

DELHI ELECTRICITY REGULATORY COMMISSION

(Terms & Conditions for Determination of Tariff for Grid-Connected Solar Photo Voltaic Project) Regulations, 2013, Dated: 08-01-2013

Sl. No.	Description	Summary		
1.	Control Period or Review Period	3 – Years (w.e.f.2012-13)		
2.	Applicability	These Regulations shall be applicable to all the grid connected solar PV projects where tariff for electricity generated from such projects is determined by the commission.		
3.	Eligibility	Grid connected Solar PV power projects of capacity equal to or more than 25kWp, based on the Solar Photo Voltaic technologies approved by Ministry of New and Renewable Energy of the Government of India.		
4.	Tariff Period	25 Years (for Solar PV)		
5.	Tariff Structure	The tariff for renewable energy technologies shall be single part tariff consisting of the following fixed cost components: <ul style="list-style-type: none"> (a) Return on equity; (b) Interest on loan capital; (c) Depreciation; (d) Interest on working capital; (e) Operation and maintenance expenses. 		
6.	Tariff Design	<ol style="list-style-type: none"> 1. The tariff shall be determined on levelised basis for the tariff period. 2. Levellisation shall be carried out for the 'useful life' of the Renewable Energy project while Tariff shall be specified for the period equivalent to 'Tariff Period'. 		
7.	Discount Factor for Levellised Tariff	Discount factor shall be equivalent to weighted average cost of capital.		
8.	Despatch Principles	All grid-connected Solar PV power projects shall be treated as 'MUST RUN' power plants and shall not be subjected to 'merit order load dispatch' principles.		
9.	Renewable Purchase Obligation (RPO)	Defined Minimum quantum of Purchase (in % age) from Renewable energy sources (in terms of energy equivalent in kWh) of Total Consumption Year	Solar	Total
		(1)	(2)	(3)
		2012-13	0.15%	3.40%
		2013-14	0.20%	4.80%
		2014-15	0.25%	6.20%
		2015-16	0.30%	7.60%
2016-17	0.35%	9.00%		
10.	Capital Cost	For Solar PV Projects-1200 Rs Lakh/MW		
11.	Debt-Equity Ratio	70:30 If the equity actually deployed is more than 30% of the capital cost, equity in excess of 30% shall be treated as normative loan.		
12.	Loan and Finance Charges	Loan tenure -12 Years For the purpose of computation of tariff, the normative interest rate shall be considered as average State Bank of India (SBI) Base rate prevalent during the first six months of the previous year plus 300 basis points		

13.	Depreciation	<ol style="list-style-type: none"> 1. The Salvage value of the asset shall be considered as 10% and depreciation shall be allowed up to maximum of 90% of the Capital Cost of the asset. 2. The depreciation rate for first 12 years of the Tariff Period shall be 5.83% per annum and the remaining depreciation shall be spread over the remaining useful life of the project from 13th year onwards.
14.	Return on Equity	<ol style="list-style-type: none"> 1. The value base for the equity shall be 30% of the capital. 2. The normative Return on Equity shall be: <ol style="list-style-type: none"> (a) 20% per annum for the first 10 years. (b) 24% per annum 11th years onwards.
15.	Interest on Working Capital	Interest on Working Capital shall be at interest rate equivalent to the average State Bank of India Base Rate prevalent during the first six months of the previous year plus 350 basis points.
16.	Operation and Maintenance Expenses	11.00 Rs. Lakh/MW (for Solar PV) Normative O&M expenses allowed during first year of the Control Period (i.e. FY 2012-13) under these Regulations shall be escalated at the rate of 5.72% per annum over the Tariff Period (from 2 nd year onwards).
17.	Capacity Utilisation Factor	19%
18.	Metering Arrangement	<ol style="list-style-type: none"> 1. In accordance with the CEA Installation and operation Meters Regulations 2006, DERC Grid-Code Regulations 2008 and DERC Supply code regulation 2007. 2. Periodicity of testing, checking, calibration etc. shall be governed by the CERC Installation and operation Meters Regulations 2006.
19.	Billing and Payment	Billing of the energy shall be carried out on a monthly basis.
20.	Late payment surcharge	For any delayed beyond a period of 60 days from the date of billing, a late payment surcharge at the rate of 1.25% per month shall be levied by the project developer, calculated on daily basis.
21.	Rebate	<ol style="list-style-type: none"> 1. For payment of bills of the generating company through letter of credit, a rebate of 2% shall be allowed. 2. Where payments are made other than through letter of credit within a period of one month of presentation of bills by the generating company, a rebate of 1% shall be allowed.
22.	Subsidy or incentive by the Central / State Government	The Commission shall take into consideration any incentive or subsidy offered by the Central or the Government of NCT of Delhi, including Generation Based incentive (GBI) or accelerated depreciation benefit if availed by the project developers for such projects while determining the tariff under these Regulations.
23.	Taxes and Duties	The taxes and duties levied by the appropriate Government shall be allowed as pass through on actual incurred basis.
24.	Sharing of CDM Benefits	<ol style="list-style-type: none"> 1. 100% of the gross proceeds on account of CDM benefit to be retained by the project developer in the first year after the date of commercial operation of the generating station; 2. In the second year, the share of the beneficiaries shall be 10% which shall be progressively increased by 10% every year till it reaches 50%, where after the proceeds shall be shared in equal proportion, by the generating company and the beneficiaries.