

M.P. STATE ELECTRICITY REGULATORY COMMISSION

(Bagasse based Co-generation Plants)

Tariff Order April 2013

Sl. No.	Description	Summary																																													
1.	Title	M.P. State Electricity Regulatory Commission Tariff Order for Bagasse Based Co-Generation Plants in Madhya Pradesh																																													
2.	Applicability of the Order	This tariff order will be applicable to all new Bagasse based Co-generation Plants in M.P. commissioned on or after 01-04-2013 for sale of electricity to distribution licensees in the State																																													
3.	Tariff Review Period/ Control Period	The control period to which this order shall apply shall start from 01-04-2013 and end on 31-03-2016. The tariff determined under this order shall apply to all projects which come up during this control period and shall remain valid for project life of 20 years.																																													
4.	Tariff Type	Single part, generalized, levelised																																													
5.	Tariff details	<table border="1"> <thead> <tr> <th>Sl. No.</th> <th>Parameters</th> <th>As decided by the Commission</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Capital Cost (Rs. Lakhs per MW) including cost of power evacuation</td> <td>436</td> </tr> <tr> <td>2</td> <td>Plant Load Factor (%)</td> <td>53</td> </tr> <tr> <td>3</td> <td>Operation & Maintenance Expenses (Rs. Lakhs per annum)</td> <td>3% of the capital cost in first year with an escalation of 5 % for each year thereafter.</td> </tr> <tr> <td>4.</td> <td>Plant life (years)</td> <td>20</td> </tr> <tr> <td>5</td> <td>Depreciation (%)</td> <td>7% per annum for the first 10 years and balance 20% in the next 10 years</td> </tr> <tr> <td>6</td> <td>Return on Equity (%)</td> <td>20% pre-tax</td> </tr> <tr> <td>7</td> <td>Interest on Debt (%) per annum</td> <td>13</td> </tr> <tr> <td>8</td> <td>Debt-equity ratio</td> <td>70:30</td> </tr> <tr> <td>9</td> <td>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</td> <td>13.5</td> </tr> <tr> <td>10</td> <td>Fuel Cost (Rs./MT)</td> <td>1583</td> </tr> <tr> <td>11</td> <td>Fuel cost escalation (per annum)</td> <td>5%</td> </tr> <tr> <td>12</td> <td>Station Heat Rate (kCal./kwh)</td> <td>3600</td> </tr> <tr> <td>13</td> <td>Gross Calorific Value (kCal./kg.)</td> <td>2250</td> </tr> <tr> <td>14</td> <td>Auxiliary consumption (%)</td> <td>8.5</td> </tr> </tbody> </table>	Sl. No.	Parameters	As decided by the Commission	1	Capital Cost (Rs. Lakhs per MW) including cost of power evacuation	436	2	Plant Load Factor (%)	53	3	Operation & Maintenance Expenses (Rs. Lakhs per annum)	3% of the capital cost in first year with an escalation of 5 % 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)	1583	11	Fuel cost escalation (per annum)	5%	12	Station Heat Rate (kCal./kwh)	3600	13	Gross Calorific Value (kCal./kg.)	2250	14	Auxiliary consumption (%)	8.5
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7.	Tariff	Rs. 6.28 per unit, applicable to projects commissioned on or after 01-04-2013 for Project life of 20 years.																																													

8.	Other Terms and Conditions Power Purchase Agreement and Tenure	Tariff to be exclusive of taxes and duties levied by the state government The energy generated by the Wind power generating 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 20 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.
9.	Scheduling	Out of purview of scheduling
10	Reactive Power Supply	27 Paise/Unit for kVARh Consumption
11	Wheeling charges for third party Sale/ Captive Consumption	Concerned Distribution Company to deduct 2% energy injected towards wheeling charges. M.P. Power Co. Ltd. to avail 4% subsidy on wheeling charges from State Govt. and pass on this subsidy to the Distribution Licensees.
12	Metering and Billing	Metering on monthly basis.
13	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.
14	Default Provisions for third Party Solar Sale to Utility	If payment not made in 60 days beyond permissible 30 days, after giving 15 days notice, the developer may approach commission for sale to third party. In case the developer has an arrangement for third party sale or self consumption or terminate agreement with third party and supply to utility, the utility shall pay for the inadvertent flow @ Rs. 2.25 per unit.
15	Drawing of Power During Shutdown	Developer shall pay for this power at the temporary rate applicable to HT Industry Category. Drawl not to normally exceed 10% of MW capacity delivered.
16	CDM Benefits	100% to be retained by the generating Co. within the control period 01-04-2013 to 31-03-2016.
17	Other applicable Conditions	Other conditions in terms of minimum purchase requirement, banking and reduction in contract deemed shall be applicable as per MPERC (Co-generation and Generation of Electricity from Renewable Sources of Energy) Regulations 2008 as amended from time to time.