

RAJASTHAN ELECTRICITY REGULATORY COMMISSION

(Generic tariff for sale of Electricity from Wind Power Plants Commissioned during 2014-15)

Order dated 16-07-2014

Sl. No.	Description	Summary
1	Title	Generic tariff for sale of electricity from Wind Power Plants in the State to Distribution Licensee getting commissioned during FY 2014-15)
2	Surcharge on MAT/ Income Tax Rate	Surcharge – 5% in the computation of Generic Tariff
3	Higher Depreciation benefit	5.83% of the Capital Cost per annum for first 12 years and the remaining depreciation spread over the remaining useful life of the project from 13 th year onwards
4	Tariff Levelisation	<ul style="list-style-type: none"> • Levelised tariff has been worked out by discounting the revenue stream and generation separately. • NPV of the revenue stream with levelised tariff is same as the NPV of revenue stream of year wise calculated tariff stream.
5	Discount Rate	13.10%
6	Calculation Sheets	In the tariff Computation Sheet Commission has considered income tax rate of 30.90% for 11 th year onwards but in computation of levelised benefit of higher depreciation income tax rate of 32.45% for the first year and 30.90% for 11 th year onwards.
7	Levelised generic tariff	
	(i) Useful life	25 years
	(ii) Tariff period	25 years
	(iii) Capital Cost	<ul style="list-style-type: none"> • Rs. 565 lakh/MW inclusive of Rs. 25 lakh/MW towards the cost of transmission system including pooling station upto the inter-connection point • Rs. 25 lakh/MW also includes Rs. 2 lakh/MW grid connectivity charges payable to transmission licensee.
	(iv) Debt Equity Ratio	70:30
	(v) Capital utilization factor (CFU) and deration on CUF ratio	<ul style="list-style-type: none"> • 21% for Jaisalmer, Jodhpur and Barmer districts and 20% for other districts. • De-ration of 1.25% from 6th, 10th, 14th and 18th year
	(vi) Operation & Maintenance (O&M) expenses	Rs. 7.87 lakh/MW for 2014-15 with escalation of 5.85% per annum over the tariff period for computation of levelised tariff.
	(vii) Depreciation	5.83% of capital cost per annum for first 12 years and from 13 th year onward balance depreciation shall be spread over remaining useful life.
	(viii) Interest rate on Long Term Loan	Interest rate on Long Term Loan as 300 basis points higher than the average SBI base rate prevalent during first six months of the year previous to the relevant year which works out to 12.71% interest rate on 70% of Capital Cost.
	(ix) Interest on Working Capital	250 basis points higher than the average of SBI base rate prevalent during first six months of FY 2013-14 which works out to 12.21%.

	(x) Return on Equity	<ul style="list-style-type: none"> ROE has been computed by grossing up the base rate of 16% with tax rate equivalent to MAT for first 10 years of COD and normal tax rate for remaining years of project life. MAT rate of 20.01% for first year, 19.06% for remaining 9 years of first 10 years and normal tax rate of 30.90% has been applied for grossing up of the base rate of Return on Equity for remaining 15 years. 												
8	Subsidy or incentive by the Central Govt. including higher Depreciation benefit	<ul style="list-style-type: none"> Any incentive or subsidy or benefit available from Central or State Government including accelerated or higher depreciation benefit if availed by the generating company shall be considered for determining the tariff. Generation based incentive/tariff subsidy if allowed by Central/State Government would be governed by the terms and conditions of such scheme. The depreciation rate of 5.83% for first 12 years and 1.54% for remaining useful life has been compared with depreciation rate of 15% of the written down value as per income tax act plus 20% additional depreciation during first year as per Finance Act 2012. The capitalization has been considered during second half of the fiscal year when the generation is 30% of annual generation. The levelised tariff has been worked out considering both the situations viz. if higher depreciation benefit is availed and if not availed. 												
9	Levelised Tariff	<p>Levelised tariff has been worked out for useful life of Wind Power Plants i.e. 25 years. Tariff for Wind power plants getting commissioned during FY 14-15</p> <table border="1"> <thead> <tr> <th>Sl. No.</th> <th>Particulars</th> <th>Tariff (Rs./ kWh) if higher depreciation benefit is not availed</th> <th>Tariff (Rs./ kWh) if higher depreciation benefit is availed</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Wind Power Plants located in Jaisalmer, Jodhpur & Barmer districts</td> <td>5.64</td> <td>5.31</td> </tr> <tr> <td>2.</td> <td>Wind Power Plants located in districts other than Jaisalmer, Jodhpur & Barmer districts</td> <td>5.93</td> <td>5.57</td> </tr> </tbody> </table>	Sl. No.	Particulars	Tariff (Rs./ kWh) if higher depreciation benefit is not availed	Tariff (Rs./ kWh) if higher depreciation benefit is availed	1	Wind Power Plants located in Jaisalmer, Jodhpur & Barmer districts	5.64	5.31	2.	Wind Power Plants located in districts other than Jaisalmer, Jodhpur & Barmer districts	5.93	5.57
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