

# ASSAM ELECTRICITY REGULATORY COMMISSION

## (Terms and Conditions for Tariff determination from Renewable Energy Sources) Regulations, 2017, Dated: 13.11.2017 (For Small Hydro) (Draft)

Sl. No.	Description	Summary						
1.	<b>Control period</b>	3-Years (FY-2017-18)						
2.	<b>Tariff Structure</b>	<p>1. RE projects shall be single part tariff consisting of the following fixed cost components:</p> <ul style="list-style-type: none"> <li>• Return on equity;</li> <li>• Interest on loan capital;</li> <li>• Depreciation;</li> <li>• Interest on working capital;</li> <li>• Operation and maintenance expenses;</li> </ul> <p>2. For RE technologies having fuel cost component, such as biomass power projects and non-fossil fuel based cogeneration, single part tariff with two components i.e. fixed cost component and fuel cost component, is to be determined.</p>						
3.	<b>Tariff Design</b>	<p>1. The generic tariff shall be determined on levellised basis for the Tariff Period.</p> <p>2. Levellisation shall be carried out for the 'useful life' of the Renewable Energy project.</p> <p>3. These principles shall applicable also for generic tariff.</p>						
4.	<b>Discount Factor for Levellised Tariff</b>	Discount Factor shall be equivalent to Post Tax weighted average cost of capital.						
5.	<b>Capital Cost</b>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Project Size</th> <th style="text-align: center;">Capital Cost (in Lakh/MW)</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Below 5 MW</td> <td style="text-align: center;">1000</td> </tr> <tr> <td style="text-align: center;">5 MW to 25 MW</td> <td style="text-align: center;">900</td> </tr> </tbody> </table>	Project Size	Capital Cost (in Lakh/MW)	Below 5 MW	1000	5 MW to 25 MW	900
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Below 5 MW	1000							
5 MW to 25 MW	900							
6.	<b>Debt Equity Ratio</b>	70:30						
7.	<b>Return on Equity</b>	The normative Return on Equity shall be 14 %, to be grossed up by prevailing MAT as on 1st April of previous year for the entire useful life of the project.						
8.	<b>Interest on Loan</b>	<p>Loan Tenure-13 Years</p> <p>1. For the purpose of computation of tariff, normative interest rate of two hundred (200) basis points above the average State Bank of India MCLR (Marginal Cost Lending Rate - one year tenor) prevalent during the last available six months shall be considered.</p> <p>2. Interest rate for loan component has been determined as 10.00%.</p>						
9.	<b>Depreciation</b>	Depreciation rate of 5.28% per annum for first 13 years and remaining depreciation to be spread during remaining useful life of the RE projects considering the salvage value of the project as 10% of project cost shall be considered.						
10.	<b>Interest on Working capital</b>	Interest rate has been computed as average of State Bank of India MCLR (One Year Tenor) prevalent during the last available six months plus 300 basis points (equivalent to interest rate of 11.00%).						
11.	<b>Capacity utilization Factor</b>	45 %						

<b>12.</b>	<b>Operation and Maintenance Expenses</b>	Project Size	O&M Cost (in Lakh/MW)
		Below 5 MW	36.00
		5 MW to 25 MW	27.00
<b>13.</b>	<b>Auxiliary Consumption</b>	1.0%	
<b>14.</b>	<b>Subsidy</b>	The Commission shall take into consideration any incentive or subsidy offered by the State Government, including accelerated depreciation benefit if availed by the generating company, for the renewable energy power plants while determining the tariff under these Regulations.	