

BEFORE THE KARNATAKA ELECTRICITY REGULATORY COMMISSION
No.16 C-1, Miller Tank Bed Area, Vasanthanagar, Bengaluru-560052

Dated 29th July, 2021

Present:

Sri. Shambhu Dayal Meena	- Chairman
Sri. H.M. Manjunatha	- Member
Sri. M.D. Ravi	- Member

In the Matter of Determination of Generic Tariff for Wind Power Projects for the Financial Year 2021-22

Preamble:

1. The Commission, vide its Order dated 05.06.2018, has mandated procurement of wind power by DISCOMs only through competitive e-reverse bidding, with the Generic Tariff determined by the Commission from time to time, as the ceiling price. As such the tariff of Rs.3.26 determined vide Order dated 27.02.2019 was fixed as the ceiling tariff for the purpose of tariff based reverse bidding in respect of wind power projects during FY20. The above tariff was also made applicable for payment towards any banked energy purchased by the Distribution Licensees and in such other cases, as specified in the relevant orders of the Commission.
2. The tariff determined in the Order dated 27.02.2019, was in force with effect from 1st April, 2019 to 31st March, 2020. Subsequently, vide order dated 06.05.2020, the Commission continued the above ceiling tariff for bidding purpose and for payment towards banked energy purchased by ESCOMs for the financial year 2020-21 also.
3. Thus, the validity of the above tariff was upto 31.03.2021 and therefore, there is need for determining the tariff for FY22. Hence, the Commission issued a discussion paper on 'Determination of Generic Tariff for Wind Power Projects for FY2021-22 and invited comments/ views/suggestions from interested persons. Keeping in view the wind tariff discovered through bidding in the recent past, the Commission had proposed a ceiling tariff of Rs.2.91/unit including trading margin. A notification inviting comment/views/suggestions was published in Deccan Herald, Times of India, Samyuktha Karnataka and Vijaya Karnataka Newspapers on 16.03.2021 and



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was also hosted on the Commission's website. In response to the above, several stakeholders furnished their written submissions, the list of which is enclosed as Annexure-1 to this Order. Subsequently, the Commission held public hearing in the matter on 09.07.2021 through video conferencing, duly publishing the Public hearing notice in Deccan Herald, Times of India, Udaya Vani and Vijaya Vani Newspapers dated 25.06.2021 and the Notice was also hosted on the Commission's website. List of persons who made submissions before the Commission, during the Public hearing is enclosed as Annexure-2 to this Order.

4. The gist of Comments/views/suggestions received are as follows:
 - a. PCKL has proposed a tariff of Rs.2.77/unit based on latest SECI Bids.
 - b. BESCOM has proposed a tariff of Rs.2.77/unit based on latest SECI bids and a trading margin of 4-paise/unit. Thus, the ceiling tariff proposed by BESCOM is Rs.2.81/unit.
 - c. While KPTCL has submitted that it has no comments, other ESCOMs namely MESCOM, HESCOM, CESC and GESCOM, while concurring with the Proposal of the Commission, have requested to reconsider and reduce the trading margin of 7 paise/unit.
 - d. KREDL has submitted that the proposed tariff is lower than the earlier tariff of Rs.3.26/unit, considering the present capital cost of Rs.6.00 crores/MW and PLF in the range of 35.6% to 41%. It is also submitted that with higher hub-heights and increased capacity, land cost and O & M expenses would reduce.
 - e. KPCL has submitted that it concurs with proposal of the Commission.
 - f. IWTMA has proposed a tariff of Rs. 3.25 to Rs.3.30 based on cost plus approach considering various technical & financial parameters and has requested the Commission to determine the tariff, as per MNRE circular for wind projects below 25 MW. It is also submitted that the tariff should be determined under section 62 read with Section 61 & 64 of the Act or the tariff determined through bidding under Section 63 has to be adopted. The proposal of the Commission is a hybrid tariff, adopting both Section 62 & 63 which is not envisaged in the Act. Referring to the Commission's Order dated, 5th June, 2018, it was submitted that, the Commission has decided that the ceiling tariff for the bid shall be the generic tariff for wind power plant determined by the Commission from time to time. As

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the Commission has not determined the generic tariff considering the various technical and financial parameters, it was requested to determine the generic tariff for wind power projects considering the various parameters.

- g. IWPA [Karnataka State Council] has submitted that, the proposal of the Commission is a hybrid tariff, adopting both Section 62 & 63, which is not envisaged in the Act. Further, it was submitted that, the Commission has adopted the ceiling tariff based on the tariff approved by TNERC for wind projects, which cannot be applied for Karnataka. IWPA has proposed a tariff of Rs.3.25/unit for wind projects of capacity below 25 MW, stating that the CUF in Karnataka is around 35% compared to 39% in TamilNadu. IWPA has also proposed to consider the above tariff as the ceiling tariff for bidding for wind projects of capacity 25 MW & above. As per the MNRE guidelines, tariff has to be determined for wind projects of capacity less than 25MW based on cost plus approach and therefore, IWPA has requested the Commission to determine the tariff for such projects considering various technical and financial parameters.
 - h. GE, South Asia has submitted that, SECI is not specifying ceiling tariff for RE procurement consequent to abolition of the same by MNRE. Further, SECI bids cannot be used as benchmark for Karnataka, as SECI bidding is on different rationale. Hence, the Commission was requested to determine the tariff, as per MoP guidelines for projects of capacity below 25MW.
 - i. Vishwind Infrastructure submitted that as per the prevailing regulations, the projects under REC mechanism have to sell power at lower of APPC or 75% of Generic Tariff. Hence, to encourage projects under REC mechanism, it was requested to determine the tariff on cost plus basis, considering all the parameters.
 - j. DGEPL has submitted that the tariff proposed by KERC is viable for large wind projects with CUF higher than 35% and thus for projects below 50 MW, APPC price should be fixed as ceiling tariff. It is further submitted that, the proposed tariff is not viable for projects built on old technology.
5. The Commission has examined the submissions made by the stakeholders. While the ESCOMs have requested to reduce the proposed tariff, Generators and wind Associations have requested for a higher tariff. Further, Generators and wind



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Associations have requested the Commission to determine the tariff for wind projects below 25 MW, as per MNRE guidelines, considering various technical and financial parameters.

6. The Commission has issued orders on 05.06.2018, mandating procurement of wind power by DISCOMs only through competitive e-reverse bidding, irrespective of capacity installed. The above order of the Commission has been challenged by Indian Wind Energy Association (InWEA) before the Hon'ble ATE in Appeal No.449/2019 and the matter is pending before the Hon'ble ATE. **In the above circumstances, the Commission decides to continue the Generic Tariff of Rs.3.26/unit determined earlier, as an interim measure for FY22, which is subject to re-determination by the Commission, consequent to the disposal of the appeal by the Hon'ble ATE.**
7. Hence, the following order. -

ORDER

- i) The Commission, hereby orders to continue the generic tariff for wind power projects at Rs.3.26 [Three Rupees twenty-six paise] only per unit as determined in its order dated 27.02.2019, as an interim measure for FY22, which is subject to re-determination by the Commission, consequent to the decision of the Hon'ble ATE in the Appeal No.449/2019;
- ii) This Order shall be in force with effect from 1st April, 2021 to 31st March, 2022.

This Order is signed and issued by the Karnataka Electricity Regulatory Commission on this 29th day of July, 2021.


(SHAMBHU DAYAL MEENA)

Chairman

29/7/2021


(H.M. MANJUNATHA)

Member 29/7/2021


(M.D. RAVI) 29/7/2021

Member

Annexure-1

List of Persons who made written submissions

1. Karnataka Power Transmission Corporation Limited, Bengaluru
2. Power Company of Karnataka Ltd., Bengaluru
3. Bangalore Electricity Supply Company Ltd., Bengaluru.
4. Mangalore Electricity Supply Company Ltd., Mangaluru
5. Hubli Electricity Supply Company Ltd., Hubballi.
6. Karnataka Renewable Energy Development Ltd., Bengaluru.
7. Doddanavar Global Energy Pvt. Ltd., Bengaluru.
8. Vice President, Energy Policy & Regulation, GE South Asia.
9. Indian Wind Power Association (Karnataka State Council), Bengaluru
10. Indian Wind Turbine Manufacturers Association, New Delhi.



List of Persons who made Oral submissions during public hearing

1. Managing Director, Karnataka Power Transmission Corporation Limited, Bengaluru
2. Managing Director, Power Company of Karnataka Ltd., Bengaluru
3. Managing Director, Mangalore Electricity Supply Company Ltd., Mangaluru.
4. Managing Director, Hubli Electricity Supply Company Ltd., Hubballi.
5. Managing Director, Gulbarga Electricity Supply Company Ltd., Kalaburagi
6. Director (Finance), Bangalore Electricity Supply Company Ltd., Bengaluru.
7. Superintending Engineer, Commercial, Chamundeswari Electricity Supply Corporation Ltd., Mysuru.
8. Representative of Karnataka Power Corporation Ltd., Bengaluru.
9. Rasika Chandihok, Vice President, Energy Policy & Regulation, GE South Asia.
10. Sri U.B. Reddy, Indian Wind Power Association (Karnataka State Council), Bengaluru
11. Sri Adithya K. Singh, Advocate for Indian Wind Turbine Manufacturers Association, New Delhi.
12. Sri Rahul Srivatsava, Vishwind Infrastructure.

