

M.P. STATE ELECTRICITY REGULATORY COMMISSION

Tariff order for Solar Energy based Generation in Madhya Pradesh Order SMP-25/2012, August 2012 with Amendment in extension in the Control period beyond 31.3.2014, Dated 25.3.2014

Sl. No.	Description	Summary
1.	Title	MPSERC(Tariff order for Solar Energy based Generation in Madhya Pradesh,), order No. SMP -25/2012, August 2012 with Amendment in extension in the Control period Dated 25.3.2014
2.	Tariff	Tariff for Solar Thermal Rs. 12.65/Unit; Solar PV Rs. 10.44/Unit Tariff for Rooftop and other Solar Plants Rs. 10.70/unit
3	Applicability	<ul style="list-style-type: none"> Solar PV Power Plant for which Power Purchase Agreements (PPAs) are signed within the control period of this tariff order and the projects are commissioned within one year of signing of PPAs. Solar Thermal Power Plants for which PPAs are signed within the control period of this tariff order and the projects are commissioned within two years of signing the PPAs Rooftop and other small Solar Power Plants of capacity up to 2 MW connected to distribution network (below 33 kV) for which Power Purchase Agreements (PPAs) are signed within the control period of this tariff order and the projects are commissioned within two years of signing the PPAs.
4	Tariff Review/Control Period	Tariff to be valid for project life of 25 years from the date of commissioning Provisions of the tariff order dated 01.08.2012 to continue to apply to solar projects in Madhya Pradesh until further orders:-
5.	Financial Parameters (i) Capital Cost (ii) Capacity Utilisation Factor (CUF) (iii) O&M Expenses (iv) Project life (v) Depreciation (vi) Return on Equity (vii) interest on Debt (viii) Debt Equity Ratio (ix) Interest on Working Capital (x) Discount factor (xi) Auxiliary consumption	Solar PV - Rs. 10.25 Cr/MW Solar Thermal – Rs. 13.25 Cr./MW including cost of power evacuation Rooftop Rs. 10.50 Cr./MW Solar PV – 19% derated @ 1% of CUF each year from third year onwards For Solar Thermal = 23% derated @ 0.5% each year from 3 rd year onwards Solar PV – 0.5% of the Capital Cost for first year of operation escalated @ 5.72% p.a. from second year onwards + 0.3% of the value of depreciated asset as insurance charges Solar Thermal – 1% of the Capital Cost for first year of operation escalated @ 5.72% p.a. from second year onwards + 0.3% of the value of depreciated asset as insurance charges 25 years 7% for first 10 years; 1.333% for 11 to 25 years 20% Pre Tax 12.75% per annum 70:30 @ 13.25% on working capital comprising: (a) O&M Expenses for one month. (b) Receivables equivalent to 2 months energy charges. (c) Maintenance spares @ 15% of O&M expenses 10.20% Solar PV = 0.25% of gross generation Solar Thermal = 10% of gross generation

Other Terms and Conditions		
6.	Power Purchase Agreement and Tenure	The energy generated by the Solar units will be procured centrally by the M.P. Power Management Co. Ltd. at the rates specified in this order. The power so procured shall be allocated to three Distribution Licensees on the basis of actual energy input in the previous financial year. Accordingly the PPA shall be signed between the developer and M.P. Power Management Co. Ltd. in turn will have back to back supply agreement with Distribution Licensees. The agreement shall be for exclusive sale of electricity for 25 years from the date of commissioning of the plant or for a short period in case the developer opts to supply to the licensees after consuming the electricity for self use/third party sale for some year. The developer may sign agreement with M.P. Power Management Co. Ltd. before commissioning of plants.
7.	Scheduling	Out of purview of scheduling and Merit Order Despatch
8.	Reactive Power Supply	27 Paise/Unit for kVARh Consumption
9	Wheeling Charges for Third party Sale/ Captive Consumption	(i) No Transmission and Wheeling charges for licensee (ii) For use/sale to third party as per decision of the Commission (iii) Wheeling charges @ 2% of energy injected to be deducted by Licensee. 4% subsidy on Wheeling charges payable by State Govt. M.P. Policy for implementation of Solar Power Projects in M.P. shall be claimed by M.P. Power Management Co. Ltd. and shall be passed on the Licensee concerned.
10	Metering and Billing	M.P. Policy for implementation of Solar Power Projects in M.P.
11	Payment Mechanism	Commission prescribes a settlement period of 30 days from the date of submission to the concerned Distribution Licensee. The bills favouring M.P. Power Management Co. Ltd. shall be submitted to the concerned Licensee who shall verify the bills and send to the M.P. Power Management Co. Ltd. within 7 days of receipt of bills for making payment to the developer. M.P. Power Management Co. Ltd. shall in turn raise the bills on the Distribution Licensee on the basis of allocation. For delay in payment surcharge @ 2% over and above short term lending rate of SBI. In Case M.P. Power Management Co. Ltd. makes payment within 15 days, incentive @ 1% amount billed shall be allowed. If payment is made through irrevocable letter of credit 2% of billed amount shall be allowed by the developer. Incentive/rebate shall be passed on the Distribution Licensees.
12	Default Provisions for Third Party Solar Sale to Utility	If payment not made in 60 days against permissible 30 days, developer after giving 15 days notice, may approach commission for sale to third party.
13	CDM Benefits	100% to developer in the first year after COD; thereafter reducing by 10% every year till the sharing becomes equal (50:50) between developer and the licensee/consumers in the 6 th year. Thereafter sharing to remain equal.