

BEFORE THE GUJARAT ELECTRICITY REGULATORY COMMISSION
GANDHINAGAR

Order No. 4 of 2013

In the matter of: Determination of Tariff for Procurement of Power by the Distribution Licensees and Others from Biomass based Power Projects and Bagasse based Co-generation Projects.

CORAM:

Shri Pravinbhai Patel, Member (T)
Dr. M. K. Iyer, Member (F)

Date: 30/09/2013

Corrigendum to Order No. 4 of 2013 dated 08.08.2013

- 1) The Commission passed an order dated 08.08.2013 for Determination of Tariff for Procurement of Power by the Distribution Licensees and Others from Biomass based Power Projects and Bagasse based Co-generation Projects and forwarded a copy of the order to all the parties.

- 2) On verification of the documents on record of Order No. 4 of 2012, a typographical error has been observed on page No. 37 of the said order. It is, therefore necessary to correct the said typographical error in the order dated 08.08.2013. We, therefore, decide to correct the above stated error and pass necessary order for incorporating correction as stated below.

(A) In Table 3.1 in para 3 of the order, levelised fixed component of tariff without AD benefit for the biomass based power projects with Air-cooled condenser, have been indicated as “Rs. 1.80/kWh” instead of “Rs. 1.89/kWh” as determined in the

Annexure IV of the order. As such the said figure of “Rs. 1.80/kWh” shall be replaced by “Rs. 1.89/kWh”. The modified para 3 of the above order is as under:

3. Tariff Determination:

Based on the foregoing discussion, the operational and financial parameters considered by the Commission for determination of biomass based power projects tariff are given in the table below:

Table 3.1: Benchmark parameters for tariff computation of biomass based power projects

Parameters	Biomass based Power Projects with Water-Cooled Condensers	Biomass based Power Projects with Air-Cooled Condensers
Project Cost and O&M		
Land + Plant & Machinery + Erection Cost (Rs. Lakh/MW)	468	498
Evacuation Infrastructure Cost (Rs. Lakh/MW)	Nil	Nil
Total Project Cost (Rs. Lakh/MW)	468	498
Normative O&M Cost for first year (Rs. Lakh/MW)	5% of project cost	5% of project cost
Escalation in O&M (per annum from 2nd year)	5.72%	5.72%
Performance Parameters		
CUF	70% for 1st year & 80% from 2nd year onwards	70% for 1st year & 80% from 2nd year Onwards
Auxiliary Consumption	10%	10%
Project Life in Years	20	20
Station Heat Rate kCal/kWh	3800	3950
Gross Calorific Value of Fuel kCal/kg	Biomass - 3400 and Coal - 3632	Biomass - 3400 and Coal - 3632
Cost of Fuel	Rs. 2726 per MT for biomass and Rs. 2912 per MT for coal	Rs. 2726 per MT for biomass and Rs. 2912 per MT for coal

Parameters	Biomass based Power Projects with Water-Cooled Condensers	Biomass based Power Projects with Air-Cooled Condensers
Fuel Cost Escalation	5%	5%
Financial Parameters		
Debt-Equity ratio	70:30	70:30
Term of Loan in Years	10	10
Interest on Term Loan	12.86%	12.86%
Interest on Working Capital	12.86%	12.86%
Depreciation	6% (up to 10 years) 3% (11 to 20 years)	6% (up to 10 years) 3% (11 to 20 years)
Minimum Alternate Tax	20.008%	20.008%
Corporate Income Tax	32.45%	32.45%
Return on Equity	14%	14%
Tariff	<p>Tariff without AD benefit: Levelised fixed component of tariff - Rs. 1.77 /kWh for 20 years And *variable component of tariff for FY 2013-14 - Rs.3.39/kWh, FY 2014-15 -Rs. 3.55/kWh, FY 2015-16 - Rs. 3.73/kWh</p> <p>Tariff with AD benefit: Levelised fixed component of tariff - Rs. 1.49 /kWh for 20 years And *variable component of tariff for FY 2013-14 - Rs.3.39/kWh, FY 2014-15 -Rs. 3.55/kWh, FY 2015-16 - Rs. 3.73/kWh</p>	<p><u>Tariff without AD benefit:</u> <u>Levelised fixed component of tariff - Rs. 1.89 /kWh for 20 years</u> And *variable component of tariff for FY 2013-14 - Rs.3.52/kWh, FY 2014-15 - Rs. 3.69/kWh, FY 2015-16 - Rs. 3.88/kWh</p> <p>Tariff with AD benefit: Levelised fixed component of tariff - Rs. 1.58 /kWh for 20 years And *variable component of tariff for FY 2013-14 - Rs.3.52/kWh, FY 2014-15 - Rs. 3.69/kWh, FY 2015-16 - Rs. 3.88/kWh</p>

*The biomass based power projects/bagasse based co-generation projects owner opting tariff without AD benefit should submit an undertaking at the time of signing the PPA that AD benefit cannot be availed for the generating plant/unit. Thereafter, a certificate from a Chartered Accountant (CA) along with the income tax return filed with Income Tax department indicating that AD benefit is not claimed need to be submitted to GUVNL/DISCOM.

3) We also decide that the other contents of the order No. 4 of 2013 dated 08.08.2013 will remain the same.

4) We order accordingly.

Sd/-

**[Dr.M.K.IYER]
MEMBER(F)**

Place: Gandhinagar
Date : 30/09/2013

Sd/-

**[PRAVINBHAI PATEL]
MEMBER(T)**

Annexure - I

List of the Stakeholders

Sr. No	Name of Stakeholder
1	Abellon Clean Energy Limited. (ACEL)
2	Ankur Scientific Energy Technologies Pvt. Ltd.
3	Cogeneration Association of India
4	Fortune Vision International
5	Gujarat Biomass Energy Developers Association (GBEDA)
6	Gujarat Energy Development Agency (GEDA)
7	Gujarat Energy Transmission Corporation Ltd. (GETCO)
8	Gujarat State Federation of Co-operative Sugar Factories (GSFCSF)
9	Gujarat Urja Vikas Nigam Ltd
10	IL&FS Renewable Energy Limited
11	Ministry of New and Renewable Energy (MNRE)
12	Torrent Power Ltd.