

## GUJARAT ELECTRICITY REGULATORY COMMISSION

### Determination of Tariff for Procurement by the Distribution Licensees and others from Wind Power Projects Order No. 2 of 2012 dated 8.11.2012

| Sl. No.                                     | Description  | Summary of Regulation  |
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| 1.  | <b>Title</b>   | Determination of Tariff for procurement of power by the distribution licensees and others from wind power project Order No. 2 of 2012 dated 8.11.2012  |
| 2.  | <b>Applicability</b>   | <ul style="list-style-type: none"> <li>• To come into enforce w.e.f 11.8.2012</li> <li>• Applicable to all wind energy generators commissioned on or after 11.8.2012</li> <li>• GUVNL/DISCOM to revise PPA already signed with developers whose schedule date of commissioning is on or after 11.8.2012</li> </ul> |
| 3.  | <b>Control Period</b>  | 11.8.2012 to 31.3.2016   |
| 4.  | <b>Type of Tariff</b>  | Single part generic Tariff   |
| 5.  | <b>Useful Life of Project</b>                                      | 25 Years   |
| 6.  | <b>Tariff Period</b>   | 25 Years   |
| 7.  | <b>Eligibility Criteria</b>  | Projects commissioned using new wind turbine generators after the date of notification are eligible  |
| 8.  | <b>Merit Dispatch Principles</b>                                   | 'MUST RUN ' power plants not subjected to Merit Dispatch Principles  |
| <b>Operational and Financial Parameters</b> |  |  |
| 9.  | <b>Capital cost (Land + Plant &amp; Machinery + Erection cost)</b> | Rs. 568 lakh/MW  |
| 10.   | <b>Evacuation Infrastructure cost</b>                              | Rs. 38 lakh/MW   |
| 11.   | <b>Total Project Cost</b>  | Rs. 606 lakh/MW  |
| 12.   | <b>Normative O&amp;M cost for first year</b>                       | Rs. 8 lakh/MW  |
| 13.   | <b>Escalation in O&amp;M(per annum from 2<sup>nd</sup> year)</b>   | 5.72%  |
| 14.   | <b>Capacity Utilization Factor (CUF)</b>                           | 24%  |
| 15.   | <b>Debt- Equity ratio</b>  | 70:30  |
| 16.   | <b>Loan Tenure</b>   | 10 years   |
| 17.   | <b>Interest on term loan</b>                                       | 13%  |
| 18.   | <b>Interest on working capital</b>                                 | 12%  |
| 19.   | <b>Depreciation</b>  | 6% for the first 10 years and 2% from 11 <sup>th</sup> year to 25 years  |
| 20.   | <b>Minimum Alternative Tax</b>                                     | 20.008% for the first 10 years   |
| 21.   | <b>Corporate Income Tax</b>  | 32.445%  |
| 22.   | <b>Return on Equity</b>  | 14%  |
| 23.   | <b>Gross Tariff</b>  | Rs 4.61 per kwh  |
| 24.   | <b>Depreciation Benefit</b>  | Rs 0.38 per kwh  |

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| 25. | <b>Net Tariff</b>   | Rs 4.23 per kwh   |
| 26. | <b>Transmission and Wheeling charges</b>  |   |
| (a) | <b>Wind Power Projects availing open access for third-party sale</b>  | To pay open access charges and losses as applicable to normal open access consumers.  |
| (b) | <b>Wheeling of power to consumption site at 66kV and above applicable to captive consumers</b>                          | Wheeling within the state allowed on payment of transmission charges and transmission losses applicable to normal open access consumer.   |
| (c) | <b>Wheeling of power to consumption site below 66 kV voltage level applicable to captive consumers</b>                  | (i) Wheeling allowed on payment of transmission charges as applicable to open access consumer and transmission and wheeling losses @ 10% of the energy fed to grid. Loss to be shared between transmission and distribution licensee in the ratio of 4:6.<br>(ii) Wheeling by smaller Investors having only one WEG in the state, allowed on payment of transmission charges applicable to normal open access consumer, and transmission and wheeling losses @ 7% of the energy fed to the grid.<br>(iii) Loss to be shared between transmission and distribution licensee in the ratio of 4:3. |
| (d) | <b>Wind Energy Generator owner, who desires to wheel electricity to more than two locations.</b>                        | To pay 5 paisa per unit on energy fed into the grid to the distribution company in addition to transmission charges and losses, as applicable.  |
| (e) | <b>REC Mechanism</b>  | Projects availing open access for captive use/third party sale and willing to register under REC mechanism to be governed by CERC REC Regulations   |
| 27. | <b>Cross subsidy surcharge</b>  | Exempted from cross subsidy surcharge on OA transactions of wind energy not availing REC benefit.<br>To be applicable in case of third party sale availing REC benefit  |
| 28. | <b>Energy Metering</b>  | Developers to install ABT compliant meters at the point of metering and Remote Transmitting Unit (RTU) for transferring the real time data to SLDC.   |
| 29. | <b>Pricing of Reactive Power</b>  | 10 paisa /kVarh- for drawl of reactive energy at 10% or less of the net energy exported.<br>25 paisa/kVarh- for drawl of reactive energy at more than 10% of the net active energy exported.  |
| 30. | <b>Sharing of clean Development Mechanism (CSD) Benefits.</b>   | Proceeds of carbon credit to be shared between generating company and concerned beneficiaries as follows:<br><ul style="list-style-type: none"> <li>• 100% by project developer in the first year after the date of commercial operation of the generating station.</li> <li>• 2<sup>nd</sup> year – share of beneficiaries @ 10% to progressively increase by 10% every year up to 50% where after to be shared in equal proportion, by the generating company and the beneficiaries</li> </ul>  |
| 31. | <b>Banking of Surplus wind Energy</b>   | <ul style="list-style-type: none"> <li>• WEGs opting for captive use of energy are eligible for one month banking for the electricity generated during the same calendar month.</li> <li>• They are eligible to utilize the same during the month in proportion to the energy generated during peak and normal hrs.</li> <li>• Banking facility not available for third party sale</li> </ul>   |
| 32. | <b>Purchase of surplus Power from wind Power Projects opting for Captive use and third party sale under open Access</b> | <ul style="list-style-type: none"> <li>• Projects availing OA for captive use/third party sale but not opting for REC, surplus power after set off to be purchased by distribution licensee @ of 85% of the tariff.</li> <li>• projects opting for REC, surplus power after set off to be purchased by the distribution licensee at average power procurement cost (APPC)</li> </ul>  |

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| 33. | <b>Renewable Energy Certificates for Third-party sale and captive use of wind Energy</b> | Eligibility of projects for registering in REC mechanism to be governed by CERC REC Regulations.   |
| 34. | <b>Security Deposit</b>  | Rs 5 lakh/MW in the form of Bank guarantee by the project developers to GETCO<br>For time period for completion of the projects please refer the Regulations   |
| 35. | <b>Scheduling of Wind Power</b>  | All wind power projects including captive and third-party sale projects to submit a day-ahead schedule to SLDC. These Projects are kept out of the preview of intra-state ABT mechanism.<br>For purpose of energy accounting, each WEG to provide ABT compliant meters and GEDA to confirm the same while issuing commissioning certificate. |