

JHARKHAND STATE ELECTRICITY REGULATORY COMMISSION

(Determination of Tariff for Procurement of Power from Wind Electric Generators) Regulations, 2010

Notification Dated 23rd June, 2010

Sl. No.	Description	Summary																								
1.	Short Title, Commencement and Interpretation	Jharkhand State Electricity Regulatory Commission (Determination of tariff for procurement of power from wind electric generators) Regulations, 2010. Notification dated 23.6.2010																								
2.	Date of Enforcement	From the date of publication in the Jharkhand gazette																								
3.	Applicability of the Order and Control period	<ul style="list-style-type: none"> • To whole state of Jharkhand • To all wind electric generation projects in the state commissioned on or after the date of issue of this order and intended for sale of electricity to the Distribution Licensees within the state. • The control period will start from the date of publication of these regulations in the Jharkhand Gazette and will extend upto 31.03.2013. The tariff decided in a particular control period shall apply to all projects which come up within the control period. 																								
4.	Tariff Principle	<ul style="list-style-type: none"> • While deciding the tariff for power purchase by Distribution Licensee from renewable sources, the Commission has considered the principles and methodologies specified by: <ol style="list-style-type: none"> (a) Central Electricity Regulatory Commission (b) National Electricity Policy (c) National Tariff Policy (d) Forum of Regulators (FOR) (e) Central and State Governments • Single part generalised tariff based on a levellised basis for the Tariff period has been considered by the Commission For the purpose of levellised tariff computation, the discount factor equivalent to weighted average cost of capital shall be considered and the levelisation shall be carried out for the Useful life of the project while Tariff shall be specified for the period equivalent to Tariff period. • The Commission has adopted the cost-plus approach towards tariff determination instead of adopting front loaded or back loaded tariff structure so as to balance the requirements of various stakeholders <p>Cost parameters considered by Commission for tariff determination</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Parameters</th> <th style="text-align: left;">Values</th> </tr> </thead> <tbody> <tr> <td>Capital cost (Rs Cr/MW)</td> <td>5.15</td> </tr> <tr> <td>Capacity Utilization Factor</td> <td>20%</td> </tr> <tr> <td>Useful life /Life of the machine</td> <td>25 years</td> </tr> <tr> <td>Debt: equity ratio</td> <td>70:30</td> </tr> <tr> <td>Loan repayment period</td> <td>10 years</td> </tr> <tr> <td>Interest on loan</td> <td>SBI LTPLR + 1.50%</td> </tr> <tr> <td>Interest on Working Capital</td> <td>SBI STPLR + 1%</td> </tr> <tr> <td>O&M expenses</td> <td>Rs. 6.50 Lakhs /MW with annual escalation in O&M cost @ 5.72%</td> </tr> <tr> <td>Depreciation</td> <td>1 to 10 yrs – 7% 11 to 25 yrs – 1.33%</td> </tr> <tr> <td>Residual value</td> <td>10% of capital cost</td> </tr> <tr> <td>Return on equity (pre-tax)</td> <td>19% - for first 10 yrs, 24% - from 11th yr to 25th yr</td> </tr> </tbody> </table>	Parameters	Values	Capital cost (Rs Cr/MW)	5.15	Capacity Utilization Factor	20%	Useful life /Life of the machine	25 years	Debt: equity ratio	70:30	Loan repayment period	10 years	Interest on loan	SBI LTPLR + 1.50%	Interest on Working Capital	SBI STPLR + 1%	O&M expenses	Rs. 6.50 Lakhs /MW with annual escalation in O&M cost @ 5.72%	Depreciation	1 to 10 yrs – 7% 11 to 25 yrs – 1.33%	Residual value	10% of capital cost	Return on equity (pre-tax)	19% - for first 10 yrs, 24% - from 11th yr to 25th yr
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5.	Wheeling	50% discount on wheeling charges and surcharge on wheeling charges
6	Scheduling	To be treated as 'MUST RUN' power plants and shall not be subjected to 'merit order despatch' principles.
7.	Outage Planning	The outage planning of wind generator and its associated evacuation network shall be planned to extract maximum power from these renewable sources of energy.
8	Reactive Power Supply	10 paise/KVARh upto 10% of active power supplied & 25 paise per KVARh above 10%.
9	Metering and Billing	As per Regulations
10	Payment Mechanism	<ul style="list-style-type: none"> • The Commission prescribes a settlement period of 30 days from the date of presentation of the bill for the net energy sold after deducting the charges for startup power and reactive power to the concerned Distribution Licensee where the power is injected. • In case of delay beyond the 30 days payment period, the Distribution Licensee shall pay a late payment surcharge at the rate of 1.25% per month to the generating company. • In case the Distribution Licensee makes the payment within 15 days from the date of presentation of bills by the generating company, a rebate of 1% billed amount shall be allowed by the generating company. • In case where payments of bills of the generating company are made through letter of credit, a rebate of 2% shall be allowed to the Distribution Licensee
11	Third party sale	In case of default in payment for more than three months continuously by the Distribution Licensee, the generating company can sell power to the third party
12	Start up power	Wind electric generator shall be entitled to draw start up power from the Distribution Licensee's network. The drawl of energy by the generator during the start up from the Distribution Licensee shall be adjusted against the generated energy
13	Drawing of power during shut down	The wind electric generator shall be entitled to draw power from the Distribution Licensee's network during shutdown period of its plant or other emergencies. The energy consumed shall be billed at the temporary rate applicable to HT Industrial category. The drawl by the wind electric generator shall not normally exceed 10% of the MW capacity it delivers to the Distribution licensee.
14	Banking	100% banking of generated power is allowed on the condition that banked power will not be returned by more than a fixed quantity at one time
15	Minimum Purchase Requirement	As per Jharkhand State Electricity Regulatory Commission (Renewable purchase obligation and its compliance) Regulations, 2010.
16	Evacuation Infrastructure	State Transmission Utility (STU) to bear 100% of the cost of evacuation infrastructure.
17	Sharing of CDM benefits	<p>(a) 100% of the gross proceeds on account of CDM benefit to be retained by the project developer in the first year after the date of commercial operation of the generating station;</p> <p>(b) In the second year, the share of the beneficiaries shall be 10% which shall be progressively increased by 10% every year till it reaches 50%, where after the proceeds shall be shared in equal proportion, by the generating company and the beneficiaries.</p>
18	Incentive by Central government	Generation Based incentive shall be taken into account for those projects that qualify under the GBI scheme, at the time of fixing tariff from such projects by the Commission. Financial benefits

		<p>The Department of Industries, Government of Jharkhand notified the Industrial Policy in the year 2001. The policy delineates enabling policies and incentives promoting industrial investment in the state. The policy states that exploitation and development of non-conventional sources of power, such as geothermal energy, biomass based power, solar power, wind power etc. to generate power locally and provide it in the remote areas will be encouraged. The Government shall accord "Industrial Status" to such non-conventional sources of power generating units, which also would be allowed to wheel energy.</p> <p>Single Window Clearance</p> <p>The Industrial Policy, 2001 also suggests for an effective Single Window system to be established at the district level, the Industrial Area Development Authority Level and at the Directorate level to ensure timely disposal of various pending matters at such levels.</p>
19	Tariff period	13 years. The tariff determined as per these regulations shall be applicable for wind electric generation projects, only for a duration of thirteen (13) years
20	Power to Remove Difficulties	Vested with the Commission
21	Power to Amend	Vested with the Commission
22	Savings	Vested with the Commission