SMP-36/2013

M.P. Electricity Regulatory Commission
Bhopal

Tariff Order
for
procurement of power
from
Municipal Solid Waste based
power generating plants
in
Madhya Pradesh

October 2013

1. LEGISLATIVE PROVISIONS

1.1 Section 86(1) (e) of the Electricity Act, 2003 (Act) mandates the State Electricity Regulatory Commissions to promote co-generation and generation of electricity from renewable sources of energy by providing suitable measures for connectivity with the grid and sale of electricity to any person. The Regulatory Commissions are also required to specify, for the purchase of electricity from such sources, a percentage of the total consumption of electricity in the area of a distribution Licensee. Under Section 62, the Act empowers the Commissions to determine the tariff for the supply of electricity by a generating company to a distribution Licensee. Clause (h) and (i) of Section 61 are relevant in so far as tariff determination of renewable sources of energy is concerned and are reproduced below:

"61(h) the promotion of co-generation and generation of electricity from renewable sources of energy;"

"61(i) the National Electricity Policy and tariff policy:"

1.2 Section 6.4 of the Tariff Policy recognized that it will take some time for the non-conventional energy sources to compete with conventional sources of energy, hence its procurement shall be done at preferential tariffs to be determined by the Commission and states as under :

"(2)Such procurement by Distribution Licensees for future requirements shall be done, as far as possible, through competitive bidding process under Section 63 of the Act within suppliers offering energy from same type of non-conventional sources. In the long-term, these technologies would need to compete with other sources in terms of full costs.

(3)The Central Commission should lay down guidelines within three months for pricing non-firm power, especially from non–conventional sources, to be followed in cases where such procurement is not through competitive bidding."

1.3 The Central Electricity Regulatory Commission issued revised guidelines vide notification dated 06.02.2012 specifying the norms for various non-conventional sources of energy. However, the norms for waste to energy projects are not included.

In exercise of the powers vested in it under Section 86(1)(a), (b) ,(c), (e) read with Section 62(1) of the Act and all other powers enabling it in this behalf, the Madhya Pradesh Electricity Regulatory Commission (Commission), through this order, determines the tariff, procurement process and related dispensation for purchase of power by Distribution Licensees in the State from Municipal solid waste based power generating plants in the state including terms and conditions for third party sale.

2. PROCEDURAL HISTORY AND REGULATORY PROCESS

2.1 A petition was filed in the matter of determination of tariff for sale of power to distribution licensees from 10 MW power plant based on Refuse Derived Fuel (RDF) from Municipal Solid Waste (MSW). By its order dated 21.12.2012, the Commission had directed that action be taken up for fixation of norms for determination of tariff for such projects. Accordingly, an approach paper on the norms for determination of tariff for procurement of power from Municipal Solid Waste based power generating plants was prepared. A public notice was issued on 05.06.2013 inviting comments/suggestions/ objections from various stakeholders by 29.06.2013. The public hearing was held on 09.07.2013. The list of stakeholders who submitted their comments in writing is given in Annexure-I. The list of stakeholders who participated in the public hearing is given in Annexure-II.

2.2 While arriving at the norms, terms and conditions and consequently the tariff for generation of power from Municipal solid waste based power plants, the Commission has considered the comments/suggestions received from various stakeholders.

3. APPLICABILITY OF THE ORDER

3.1 This tariff Order will be applicable to all Municipal solid waste based power plants in Madhya Pradesh commissioned on or after the issue of this tariff order for sale of electricity to the distribution licensees within the state. This order also specifies the terms & conditions (other than tariff) for sale to third party.

3.2 It will be mandatory for the distribution licensees to submit to the Commission, quarterly progress reports on the capacity addition, purchase of energy and other relevant details in respect of Municipal solid waste based power plants commissioned in their licensed area, and also post them on their websites on a regular basis.

4. TARIFF REVIEW PERIOD/CONTROL PERIOD

4.1 The control period to which this order applies shall start from the date of issue and will end on 31.03.2016. The tariff decided in this order shall apply to all projects which come up during the above mentioned control period and the tariff determined shall remain valid for the project life of 20 years.

5. MECHANISM FOR TARIFF DETERMINATION

5.1 The Commission has adopted levelised tariff approach to determine tariff for procurement of power from Municipal solid waste based power plants.

BENCHMARKING

5.2 Benchmarking generally requires evaluation, detailed scrutiny and determination of each cost parameter for each project separately. There is a considerable diversity in the value of various parameters across projects, such as plant capacity, project cost, fuel cost, financing plan etc.

5.3 A 'Benchmark Tariff Determination' approach has been used by the Commission and the cost of generation on benchmark performance norms has been arrived at.

SINGLE PART Vs. TWO PART TARIFF

5.4 Normally, two part tariff is applied in order to separately recover fixed and variable costs through the fixed and variable components of tariff.

5.5 In their orders, CERC and this Commission have worked out single part tariffs for procurement of power from renewable sources of energy. The Commission, has therefore, adopted single part tariff approach in this order also.

PROJECT SPECIFIC OR GENERALIZED TARIFF

5.6 A Generalized tariff mechanism would provide an incentive to the investors for use of most efficient equipment to maximize returns and for selecting the most efficient site. The process of project specific tariff fixation will be cumbersome and time consuming. It has, therefore, been decided to use common tariff for all the Municipal solid waste based power plants using common benchmark technique.

FRONT/BACK LOADED OR LEVELIZED TARIFF

5.7 In case tariff is front loaded, the developer may lose interest in the project after enjoying benefits of front loading. In a back loaded tariff, the developer may not be able to meet his loan servicing liability due to inadequacy of cash flow. Considering the long life of the project of 20 years, it would be appropriate to adopt levelized approach towards tariff determination. The Commission has, therefore, decided to adopt a levelized approach towards tariff determination so as to balance the interests and requirements of various stakeholders.

6. TARIFF ISSUES

6.1 In its recommendations, the Working Group constituted by the Forum of Regulators (FOR) for Policies on Renewables has suggested that a cost-plus tariff based on reasonable norms should be adopted for renewable energy. Keeping in view the above recommendations, the Commission has adopted an approach of preferential treatment on a cost-plus basis for determining tariff for the Municipal solid waste based power plants. In a cost plus approach, the key elements that influence the determination of tariff for such projects are:

- Capital Cost (including cost of infrastructure)
- Plant Load Factor
- Operation & Maintenance expenses
- Plant life
- Depreciation
- Return on Equity
- Interest on debts
- Debt-Equity Ratio
- Interest on working capital
- Auxiliary consumption
- Fuel cost and its escalation
- Station Heat Rate
- Gross Calorific Value

Capital Cost (including cost of infrastructure)

6.2 Capital Cost is the most critical element in tariff determination. This comprises of cost of land, plant and machinery, civil works, erection, commissioning, cost of power evacuation and other related expenses.

6.3 In the approach paper, the Commission had proposed capital cost of Rs. 6 Crs./MW inclusive of power evacuation cost and without indexation . Various stakeholders have indicated the capital cost ranging from Rs. 6 Crs./MW to Rs. 12.50 Crs./MW.

Commission's views

6.4 Such power project utilizes Refuse Derived Fuel (RDF) made from Municipal solid waste, which consists of highly corrosive and volatile materials. Therefore, specially designed low pressure boilers with tubes of better quality are required to be used. Also, the requirement of equipments for de-stoning, shredding and drying of RDF fluff and additional pollution protection equipments are to be accounted for. Due to this, the cost will be more than for the boilers used for generation of steam from biomass.

6.5 In its order dated 03.05.2013, the Commission has allowed capital cost at Rs. 445 Lakhs/MW and Rs. 463.336 for FY 2012-13 and FY 2013-14 respectively for biomass based power projects. CERC has not specified any norms for such projects.

6.6 Considering the above, the Commission has decided to take capital cost including cost of infrastructure at Rs. 6 Crs./MW for the purpose of determination of tariff.

Plant Load Factor

6.7 Plant load factor (PLF) depends on several factors such as quality, capacity and age of machines installed, availability of fuel etc.

6.8 In the approach paper, the Commission had proposed plant load factor of 60% for the first year of operation and 80% from 2nd year onwards. M/s Ramky Enviro Engineers Ltd., Hyderabad proposed the plant load factor as 70% for all years of operation. M.P. Poorv Kshetra Vidyut Vitaran Co. Ltd. agreed with the proposal in the approach paper. Other stakeholders have proposed plant load factor of 60% for the first year of operation and 70% from 2nd year onwards.

Commission's views

6.9 Normally such projects use Refused Derived Fuel (RDF) and not the Municipal solid waste (MSW) directly because the MSW is considered as a poor quality fuel and therefore its pre-processing is necessary to improve its storage and handling etc. Hence, the quality and quantity for the project life may be ensured by the developer. The plant may take some time for stabilization. Therefore, one year stabilizing period is considered appropriate.

6.10 In the order for procurement of power from biomass based power projects, the Commission has considered Plant Load Factor at 60 % for first six months, 70 % for the remaining period of the year and 80% from 2nd year onwards.

6.11 Considering the time for stabilization, the Commission has decided to take Plant Load Factor at 60% for the first year of operation and 80% from 2nd year onwards.

Operation & Maintenance expenses

6.12 The operation and maintenance expenses comprise manpower expenses, insurance expenses, spares and repairs, consumables and other expenses (statutory fees etc.).

6.13 In the approach paper, the Commission had proposed operation and maintenance expenses as 5% of capital cost for the first year and thereafter an escalation of 5.72 % per year. Various stakeholders have proposed these expenses in the range of 5-7% of capital cost with an escalation of 5.72% per year.

Commission's view

6.14 The Commission has noted that due to more abrasive nature of RDF than the biomass, wear and tear of the boiler in such projects shall be more. Also, due to more protective equipments, the O&M cost shall increase to some extent. Therefore, the Commission is of the view that it would be appropriate to allow O&M expenses at 5% of the capital cost for the first year and thereafter at 5.72% per year.

Plant Life

6.15 In the approach paper, the Commission had proposed plant life as 20 years. The stakeholders also agreed for the same.

Commission's view

6.16 Considering the above, the Commission has decided to consider the plant life as 20 years for such projects for tariff determination purposes.

Depreciation

6.17 In the approach paper, the Commission had proposed depreciation @ 7% per annum for the first 10 years and remaining 20% to be spread over the useful life of the plant from 11th year onwards. Only M.P. Poorv Kshetra Vidyut Vitaran Co. Ltd. submitted its comments and agreed to the above proposal.

Commission's view

6.18 Considering the above, the Commission has decided that for the purpose of tariff determination, it would be prudent to assume depreciation @ 7% per annum for the first 10 years so that the debt is repaid in a loan tenure of 10 years and balance 20% to be depreciated over the next 10 years so that the assets are depreciated to a residual value of 10 % of its initial value over the life of the project.

Return on Equity

6.19 In the approach paper, the Commission had proposed return on equity (ROE) as 20% pre-tax. Only M.P. Poorv Kshetra Vidyut Vitaran Co. Ltd. submitted its comments and suggested ROE as 14% pre-tax.

Commission's view

6.20 The conventional generating companies are being allowed ROE @ 15.5% which is grossed up with the tax rate. Considering that the generating company is paying minimum alternate tax @ 20.01 %, the ROE would be slightly less than 20%. Also, keeping in view the requirements of the tariff policy for preferential tariff for renewable sources of energy, the Commission has decided to allow ROE @ 20% pre-tax for the entire life of the project.

Interest on Debt

6.21 In the approach paper, the Commission had proposed interest on debt @ 13% per annum. Only M.P. Poorv Kshetra Vidyut Vitaran Co. Ltd. submitted its comments and suggested interest on debt at 11.75%. In its Regulations dated 06.02.2012, CERC has recommended interest on debt for computation purposes in respect of projects based on renewable sources of energy as average State Bank of India base rate prevalent during the first six months of the previous year plus 300 basis points.

Commission's view

Considering the CERC norms and taking the present average base rate of SBI at 10%, the Commission has decided to allow interest on debt at a fixed rate of 13% per annum.

Debt - Equity Ratio

6.22 In the approach paper, the Commission had proposed debt-equity ratio of 70:30. Only M.P. Poorv Kshetra Vidyut Vitaran Co. Ltd. submitted its comments and agreed to the above proposal. In its Regulations dated 06.02.2012, CERC has considered debt-equity ratio of 70:30. Clause 5.3(b) of the Tariff Policy also stipulates a debt-equity ratio of 70:30 for financing power projects.

Commission's view

6.23 Considering the above, the Commission has decided a debt-equity ratio of 70:30 for the purpose of tariff determination.

Interest on Working Capital

6.24 In the approach paper, the Commission had proposed interest on working capital at 13.5% per annum. Only M.P. Poorv Kshetra Vidyut Vitaran Co. Ltd. submitted its comments and suggested interest on working capital at 11.75%. In its Regulations dated 06.02.2012, CERC has recommended interest on working capital for computation purposes in respect of projects based on renewable sources of energy as average State Bank of India base rate prevalent during the first six months of the previous year plus 350 basis points and the amount of working capital to be calculated using the following norms:

a) O&M expenses for 1 month

b) Receivables equivalent to 2 months of energy charges

c) Maintenance spares @ 15% of O&M expenses.

d) Fuel cost for four months equivalent to normative PLF.

Commission's view

6.25 Considering the CERC norms and taking the present average base rate of SBI at 10%, the Commission has decided to allow interest on working capital at a fixed rate of 13.5% per annum and the amount of working capital to be calculated using the following norms:

e) O&M expenses for 1 month

f) Receivables equivalent to 2 months of energy charges

g) Maintenance spares @ 15% of O&M expenses.

h) Fuel cost for four months equivalent to normative PLF.

Auxiliary consumption

6.26 In the approach paper, the Commission had proposed auxiliary consumption @ 11.5 %. Various stakeholders have indicated the auxiliary consumption ranging from 12% to 17%.

Commission's view

6.27 The Commission has noted that due to use of more protective equipments, the auxiliary consumption shall increase to some extent. Therefore, the Commission is of the view that it would be appropriate to allow auxiliary consumption at 11.5% of the generated energy for the purpose of determination of tariff.

Fuel cost and its escalation

6.28 In the approach paper, the Commission had proposed the cost of fuel at Rs. 1320 per MT with an escalation @ 5 % per annum. M/s A2Z Infrastructure Ltd., Delhi and M/s JITF Urban Infrastructure Ltd., New Delhi have proposed the cost of RDF to be used as a fuel at Rs. 2130 per MT and Rs. 2200 per MT respectively. M.P. Poorv Kshetra Vidyut Vitaran Co. Ltd. agreed with the proposal in the approach paper.

Commission's view

6.29 In such projects, either the Municipal Solid Waste or RDF made from it is used. The use of RDF has advantages in terms of quality and uniformity of characteristics, but the rate of fuel increases and less quantity of fuel will be required as compared to Municipal Solid Waste for getting the same heat value. Hence, the overall cost of fuel shall possibly be the same.

6.30 Considering the above, the Commission has decided to continue with the proposed cost of fuel as mentioned in the approach paper i.e. Rs. 1320 per MT with an escalation of 5 % per annum for Municipal Solid Waste. The generator shall have an option either to use RDF or Municipal Solid Waste directly.

Station Heat Rate

6.31 In the approach paper, the Commission had proposed the Station Heat Rate at 4000 kCal/Kwh. M/s A2Z Infrastructure Ltd., Delhi and M/s JITF Urban Infrastructure Ltd., New Delhi have proposed the Station Heat Rate at Rs. 4750 kCal/kWh. M.P. Poorv Kshetra Vidyut Vitaran Co. Ltd. agreed with the proposal in the approach paper.

Commission's view

6.32 In such projects, low pressure boilers are used. Also, the temperature in the plant shall be low. Due to high chlorine content of the Municipal Solid Waste/ RDF, corrosion in the furnace (deposition on the furnace, super heater and boiler tubes) increases which ultimately affects the quantity of fuel to be used for per unit of energy generated. Therefore, the Station Heat Rate increases.

6.33 Considering the above, the Commission has decided to continue with the proposed Station Heat Rate as mentioned in the approach paper i.e. 4000 kCal./kWh for the purpose of determination of tariff.

Gross Calorific Value (GCV)

6.34 In the approach paper, the Commission had proposed the Gross Calorific Value at 2250 kCal/Kg. M.P. Poorv Kshetra Vidyut Vitaran Co. Ltd. agreed with the proposal in the approach paper.

6.35 The Commission has considered the fuel cost for Municipal Solid Waste for such power projects and the generator has an option to use RDF made from it. Hence, the Gross Calorific Value has also been considered for the Municipal Solid Waste. Therefore, the Commission has decided to continue with the proposed Gross Calorific Value as mentioned in the approach paper i.e. 2250 kCal./Kg. for the purpose of determination of tariff.

7. FIXATION OF NORMS AND DETERMINATION OF TARIFF

7.1 In view of the foregoing discussions, the Commission decides to fix the following norms for determination of tariff:

S. No.	Parameters	As decided by the Commission
1	Capital Cost (Rs. Lakhs per MW) including cost	600

	of power evacuation	
2	Plant Load Factor (%)	60 %for 1st year & 80% from 2nd year onwards
3	Operation & Maintenance Expenses(Rs. Lakhs per annum)	5% of the capital cost in first year with an escalation of 5.72 % for each year thereafter.
4	Plant life (years)	20
5	Depreciation (%)	7% per annum for the first 10 years and balance 20% in the next 10 years
6	Return on Equity (%)	20% pre-tax
7	Interest on Debt (%) per annum	13
8	Debt-equity ratio	70:30
9	Interest on working capital on (%) (i) O&M expenses for 1 month (ii) Receivables equivalent to 2 months of energy charges based on normative CUF (iii) Maintenance spares @ 15% of O&M expenses (iv) Fuel cost for four months equivalent to normative PLF	13.5
10	Fuel Cost (Rs./MT)	1320
11	Fuel cost escalation (per annum)	5%
12	Station Heat Rate (kCal./kwh)	4000
13	Gross Calorific Value (kCal./kg.)	2250
14	Auxiliary consumption (%)	11.5

Discounting Factor:

7.2 In its order dated 25.10.2012, CERC has considered a discounting factor @ 10.95 % based on the post tax weighted average cost of capital on the basis of normative debt: equity ratio (70:30) for the purpose of working out the levelized tariff. The Commission has decided that it would be appropriate to use discounting rate of 10.20%.

7.3 Considering the above parameters, the Commission sets the levelized tariff **@ Rs. 6.39 per unit** for generation from new Municipal Solid Waste power projects to be commissioned on or after the issue of this order for project life of 20 years.

8. OTHER TERMS AND CONDITIONS

8.1 The tariff determined for the licensee shall be exclusive of taxes and duties as may be levied by the State Government.

8.2 A review of the tariff rate before the expiry of the control period may be undertaken by the Commission under exceptional circumstances, if the need for such review is clearly demonstrated with adequate supporting material.

8.3 The tariff rates shall be firm for the project life and will not vary with fluctuations in exchange rate etc.

Power Purchase Agreement and Tenure

8.4 The energy generated by the Municipal Solid Waste power projects will be procured centrally by the M.P. Power Management Co. Ltd. at the rates specified in this order. The energy so procured will be allocated by M.P. Power Management Co. Ltd. to the three distribution licensees on the basis of actual energy input in the previous financial year. Accordingly, the Power Purchase Agreements will be signed between the developer and the M.P. Power Management Co. Ltd. The M.P. Power Management Company Limited, Jabalpur, in turn, will have back to back power supply agreement with the Distribution Licensees. The agreements will be for exclusive sale of electricity for a period of 20 years from the date of commissioning of plant. The developer may execute agreement with M.P. Power Management Co. Ltd. before commissioning of plant and the Commissioning Certificate may form a part of the agreement. The M.P. Power Management Company Limited, Jabalpur is directed to develop the model agreement accordingly.

8.5 The developers are required to get all the required statutory clearances/approvals/consents before entering into agreement with M.P. Power Management Company Limited.

Scheduling

8.6 The Municipal Solid Waste power projects are presently out of the purview of 'scheduling'. However, they may be subjected to 'scheduling' as and when a decision is taken by the Commission in this regard.

Reactive Power Supply

8.7 The Municipal Solid Waste power projects are deemed to be generating stations of a generating company and all functions, obligations and duties assigned to such stations under the Electricity Act, 2003 would apply to these power stations. These stations would be required to abide by all applicable codes.

8.8 The Commission determines the charges for KVARh consumption from the grid as 27 paise/unit i.e. the rate which is already prevalent in the State and which may be revised as and when necessary.

8.9 Reactive energy charges would be paid by the developer to the Distribution Licensees in whose territorial area the Municipal Solid Waste power project is located.

Wheeling charges for third party sale/captive consumption

8.10 The Distribution Company in whose area the energy is consumed (irrespective of the point of injection) shall deduct 2% of the energy injected towards wheeling charges in terms of units. The M.P. Power Management Company Limited shall also claim subsidy from the State Government towards wheeling charges @ 4% of the energy injected at the rate of prevailing energy charges for the user in terms of provisions made in Government of M.P. "Policy for encouraging generation of power in Madhya Pradesh through Non-conventional energy sources" notified on 17.10.2006 as amended from time to time. This amount of subsidy shall then be passed on to the Distribution Licensees in whose area the energy is consumed on the basis of allocation indicated in the agreement. Wheeling charges are not applicable where generation and consumption of energy are in the same premises without involving the system network of the licensee.

Metering & Billing

8.11 Metering arrangement is to be done at site.

8.12 Billing of metered energy will be carried out on a monthly basis.

8.13 Meter reading will be carried out by the respective Distribution Licensees where the energy is injected into the system.

Payment Mechanism

8.14 The Commission specifies a settlement period of 30 days from the date of submission of the bill to the concerned Distribution Licensees where the power is injected in order to ensure that the developer has an assurance of cash inflow for the energy, which he delivers to the grid.

8.15 The bills favouring M.P. Power Management Company Limited, Jabalpur shall be submitted to the concerned distribution licensee in whose area the power is injected. The distribution licensee shall then verify the bills and send the same within 7 days of receipt of bills to the M.P. Power Management Company Limited, Jabalpur for making payment to the developer. The M.P. Power Management Company Limited in turn, would raise the bills on the distribution licensees on the basis of allocation. In case any dispute arises on the bills for payment then the M.P. Power Management Co. Ltd. is required to make the payment of such bill in full within the stipulated time and then refer the dispute to the Commission.

8.16 In case of delay beyond the 30 days payment period, the M.P. Power Management Co. Ltd. will pay **delayed payment surcharge on outstanding amount at the rate of 2% p.a. over and above the short term lending rate of the State Bank of India** (known as Prime Lending Rate) prevailing on the first day of the month when the payment became due.

8.17 In case the M.P. Power Management Co. Ltd. makes the payment within 15 days from the date of submission of bill by the developer, an **incentive of 1% of billed amount** shall be allowed by the developer towards prompt payment. Alternatively, if the payment is made by the M.P. Power Management Co. Ltd. to the developer through irrevocable letter of credit on presentation of bill, **an incentive of 2% of billed amount** shall be allowed by the developer.

8.18 The delayed payment surcharge/incentive will also be passed on to the Distribution Licensees by the M.P. Power Management Co. Limited.

8.19 The M.P. Power Management Co. Ltd., Jabalpur shall submit by 15th of the month following the end of the quarter to the Commission (ending June, September, December and March) the details of bills pending for payment at the end of the quarter along with reasons thereof.

Default Provisions for Third Party Sale or sale to utility

8.20 In case payment is not made within 60 days of presentation of bill (i.e. thirty days more than the specified limit of thirty days for normal payment), the developer may issue fifteen clear days' notice to the M.P. Power Management Company Limited to make the payment. This, however, will not absolve M.P. Power Management Company Limited from payment of delayed payment surcharge as provided in clause 8.16 of this order. In case, M.P. Power Management Company Limited still does not make the payment, the developer shall have the liberty to approach the Commission for allowing sale of power to third party.

8.21 Where the developer has an arrangement for third party supply or for captive consumption and desires to terminate such agreement with third party and to supply to the utility, the utility with the prior permission of the Commission, will purchase the power at the rate as applicable to inadvertent flow of energy mentioned in para 8.22 below. In such cases, the developer shall be required to execute the Power Purchase Agreement with the licensee for the remaining period of project life.

8.22 In case of inadvertent flow of energy into the system by the generator, the licensee shall pay to the developer for the energy received at **Rs. 3.76 per unit.**

8.23 The project developer is required to obtain Short/ Long Term Open Access permission in case of captive use/ third party sale. Open access charges, as applicable, shall be levied. In case of sale of power to the Distribution Licensee, such permission is not required to be obtained.

Drawing of Power during Shutdown

8.24 The plant would be entitled to draw power from the Distribution Licensee's network during shutdown period or during other emergencies. The supply availed would be billed at the temporary rate applicable to HT Industrial category. The drawl by the plant would not normally be expected to exceed 10% of the MW capacity it delivers to the Distribution Licensee.

Other applicable conditions

8.25 All statutory clearances and necessary approvals, if any, are to be obtained by the developer for setting up of project through Department of Non-conventional Energy Sources. The developer is also responsible for compliance and renewals as may be required from time to time.

8.26 The developer would ensure that the proposed location of the plant is in accordance with the policy guidelines of the Union/State Government.

8.27 Other conditions in respect of minimum purchase requirement, banking and reduction in contract demand shall be applicable as per MPERC (Cogeneration and Generation of Electricity from Renewable Sources of Energy) (Revision-I) Regulations, 2010 as amended from time to time.

8.28 In its Regulations dated 06.02.2012, CERC has specified the sharing of Clean Development Mechanism benefits which is as under.

“ The CDM benefits should be shared on a gross basis, starting from 100% to developers in the first year after commissioning and thereafter reducing by 10% every year till the sharing becomes equal (50:50) between the developers and the consumers, in the sixth year. Thereafter, the sharing of CDM benefits should remain equal till the time that benefit accrues.”

The Commission is of the view that there are uncertainties associated with Municipal Solid Waste power projects such as fixed tariff for entire life of the plant, availability of raw material, withdrawal of advance against depreciation etc. The Commission is also guided by the fact that it would be in the larger interest of the state that available potential for generation of power from renewable energy sources is exploited to the maximum extent so that all Obligated Entities are able to fulfill their Renewable Purchase Obligations. This would also avoid or minimize the need for purchase of RECs (Renewable Energy Certificates).

In view of the above, the Commission has decided that the generator may retain 100 % benefits without sharing these with the consumers during the currency of the present control period up to 31.03.2016.

8.29 In case the point of injection and drawl fall within the jurisdiction of any of the Distribution Licensees involving transmission network, permission for bulk power transmission shall be obtained from M.P. Power Transmission Co. by the developer before executing the agreement with M.P. Power Management Co. and the developer shall not be required to execute a separate agreement with M.P. Power Transmission Company Limited.

8.30 All existing projects i.e. projects commissioned before the issue of this order shall be governed by the terms and conditions as decided by the Commission.

Ordered accordingly.

(**Alok Gupta)**	**(A.B.Bajpai)**	**(Rakesh Sahni)**
Member	**Member**	**Chairman**

Place : Bhopal
Date : 01.10.2013

Annexure-I

LIST OF STAKEHOLDERS WHO SUBMITTED THEIR COMMENTS IN WRITING

S.No.	Name and address of the stakeholders
1.	M.P. Poorv Kshetra Vidyut Vitaran Co. Ltd., Shakti Bhawan, Rampur, Jabalpur-482008
2.	M/s Ramky Enviro Engineers Ltd., 4th Floor, TSR Towers, Somajiguda, Hyderabad- 500082
3.	M.P. Madhya Kshetra Vidyut Vitaran Co. Ltd., Nishtha Parisar, Bijlinagar, Govindpura, Bhopal-462023
4.	M/s A2Z Infrastructure Limited, 205, Laxman Place, 19, Veer Savarkar Block, Shakurpur, Delhi-110092
5.	M/s JITF Infrastructure Ltd., Jindal ITF Centre, 28, Shivaji Marg, New Delhi-110015

Annexure-II

LIST OF STAKEHOLDERS WHO PARTICIPATED IN THE PUBLIC HEARING ON 09.07.2013

S.No.	Name and address of the stakeholders
1.	M/s JITF Infrastructure Ltd., Jindal ITF Centre, 28, Shivaji Marg, New Delhi-110015
2.	M/s ICF International, 2nd Floor, Western Wing, Thapar House, 124 Janpath, New Delhi-110001