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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.

