure of the Generator Transformer during the short-circuit test formed part of the normal quality assurance and manufacturing process. Failure to pass the test reflected deficiencies in manufacturing, inspection, or quality control by the Petitioner and its vendor and could not be treated as a Force Majeure event.

4.1.47. UPPCL further pointed out that the event occurred in June 2023, well after the Scheduled COD, when the project was already significantly delayed. It could not, therefore, be relied upon to justify or extend delays that had arisen earlier.

Petitioner's Rejoinders dated 01.04.2026 and 09.07.2026

4.1.48. UPRVUNL submitted that the 42-month time overrun resulted from a combination of regulatory, statutory, environmental, technical, supply-chain, and third party-driven events beyond its reasonable control. These included land availability constraints, relocation of DVVNL facilities, temple-related site constraints, Cyclones Gaja and Nivar, both waves of COVID-19, restriction on Global Tender Enquiries, the Russia-Ukraine conflict, and failure of the Generator Transformer during mandatory testing.

4.1.49. The Petitioner maintained that these events affected procurement, manufacturing, logistics, manpower deployment, construction sequencing, testing, commissioning, and other critical-path activities.

A. Delay in Handover of Land for Clarified Water Tanks

4.1.50. UPRVUNL submitted that, although the overall project land was available, the specific parcel required for construction of the clarified water tanks





remained occupied by the DVVNL workshop, store, and office. Its release required inter-departmental approvals, identification of alternate sites, and phased relocation.

- 4.1.51. The Petitioner contended that the affected parcel was critical to the Primary Treatment (PT) Plant and associated works and that its delayed handover disrupted the sequencing of downstream construction and commissioning activities.

B. Delay Due to Ram Mandir and Shani Mandir

- 4.1.52. UPRVUNL submitted that the finalized road and drainage alignments conflicted with the active religious structures, necessitating redesign, revised construction sequencing, and internal approvals. A cautious and socially responsible approach was adopted to avoid public unrest and law-and-order issues. According to the Petitioner, the resulting delay arose from a site-specific constraint that materially affected construction in the TG area.

C. Cyclone Gaja and Cyclone Nivar

- 4.1.53. UPRVUNL submitted that Cyclone Gaja, during November 2018 to February 2019, and Cyclone Nivar, during November 2020 to February 2021, disrupted manufacturing and supply chains of BHEL and its ancillary vendors. These disruptions delayed the supply of critical boiler, ESP, and FGD components and consequently affected erection, testing, and commissioning activities.

D. COVID-19 Pandemic

- 4.1.54. UPRVUNL submitted that the first wave of COVID-19, from January 2020 to September 2020, and the second wave, from April 2021 to September 2021, materially affected manpower availability, logistics, inspections, manufacturing, transportation, international supply chains, and construction activities.
- 4.1.55. The Petitioner contended that formal exemptions for the power sector did not eliminate actual disruptions arising from movement restrictions, labour shortages, vendor shutdowns, inspection constraints, and supply-chain





interruptions. These events, therefore, contributed to delays in project execution and commissioning.

E. Restriction on Global Tender Enquiries

4.1.56. UPRVUNL submitted that the restriction on Global Tender Enquiries required revision of procurement strategies, re-tendering of certain packages, and obtaining fresh approvals. These procedural and policy-related changes delayed procurement and affected downstream project activities.

F. Russia-Ukraine Conflict

4.1.57. UPRVUNL submitted that the Russia-Ukraine conflict caused global logistics disruptions, including shipping delays, container shortages, port congestion, and disruption in the supply of imported and specialized equipment during September 2022 to March 2023 and July 2023 to December 2023.

4.1.58. According to the Petitioner, these disruptions affected the delivery of equipment required for erection, testing, synchronization, and commissioning. It was maintained that each delay event must be independently assessed and cannot be disregarded merely because the project had already experienced earlier delays.

G. Failure of the Generator Transformer

4.1.59. UPRVUNL submitted that failure of the Generator Transformer during the mandatory short-circuit test was an unforeseen technical contingency beyond its reasonable control. The transformer had to be withdrawn, inspected, rectified, and retested before commissioning, resulting in unavoidable delay.

4.1.60. The Petitioner maintained that it acted diligently by undertaking immediate corrective measures and that such an exceptional technical failure should not be treated as evidence of negligence, deficient planning, or poor project management.

4.2. Project Expenses as on COD **Petitioner's Submission**





4.2.1. The Petitioner has submitted that, in accordance with the directions of the Commission, the total expenditure as on COD amounting to Rs. 6,996.14 Crore, excluding the cost of FGD and SCR, has been considered for computation of Provisional Tariff of Panki Extension Thermal Power Station. Accordingly, the Petitioner request the Commission to consider the Capital expenditure as on 23.04.2025 for approval of the provisional Tariff of Panki Ext. Thermal Power Station.

Table 8 Capital Expenditure as per provisional account for FY 2025-26 (in Rs. Cr.)

Sl. No.	Particulars	Actual Capital Expenditure up to 23.04.2025 (Un-Audited)
1	Cost of Land & Site Development	
1.1	Land	9.94
	Total cost (Land & Site Development)	9.94
2.0	Plant & Equipment	
2.1	Steam Generator Island	636.09
2.2	Turbine Generator Island	378.97
2.3	BOP Mechanical	
2.3.1	External water supply system	0.79
2.3.2	CW system	1.72
2.3.3	DM water Plant	12.79
2.3.4	Clarification plant	0.80
2.3.5	Chlorination Plant	2.79
2.3.6	Fuel Handling & Storage system	9.82
2.3.7	Ash Handling System	74.15
2.3.8	Coal Handling Plant	216.02
2.3.9	Rolling Stock and Locomotives	12.02
2.3.10	Air Compressor System	6.35
2.3.11	Air Condition & Ventilation System	13.43
2.3.12	Firefighting System	49.81
2.3.13	HP/LP Piping	166.09
2.3.14	External coal handling in Jetty, if any	105.00
2.3.15	ESP	21.89
	Total BOP Mechanical	693.47
2.4	BOP Electrical	
2.4.1	Switch Yard Package	35.15
2.4.2	Transformers Package	154.84
2.4.3	Switch gear Package	48.72
2.4.4	Cables, Cable facilities & grounding	28.92
2.4.5	Lighting	15.58
2.4.6	Emergency D.G. set	4.91
	Total BOP Electrical	288.12





Multi Year Tariff and Provisional Capital Cost Approval for Panki Extension (1X660 MW) TPS for FY 2025-26 to FY 2028-29

Sl. No.	Particulars	Actual Capital Expenditure up to 23.04.2025 (Un-Audited)
2.5	C & I Package	75.87
A	Total Plant & Equipment excluding taxes & Duties	2082.46
2.6	Taxes and Duties	370.29
2.7	PVC	540.25
3.0	Initial spares	90.63
4.0	Civil Works	
4.1	Main plant/Adm. Building	957.91
4.2	CW system	
4.3	Cooling Towers	
4.4	DM water Plant	
4.5	Clarification plant	
4.6	chlorination plant	
4.7	Fuel Handling & Storage system	
4.8	Coal Handling Plant	
4.9	Ash Handling System	
4.10	Ash disposal area development	
4.11	Firefighting System	
4.12	Township & Colony	
4.13	Temp. construction & enabling works	
4.14	MGR & Marshalling Yard	72.85
4.15	Township & Colony	77.38
4.16	Transmission line shifting	32.16
4.17	TTP WORKS	216.62
4.18	02 NOS ROBs	58.75
	Total	1417.55
5.0	Construction & Pre- Commissioning Expenses	
5.1	Erection Testing and commissioning	0.00
5.2	Site supervision	7.92
5.3	Startup fuel	301.62
	Total Construction & Pre- Commissioning Expenses	309.54
6.0	Overheads	
6.1	Establishment	254.11
6.2	Design & Engineering	79.34
6.3	Contingency	15.97
	Total Overheads	349.42
7.0	Total Capital cost excluding IDC & FC	5160.14
8.0	IDC, FC, FERV and Hedging cost	
8.1	Interest During Construction (IDC)	1830.37
8.2	Financing Charges (FC)	5.63
	Total of IDC, FC, FERV & Hedging Cost	1836.00
9.0	Total Capital cost including IDC, FC, FERV, & Hedging cost excluding FGD & SCR	6996.14





UPPCL's Replies dated 19.01.2026 and 08.05.2026:

- 4.2.2. UPPCL submitted that the Petitioner's claimed capital cost of ₹6,996.14 crore, including ₹1,836.00 crore towards IDC and financing charges, cannot be accepted without a detailed prudence check. It was contended that IDC and financing charges are intrinsically linked to the construction period and, therefore, their admissibility depends upon determination of the causes of the project delay. Since UPPCL has disputed the Petitioner's claim regarding time and cost overrun, the associated IDC and financing costs cannot be passed on to beneficiaries unless the delays are established to be beyond the Petitioner's control.
- 4.2.3. UPPCL further submitted that the Petitioner has not demonstrated compliance with Regulation 17(2)(g) of the UPERC Generation Tariff Regulations, 2024, as it has failed to disclose whether revenue earned from infirm power generated prior to COD has been adjusted against the project capital cost.
- 4.2.4. UPPCL also objected to the claim for additional capitalization of ₹377.68 crore each in FY 2025-26 and FY 2026-27. It is submitted that only a broad summary of the proposed expenditure has been furnished in Form-11 without asset-wise details, scope of work, contractual basis, supporting documents, cost estimates, deferred liability information, or evidence of actual expenditure.
- 4.2.5. UPPCL contended that admissibility of additional capitalization is governed by Regulation 21(A) of the 2024 Tariff Regulations, which permits capitalization only in specified circumstances such as deferred liabilities, deferred works within original scope, capital spares, arbitration awards, Change in Law events, Force Majeure events, and other recognized categories. According to UPPCL, the Petitioner has neither established compliance with the requirements of Regulation 21(A) nor identified the specific provisions under which the claims are being made. Therefore, it submitted that additional capitalization cannot be approved in the absence of complete supporting information and regulatory justification.





4.2.6. UPPCL further argued that capital cost determination must be based on contemporaneous, verifiable, and auditable records. The Petitioner cannot seek acceptance of capital cost, IDC, and additional capitalization while simultaneously deferring submission of supporting documentation, capitalization records, deferred liability details, and prudence-related information to a later stage. Accordingly, UPPCL requested the Commission to either disallow such claims or subject them to strict prudence verification before any approval is granted.

Petitioner's Rejoinders dated 01.04.2026 and 09.07.2026

4.2.7. UPRVUNL emphasized that the claim is based on actual expenditure incurred up to COD and permissible projected expenditure up to the cut-off date in accordance with the regulatory framework.

4.2.8. The Petitioner contended that IDC and financing charges are recognized components of capital cost under the Tariff Regulations and cannot be disallowed merely on the basis of unresolved allegations regarding delay attribution. While acknowledging the Commission's power to undertake prudence scrutiny, UPRVUNL submitted that determination of delay attribution, admissibility of IDC, financing arrangements, and consequential cost impacts should be undertaken during the final capital cost determination process after completion of the detailed prudence review.

4.2.9. With regard to infirm power, UPRVUNL submitted that generation prior to COD is incidental to testing and commissioning activities and is regulated under the applicable DSM framework.

4.2.10. In respect of the additional capitalization claim of ₹377.68 crore each for FY 2025-26 and FY 2026-27, the Petitioner submitted that the proposed expenditure pertains to the original scope of the project and primarily relates to deferred works, deferred liabilities, balance contractual payments, testing and commissioning assets, and statutory compliance requirements.

4.2.11. UPRVUNL further submitted that the Tariff Regulations contemplate detailed examination of capitalization records, deferred

by





liabilities, supporting documents, asset-wise particulars, and other prudence-related information at the stage of final capital cost determination rather than at the provisional tariff stage. The Petitioner undertook to furnish all supporting records, cost justifications, and relevant documentation during the final tariff proceedings and expressed its willingness to cooperate with any verification exercise undertaken by the Commission.

4.2.12. The Petitioner also highlighted that the Commission, vide its Order dated 06.02.2026, had already permitted billing of 80% of the claimed Annual Fixed Charges on a provisional basis. According to UPRVUNL, the provisional tariff framework is intended to facilitate interim recovery of legitimate costs pending final prudence determination. Therefore, objections seeking disallowance of IDC, financing charges, additional capitalization, or other capital cost components at the provisional stage were stated to be inconsistent with the scheme and intent of the provisional tariff mechanism.

4.3. Gross Fixed Asset (GFA)

4.3.1. The Petitioner has submitted that the opening Gross Fixed Asset (GFA) as on 23.04.2025 (COD on 24.04.2025) has been considered based on the Auditor's Certificate. The projected remaining project cost for FY 2025-26 and FY 2026-27 has been considered, excluding the cost of FGD and SCR, as directed by the Commission.

Table 9 GFA Claimed by the Petitioner (in Rs. Cr.)

	FY 2025-26 (Provisional)	FY 2026-27 (Provisional)	FY 2027-28 (Provisional)	FY 2028-29 (Provisional)
Opening GFA	6,996.14	7,373.82	7,751.49	7,751.49
Capitalization during the FY	377.68	377.68	-	-
Deletions during the FY	-	-	-	-
Closing GFA	7,373.82	7,751.49	7,751.49	7,751.49

UPPCL's Replies dated 19.01.2026 and 08.05.2026:

4.3.2. The Respondent submitted that for determining the Gross Fixed Assets (GFA) of the project, only the actual capital expenditure incurred





up to the Commercial Operation Date (COD), subject to prudence check by the Commission, should be considered as the opening GFA. Accordingly, the opening GFA must be revised after incorporating any disallowances relating to the disputed capital cost components.

4.3.3. Further, UPPCL has submitted that the Petitioner's claim for additional capitalization should be disallowed for the reasons already elaborated in its earlier submissions, and the GFA should be recalculated accordingly.

Petitioner's Rejoinders dated 01.04.2026 and 09.07.2026

4.3.4. The Petitioner has submitted that the Gross Fixed Assets (GFA) computed for FY 2025-26 to FY 2028-29 based on actual capital expenditure incurred up to COD and projected admissible additional capitalization in accordance with applicable tariff norms. While the opening GFA remains subject to the Commission's prudence check, including verification of capital cost, IDC adjustment, and additional capitalization, it cannot be reduced solely based on objections without a reasoned regulatory determination.

4.4. Means of Finance

4.4.1. The Petitioner considered debt equity ratio of 70:30 in line with Regulation 23 of Generation Tariff Regulations 2024.

Table 10 Debt Equity Ratio (in Rs. Cr.)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Opening Gross Fixed Asset	6,996.14	7,373.82	7,751.49	7,751.49
Addition during the year	377.68	377.68	-	-
Deletions during the year	-	-	-	-
Closing Gross Fixed year	7,373.82	7,751.49	7,751.49	7,751.49
Financing:				
Opening Equity (Same as Closing of previous year)	2098.84	2212.15	2325.45	2325.45
Equity addition during the year (30% GFA addition during the year)	113.30	113.30	0.00	0.00
Deletion during the year (30% GFA addition during the year)	0.00	0.00	0.00	0.00
Closing Equity	2212.15	2325.45	2325.45	2325.45
Open. Accumulated Depreciation (Same as previous year accumulated Depreciation)	-	381.63	783.32	1195.03



Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Depreciation during the year	381.63	401.69	411.72	411.72
Closing Accumulated Depreciation	381.63	783.32	1195.03	1606.75
Opening Debts (Same as Closing of previous year)	4897.30	4,769.74	4,622.14	4,210.42
Loan addition during the year	264.37	264.37	-	-
Less: Decrease due to de- Capitalization during the Year	-	-	-	-
Less: Depreciation (normative Loan repayment)	381.63	401.69	411.72	411.72
Closing Debts	4,780.05	4,642.73	4,231.01	3,819.29

UPPCL's Replies dated 19.01.2026 and 08.05.2026:

4.4.2. UPPCL has objected to the Petitioner's proposed financing of additional capitalization on the ground that it has failed to disclose the actual funding arrangement and has instead relied solely on the normative 70:30 debt-equity ratio.

4.4.3. Further UPPCL submitted that under Regulation 23 of the 2024 Tariff Regulations, tariff determination must be based on the prescribed debt-equity framework, and the approved debt and equity are to be used for computing Interest on Loan (IoL) and Return on Equity (RoE). Therefore, the Petitioner is required to furnish complete details of actual debt and equity employed, along with supporting documents.

4.4.4. UPPCL further contends that the Petitioner has failed to provide adequate information in Forms 7, 8, and 10, including loan drawdowns, repayment schedules, interest rates, and refinancing details.

4.4.5. UPPCL has submitted that the Petitioner's reliance on Regulation 23 to avoid disclosure of financing details is misplaced. According to UPPCL, Regulation 23 not only prescribes the normative debt-equity ratio but also requires specific disclosures, including the submission of a Board Resolution evidencing infusion of funds from internal resources. Since no such document has been placed on record, the financing structure remains unverified.

4.4.6. UPPCL has further contended that Regulation 23 read with Regulation 17(7) mandates a prudence check of the financing arrangements, including verification of whether funds have been





infused, whether the financing plan is efficient, and whether the claimed costs have been prudently incurred.

4.4.7. UPPCL has also argued that the Petitioner's proposal to furnish financing particulars at a later stage is contrary to the regulatory framework. Even for projected capitalization, the Petitioner is required to demonstrate the proposed financing arrangement and provide supporting details at the time of making the claim.

Petitioner's Rejoinders dated 01.04.2026 and 09.07.2026

4.4.8. The Petitioner has submitted that it has adopted the normative debt-equity ratio of 70:30 in accordance with Regulation 23 of the UPERC Generation Tariff Regulations, 2024, solely for the purpose of provisional tariff determination. The Regulations envisage a normative approach for projected additional capitalisation and do not require submission of final financing arrangements, loan sanctions, equity infusion details, or cash-flow tie-ups at this stage. Actual financing particulars become relevant only at the time of final tariff determination and prudence check, when the expenditure is incurred and capitalised.

4.4.9. UPRVUNL submitted that the normative debt-equity ratio of 70:30 has been applied strictly in accordance with the UPERC Generation Tariff Regulations, 2024. The Regulations prescribe a normative financing structure to ensure uniformity and certainty in tariff determination, irrespective of the actual financing arrangements adopted by the generating company. Consequently, projected additional capitalization up to the cut-off date has been considered on a normative basis, and the absence of final Board approvals or finalized financing arrangements for future expenditure cannot be a ground for disallowing such treatment at the provisional tariff stage.

4.4.10. The Petitioner further contends that, for provisional tariff determination, the focus is on whether the projected capitalization is within the approved project scope and is prima facie admissible, whereas verification of actual debt drawals, equity infusion, loan sanctions, financing costs, and related approvals is appropriately undertaken at the stage of final capital cost determination. UPRVUNL





undertakes to furnish complete financing details, including lender-wise debt position, equity contribution, internal resource deployment, and supporting approvals, during the final tariff proceedings when the expenditure and capitalization have crystallized and can be comprehensively verified.

4.5. Depreciation

4.5.1. The Petitioner has calculated the eligible depreciation based on the rates prescribed in the tariff regulations accordingly claimed the allowable depreciation as shown in below table.

Table 11 Depreciation as claimed by the Petitioner (in Rs. Cr.)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Opening Capital Cost	6,996.14	7,373.82	7,751.49	7,751.49
Closing Capital Cost	7,373.82	7,751.49	7,751.49	7,751.49
Average Capital Cost	7,184.98	7,562.66	7,751.49	7,751.49
Free hold Land	9.94	10.48	11.01	11.01
Depreciable value excluding land	7,363.88	7,741.02	7,740.48	7,740.48
Rate of depreciation	5.45%	5.45%	5.31%	5.31%
Depreciation value 90% of the project cost	6,627.49	6,966.92	6,966.43	6,966.43
Cumulative Depreciation at beginning	-	377	768.2	1173.6
Remaining depreciation at beginning	6,627.49	6660.3	6269.1	5863.69
Depreciation	381.63	401.69	411.72	411.72
Net Cumulative depreciation at the end of the period	381.63	783.32	1,195.03	1,606.75

UPPCL's Replies dated 19.01.2026 and 08.05.2026:

4.5.2. UPPCL submitted that the Petitioner's depreciation claim is not admissible in its present form as it is based on the disputed capital cost of Rs. 6,996.14 crore, which remains subject to prudence check.

4.5.3. Further, even assuming the claimed capital cost is accepted, the Petitioner has incorrectly applied depreciation rates meant for old generating stations instead of the rates prescribed for new generating stations, despite the project having achieved COD on 24.04.2025.





- 4.5.4. UPPCL also contends that the Petitioner has wrongly included the cost of land and land rights in calculating the weighted average depreciation rate, even though land is a non-depreciable asset.
- 4.5.5. UPPCL further notes that the Petitioner has not furnished complete depreciation-related information, including the tariff form for FY 2028-29, and requests the Commission to direct the Petitioner to provide the missing details.
- 4.5.6. UPPCL has further submitted that the Petitioner has not complied with the disclosure requirements prescribed under Appendix-II of the 2024 Tariff Regulations, as the tariff form for FY 2028-29 has not been provided.

Petitioner's Rejoinders dated 01.04.2026 and 09.07.2026

- 4.5.7. The Petitioner has claimed depreciation of ₹1,606.75 crore in accordance with the UPERC Generation Tariff Regulations, 2024, based on the projected capital cost and GFA, subject to prudence check and final approval by the Commission. The adoption of depreciation rates applicable to old generating stations in Form-11 was an inadvertent clerical error, which the Petitioner undertakes to rectify by submitting revised calculations as per the applicable regulations. Any adjustment arising from the final admitted capital cost, GFA, additional capitalization, or exclusion of land cost may be carried out during prudence check, and the Petitioner is willing to furnish revised computations and supporting information as directed by the Commission.

4.6. Interest on Loan

- 4.6.1. The Petitioner has submitted that the opening value of Loan has been considered at 70% of the total expenditure incurred up to COD, as certified by the Statutory Auditor. Accordingly, 70% of the capital expenditure has been treated as funded through loan. Further the allowable depreciation has been considered as normative loan repayment. The petitioner has considered 11.11% Weighted average Rate of Interest on Loans for FY 2025-26 to FY 2028-29.





Table 12 Interest on Loan for FY 2025-26 to FY 2028-29 (in Rs. Cr.)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Opening Normative loan	4897.30	4780.05	4642.73	4231.01
Add: Increase due to addition during the year	264.37	264.37	0.00	0.00
Less: Decrease due to de-capitalization during the year	0.00	0.00	0.00	0.00
Less: Loan repayment	381.63	401.69	411.72	411.72
Closing Normative loan	4780.05	4642.73	4231.01	3819.29
Average Normative loan	4838.67	4711.39	4436.87	4025.15
Weighted average rate of interest	11.11%	11.11%	11.11%	11.11%
Interest on Loan	537.73	523.59	493.08	447.33

UPPCL's Replies dated 19.01.2026 and 08.05.2026:

- 4.6.2. UPPCL submitted that, under the 2024 Tariff Regulations, Interest on Loan (IoL) is to be computed based on the weighted average interest rate applicable to actual loans at the beginning of each financial year, with opening loan balances derived from the previous year's closing balances. The Regulations also require refinancing benefits, if any, to be shared equally between the generating station and beneficiaries.
- 4.6.3. However, the Petitioner has failed to furnish complete loan details as required under the prescribed tariff forms and has not provided the Statutory Auditor's certificate supporting the weighted average rate of interest. In the absence of these details, the interest on loan claim cannot be subjected to a proper prudence check, and the Commission may direct the Petitioner to submit complete financing information.
- 4.6.4. UPPCL further contends that since the Petitioner's claim for additional capitalization is itself disputed and liable to be disallowed, the corresponding interest on loans related to such capitalization must also be rejected.
- 4.6.5. Additionally, the information furnished in Forms 7, 8, 10, 13, and 13A is stated to be incomplete and insufficient for verification of the loan and interest claims.





Petitioner's Rejoinders dated 01.04.2026 and 09.07.2026 and Additional Submission dated 08.05.2026

4.6.6. The Petitioner has claimed Interest on Loan (IoL) of ₹2,001.73 crore for FY 2025-26 to FY 2028-29 in accordance with Regulation 25 of the UPERC Generation Tariff Regulations, 2024, using the prescribed normative repayment methodology and weighted average interest rate of the loan portfolio. The claim is linked to the admissible capital cost and additional capitalization and is therefore subject to prudence check and final approval by the Commission. Relevant tariff forms and loan details have been furnished, and the Petitioner undertakes to provide any additional information, reconciliations, or Auditor-certified documents required during prudence check.

4.6.7. The Petitioner through the additional submission dated 08.05.2026 has placed on record the auditor's certificate in respect of the weighted average rate of interest on loan, which is 11% against the 11.11% as submitted in the petition.

4.7. Return on Equity

4.7.1. The Petitioner has submitted that the opening value of Equity has been considered at 30% of the total expenditure incurred up to COD, as certified by the Statutory Auditor. Accordingly, 30% of the capital expenditure has been treated as funded through Equity. Return on Equity has been computed at 15% in line with the provisions of the applicable Regulations.

Table 13 Return on Equity for FY 2025-26 to FY 2028-29 (in Rs. Cr.)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Opening Equity	2098.84	2212.15	2325.45	2325.45
Add: Increase due to addition during the year	113.30	113.30	0.00	0.00
Less: Decrease due to de-capitalization during the year	0.00	0.00	0.00	0.00
Closing Equity	2212.15	2325.45	2325.45	2325.45
Average Equity	2155.49	2268.80	2325.45	2325.45
Rate of Return on Equity (%)	15%	15%	15%	15%
Allowable RoE	323.32	340.32	348.82	348.82

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UPPCL's Replies dated 19.01.2026 and 08.05.2026:

- 4.7.2. UPPCL submitted that UPRVUNL's claim of 15% RoE is not admissible, as the Petitioner has neither furnished details of the actual equity infused for additional capitalization nor supported the claim with documentary evidence. UPPCL contends that RoE should be based on actual equity deployment and supported by relevant Board approvals.
- 4.7.3. Further, UPPCL argued that the GoUP Order dated 31.07.2017 and UPRVUNL's Board Resolution dated 31.07.2016 prescribe RoE at 2%, and therefore the claim of 15% RoE is unjustified. UPPCL also submitted that the Petitioner has not provided evidence of compliance with mandatory systems such as RGMO, FGMO, telemetry, communication and protection systems, which may warrant a reduction in RoE under the Regulations.

Petitioner's Rejoinders dated 01.04.2026 and 09.07.2026

- 4.7.4. The Petitioner has claimed Return on Equity (RoE) of ₹1,361.28 crore for FY 2025-26 to FY 2028-29 in accordance with the UPERC Generation Tariff Regulations, 2024, based on the normative debt-equity ratio of 70:30 and the applicable regulatory rate of return. The claim is provisional and subject to prudence check and final determination by the Commission. The Petitioner submitted that RoE is to be determined as per the Tariff Regulations and cannot be restricted by Government orders or internal Board resolutions.

4.8. Operation and Maintenance Charges

Petitioner's Submission

- 4.8.1. The Petitioner has computed O&M expenses as per norms specified in Regulation 25 (d) of Generation Tariff Regulations, 2024. The O&M expenses claimed by the Petitioner is as follows

**Table 14 Operation and Maintenance Expenses for FY 2025-26 to FY 2028-29
(in Rs. Cr.)**

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Capacity (2x660 MW)	660	660	660	660
Norms (Lakhs/MW)	27.13	28.56	30.06	31.64

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Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
O&M Expenses claimed (Normative)	179.06	188.50	198.40	208.82

4.8.2. Further the Petitioner submitted that the charges like water charges, Security expenses, ash transportation expenses and capital spares may be allowed to claim as it incurred.

UPPCL's Replies dated 19.01.2026 and 08.05.2026:

4.8.3. UPPCL submitted that O&M expenses are recoverable only up to the normative levels prescribed under the Regulations, and any unutilized amount should be carried forward to meet future O&M requirements rather than resulting in undue gains to the generating company. UPPCL therefore requests that the Commission ensure that consumers are not burdened by excessive claims and that any savings are utilized for consumer benefit.

4.8.4. Since the Petitioner has claimed O&M expenses on a normative basis, UPPCL requests the Commission to undertake a prudence check of the claim. UPPCL also reserves its right to submit detailed calculations after the Petitioner provides the requisite information, data, documents, and justifications.

Petitioner's Rejoinders dated 01.04.2026 and 09.07.2026

4.8.5. The Petitioner has claimed O&M expenses of ₹774.78 crore for FY 2025-26 to FY 2028-29 strictly in accordance with the normative O&M norms prescribed under the UPERC Generation Tariff Regulations, 2024 for coal-based generating stations. As the claim is entirely based on regulatory norms and does not seek any relaxation or additional allowance, the scope of prudence check is limited to verification of the applicable norms, capacity, and escalation factors. Any claims relating to water charges, security expenses, ash transportation, capital spares, change in law, wage revision, or emission control systems shall be dealt with separately as per the Regulations.

4.9. Interest on Working Capital

Petitioner's Submission





4.9.1. The Petitioner has considered the fuel details certified by the Cost Accountant for the months of January, February, and March 2025. The average values for the period January to March 2025 have been worked out accordingly.

Table 15 Weight Avg. Coal and Oil Price

Particulars	April 2025	May 2025	June 2025	Average
Weighted average landed cost of coal (Rs. /MT)	6,140.18	6,349.04	6,342.11	6,277.11
Weighted average GCV of coal (Kcal/Kg)	4,369	3,737	3,513	3,873.00
Weighted average landed cost of Oil (Rs. /KL)	71,839.20	69,266.26	68,954.50	70,019.99
Weighted average GCV of Oil (Kcal/Ltr.)	10,800	10,800	10,800	10,800.00

4.9.2. The summary of Interest on Working Capital claimed by Petitioner is as follows:

Table 16 Interest on Working capital claimed by Petitioner for FY 2025-26 to FY 2028-29 (in Rs. Cr.)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Cost of Coal towards stock (20 days) (10 days for pit head and 20 days for non-pit head)	91.35	91.35	91.35	91.56
Advance payment for 30 days towards cost of coal	137.02	137.02	137.02	137.33
Cost of Main Secondary Fuel Oil (2 Months)	5.74	5.74	5.75	5.75
O&M Expenses (One Month)	14.92	15.71	16.53	17.40
Maintenance Spares @20% of O&M	35.81	37.70	39.68	41.76
Receivable 45 days (Capacity Charges and Energy Charges)	395.54	399.63	398.89	395.53
Total Working Capital	680.38	687.14	689.22	689.34
Rate of Interest (SBI MCLR + 350 basis Points) as on 1st April of FY	12.50%	12.50%	12.50%	12.50%
Interest on Working Capital	85.05	85.89	86.15	86.17

UPPCL's Replies dated 19.01.2026 and 08.05.2026:

4.9.3. UPPCL contends that the Petitioner's claim for Interest on Working Capital (IoWC) requires reassessment because revisions in the approved capital cost and additional capitalization would result in changes to the Annual Fixed Charges (AFC). Since receivables form a key component of working capital and are linked to AFC and energy charges, any modification in AFC must necessarily lead to a corresponding recalculation of the working capital requirement and interest thereon.





4.9.4. UPPCL has also raised several objections regarding the Petitioner's compliance with the regulatory provisions governing working capital. According to UPPCL, the Petitioner has failed to:

- substantiate coal stock position data required for determination of coal cost based on the lower of target availability or maximum storage capacity;
- furnish documentary evidence of the applicable bank rate as on 1st April of the relevant financial year for computation of IoWC; and
- provide Cost Accountant-certified indicative fuel-cost details for January to March 2025, as required under the Regulations.

4.9.5. Further, UPPCL notes that the Petitioner has considered Secondary Fuel Oil Consumption (SFOC) at 1 ml/kWh, whereas Regulation 28(4)(a) of the UPERC Generation Tariff Regulations, 2024 prescribes a norm of 0.5 ml/kWh for coal-based generating stations. Accordingly, the working capital computation based on the higher SFOC is stated to be inconsistent with the applicable regulatory framework.

Petitioner's Rejoinders dated 01.04.2026 and 09.07.2026

4.9.6. The Petitioner has claimed Interest on Working Capital (IoWC) of ₹343.26 crore for FY 2025-26 to FY 2028-29 strictly in accordance with the normative methodology prescribed under the UPERC Generation Tariff Regulations, 2024. The claim has been computed using the prescribed working capital components and applicable Bank Rate and is subject to prudence check and final determination by the Hon'ble Commission. Any revision in capital cost, AFC, fuel cost, or other tariff parameters can be appropriately reflected through consequential recalculation at the time of final tariff determination.

4.9.7. UPRVUNL also reiterates its request for adoption of SFOC of 1 ml/kWh for wall-fired boilers, arguing that such a norm is supported by the technical and operational requirements of the generating station and is consistent with the approach adopted under the CERC Tariff Regulations, 2024. Accordingly, the Petitioner requests the Commission





to consider a plant-specific relaxation of the prescribed norm based on the technical merits of the case.

4.10. Annual Fixed Charges

Petitioner's Submission

4.10.1. Summary of the Annual Capacity Charges (Fixed Charges) claimed for Control Period FY 2025-26 to FY 2028-29

Table 17 Annual Fixed charges claimed by Petitioner for FY 2025-26 to FY 2028-29 (in Rs. Cr.)

Sr. No.	Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
1	Depreciation	381.63	401.69	411.72	411.72
2	Interest on Loan	537.73	523.59	493.08	447.33
3	Return on Equity	323.32	340.32	348.82	348.82
4	Interest on Working Capital	85.05	85.89	86.15	86.17
5	Operation & Maintenance	179.06	188.50	198.40	208.82
7	Total Annual Capacity Charges	1506.79	1539.98	1538.16	1502.85

UPPCL's Replies dated 19.01.2026 and 08.05.2026:

4.10.2. UPPCL submitted that the costs claimed by the Petitioner lack prudence, as they allegedly include unsubstantiated expenditures, inflated capital costs, and non-compliant working capital computations, thereby failing the prudence requirements under the UPERC Generation Tariff Regulations, 2024.

4.10.3. UPPCL further submitted that, in terms of Regulation 24(a), the Annual Fixed Charges (AFC) must be prorated if the actual Plant Availability Factor (PAF) is lower than the normative availability of 85%. Accordingly, AFC should be adjusted based on the petitioner's actual operational performance.

Petitioner's Rejoinders dated 01.04.2026 and 09.07.2026

4.10.4. The Petitioner has claimed Annual Fixed Charges (AFC) of ₹6,087.78 crore for FY 2025-26 to FY 2028-29 in accordance with the UPERC Generation Tariff Regulations, 2024, based on approved tariff components such as RoE, Interest on Loan, Depreciation, IoWC, and O&M Expenses. All components have been computed as per the





applicable regulations and disclosed in the prescribed formats, with the claim remaining subject to prudence check and final determination by the Commission. The recoverable AFC shall be linked to actual Plant Availability Factor (PAF) in accordance with the regulatory framework, and the AFC for FY 2025-26 has been computed on a pro-rata basis from the COD of 24.04.2025.

4.10.5. UPRVUNL further submitted that AFC will be billed to UPPCL on a pro-rata basis from the COD (24.04.2025), and any difference arising from the final determination of capital cost and tariff components will be duly adjusted in accordance with the final tariff order issued by the Hon'ble Commission.

4.11. Energy Charges

4.11.1. Summary of the Energy Charges (Fixed Charges) claimed for Control Period FY 2025-26 to FY 2028-29 is as follows:

Table 18 Energy Charges claimed by Petitioner for FY 2025-26 to FY 2028-29

Sr. No.	Description	Unit	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
1	Capacity	MW	660	660	660	660
2	PLF	%	85%	85%	85%	85%
3	Gross Station Heat Rate	kCal. /kWh	2057.90	2057.90	2057.90	2057.90
4	Auxiliary Energy Consumption	%	5.75%	5.75%	5.75%	5.75%
5	Energy Generation – Gross	MUs	4,914	4,914	4,928	4,926
6	Auxiliary Energy Consumption	MUs	282.58	282.58	283.35	283.22
7	Ex-bus Energy Sent Out (5-6)	MUs	4,631.78	4,631.78	4,644.47	4,642.36
8	Specific Oil Consumption	ml./kWh	1.00	1.00	1.00	1.00
9	Wt. Avg. GCV of Oil	kCal. /L	10,800	10,800	10,800	10,800
10	Price of Oil	Rs. /kL	70,020	70,020	70,020	70,020
11	Wt. Avg. GCV of Coal (as Received)	kCal. /kg.	3873	3873	3873	3873
12	GCV of Primary Fuel (Coal) less 85 Kcal/Kg on account of variation during storage	kCal. /Kg.	3788	3788	3788	3788
13	Price of Coal	Rs. /MT	6,277	6,277	6,277	6,277
14	Heat Contribution from SFO [(8*9)/1000]	kCal/kWh	10.80	10.80	10.80	10.80
15	Oil Consumption [5*8]	kL	4914.36	4914.36	4927.82	4925.58
16	Heat Contribution from Coal [3-14]	kCal/kWh	2047	2047	2047	2047
17	Specific Coal Consumption [16/12]	kg/kWh	0.54	0.54	0.54	0.54
18	Coal Consumption [(5*17)/1000]	MMT	2.66	2.66	2.66	2.66

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Sr. No.	Description	Unit	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
19	Total Cost of Oil $[15 \times 10 / 10^7]$	Rs Cr	34.41	34.41	34.50	34.49
20	Total Cost of Coal $[(18 \times 13) / 10]$	Rs Cr	1,667.08	1,667.08	1,671.64	1,670.88
21	Total Fuel Cost $[19 + 20]$	Rs Cr	1,701.49	1,701.49	1,706.15	1,705.37
22	Rate of Energy Charge from Secondary Fuel Oil ex-bus $[(19/7) \times 1000]$	Paise/kWh	7.43	7.43	7.43	7.43
23	Rate of Energy Charge from Coal ex-bus $[(20/7) \times 1000]$	Paise/kWh	359.92	359.92	359.92	359.92
24	Rate of Energy Charge ex-bus per kWh $[22 + 23]$	Paise/kWh	367.35	367.35	367.35	367.35

UPPCL's Replies dated 19.01.2026 and 08.05.2026:

4.11.2. UPPCL submitted that while the Petitioner's Auxiliary Energy Consumption (AUX) of 5.75% is in line with the UPERC Generation Tariff Regulations, 2024, certain operating parameters require correction and regulatory compliance. The Petitioner has incorrectly relied on the 2019 Regulations for computation of Gross Station Heat Rate (GSHR) and should recompute it under the applicable 2024 Regulations, though UPPCL has no objection to the GSHR derived from guaranteed design parameters. Further, the claimed Secondary Fuel Oil Consumption (SFOC) of 1 ml/kWh is contrary to Regulation 28(4)(a), which prescribes 0.5 ml/kWh for coal-based stations, and should accordingly be revised.

4.11.3. UPPCL also contended that the Petitioner has failed to furnish Cost Accountant-certified fuel cost and GCV data for January to March 2025, as mandated under Regulation 3(e)(ii), instead relying on data for April to June 2025.

4.11.4. UPPCL further contended that merely stating that coal costs and GCV are market-driven does not satisfy the Petitioner's burden of demonstrating prudent procurement, efficient fuel sourcing, and reasonable coal quality. The Petitioner must substantiate its claim with complete supporting evidence. Further, the undertaking to furnish fuel cost break-up and supporting documents at a later stage is inadequate, as tariff determination and prudence check must be based on complete, verified, and contemporaneous data rather than deferred disclosures.

Petitioner's Rejoinders dated 01.04.2026 and 09.07.2026

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- 4.11.5. The Petitioner submitted that the Auxiliary Energy Consumption (AUX) of 5.75% and the Gross Station Heat Rate (GSHR) have been computed in accordance with the UPERC Generation Tariff Regulations, 2024 and the guaranteed design parameters of the project. Any reference to the 2019 Regulations is stated to be merely a clerical error, with the substantive GSHR computation remaining compliant with the 2024 Regulations. The Petitioner further seeks relaxation of Regulation 28(4)(a) regarding Secondary Fuel Oil Consumption (SFOC), contending that the prescribed norm of 0.5 ml/kWh does not adequately account for the operational requirements of wall-fired boiler technology.
- 4.11.6. With regard to fuel cost and GCV, the Petitioner submitted that the unit achieved Commercial Operation Date (COD) on 24.04.2025 and, therefore, representative operational data for January-March 2025 was unavailable. Consequently, fuel cost and GCV have been determined using Cost Accountant-certified data for April-June 2025, being the first period of stable commercial operation. The Petitioner contends that pre-COD data would not be reliable due to non-stationary operating conditions during trial operations. Further, the Petitioner submitted that the reported fuel cost and GCV are based on actual invoices and laboratory analyses and undertakes to furnish a detailed coal cost break-up and supporting certifications from the Statutory Auditor/Cost Accountant to facilitate prudence check by the Commission.
- 4.11.7. UPRVUNL contended that provisional tariff determination does not require submission of every supporting document at this stage, as the regulatory framework permits provisional recovery subject to comprehensive verification and adjustment during final tariff determination.





5. COMMISSION'S ANALYSIS

6.1 Regulatory Framework

- 6.1.1 Regulation 14 of the Generation Tariff Regulations 2024 provides terms and conditions for filing the application for determination of tariff including provisional tariff. The relevant extract of the said regulation 14 is reproduced for ready reference as under:

"14. Application for determination of tariff

A. For New project

- (1) *The generating company shall make an application for fixation of tariff in respect of the completed Units of the generating station in such forms and such manners as prescribed in these Regulations and Uttar Pradesh Electricity Regulatory Commission (Conduct of Business) Regulation, 2019 as amended from time to time or any statutory reenactment thereof:
Provided that the applications for determination of tariff shall be filed covering the period for which the terms and conditions of tariff shall remain in force.*
- (2) *In case of a generating station declared under commercial operation on or after the date of commencement of these Regulations, an Application for fixation of tariff shall be made as per Appendix - II to these Regulations, for determination of Provisional tariff within 180 days prior to the anticipated date of commercial operation based on the Capital Expenditure actually incurred up to the date of making of the Application or a date prior to making of the Application, duly audited and certified by the Statutory Auditors, and the provisional tariff shall be charged from the date of commercial operation of the respective Unit of the generating station.
Provided that where application for determination of provisional tariff of a new project has been filed before the Commission in accordance with Clause 14 (2) of these Regulations, the Commission may consider granting provisional tariff up to 90% of the Annual Fixed Cost of the project claimed in the application subject to adjustment as per proviso to Clause 14(2) of these Regulations after the final tariff order has been issued.*
- (3) *The generating company shall make a fresh Application for final tariff in prescribed format as per Appendix - II to these Regulations, within 90 days of date of the audited accounts of the year of Project's COD or within 180 days of determination of its Project's Capital Cost, by the Commission, whichever is later, failing which the rate of return on equity shall be reduced by 0.25% per month subject to a minimum base rate of 10% return on equity:*





Provided that the reduction in rate of return on equity can be waived or reduced by the Commission, in case such delay is beyond the control of applicant and is justified with sufficient material/documentation:

Provided further that over or under recovery of charges by the generating company on account of Provisional tariff shall be subject to retrospective adjustment on the basis of final tariff determined by the Commission. The generating company, on the basis of such final tariff, shall calculate the amount of under or over recovery of charges and bill such amount to be recovered or paid by it from or to the beneficiary (ies), for the period the Provisional tariff remained effective, within six months of determination of final tariff, along with simple interest calculated at rate equal to Bank Rate as on 1st April of the relevant year in which such under/over recovery was made:

Provide further that such interest that determined as per 2nd proviso of Clause (3) of this Regulation shall be payable till the date of issuance of the Order and no interest shall be allowed or levied during the period of six-monthly instalments.

- (4) *The generating company shall file an application for determination of supplementary tariff for the emission control system installed in coal based thermal generating station in accordance with these Regulations not later than 90 days from the date of start of operation of such emission control system.*

6.1.2 The instant petition has been filed for determination of provisional tariff of 1x660 MW Panki Extension for the MYT Period 2024-29. The Project has been declared under commercial operation on 24.04.2025, whereas the provisional tariff petition was filed on 02.07.2025, which is a non-compliance to the Regulation 14(2) of UPERC Generation tariff Regulations 2024 mandating filing of petition 180 days prior to the anticipated date of commercial operation. This regulatory provision has been kept keeping in view the timely determination of revenue requirement for operation of the plant.

6.1.3 During the hearing, the Commission was also informed that the emission control system was yet to be commissioned, however, the capital expenditure of the same was included in the Auditor Certificate submitted with the Petition. Therefore, the petition had to be revised with bifurcation of the capital expenditure incurred towards emission control system in accordance with the directions of the Commission. Subsequently, the details of time and cost overrun, and tariff forms were





filed in piece meal manner advocating that the present petition pertained to determination of only provisional tariff and further details would be required at the final tariff determination stage. However, it must be borne in mind that filing of complete details in one go facilitates the commission to determine the extent of provisional tariff percentage (%), having a ceiling of 90%. Therefore, it is in the interest of the petitioner to be prudent and file the provisional tariff determination comprehensively, which would also aid in expediting the final tariff determination process once the audited account for FY 2025-26 is finalised.

- 6.1.4 The Commission has noted that while Form-10 (Financing of Additional Capitalization) had been furnished, the form was incomplete and lacked critical financing details. The supporting information required through Form-7 (Project Specific Loans), Form-8 (Allocation of Corporate Loans), Form-13 and Form-13A had also not been adequately substantiated.
- 6.1.5 The 3rd cost revision for revised Capital cost of Rs. 8236.83 crore is under approval by the BoD and thereafter is to be placed before Approval Committee of the Government of Uttar Pradesh. However, the actual expenditure upto COD as claimed is Rs. 6996.14 crores against approved 2nd cost revision of Rs. 6729.20 crores.

6.2 Capacity/Fixed Charges

- 6.2.1. The Commission has considered the parameters as provided under Generation Tariff Regulations, 2024 for the determination of fixed charges for FY 2025-25 to FY 2028-29. Thus, considered parameters are as follows:

Particulars	Value	Remarks	
Debt-Equity	70:30	As per regulation 23 of Generation Tariff Regulation 2024	Normative Basis
Return on Equity	15%	As Per Regulation 25(3)(a) of the Generation Tariff Regulation 2024	
Interest on Loan	11%	As Per Regulation 25(3)(b)(iv) of the Generation Tariff Regulation 2024	As per the submitted Auditors certificate in respect of the Weighted Average Rate of Interest.
O&M Expenses		As Per Regulation 25(3)(d)(i) of the Generation Tariff Regulation 2024	On Normative Basis





Particulars	Value	Remarks	
Rate of Interest on Working Capital	12.50%	As Per Regulation 25(3)(e)(V) of the Generation Tariff Regulation 2024	Computed as per SBI MCLR + 350 bps

6.3 GFA Balance

6.3.1 The Petitioner has requested the Commission to consider the opening GFA as on 23.04.2025 (COD on 24.04.2025) of Rs. 6996.14 crores based on the Auditor's Certificate for provisional tariff of FY 2025-26. The details of the cost estimate for the thermal power station as submitted are given on the table below:

Table 19 Cost estimate as on 23/04/2025 (in Rs. Cr.)

Sl. No.	Particulars	Actual Capital Expenditure up to 23.04.2025 (Un-Audited)
1	Cost of Land & Site Development	
1.1	Land	9.94
	Total cost (Land & Site Development)	9.94
2	Plant & Equipment	
2.1	Steam Generator Island	636.09
2.2	Turbine Generator Island	378.97
2.3	BOP Mechanical	
2.3.1	External water supply system	0.79
2.3.2	CW system	1.72
2.3.3	DM water Plant	12.79
2.3.4	Clarification plant	0.8
2.3.5	Chlorination Plant	2.79
2.3.6	Fuel Handling & Storage system	9.82
2.3.7	Ash Handling System	74.15
2.3.8	Coal Handling Plant	216.02
2.3.9	Rolling Stock and Locomotives	12.02
2.3.10	Air Compressor System	6.35
2.3.11	Air Condition & Ventilation System	13.43
2.3.12	Firefighting System	49.81
2.3.13	HP/LP Piping	166.09
2.3.14	External coal handling in Jetty, if any	105
2.3.15	ESP	21.89
	Total BOP Mechanical	693.47
2.4	BOP Electrical	
2.4.1	Switch Yard Package	35.15
2.4.2	Transformers Package	154.84
2.4.3	Switch gear Package	48.72
2.4.4	Cables, Cable facilities & grounding	28.92
2.4.5	Lighting	15.58

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Multi Year Tariff and Provisional Capital Cost Approval for Panki Extension (1X660 MW) TPS for FY 2025-26 to FY 2028-29

Sl. No.	Particulars	Actual Capital Expenditure up to 23.04.2025 (Un-Audited)
2.4.6	Emergency D.G. set	4.91
	Total BOP Electrical	288.12
2.5	C & I Package	75.87
A	Total Plant & Equipment excluding taxes & Duties	2082.46
2.6	Taxes and Duties	370.29
2.7	PVC	540.25
3	Initial spares	90.63
4	Civil Works	
4.1	Main plant/Adm. Building	957.91
4.2	CW system	
4.3	Cooling Towers	
4.4	DM water Plant	
4.5	Clarification plant	
4.6	chlorination plant	
4.7	Fuel Handling & Storage system	
4.8	Coal Handling Plant	
4.9	Ash Handling System	
4.1	Ash disposal area development	
4.11	Firefighting System	
4.12	Township & Colony	
4.13	Temp. construction & enabling works	
4.14	MGR & Marshalling Yard	72.85
4.15	Township & Colony	77.38
4.16	Transmission line shifting	32.16
4.17	TTP WORKS	216.62
4.18	02 NOS ROBs	58.75
	Total	1417.55
5	Construction & Pre- Commissioning Expenses	
5.1	Erection Testing and commissioning	0
5.2	Site supervision	7.92
5.3	Startup fuel	301.62
	Total Construction & Pre- Commissioning Expenses	309.54
6	Overheads	
6.1	Establishment	254.11
6.2	Design & Engineering	79.34
6.3	Contingency	15.97
	Total Overheads	349.42
7	Total Capital cost excluding IDC & FC	5160.14
8	IDC, FC, FERV and Hedging cost	
8.1	Interest During Construction (IDC)	1830.37
8.2	Financing Charges (FC)	5.63
	Total of IDC, FC, FERV & Hedging Cost	1836





Sl. No.	Particulars	Actual Capital Expenditure up to 23.04.2025 (Un-Audited)
9	Total Capital cost including IDC, FC, FERV, & Hedging cost excluding FGD & SCR	6996.14

6.3.2 The Commission notes that total actual expenditure incurred as on 23.04.2025 is Rs. 6,996.14 Cr. and statutory Auditor Certificate dated 04.09.2025 in this regard is placed on record.

6.3.3 The Prudence check of the Capital cost of the project shall be performed by the Commission at the time of determination of final tariff. The determination of provisional tariff is detailed in the succeeding paragraphs of this order.

6.3.4 Accordingly, the Commission for the purpose of the instant Petition, has considered 85% to the opening GFA balance for FY 2025-26 and approves the following GFA, further the Commission has not considered any Additional Capitalization in Capital Expenditure for the determination of Provisional Tariff Fixed charge in this order and shall be taken up at the time of Truing Up of FY 2024-29.

Table 20 GFA Approved by the Commission (in Rs. Cr.)

	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Opening GFA	6,996.14	5,946.72	5,946.72	5,946.72
85% of GFA	5,946.72	5,946.72	5,946.72	5,946.72
Capitalization During the Year	-	-	-	-
Deletion During the Year	-	-	-	-
Addition on Account of HQ	-	-	-	-
Closing GFA	5,946.72	5,946.72	5,946.72	5,946.72

6.4 Depreciation

6.4.1 The Commission observes that the Petitioner in its submission has considered the depreciation rates applicable for the existing plants in accordance with Appendix III(A) of the Generation Tariff Regulations 2024, whereas, Appendix III(B) of the Generation Tariff Regulations 2024 would be applicable for the station, as the station COD is beyond 31.03.2024.

6.4.2 The Commission for the purpose of calculation is guided by Clause 25(3)(c) of the Generation Tariff Regulations, 2024. The Commission has applied





depreciation rates as prescribed in Appendix III of the Generation Tariff Regulations 2024, based on the Gross fixed Asset and worked out Depreciation for FY 2025-26 to FY 2028-29 accordingly.

**Table 21 Depreciation approved by the Commission FY 2025-26 to FY 2028-29
(in Rs. Cr.)**

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Opening GFA	5,946.72	5,946.72	5,946.72	5,946.72
Land Cost	9.94	9.94	9.94	9.94
Capital Cost Excluding Land Cost	5,936.78	5,936.78	5,936.78	5,936.78
Addition	-	-	-	-
Closing GFA Excluding Land Cost	5,936.78	5,936.78	5,936.78	5,936.78
Average GFA Excluding Land Cost	5,936.78	5,936.78	5,936.78	5,936.78
Rate of Depreciation	4.00%	4.00%	4.00%	4.00%
Depreciation approved	237.26	237.26	237.26	237.26

6.5 Means of Finance

- 6.5.1 As per Petitioner's Submission, the Debt: Equity ratio is 70:30 for the Panki TPS subject to submission of relevant loan documents, equity infusion details and Prudence check during the determination of the final capital cost and tariff.
- 6.5.2 Regulation 23 of the Generation Tariff Regulations, 2024 provides that Debt: Equity ratio as on COD shall be 70:30 for the purpose of determination of tariff. The Relevant extract of the said Regulation is reproduced as under:

"23. Debt-Equity Ratio

In case of all generating stations, debt-equity ratio as on the date of commercial operation shall be 70:30 for determination of tariff. Where equity employed is more than 30%, the amount of equity for determination of tariff shall be limited to 30% and the balance amount shall be considered as the normative loan.

Provided that

- The generating company shall submit the resolution of the Board of the company regarding infusion of fund from internal resources in support of the utilization made or proposed to be made to meet the capital expenditure of the generating station.*





- b. In case of a generating station where actual equity employed is less than 30%, the actual debt and equity shall be considered for determination of tariff.
- c. The equity invested in foreign currency shall be designated in Indian rupees on the date of each investment.
- d. Any grant obtained for the execution of the project shall not be considered as a part of capital structure for the purpose of debt-equity ratio.
- e. Any grant obtained for the execution of the project shall not be considered as a part of capital structure for the purpose of debt-equity rate
- f. Any grant obtained for the execution of the project shall not be considered as a part of capital structure for the purpose of debt-equity rate
- g. Any grant obtained for the execution of the project shall not be considered as a part of capital structure for the purpose of debt-equity rate "

6.5.3 The Commission has approved the Debt-Equity ratio as per Govt. approval and as claimed by UPRVUNL and has worked out Debt & Equity for the project as under:

Table 22 Debt Equity Calculation (in Rs. Crore)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Opening GFA @85%	5,946.72	5,946.72	5,946.72	5,946.72
Additions	-	-	-	-
Deletions/Capitalisation	-	-	-	-
Closing GFA	5,946.72	5,946.72	5,946.72	5,946.72
Financing				
Debt %	70%	70%	70%	70%
Equity %	30%	30%	30%	30%
Opening Debts	4,162.70	3,925.44	3,688.18	3,450.92
Additions	-	-	-	-
Deletions	-	-	-	-
Less: Depreciation/ Repayment	237.26	237.26	237.26	237.26
Closing Debts	3,925.44	3,688.18	3,450.92	3,213.66
Opening Equity	1,784.02	1,784.02	1,784.02	1,784.02
Additions	-	-	-	-
Deletions	-	-	-	-
Closing Equity	1,784.02	1,784.02	1,784.02	1,784.02





6.6 Return on Equity

6.6.1 The Commission has approved rate of return @15% in terms of Regulation 25 (3) (a) of Generation Tariff Regulations, 2024, subject to submission of relevant equity infusion details and Prudence check during the determination of the final capital cost and tariff. Accordingly, the Return on Equity to the Petitioner has been approved as under:

Table 23 Return on Equity approved by the Commission (in Rs. Cr.)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Opening Equity	1,784.02	1,784.02	1,784.02	1,784.02
Addition during the Year	-	-	-	-
Deletion During the Year	-	-	-	-
Closing Equity	1,784.02	1,784.02	1,784.02	1,784.02
Average Equity	1,784.02	1,784.02	1,784.02	1,784.02
ROE Rate	15%	15%	15%	15%
Return on Equity	267.60	267.60	267.60	267.60

6.7 Interest on Loan

6.7.1 The Commission has considered the opening and closing loan and applied weighted average rate of interest of loan as submitted by the Petitioner vide additional submissions dated 08.05.2026, for the calculation of the interest on Loan for the FY 2025-26 to FY 2028-29. However, this would be subject to submission of relevant loan documents and Prudence check during the determination of the final capital cost and tariff. The interest on loan is calculated as below:

Table 24 Interest on loan approved by the Commission

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Opening Loan (Rs Crores)	4,162.70	3,925.44	3,688.18	3,450.92
Addition during the Year (Rs Crores)	-	-	-	-
Deletion During the Year (Rs Crores)	-	-	-	-
Repayment (Rs Crores)	237.26	237.26	237.26	237.26
Closing Loan (Rs Crores)	3,925.44	3,688.18	3,450.92	3,213.66
Average Loan (Rs Crores)	4,044.07	3,806.81	3,569.55	3,332.29
Rate of Interest on Loan	11.00%	11.00%	11.00%	11.00%
Interest on Loan (Rs Crores)	444.85	418.75	392.65	366.55





6.8 Operation and Maintenance Expenses

6.8.1 Regulation 25(3)(d) of the Generation Tariff Regulations, 2024 provides the normative O&M expense for the Coal based thermal power plants. The relevant extract of the said regulation is as below:

"d. Operation and Maintenance Expenses

Normative Operation and Maintenance expenses of thermal generating stations shall be as follows:

- (i) Coal-based generating stations except those covered under Clause (ii)

(in Rs. /lakh/MW)

Financial Year	Up to 200/210/250 MW sets	300/330/350 MW sets	500 MW sets	600 /660 MW	800 MW series and above
2024-25	40.92	34.04	27.17	25.78	23.20
2025-26	43.07	35.83	28.60	27.13	24.42
2026-27	45.33	37.71	30.10	28.56	25.70
2027-28	47.71	39.69	31.68	30.06	27.05
2028-29	50.21	41.78	33.34	31.64	28.47

- (ii)

(in Rs. /lakh/MW)

Financial Year	Harduaganj Unit 7
2024-25	77.00
2025-26	79.71
2026-27	82.51
2027-28	85.40
2028-29	88.40

6.8.2 The Commission, accordingly, approved O&M expenses for the FY 2025-26 to FY 2028-29 as below:

Table 25: Operations & Maintenance Expense as approved by the Commission

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Capacity (MW)	660	660	660	660
Norms (Lakh/MW)	27.13	28.56	30.06	31.64
O&M expenses (Rs Cr.)	179.06	188.50	198.40	208.82





6.9 Interest on Working Capital

6.9.1 Regulation 25(3)(e) of Generation Tariff Regulations, 2024 provides normative parameters for computing the Working Capital for the coal based thermal power plants. The relevant extract of the said Regulation is reproduced as follows:

"Interest on Working Capital:

(I) Working capital shall be allowed on a normative basis. For coal based generating stations it shall include:

(a) Cost of coal towards stock for 10 days for pithead generating stations and 20 days for non-pit-head generating stations, corresponding to the Target Availability or maximum coal stock storage capacity, whichever is lower.

(b) Advance Payment for 30 days towards Cost of coal for generation corresponding to the Target Availability.

(c) Cost of secondary fuel oil for two months corresponding to the target availability and in case of use of more than one secondary fuel oil, cost of fuel oil stock for the main secondary fuel oil;

(d) Operation and Maintenance expenses as per Regulation 25(3)(d), for one month.

(e) Maintenance spares @ 20% of operation and maintenance expenses; and

(f) Receivables equivalent to 45 days of capacity charges and energy charges for sale of electricity calculated on the target availability.

(II) The indicative cost of fuel in cases covered under sub-Clauses (a) and (b) of sub-Clause (i) of this Regulation shall be based on the landed cost incurred (taking into account normative transit and handling losses) by the generating company and gross calorific value of the fuel on 'as received basis', for the three months preceding the first month of the period for which tariff is to be determined.

(III) For emission control system of coal or lignite based thermal generating stations:

(a) Cost of limestone or reagent towards stock for 20 days corresponding to the normative annual plant availability factor.

(b) Advance payment for 30 days towards the cost of reagent for generation corresponding to the normative annual plant availability factor.





(c) Receivables equivalent to 45 days of supplementary capacity charge and supplementary energy charge for the sale of electricity calculated on the normative annual plant availability factor;

(d) Operation and maintenance expenses in respect of the emission control system for one month.

(e) Maintenance spares @20% of operation and maintenance expenses in respect of emission control system

6.9.2 The Commission has considered the fuel details as submitted by the Petitioner in tariff form for the months of April, May and June 2025 duly supported by Auditor's certificate. Accordingly, the average value worked out are as below:

Particulars		Apr-25	May-25	Jun-25	Average
Weighted Avg GCV of Coal as received Basis	kCal/Kg	4,369.00	3,737.00	3,513.00	3,873.00
Weighted avg. Landed Cost of Coal	Rs. /MT	6,140.18	6,349.04	6,342.11	6,277.11
Weighted Avg GCV of oil as received Basis	kCal/Ltr	10,800.00	10,800.00	10,800.00	10,800.00
Weighted Avg. Landed Cost of Oil	Rs. /kL	71,839.20	69,266.26	68,954.50	70,019.99

6.9.3 The Commission has also computed the receivables equivalent for 45 days of capacity charges and energy charges for sale of electricity in accordance with the approved Annual Fixed Charges as approved by the Commission in Table 28, and Energy Charges as approved by the Commission in accordance with Table 29. The same is tabulated as below:

Table 26: Receivables for 45 days (in Rs Crores)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Annual Fixed Charges for 45 days	149.02	146.98	144.59	143.08
Energy Charges for 45 days	208.19	208.19	208.19	208.19
Receivables equivalent for 45 days of capacity charges and energy charges for sale of electricity	357.22	355.17	352.79	351.27

6.9.4 Regulation 25(3)(e)(V) of the Generation Tariff Regulations, 2024 provides rate of Interest on Working Capital to be bank Rate as on 01.04.2025, which work out to be 12.50% (i.e. 9.00%+350 basis points). Accordingly, the Commission has approved Interest on Working Capital for the FY 2025-26 to FY 2028-29 as under-





Table 27 Interest on Working capital Approved by the Commission (in Rs. Cr.)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Cost of Coal for stock for 20 days*	91.59	91.59	91.59	91.59
Advance Payment towards Cost of coal for 30 days*	137.38	137.38	137.38	137.38
Cost of Main Secondary Fuel Oil for 2 months*	2.87	2.87	2.88	2.87
O & M Expenses for 1 months**	14.92	15.71	16.53	17.40
Maintenance Spares @20% of O&M**	35.81	37.70	39.68	41.76
Receivables for 45 days***	357.22	355.17	352.79	351.27
Total Working Capital	639.79	640.42	640.84	642.28
SBI MCLR as 01.04.2025	9.00%	9.00%	9.00%	9.00%
Rate of Interest (MCLR+350)	12.50%	12.50%	12.50%	12.50%
Interest on Working Capital	79.97	80.05	80.11	80.28

*Cost of Coal and SFO as per Table 29

** O&M Expenses for one month as per Table 25

*** Receivables for 45 days as computed in Table 26

6.10 Annual Fixed Charges

6.10.1 In view of the above discussion, the fixed/ capacity charges as approved the Commission in the instant provisional tariff for the FY 2025-26 to FY 2028-29 is as below:

Table 28 Annual Fixed Charge approved by the Commission (in Rs. Cr.)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Depreciation	237.26	237.26	237.26	237.26
Interest on Loan Capital	444.85	418.75	392.65	366.55
Return on Equity	267.60	267.60	267.60	267.60
Interest on Working Capital	79.97	80.05	80.11	80.28
O & M Expenses	179.06	188.50	198.40	208.82
Total Capacity Charges	1,208.74	1,192.16	1,176.01	1,160.52

6.11 Variable/Energy Charges

6.11.1 The Commission has observed that the Petitioner has claimed SFOC as 1ml/kWh as per the CERC Tariff Regulations 2024, claiming that the project has wall-fired boiler technology employed at the generating station, but eventually has not prayed the Commission to exercise its Power under Regulation 10 to remove this difficulty and permit such SFOC. The Commission during the computation of the Energy Charges have considered SFOC as per the UPERC Generation Tariff Regulations, 2024 @ 0.5 ml/kWh and grants liberty to the Petitioner to claim SFOC as 1ml/kWh during the final capital cost and tariff determination through proper prayer.





6.11.2 The Commission has determined the Energy Charges for FY 2025-26 in accordance with the norms provided in the Generation Tariff Regulations, 2024. For the subsequent years no escalation in the prices of oil and coal has been considered at this stage, and in view of the discussion in the foregoing paragraph of this tariff order the representative Energy Charges for the FY 2025-26 to FY 2028-29 is given in the below table:

Table 29 Energy Charges approved by the Commission

Particulars	Units	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Capacity	MW	660.00	660.00	660.00	660.00
PLF	%	85%	85%	85%	85%
No. of Days		365	365	366	365
Gross Generation	MU	4,914.36	4,914.36	4,927.82	4,914.36
Aux. Consumption	%	5.75%	5.75%	5.75%	5.75%
Aux. Consumption	MU	282.58	282.58	283.35	282.58
Ex Bus Energy Generation	MU	4,631.78	4,631.78	4,644.47	4,631.78
Gross Station Heat Rate	kCal/kWh	2,057.90	2,057.90	2,057.90	2,057.90
Weighted Avg. GCV of Sec. oil	kCal/kL	10,800.00	10,800.00	10,800.00	10,800.00
Secondary Fuel Consumption	ml/kWh	0.5	0.5	0.5	0.5
Weighted Avg. GCV of Coal	kCal/kg	3,873.00	3,873.00	3,873.00	3,873.00
less 85 Kcal/Kg on account of variation during storage at generating station	kCal/kg	85.00	85.00	85.00	85.00
Net GCV of Coal	kCal/kg	3,788.00	3,788.00	3,788.00	3,788.00
Haet Contribution from SF	kCal/kWh	5.40	5.40	5.40	5.40
Heat Contribution from Coal	kCal/kWh	2,052.50	2,052.50	2,052.50	2,052.50
Total Secondary Fuel consumption	KL	2,457.18	2,457.18	2,463.91	2,457.18
Specific Coal Consumption	kg/kWh	0.54	0.54	0.54	0.54
Total Coal Consumption	MMT	2.66	2.66	2.67	2.66
Landed cost of Sec. Oil	Rs. /kL	70,019.99	70,019.99	70,019.99	70,019.99
Total Cost of Oil	Rs. Cr.	17.21	17.21	17.25	17.21
Landed cost of Coal	Rs. /MT	6,277.11	6,277.11	6,277.11	6,277.11
Total Cost of Coal	Rs. Cr.	1671.48	1671.48	1676.05	1671.48
Total Fuel Cost	Rs. Cr.	1688.68	1688.68	1693.31	1688.68
Rate of Energy Charge for SFC	Paise/kWh	3.71	3.71	3.71	3.71
Rate of Energy Charge for Coal	Paise/kWh	360.87	360.87	360.87	360.87
Rate of Energy Charge	Paise/kWh	364.59	364.59	364.59	364.59

Commission's View

6.1.1. The 1x660 MW Panki Extension TPS has achieved COD on 24.04.2025 against Schedule CoD 30.09.2021. The Commission further notes that



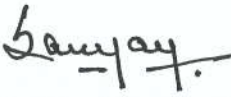


vide its Order dated 06.02.2026, it had already permitted billing of 80% of the claimed Annual Fixed Charges on a provisional basis. The provisional tariff determined herein shall be applicable from the date of this order, till final tariff determination of the project.

- 6.1.2. The Petitioner is directed to make fresh applications for final tariff determination in accordance with prescribed format as per Appendix II of the UPERC Generation Tariff Regulations 2024 within 90 days of finalization of audited accounts for year of project COD i.e. FY 2025-26 along with supporting documents pertaining to time and cost overrun.

With these directions, the Petition is disposed off.


(Griesh Kumar Vaish)
Member (Law)


(Sanjay Kumar Singh)
Member


(Arvind Kumar)
Chairman

Place: Lucknow
Dated: 29.09.2026

