

M.P. STATE ELECTRICITY REGULATORY COMMISSION

(Wind Energy)

Order SMP-12/2013, March 2013

Sl. No.	Description	Summary
1.	Title	Tariff order for procurement of Power from Wind electric generators, order reference SMP-12/2013, March, 2013.
2.	Tariff	Rs. 5.92 per unit, generalized, single part, levelised
3	Applicability	To all new WEG projects in M.P. for sale of electricity to the Distribution licensees in the state of M.P. Distribution licensees to submit quarterly progress report of capacity addition and purchase of energy as per the Regulations
4	Tariff Review/Control Period	1.4.2013 to 31.3.2016. Tariff to be valid for project life of 25years
5.	Financial Parameters	
	(i) Capital Cost	Rs. 5.96 cr./MW including cost of power evacuation system for the control period within indexation.
	(ii) Capacity Utilisation Factor (CFU)	20% without derating
	(iii) O&M Expenses	1% of Capital Cost for first year thereafter with escalation of 5.72% for each year thereafter.
	(iv) Plant life	25 years
	(v) Depreciation	7% for first 10 years and balance 20% to be depreciated in next 10 years with a residual value of 10%.
	(vi) Return on Equity	20% Pre Tax
	(vii) Interest on Debt	12.75% per annum
	(viii) Debt Equity Ratio	70:30
	(ix) Interest on Working Capital	@ 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
	(x) Discount factor	10.20%
6.	Other Terms and Conditions Power Purchase Agreement and Tenure	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 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 same year. The developer may sign agreement with M.P. Power Management Co. Ltd. before commissioning of plants.
7.	Scheduling	New wind electric wind generators with collective capacity of 10 MW and above shall be subject to scheduling as specified by CERC.
8.	Reactive Power Supply	27 Paise/Unit for kVARh Consumption

9	Wheeling charges for third party Sale/ Captive Consumption	Wheeling charges @ 2% of energy injected to be deducted by Licensee. 4% subsidy on wheeling charges payable by State Govt. as per wind power policy-12 shall be claimed by M.P. Power Management Co. Ltd. and shall be passed on the Licensee concerned.
10	Metering and Billing	Metering as per state govt. Wing Energy Project Policy 2012 on monthly basis.
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 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. 2.98 per unit.
13	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.
14	CDM Benefits	100% to be retained by the generating Co. within the control period 01-04-2013 to 31-03-2016.
15	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.