

CE/Comm/CP/NCE/Tariff/ No 18440

Date: 16 JUN 2011

Commercial CIRCULAR No. 137.

Sub: - Tariff of Non-conventional Energy (NCE)/ Renewable Energy Projects for FY 2011-12.

Ref: - MERC RE Tariff order dated 29th April 2011

The Maharashtra Electricity Regulatory Commission has notified the Maharashtra Electricity Regulatory Commission (Terms and Conditions for determination of RE Tariff) Regulations, 2010 ("RE Tariff Regulations") on 7th June 2010. Accordingly, MERC issued generic RE tariff order for the first year of the control period (i.e FY 2010-11) on dated **14th July 2010**. The guidelines 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.**

Now, the Hon'ble Commission has issued generic RE tariff order, on **29th April 2011** for the renewable energy projects for the second year of the control period (i.e FY 2011-12). Hence, the guidelines as under are issued for implementation of the said order of the Commission.

1. Applicability of Tariff Order:-

This Tariff is applicable for New RE Projects to be commissioned during FY 2011-12 (i.e. from April 1, 2011 to March 31, 2012).

2. Tariff for Renewable Energy Projects:-

I. WIND:

(A) Wind Zone-wise Levellised Tariff for New RE Projects for FY 2011-12.

Particular	CUF	Tariff Period in Years	Levellised Total Tariff (FY 2011-12)	Benefit of Accelerated Depreciation (if availed)	Net Levellised Tariff (upon adjusting for Accelerated Depreciation benefit (if availed))
			(Rs/kWh)	(Rs/kWh)	(Rs/kWh)
Wind Energy Projects					
Wind Zone-1	20%	13	5.37	(0.81)	4.56
Wind Zone-2	23%	13	4.67	(0.70)	3.96
Wind Zone-3	27%	13	3.97	(0.60)	3.38
Wind Zone-4	30%	13	3.58	(0.54)	3.04

Notes:

- The above Tariff shall be valid for Projects Commissioned in FY 2011-12 and for a Tariff Period of 13 years from the Commercial Operation Date (COD).
- The **Interim Tariff applicable** for the **wind power projects** in the State of Maharashtra **commissioned during FY 2011-12 shall be the tariff determined for wind zone 2** as specified above.

(B) Wind Zone-wise Levellised Tariff for New RE Projects commissioned during FY 2010-11.

- The **Interim Tariff applicable** for the **wind power projects commissioned during FY 2010-11 shall be the tariff determined for wind zone 2** as specified in the Generic RE Tariff Order dated July 14, 2010 as under:

Particular	CUF	Tariff Period	Levellised Total Tariff (FY 2010-11)	Benefit of Accelerated Depreciation (if availed)	Net Levellised Tariff (upon adjusting for Accelerated Depreciation benefit (if availed))
			(Rs/kWh)	(Rs/kWh)	(Rs/kWh)
Wind Energy Projects					
Wind Zone-2	23%	13	4.41	(0.68)	3.73

The Wind generators having projects commissioned in FY 2010-11 are eligible for differential payment.

(C) Wind Group II Projects -

Beyond FY 2009-10, those projects whose PPA has expired shall have option to continue with the preferential Tariff i.e. Rs 2.52 per unit or opt for pricing under REC mechanism.

II. SMALL HYDRO:

Levellised tariff for new small hydro and mini/micro hydro projects in FY 2011-12:

Particulars		Tariff Period	Levellised Total Tariff (FY 2011-12)	Benefit of Accelerated Depreciation (if Availed)	Net Levellised Tariff (upon adjusting for Accelerated Depreciation benefit) (if Availed)
		years	(Rs/kWh)	(Rs/kWh)	(Rs/kWh)
Small Hydro Project					
Mini and Micro Hydro Projects	500 KW & below	35	5.51	(0.59)	4.92
	Above 500 KW & upto & including 1 MW	35	5.01	(0.59)	4.42
Other Small Hydro Projects	Above 1 MW & upto and including 5MW	35	4.51	(0.59)	3.92
	Above 5 MW & upto and including 25MW	13	3.87	(0.53)	3.34

The above Tariff shall be applicable for Projects commissioned in FY 2011-12 and shall be valid for the entire tariff period as specified above.

III. BIOMASS POWER PROJECTS:

The tariff for existing and new projects based on renewable energy technologies having fuel cost component like Biomass projects and non fossil fuel based Co-generation projects, the tariff, tariff structure and other conditions as specified under respective **RE Tariff order shall continue to be applicable for first three year of Control Period i.e. 2010-11, FY 2011-12 and FY 2012-13.**

Tariff for Existing and New Biomass Power projects during FY 2011-12 is as under:-

Financial Year	Fixed Charge (Rs/kWh)	Variable Charge (Rs/kWh)	Tariff (Rs/kWh)
2011-12	1.70	3.28	4.98

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 biomass power project.

Note:

The tariff of Rs. 4.98 per unit is applicable to all the Biomass projects (existing and new projects in the state). **It is to note that, there is neither escalation nor reduction in this rate for all the Biomass projects (Existing and new).**

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

The tariff for existing and new non fossil fuel based co-generation projects (Bagasse) during FY 2011-12 is as under:

Financial Year	Fixed Charge (Rs/kWh)	Variable Charge (Rs/kWh)	Tariff (Rs/kWh)
2011-12	2.26	2.53	4.79

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 project satisfying the qualifying criteria.

Note:

The tariff of Rs. 4.79 per unit is applicable to all the Cogeneration projects (existing and new projects in the state). **It is to note that, there is neither escalation nor reduction in this rate for all the Cogeneration projects (Existing and new).**

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

- The tariff rate for Non-Qualifying non fossil fuel based Co-generation projects **(existing and New)** shall be **Rs.2.18 Rs/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 such 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.

VI. SOLAR:

SOLAR PHOTOVOLTAIC (PV), ROOFTOP PV AND OTHER SMALL SOLAR AND SOLAR THERMAL PROJECTS:

Levellised tariff for Solar Power projects in FY 2011-12:

Particulars	Tariff Period	Levellised Tariff (FY 2011-12)	Benefit of Accelerated Depreciation (if Availed)	Net Levellised Tariff (upon adjusting for accelerated Depreciation)
	years	(Rs/kWh)	(Rs/kWh)	(Rs/kWh)
Solar Power Projects				
Solar PV Projects	25	15.61	(2.51)	13.10
Solar rooftop PV and other small solar power Projects upto 2 MW	25	16.11	(2.51)	13.60
Solar Thermal power Projects	25	15.24	(2.39)	12.85

- The Tariff as stated above shall be applicable for Projects wherein PPA are signed after March 31, 2011 and projects are commissioned during FY 2011-12, and shall be valid for a tariff period of 25 years from the Commercial Operation Date (COD).
- The Tariff for Solar PV projects, Solar Rooftop PV and other small solar Projects and Solar thermal power Projects to be commissioned during FY 2011-12 wherein PPA are signed on or before March 31, 2011, shall be as specified in the Commissions Generic RE Tariff Order for RE technologies for first year of control period, issued on July 14, 2010.

GENERAL CONDITIONS FOR ALL New RE Projects :

PAYMENT MECHANISM:-

- Payment to 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 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 shall submit the Duly certified certificate from the Chartered Accountant / Income tax Department confirming that, the benefit of accelerated depreciation is not availed.

(iii) Applicability of Reactive Power Penalty :

A reactive energy charge as stipulated in following paragraphs and as may be revised from time to time subject to the condition that simple escalation in rate per unit shall not be more than 5% per year, shall be applicable in the following manner for RE Projects commissioned after the date of effectiveness of the MERC (Terms and Conditions for determination of RE Tariff) Regulations 2010 deploying following RE technologies:

- 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.

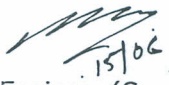
Reactive energy charges shall be recovered from the bill of the developer for energy sold to the Utility; in case of self-use, these charges shall be added to the monthly electricity bill of the developer; in case of sale to third party, these charges shall be added to the monthly electricity bill of the consumer (third party purchaser to whose premises energy is wheeled). For the period when wheeling is discontinued, it will be recovered from the developer.

- b. In case of biomass power projects and non-fossil fuel based co-generation 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.

Note :

- i. The Reactive Power Penalty was not applicable for New RE Projects commissioned in FY 2010-11 in line with MERC order dated 14.07.2010.
- ii. However, MERC vide order dated 29.04.2011 has ruled that, this penalty shall be applicable for all RE Projects commissioned after the date of effectiveness of the MERC (Terms and Conditions for determination of RE Tariff) Regulations 2010.
- iii. Thus, the Reactive Power Penalty is applicable to all the existing and New RE projects including those projects commissioned in FY 2010-11.

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


Chief Engineer (Commercial)

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