

## TAMIL NADU ELECTRICITY REGULATORY COMMISSION

### (Power Procurement by Distribution Licensee from Biomass based Power Plants and Allied Issues relating to Captive Use and Third Party Sale) Order No 8 Dated 31-07-2012

Sl. No.	Description	Summary
1.	<b>Subject</b>	TNERC order No 8 of 2012, dated 31-07-2012 for Power Procurement by Distribution Licensee from Biomass based Power Plants and Allied Issues relating to Captive Use and Third Party Sale.
2.	<b>Tariff Control Period</b>	01-08-2012 to 31-07-2014
3.	<b>Type of Tariff</b>	Two Part Tariff Comprising of Fixed and Variable Components
4.	Financial Parameters	Rs. 4.45 crores/MW including evacuation Cost, upto Inter-connection, 85% on machineries and 15% on land & civil works.
	(i) Capital Cost	
	(ii) Plant Load Factor (PLF)	80%
	(iii) Debt Equity Ratio	70:30
	(iv) Term of Loan	10 years with a moratorium of one year
	(v) Interest Rate for Loan	12.25%
	(vi) Return on Equity	19.85% Pre-tax
	(vii) Life of Plant and Machinery	20 years
	(viii) Depreciation	4.5% p.a on SLM Plant & Machinery (85% of Cost) Ac-cumulated depreciation limited to 90% of Plant & Machinery.
	(ix) Operation and Maintenance Ex-penses	4.5% p.a. with annual escalation of 5% (from 2nd year). on Plant & Machinery (85% of capital Cost) and 0.90% of land & Civil Works (15% of Cost)
	(x) Station Heat Rate	3840 K Cal/Kg
	(xi) Gross Calorific Value	3200 K Cal/Kg
	(xii) Specific fuel Con-sumption (SFC)	1.20 Kg/kWhr
	(xiii) Fuel Cost	Rs.2277/MT with 5% escalation including cost of Transportation.
	(xiv) Components of Working Capital	Full Stock – one month, O&M expenses – 1 month Receivables – 1 month
	(xv) Interest on Working Capital	12.5%
	(xvi) Auxiliary Consumption	10%
	(xvii) Transmission and Wheeling Charges	50% of transmission and 50% of wheeling Charges of Conventional Power to non-conventional Power. Actual line losses in kind as specified in order. For generators availing Renewable Energy Certificates (REC) benefits, normal transmission charges, Wheeling Charges and line losses will apply.
	(xviii) Cross Subsidy Charges	50% of the applicable Cross subsidy surcharge
	(xix) C D M Benefits	100% to the developers in the first year, reducing by 10% every year till sharing becomes equal (50:50) be-tween the developer and Consumer in the sixth year.
	(xx) Reactive Power Charges	10 Paise/kVARh for 2012-13 escalated @ 0.5 paise/kVARh annually.

(xxi) Grid Availability Charges	<p>(a) Start Up Power Distribution Licensee to supply Power to generator up-to 42 days in a year subject to demand not exceeding 15% of the capacity. Generator to pay at the rate applicable for temporary supply at that voltage category.</p> <p>(b) Stand By Power Energy Charges – If the Captive user or Third Party User is a Consumer of Licensee, user to Pay at the applicable tariff on net energy Consumption. If the User is not a Consumer of Licensee, user to pay charges as applicable to the temporary supply of that category.</p>
(xxii) Adjustment of Energy Generated	Adjustment of Generated Energy shall be as per Open Access Regulations in force.
(xxiii) Scheduling and System Operation Charges	As per open access charges from time to time. <b>Presently, it is Rs. 2000/ day</b>
(xxiv) Application Fees and Agreement Fees	Whenever there is a change in the usage of energy from Biomass based Power Generator or change in drawl point etc. additional fees equivalent to the application fee and agreement fees shall be leviable by the licensee on the generator.
(xxv) Billing and Payment	<p>(a) In case of payment within one month 1% rebate shall be allowed</p> <p>(b) Payment delayed beyond 30 days is liable for interest @ 1% per month</p> <p>(c) The distribution licensee shall raise bill for net energy separately for peak hours (0600 to 0900 hrs. and 1800 to 2100 hrs. and off peak hours (2200 to 0500 hrs) Balance hours are normal hours.</p> <p>For details may refer the Regulations</p>
(xxvi) Payment Security and Security Deposit	Two times the maximum energy supplied by the distribution licensee in any month in the proceeding financial year to be paid as security deposit by the consumers
(xxvii) Power Factor	Captive/third Party Consumers of Biomass Plants shall be liable for disincentive based on average Power factor.
(xxviii) Metering	Metering and Communication arrangements shall be as per CEA Regulations (2006) Tamil Nadu Electricity Distribution Code (2004) , TNE Grid Code(2004) and Tamil Nadu Electricity Intra State Open Access Regulations
(xxix) Connectivity and Evacuation of Power	As per Act, Codes, Regulations and Orders
(xxx) Energy Purchase (EPA) and Wheeling (EWA) Agreement	<p>As specified in Commission's New and Renewable Sources of Energy Regulations in force.</p> <ul style="list-style-type: none"> <li>- EPA to be valid for a minimum period of 20 years, to be executed within 1 month of receipt of application from the generator.</li> <li>- For EWA The period of agreement to be as per Open Access regulations.</li> </ul>
(xxxi) Scheduling of Power Generation	As specified in Indian Electricity Grid Code, Tamilnadu Electricity Grid Code and other Regulations, Codes and orders of the Commission.
(xxxii) Tariff Review Period / Control Period	Control period shall be two years from 01-08-2012 and tariff period is 20 years.
(xxxiii) Tariff	<p>(a) For New Plants</p> <ul style="list-style-type: none"> <li>(i) Fixed cost vary from Rs. 1.658 (1st year) to Rs. 1.580 (20th year) per unit</li> <li>(ii) Variable cost for 2012-13 shall be Rs. 3.036 Per unit and for 2013-14 will be Rs. 3.188 per unit.</li> </ul> <p>(b) For Plants Commissioned before 15-05-2006 to be decided after separate hearing.</p>