MAHAVITARAN
Maharashtra State Electricity Distribution Co. Ltd.

Maharashtra State Electricity Distribution Co. Ltd.
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REF. Comm / Bagasse/BOOT/ No 17235 **DATE:** 29 MAY 2010

CIRCULAR 124

Subject: **Bagasse Based Cogeneration Projects running on BOOT Basis.**

Ref : **Board Resolution No.1143 (Item 25)**

The GoM vide Notification dated 01.09.2008 has issued a policy for Bagasse Based Cogeneration Projects running on BOOT basis. This BOOT policy has the following provisions:

- Private participation must be encouraged to install the cogeneration facility in the premises of the host sugar factories on BOOT basis.
- The Sugar Commissioner, while granting permission, to the Cogeneration on BOOT basis should specify that
  - The generator is allowed to supply power to the host sugar factory free of cost.
  - If the generator sells energy at a rate greater than the regulated rate then 10% of the excess revenue received over the regulated rate have to be paid to the Host Sugar Factory.

The basic purpose of the BOOT policy was to give relief to sick sugar factories and strengthen them financially & encourage co-generation. The state badly needs generation capacity & this being NCE, MSEDCL wants to promote this generation.

In view of above , the Board vide resolution no. 1143 has taken a policy decision to enter into long term energy purchase agreements (EPA) for 13 years with cogeneration projects who have installed or proposes to install power plant on Built Own Operate & Transfer (BOOT) basis in the premises Co-operative Sugar Factories and sell 100% surplus power to MSEDCL at the rates as specified by MERC.

As a promotional activity, the following facilities could be provided to the Cogen projects running on BOOT basis on the land of co-operative sugar factories and would execute long term (13 years) Energy Purchase agreement (EPA) with MSEDCL for sale of 100% surplus power to the Company at rates as specified by MERC :

1. Provisions applicable to other Cogeneration projects as per MERC Orders to be made applicable to all the Cogen Projects running on BOOT basis in co-operative sugar factories and selling 100% surplus power after auxiliary and Host Sugar Factory consumption.

2. All the provisions of MERC order on co-generation will be applicable to generation under this BOOT policy of GoM.
3. Energy consumption by the host sugar factory to be allowed from the Generation bus.
4. During Off-season (no generation period), the units consumed by the host sugar factory & Co-generation project holders is to be billed as per the prevailing HT Industrial tariff.
5. The above clauses 2 & 3 are included in the EPA.
6. The EPA must also include a clause that the generator shall sell all excess power (in excess of the requirement of the Host Sugar Factory) to MSEDCL only at MERC rates.
7. Tripartite Agreement must be entered into with the generator and the host factory and conformational undertaking must be taken from the host sugar factory for compliance of the EPA by the generator and also from all consequences arising due to generation of power on BOOT basis

All the concerned officers are therefore requested to take due note on the policy for Bagasse Based Cogeneration Projects running on BOOT Basis and should follow the same hereafter and compliance of the action taken report should be informed by the Regional Executive Directors to Chief Engineer (Commercial).

Director (Operations),
MSEDCL.

Copy s. w. r. to:
1) The Managing Director, MSEB, Holding Company Ltd.
2) The Managing Director, M.S.E.D. Company Ltd.
3) The Managing Director, M.S.E.T. Company Ltd.
4) The Managing Director, M.S.E.P.G. Company Ltd.

Copy f. w. c. to:
1) The Director (Finance), M.S.E.D. Company Ltd.
2) The Director (Projects), M.S.E.D. Company Ltd.

Copy to :
1) The Executive Director (Commercial), MSEDCL, Mumbai.
2) The Regional Executive Director - I, MSEDCL, Kalyan.
3) The Regional Executive Director - II, MSEDCL, Pune.
4) The Regional Executive Director - III, MSEDCL, Nagpur.
5) The Chief Engineers of All O & M Zones, MSEDCL.
6) The Chief Legal Adviser, MSEDCL, Mumbai,
7) The Chief General Manager (F.& A) , MSEDCL, Mumbai,
8) The Company Secretary, MSEDCL, Mumbai,
9) The O.S.D. to Managing Director, MSEDCL, Mumbai,

Copy to:-
The Superintending Engineers of All O & M Circles, MSEDCL.