

COMMERCIAL CIRCULAR No. 292

Sub: Tariff of Renewable Energy Projects for the period from 1st April 2017 to 31st March 2018.

Ref: MERC RE Tariff order dated 28th April 2017 in Case No. 33 of 2017.

The Maharashtra Electricity Regulatory Commission has notified the MERC (Terms and Conditions for determination of Renewable Energy (RE) Tariff) Regulations, 2015, ("the RE Tariff Regulations") on 10 November, 2015. The RE Tariff Regulations specifies that the Review Period for determination of Tariff for RE Projects shall be five years, starting from the date of notification of the RE Tariff Regulations. The first year of the Review Period is FY 2015-16.

Accordingly, MERC issued generic RE tariff order for the first year of the review period i.e FY 2015-16 (10th November 2015 to 31st March 2016) on dated 25th January 2016. The guidelines to implement the said order were issued vide Commercial Circular No. 260 dated 26.02.2016 which was applicable for RE Projects commissioned on or before 31st March 2016.

Further, MERC issued generic RE tariff order on 29th April 2016 in Case No. 45 of 2016 for the renewable energy projects for the second year of the review period i.e FY 2016-17 (1st April 2016 to 31st March 2017). Accordingly, the Commercial Circular No. 267 dated 04.08.2016 was issued which was applicable for RE Projects commissioned on or before 31st March 2017.

Now, the Hon'ble Commission has issued generic RE tariff order on 28th April 2016 in Case No. 33 of 2017 for the renewable energy projects for the third year of the review period **i.e FY 2017-18 (1st April 2017 to 31st March 2018)**.

Accordingly, guidelines are issued for implementation of the said order as below:

1. Applicability of Tariff Order: This Tariff is applicable for New RE Projects to be commissioned during FY 2017-18 (i.e. from 1st April 2017 to 31st March 2018).

2. Tariff for Renewable Energy Projects:

I. WIND:

Particular	Tariff Period	Levelised Tariff from 1 April, 2017 to 31 March, 2018	Benefits of Tax and Additional Depreciation (if availed)	Net Levelised Tariff, adjusting for Tax and Additional Depreciation Benefit (if availed)
	Years	Rs/kwh	Rs/kwh	Rs/kwh
Wind Zone-1	13	5.40	0.48	4.92
Wind Zone-2	13	4.75	0.42	4.33
Wind Zone-3	13	3.96	0.35	3.61
Wind Zone-4	13	3.71	0.33	3.38

Note: The above Tariff shall be valid for Projects Commissioned during the period from 1 April 2017 to 31 March 2018 and for a Tariff Period of 13 years from the Commercial Operation Date (COD).

II. SMALL HYDRO:

Type of SHP	Tariff Period (Years)	Levelised Tariff from 1 April, 2017 to 31 March, 2018	Benefit of Accelerated Depreciation (if availed)	Net Levelised Tariff (upon adjusting for accelerated depreciation benefit, if availed)
		(Rs/kWh)	(Rs/kWh)	(Rs/kWh)
Mini and Micro Hydro Projects				
500 kW and below	35	5.86	0.33	5.53
Above 500 kW and up to and including 1 MW	35	5.36	0.33	5.03
Other SHPs				
Above 1 MW and up to and including 5 MW	35	4.86	0.33	4.53
Above 5 MW and upto and including 25 MW	13	4.11	0.30	3.81

Note: The above Tariff shall be applicable for Projects commissioned during the period from 1 April, 2017 to 31 March, 2018 and shall be valid for the entire tariff period as specified above.

III. BIOMASS POWER PROJECTS:

The Tariff Rate comprises two parts, viz., (i) Fixed Charge component, and (ii) Variable Charge component, and shall be applicable for sale of power by Rankine Cycle-based Projects.

Date of Commissioning of Project	Fixed Charge (Rs/kWh)	Variable Charge (Rs/kWh)	Tariff during 1 April, 2017 to 31 March, 2018 (Rs/kWh)	Benefit of Accelerated Depreciation (if availed) (Rs/kWh)	Net Levelised Tariff (upon adjusting for accelerated depreciation benefit, if availed) (Rs/kWh)
During FY 2017-18	2.20	5.04	7.24	0.16	7.08
During FY 2016-17	2.25***	5.04	7.29	0.17	7.12
During FY 2015-16 (10 November, 2015 to 31 March, 2016)	2.35@	5.04	7.39	0.16	7.23
During FY 2015-16 (1 April to 9 November, 2015)	2.27*	5.04	7.31	0.22*	7.09
During FY 2014-15	2.27*	5.04	7.31	0.22*	7.09
During FY 2013-14	2.17#	5.04	7.21	0.21#	7.00
Prior to FY 2013-14	1.70**	5.04	6.74	NA	6.74

Note:

*** As per Order dated 29 April, 2016 in Case No. 45 of 2016 (from 1st April, 2016 to 31st March 2017)

@ As per Order dated 25 January, 2016 in Case No 135 of 2015 (from 10 November, 2015 to 31 March, 2016)

* As per Order dated 7 July, 2014 in Case No. 100 of 2014 (extended till 31 Dec 2015)

As per Order dated 22 March, 2013 in Case No. 6 of 2013

**Considering first year of operation as per Order dated 8 August, 2005 in Case Nos. 37 of 2003 and 83 of 2008). The per unit fixed charge component is as under:

Year of operation	1 st	2 nd	3 rd	4 th	5 th	6 th	7 th	8 th	9 th	10 th	11 th	12 th	13 th
Fixed Charge (Rs/kWh)	1.70	1.67	1.63	1.59	1.54	1.49	1.43	1.37	1.32	1.25	1.18	1.11	1.02

The fixed charge component is linked to year of operation, commencing from date of commissioning of plant and the variable charge component is linked to the financial year.

IV. NON FOSSIL FUEL BASED CO-GENERATION PROJECT (BAGASSE):

The Tariff Rate comprises two parts, viz., (i) Fixed Charge component, and (ii) Variable Charge component, and shall be applicable for sale of power by Non-Fossil fuel-based Co-Generation Projects.

Date of Commissioning	Fixed Charge (Rs/kWh)	Variable Charge (Rs/kWh)	Tariff (Rs/kWh)	Benefit of Accelerated Depreciation (if availed) (Rs/kWh)	Net Levelised Tariff (upon adjusting for accelerated depreciation benefit, if availed) (Rs/kWh)
During FY 2016-17	2.35	3.98	6.33	0.16	6.17
During FY 2016-17	2.43***	3.98	6.41	0.21	6.20
During FY 2015-16 (10 November, 2015 to 31 March, 2016)	2.52@	3.98	6.50	0.21	6.29
During FY 2015-16 (1 April to 9 November, 2015)	2.46*	3.98	6.44	0.28	6.16
During FY 2014-15	2.46*	3.98	6.44	0.28	6.16
During FY 2013-14	2.38#	3.98	6.36	0.27	6.09
Prior to FY 2013-14	2.26**	3.98	6.24	NA	6.24

Note:

*** As per Order dated 29 April, 2016 in Case No. 45 of 2016 (from 1st April, 2016 to 31st March 2017)

@ As per Order dated 25 January, 2016 in Case No 135 of 2015 (from 10 November, 2015 to 31 March, 2016)

* As per Order dated 7 July, 2014 in Case No. 100 of 2014 (extended till 31 Dec 2015)

As per Order dated 22 March, 2013 in Case No. 6 of 2013

** As per Order dated 11 January, 2010 in Case No. 123 of 2008.

V. TARIFF FOR NON-QUALIFYING NON-FOSSIL FUEL-BASED CO-GENERATION PLANTS:

The Tariff Rate for existing non-qualifying non-fossil fuel based co-generation projects is equivalent to the Average Power Purchase Cost (APPC) of MSEDCL for the period of FY 2017-18 from 1 April, 2017 to 31 March, 2018.

VI. SOLAR PROJECTS:

Levelised tariff for Solar PV Power Projects commissioned during 1 April, 2017 to 31 March, 2018.

Particulars	Tariff Period (Years)	Levelised Tariff	Benefit of Accelerated Depreciation (if availed)	Net Levelised Tariff (upon adjusting for Accelerated Depreciation benefit, if availed)
		(Rs/kWh)	(Rs/kWh)	(Rs/kWh)
Solar PV Projects	13	5.13	0.39	4.74
Solar Roof-top PV and other small Solar Power Projects	13	5.63	0.39	5.24
Solar Thermal Power Projects	25	11.28	1.02	10.26

General Conditions for all New RE Projects:

Payment Mechanism:-

- Payment shall be made within 60 days from the date of receipt of Bill/ Invoice in Circle office.
- Late payment surcharge at the rate of 1.25% per month shall be applicable for the payment beyond a period of 60 days from the date of billing.
- For existing RE projects commissioned on or before 31st March 2010, the payment mechanism shall be as per the EPA.

Other Terms and Conditions:

- (i) The Tariff determined for a particular year shall continue to be applicable for the entire duration of the Tariff period i.e. Agreement Period.
- (ii) The Tariff payable to all the RE generators shall be the Net Levelised Tariff (upon adjusting for accelerated depreciation benefit). If benefit of accelerated depreciation is not availed by the project developer, then the project developer shall submit an Undertaking at the time of execution of EPA that he is not going to avail the said benefit and after the end of financial year shall submit the duly certified certificate from the Chartered Accountant / Copy of Income tax returns confirming that the benefit of accelerated depreciation is not availed. The total levelised tariff shall be made applicable after receipt of such certificate and the differential amount if any shall be paid in due course of time.
- (iii) Applicability of Reactive Power Penalty :
 - a. In case of Wind Energy Projects: Reactive energy charge at the rate of Rs 0.10/RkVAh shall apply for reactive energy consumption upto 10% of the active energy delivered to the grid by the Generators. The reactive energy consumption in excess of 10% of active energy delivered to the grid shall be payable at the rate of Rs 0.25/RkVAh.

Reactive energy charges shall be recovered from the bill of the developer for energy sold to the Utility; in case of self-use/ third party, these charges shall be added to the monthly electricity bill of the developer/ generator.
 - b. In case of biomass power projects, non-fossil fuel based co-generation projects and Small Hydro projects, the Project will supply reactive power (RkVAh) equivalent to at least 36% of the active power (kWh) supplied to the grid on a monthly basis. In case of failure to do so, the STU/Licensee

