

Comm/CP/NCE/Tariff/28362

Date: 10-09-2014

**COMMERCIAL CIRCULAR No. 228**

**Sub:** Tariff of Non-conventional Energy (NCE)/ Renewable Energy (RE) Projects for FY 2014-15.

**Ref:** MERC RE Tariff order dated 7th July 2014 in Case No. 100 of 2014

The Maharashtra Electricity Regulatory Commission has notified the MERC (Terms and Conditions for determination of RE Tariff) Regulations, 2010 ("RE Tariff Regulations") on 7<sup>th</sup> June 2010.

Accordingly, MERC issued generic RE tariff order for the first year of the control period (i.e FY 2010-11) on dated 14<sup>th</sup> July 2010. The guidelines to implement the said order were issued vide Commercial Circular No. 122 dated 12.10.2010 which shall continue to remain applicable for RE Projects commissioned on or before March 31, 2011.

Subsequently, the Hon'ble Commission has issued generic RE tariff orders on 29<sup>th</sup> April 2011 and 30<sup>th</sup> March 2012 & 22<sup>nd</sup> March 2013 for the renewable energy projects for the second, third & fourth year of the control period (i.e FY 2011-12, FY 2012-13 & FY 2013-14). The guidelines to implement the said orders were issued vide Commercial Circular No. 137 dated 16.06.2011, 164 dated 20.04.2012 & 196 dated 29.04.2013 respectively.

Now, the Hon'ble Commission has issued generic RE tariff order on **7<sup>th</sup> July 2014** in Case No. 100 of 2014 for the renewable energy projects for the fifth year of the control period (**i.e FY 2014-15**). 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 2014-15 (i.e. from April 1, 2014 to March 31, 2015).

In case of Biomass power projects and Non fossil fuel based power projects commissioned on or prior to 31 March, 2014, the variable charge component of the tariff for FY 2014-15 shall be determined as outlined under the relevant provisions of this Order, whereas, fixed charge component of the tariff of such projects shall continue to be governed by the relevant Orders issued by the Commission.

## 2. Tariff for Renewable Energy Projects:-

### I. WIND:

#### Wind Zone-wise Levellised Tariff for New RE Projects for FY 2014-15.

Particular	Tariff Period	Levellised Tariff for FY 2014-15	Benefit of Tax and Additional Depreciation (if availed)	Net Levellised Tariff upon adjusting for Tax and Additional Depreciation benefit (if availed)
	Years	Rs/kwh	Rs/kwh	Rs/kwh
Wind Zone-1	13	5.70	0.36	5.33
Wind Zone-2	13	5.01	0.32	4.69
Wind Zone-3	13	4.18	0.27	3.91
Wind Zone-4	13	3.92	0.25	3.67

**Note:** The above Tariff shall be valid for Projects Commissioned in FY 2014-15 and for a Tariff Period of 13 years from the Commercial Operation Date (COD).

### II. BIOMASS POWER PROJECTS:

Tariff Period (Years)	Levellised Fixed Charge (Rs/kWh)	Variable Charge for FY 2014-15 (Rs/kWh)	Tariff for FY 2014-15 (Rs/kWh)	Benefit of Accelerated Depreciation (if Availed) (Rs/kWh)	Net Tariff (upon adjusting for Accelerated Depreciation benefit) (if Availed) (Rs/kWh)
<b>For Projects commissioned in FY 2014-15:</b>					
13	2.27	4.36	6.63	0.22	6.41
<b>For Projects commissioned during FY 2013-14:</b>					
13	2.17*	4.36	6.53	0.21	6.32
<b>For Projects commissioned prior to FY 2013-14:</b>					
13	1.70**	4.73	6.43		

The Tariff Rate comprises two parts viz. (i) fixed charge component and (ii) variable charge component and shall be applicable for Rankine cycle based biomass power project for sale of power to Distribution Licensee within Maharashtra during FY 2014-15.

\*Considering levellised fixed charge as approved in MERC Case 6 of 2013

\*\* Fixed charge component is linked to year of operation & shall be governed as per the terms and conditions outlined under biomass tariff order dated 8 August, 2005 in Case No 37 of 2003 and Case no. 83 of 2008. The per unit fixed charge component is as under:

Year of operation	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	5 <sup>th</sup>	6 <sup>th</sup>	7 <sup>th</sup>	8 <sup>th</sup>	9 <sup>th</sup>	10 <sup>th</sup>	11 <sup>th</sup>	12 <sup>th</sup>	13 <sup>th</sup>
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.

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

#### Levelling tariff for Non fossil bagasse based cogeneration power projects:

Date of Commission of the Cogeneration Project	Fixed Charge (Rs/kWh)	Variable Charge for FY 2014-15 (Rs/kWh)	Tariff for FY 2014-15 (Rs/kWh)	Benefit of Accelerated Depreciation (if Aailed) (Rs/kWh)	Net Levellised Tariff (upon adjusting for Accelerated Depreciation benefit) (if Aailed) (Rs/kWh)
During FY 2014-15	2.46	3.81	6.27	0.28	5.99
During FY 2013-14	2.38*	3.81	6.19	0.27	5.92
Prior to FY 2013-14	2.26**	3.81	6.07		

\*As per order dated 22.03.2013 in Case No. 6 of 2013

\*\* As per order dated 11.01.2010 in Case No. 123 of 2008

The Tariff Rate comprises of 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 project to Distribution Licensees within Maharashtra during FY 2014-15.

### IV. 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 for **FY 2014-15** is **Rs 2.33 per kWh**.

#### USE OF FOSSIL FUEL (For Biomass based IPP projects and Cogeneration Projects) :

The use of fossil fuels is limited to 15% of the total fuel consumption on annual basis or as amended by MNRE from time to time.

The project developer using fossil fuel more than 15%, shall be ineligible for preferential tariff from the date of default and for duration of the default during financial year when such default occurs. During the

period of default the tariff applicable shall be lower by Rs 0.50/kWh below the applicable preferential tariff determined.

**V. SMALL HYDRO:**

**Levellised tariff for new small hydro, mini & micro hydro projects in FY 2014-15:**

Particulars		Tariff Period	Levellised Tariff for FY 2014-15	Benefit of Accelerated Depreciation (if Aailed)	Net Levellised Tariff (upon adjusting for Accelerated Depreciation benefit) (if Aailed)
		Years	(Rs/kWh)	(Rs/kWh)	(Rs/kWh)
Mini and Micro Hydro Projects	500 KW & below	35	6.06	0.63	5.44
	Above 500 KW & upto & including 1 MW	35	5.56	0.63	4.94
Other Small Hydro Projects	Above 1 MW & upto and including 5MW	35	5.06	0.63	4.44
	Above 5 MW to 25MW	13	4.33	0.57	3.76

The above Tariff shall be applicable for Projects commissioned in FY 2014-15 and shall be valid for the entire tariff period as specified above.

**VI. SOLAR:**

**Levellised tariff for Solar Photovoltaic (PV), Solar Rooftop PV And other Small Solar Projects in FY 2014-15, wherein PPA are signed after 31 March, 2014 and projects are Commissioned during FY 2014-15:**

Particular	Tariff Period	Levellised Tariff (FY 2014-15)	Benefit of Accelerated Depreciation (if Aailed)	Net Levellised Tariff (upon adjusting for accelerated Depreciation (if aailed))
	years	(Rs/kWh)	(Rs/kWh)	(Rs/kWh)
Solar PV Projects	25	7.95	1.16	6.79
Solar rooftop PV and other small solar power Projects	25	8.45	1.16	7.29

- The Tariff for Solar PV projects and Solar Rooftop PV and other small solar Projects as stated above shall be applicable for Projects wherein PPA are signed after 31 March, 2014 and projects are commissioned during FY 2014-15, and the same shall be valid for a tariff period of 25 years from the Commercial Operation Date (COD).

**Levellised tariff for Solar Photovoltaic (PV), Solar Rooftop PV And other Small Solar Projects in FY 2014-15, wherein PPA are signed on or before 31 March, 2014 and projects are Commissioned during FY 2014-15:**

Particular	Tariff Period	Levellised Tariff (FY 2014-15)	Benefit of Accelerated Depreciation (if Aailed)	Net Levellised Tariff(upon adjusting for accelerated Depreciation (if availed)
	years	(Rs/kWh)	(Rs/kWh)	(Rs/kWh)
Solar PV Projects	25	8.98	1.29	7.69
Solar rooftop PV and other small solar power Projects	25	9.48	1.29	8.19

- The Tariff for Solar PV projects, Solar Rooftop PV and other small solar Projects to be commissioned during FY 2014-15, wherein PPA are signed on or before 31 March, 2014, shall be as stipulated in the Commission's Generic RE Tariff Order (Case No. 6 of 2013) for RE technologies for fourth year of control period, issued on 22<sup>th</sup> March, 2013.

**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 31<sup>st</sup> March 2010, the payment mechanism shall be as per the EPA.

**Other Terms and Conditions:**

- The Tariff determined for a particular year shall continue to be applicable for the entire duration of the Tariff period i.e. Agreement Period.
- The Tariff payable to all the RE generators shall be the Net Levellised Tariff (upon adjusting for accelerated depreciation benefit). However, if benefit of accelerated depreciation is not availed by the project developer, the Total Levellised tariff shall be made applicable. In such case, the project developer at the time of execution of EPA shall submit an Undertaking 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.
- Applicability of Reactive Power Penalty :

Till the finalization of suitable action plan with regard to the reactive power penalty the reactive power compensation as stipulated in following paragraphs (in line with the MERC Order dated

29.04.2011) and as may be revised from time to time shall be applicable in the following manner for all the RE Projects (Existing and New):

- 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 shall charge the shortfall at the rate of Rs 0.25/RkVAh, or such other rate as may be stipulated by the Commission from time to time.

All the field officers are requested to take necessary action accordingly.

  
**Chief Engineer (Commercial)**

**Copy:** As per mailing list.