

**M.P. STATE ELECTRICITY REGULATORY COMMISSION****(Solar Energy)****Order SMP-25/2012, August 2012**

Sl. No.	Description	Summary
1.	<b>Title</b>	Tariff order for procurement of Power from Solar Energy generators, order reference SMP-25/2012, August 2012
2.	<b>Tariff</b>	Tariff for Solar Thermal Rs. 12.65/Unit; Solar PV Rs. 10.44/Unit Tariff for Rooftop and other solar plants Rs. 10.70/unit Reactive Power charge @27 paise/kVARh consumption
3	<b>Applicability</b>	(i) Solar PV plants for which PPA signed by 31-3-2014 and projects commissioned by 31-3-2015 (ii) Solar Thermal plants for which PPA signed by 31-3-2014 and projects commissioned by 31-3-2016 (iii) Rooftop and other small Solar Power Plants upto 2 MW connected below 33 kV for which PPA signed by 31-3-2014 and projects commissioned by 31-3-2016
4	<b>Tariff Review/Control Period</b>	From the date of issue and ending on 31-3-2014 Tariff to be valid for project life of 25 years from the date of commissioning
5.	<b>Financial Parameters</b>	
	(i) <b>Capital Cost</b>	Solar PV - Rs. 10.25 Cr/MW Solar Thermal – Rs. 13.25 Cr./MW including cost of power evacuation Rooftop Rs. 10.50 cr./MW
	(ii) <b>Capacity Utilisation Factor (CUF)</b>	Solar PV – 19% derated @ 1% of CUF each year from third year onwards For Solar Thermal = 23% derated @ 0.5% each year from 3 <sup>rd</sup> year onwards
	(iii) <b>O&amp;M Expenses</b>	Solar PV – 0.5% of the Capital Cost for first year of operation escalated @ 5.72% p.a. from second year onwards + 0.3% of the value of depreciated asset as insurance charges Solar Thermal – 1% of the Capital Cost for first year of operation escalated @ 5.72% p.a. from second year onwards + 0.3% of the value of depreciated asset as insurance charges
	(iv) <b>Project life</b>	25 years
	(v) <b>Depreciation</b>	7% for first 10 years; 1.333% for 11 to 25 years
	(vi) <b>Return on Equity</b>	20% Pre Tax
	(vii) <b>Interest on Debt</b>	12.75% per annum
	(viii) <b>Debt Equity Ratio</b>	70:30
	(ix) <b>Interest on Working Capital</b>	@ 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) <b>Discount factor</b>	10.20%
	(xi) <b>Auxiliary Consumption</b>	Solar PV = 0.25% Solar Thermal = 10%
	<b>Other Terms and Conditions</b>	
6.	<b>Power Purchase Agreement and Tenure</b>	The energy generated by the solar 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 some year. The developer may sign agreement with M.P. Power Management Co. Ltd. before commissioning of plants.

<b>7.</b>	<b>Scheduling</b>	Out of purview of scheduling and Merit Order Despatch
<b>8.</b>	<b>Reactive Power Supply</b>	27 Paise/Unit for kVARh Consumption
<b>9</b>	<b>Wheeling charges for third party Sale/Captive Consumption</b>	(i) No transmission and wheeling charges for licensee (ii) For use/sale to third party as per decision of the Commission (iii) Wheeling charges @ 2% of energy injected to be deducted by Licensee. 4% subsidy on wheeling charges payable by State Govt. M.P. Policy for implementation of Solar Power Projects in M.P. shall be claimed by M.P. Power Management Co. Ltd. and shall be passed on the Licensee concerned.
<b>10</b>	<b>Metering and Billing</b>	M.P. Policy for implementation of Solar Power Projects in M.P.
<b>11</b>	<b>Payment Mechanism</b>	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.
<b>12</b>	<b>Default Provisions for third Party Solar Sale to Utility</b>	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.
<b>13</b>	<b>CDM Benefits</b>	100% to developer in the first year after COD; thereafter reducing by 10% every year till the sharing becomes equal (50:50) between developer and the licensee/consumers in the 6 <sup>th</sup> year. Thereafter sharing to remain equal.