

- a) BESCOM has suggested to adopt normative MCLR for 1-year tenure since the minimum base rate is 6.65% per annum.
- b) Powergate Energy Pvt. Ltd, (Mysore), has suggested that the interest rate for 1 kW-10 kW category be considered as 10.5% per Annum and that for the 1 kW - 2000 kW category interest rate may be considered as 9.3% per annum. The loan tenure for 1 kW-10 kW segment may be considered as 5 years and that for 1 kW-2000 kW the loan tenor may be considered as 7 years.
- c) PCKL has suggested interest rate of 8% per annum for a tenure of 15 years.

Commission's Decision:

CERC, in its CERC (Terms and Conditions for Tariff determination from Renewable Energy Sources) Regulations, 2020, has proposed normative interest rate (MCLR) plus two hundred (200) basis points above the average State Bank of India MCLR (One-year Tenure) prevalent during the last available six months.

Considering the prevalent lending rate being the Marginal Cost of Funds-Based Lending Rate (MCLR) at which the bank prices all its loans, the Commission proposes to adopt the latest MCLR rate of 3 years of 7.30% per annum notified by the State Bank of India plus 200 points, which works out to 9.30% per annum.

Therefore, the Commission decides to adopt interest rate of 9.30 % per annum and consider the tenure of loans as 13 years.



ix) Working Capital and Interest on Working Capital:

The Commission, in the discussion paper had proposed one month's receivables for SRTPV Projects and Two Month's receivables for MW scales Ground Mounted Solar Projects and to allow interest on working capital at the rate of 10.00% p.a.

One of the stakeholders namely PCKL has suggested to consider interest on working capital at 8.5% per annum.

Commission's Decision:

The Marginal Cost of Funds-Based Lending Rate(MCLR) is the rate at which the bank prices all its loans. The Commission, in view of the massive reduction in the interest rates being charged on the loans by the banking sector, decides to adopt the latest MCLR rate of 1 year of 7.00% notified by the State Bank of India plus 300 points which will be 10.00% per annum.

The Commission therefore decides to allow 10% per annum as the interest rate for calculating the Interest on Working Capital, equal to one month's receivables for SRTPV Projects and Two Month's receivables for MW scales Ground Mounted Solar Projects.

x) Depreciation:

The Commission, had proposed to adopt the depreciation on 90% of the capital cost (excluding land cost) at rate at 5.83% per annum for the ground mounted project and 5.38% per annum for the SRTPV Projects for the first 13 years, and the remaining depreciation spread equally over the remaining useful life of the ground mounted projects and SRTPV plants.



The Commission notes that the CERC in its RE tariff Regulations on determination of Tariff for renewable energy sources of 2020, has specified that the salvage value of the asset shall be considered as 10% per annum and depreciation shall be allowed upto maximum of 90% of the Capital cost of the asset.

Commission's decision:

The Commission, by considering the amount of debt repayment and the term of the capital loan, decides to consider the depreciation on 90% of the capital cost (excluding land cost) at rate at 5.798% per annum for the ground mounted project and 5.38% per annum for the SRTPV Projects for the first 13 years, and the remaining depreciation spread equally over the remaining useful life of the ground mounted projects and SRTPV.

xi) Return on Equity:

The Commission, had proposed RoE of 14%. The CERC, in its Regulations has also allowed normative RoE of 14%. Whereas Balark Solar Pvt Ltd, has suggested the RoE of 16%.

Commission's decision:

The Commission notes that the prevailing CERC Regulation specify RoE of 14% per annum and this Commission has also adopted such rates in other Generic Tariff Orders. The Commission, therefore, decides to allow RoE of 14% per annum.

xii) Discount Rate:

The Commission, had proposed a discount factor of 10.71%. Since the financing of capital cost is based on 70% debt and 30% equity, the Commission had proposed that it would be appropriate to reckon

weighted average cost of capital (WACC) as the discount factor to arrive at the levelled tariff. The Commission, therefore, decides to reckon Discount Rate of 10.71%, based on WACC.

xiii) Auxiliary consumption:

The Commission, had proposed the auxiliary consumption of 0.25% of the gross generation for MW scale projects based on the decisions in the earlier Orders and not allow any auxiliary consumption for SRTPV plants.

Commission's decision:

The Commission also notes that, there is no substantial documentary evidence to consider the maximum percentage of auxiliary consumption and hence, decides to allow the auxiliary consumption of 0.25% for MW Solar PV Plants in line with the earlier decisions and not to allow any auxiliary consumption for SRTPV.

xiv) Other Issues for kW projects (SRTPV plants):

a) The Commission, in its earlier Order has allowed the consumers to install SRTPV units with capacity equivalent to the sanctioned load of the respective consumer's installation based on gross or net-metering under their own investments.

Commission's decision:

The Commission therefore, decides to allow installation of SRTPV with capacity equivalent to 100% of the sanctioned load of the respective consumer's installation based on gross or net metering.

b) The Commission, in its Order dated 11.11.2016, has allowed installation of SRTPV plants on the Government buildings by the ESCOMs under funding from the Government, with the energy from such plants being allowed to be utilized by the concerned office/institution and inject any surplus

energy into the grid on net metering basis with the tariff for any surplus energy injected as determined by the Commission, for the purpose of accounting the power purchase cost for the surplus energy, in view of the fact that the respective ESCOMs have to maintain STRTPV.

Commission's decision:

The Commission therefore decides to continue to allow the scheme but with the tariff for any surplus energy injected, as determined by the Commission in this order, for the purpose of accounting the power purchase costs towards the surplus energy, in view of the fact that the respective ESCOMs have to maintain STRTPV.

- c) The Commission, in its Order dated 15.09.2017 has allowed installation of multiple SRTPV units or single SRTPV unit with the combined installed capacity in a single premise not exceeding the total sanctioned load of all the consumers in that premises at 90% of the generic tariff as determined by the Commission.

Commission's decision:

The Commission therefore decides to continue the existing scheme but with 90% of the generic tariff as determined by the Commission in this Order.

- d) The Commission, in its Order dated 09.12.2019 has allowed various models on the third party investments for installing SRTPV on the Consumers' building, with the Generic tariff as determined by the Commission from time to time.

Commission's decision:

The Order has been challenged by Amplus Energy Solutions Private limited and others, before Hon'ble ATE vide Appeal No:41 of 2021 and