

CENTRAL ELECTRICITY REGULATORY COMMISSION

NEW DELHI

Petition No. 14/SM/2022

**Coram: Shri I.S. Jha, Member
Shri Arun Goyal, Member
Shri P.K. Singh, Member**

Date: November 7, 2022

IN THE MATTER OF

Determination of levellised generic tariff for FY 2022-23 under Regulation 8 of the Central Electricity Regulatory Commission (Terms and Conditions for Tariff determination from Renewable Energy Sources) Regulations, 2020.

ORDER

1. The Commission has notified the Central Electricity Regulatory Commission (Terms and Conditions for Tariff determination from Renewable Energy Sources) Regulations, 2020 (hereinafter referred to as "the RE Tariff Regulations"), which provide for terms and conditions and the procedure for determination of tariff of the following categories of Renewable Energy (RE) generating stations:
 - a. Small Hydro Projects;
 - b. Biomass Power Projects with Rankine Cycle technology;
 - c. Non-fossil fuel-based co-generation Project;
 - d. Biomass Gasifier based Power Projects;
 - e. Biogas based Power Projects
2. As per Regulation 7 of the RE Tariff Regulations, the Commission shall determine project specific tariff for the following RE technologies:
 - a. Solar PV power projects, floating solar projects and solar thermal power projects;
 - b. Wind power projects (both on-shore and off-shore);



- c. Biomass gasifier-based power projects and biogas based power projects – if a project developer opts for project specific tariff;
 - d. Municipal solid waste-based power projects and refuse derived fuel based power projects;
 - e. Renewable hybrid energy projects;
 - f. Renewable energy with storage projects; and
 - g. Any other project based on new renewable energy sources or technologies approved by MNRE.
3. Further, Regulation 8(1) of the RE Tariff Regulations provides as under:
- “8. Petition and proceedings for determination of tariff*
- 1) In case of renewable energy projects for which generic tariff has to be determined as per these regulations, the Commission shall determine such generic tariff through a Generic Tariff Order at least one month before the commencement of year for each year of the Control Period:*
- Provided that for second year of Control Period i.e., from 01.04.2021 to 31.03.2022, the Generic Tariff Order shall be determined upon issuance of these regulations.”*
4. The Commission, in discharge of the mandate under Regulation 8(1) of the RE Tariff Regulations, is required to determine the generic tariff of the RE projects for the third year of control period (i.e. FY 2022-23).
 5. For this purpose, the Commission issued a Public Notice on 12.08.2022 along with a proposal for “Determination of levellised generic tariff for FY 2022-23 under Regulation 8 of the Central Electricity Regulatory Commission (Terms and Conditions for Tariff determination from Renewable Energy Sources) Regulations, 2020 and invited comments/suggestions/objections from the stakeholders. The last date for submission of comments/suggestions/objections was as 30.08.2022.
 6. In response to this public notice, written comments/ suggestions/ objections were received from following stakeholders:
 - a. Tirupati Sugars Ltd.
 - b. Jaya Hydro Power Pvt Ltd.
 - c. Venika Green Power Private Ltd.

- d. The South Indian Sugar Mills Association
 - e. SAEL Limited
 - f. PSPCL
 - g. The Hind Samachar Limited
7. The Commission has considered the comments/ suggestions/ objections of the stakeholders and the analyses/ decisions of the Commission thereon are dealt with in relevant paragraphs of this order.
8. **Fuel Cost of Bagasse based Cogeneration Plants**

Commission's Proposal

8.1 The Commission, as per Regulation 44 (1) of the RE Tariff Regulations, has specified the Bagasse fuel price during third year of the Control Period (i.e. FY 2022-23) in the following table. The fuel prices have been derived by escalating the notified prices of first year of control period by 5%. For each subsequent year of the Tariff Period, a normative escalation factor of 5% per annum shall be applicable, unless reviewed and ordered otherwise by the Commission.

States	Bagasse Price for FY 2021-22 (Rs/ MT)	Bagasse Price for FY 2022-23 (Rs/ MT)
Andhra Pradesh	1971.90	2070.50
Haryana	2804.55	2944.78
Maharashtra	2763.60	2901.78
Punjab	2468.55	2591.98
Tamil Nadu	2124.15	2230.36
Telangana	1970.85	2069.39
Uttar Pradesh	2199.75	2309.74
Other States	2387.7	2507.09

Comments Received

8.2 Tirupati Sugars Ltd. has submitted that Fuel Cost in Haryana, Maharashtra and Punjab are higher than Bihar. But the state of Bihar also purchases bagasse from agriculturist who crushes their sugarcane locally and also bring Bagasse from Agriculturist, that requires transportation cost. So, they have requested the Commission to consider cost of Bagasse to be around Rs.2800/MT.

8.3 Tirupati Sugar Ltd suggested that the fuel cost fixed for FY 2022-23 shall be escalated by 5% each year automatically if the appropriate Commission has not determined the tariff for ensuing financial year.

8.4 Tirupati Sugars Ltd. submitted that DISCOMs in Bihar do not allow escalated fuel cost each year and special order is required by BERC for the said. So, they are deprived of availing price of Rs2387.70/MT. They requested the Commission to take appropriate action so BERC would follow the instructions of the CERC Tariff Regulation as per Sec61 of the Act.

8.5 South Indian Sugar Mills Association, Tamil Nadu (SISMA) has submitted that there is a massive variation between bagasse prices assigned for different States. As for Tamil Nadu, the market price for bagasse for FY 2021-22 was around Rs. 3250/- per ton and suitable escalation from that can be considered for succeeding year. Assuming 5% increase uniformly throughout the country is quite contrary. So, Fuel cost should be considered based on market price.

Analysis and Decision

8.6 Fuel cost for generic tariff determination is as per the RE Tariff Regulations. Review of the fuel cost is outside the scope of the present exercise of determination of levellised generic tariff. However, next control period is due and the fuel cost of various technologies will be reviewed as part of the exercise of finalisation of RE Tariff Regulations for the next control period.

8.7 It is mentioned in RE Regulation,2020 in para 44(1) price of bagasse for first year of the Control Period i.e. financial year 2020-21 as specified is escalated at the rate of

5% per annum to arrive at the base price for subsequent years of the Control Period, unless specifically reviewed by Commission. For the purpose of determining levelized tariff, a normative escalation factor of 5% per annum shall be applicable on bagasse prices. Hence, the fuel cost is retained as proposed.

9. Fuel Cost of Biomass based Power Plants

Commission's Proposal

9.1 The Commission, as per Regulation 38 of the RE Tariff Regulations, has specified the Biomass fuel price for third year of the Control Period (i.e. FY 2022-23) in the table below. The fuel prices have been derived by escalating the notified prices of first year of control period by 5%. For each subsequent year of the Tariff Period, a normative escalation factor of 5% per annum shall be applicable, unless reviewed and ordered otherwise by the Commission.

States	Biomass Price for FY 2021-22 (Rs/ MT)	Biomass Price for FY 2022-23 (Rs/ MT)
Andhra Pradesh	3492.3	3666.92
Haryana	3975.3	4174.07
Maharashtra	4065.6	4268.88
Punjab	4158	4365.90
Rajasthan	3470.25	3643.76
Tamil Nadu	3435.6	3607.38
Telangana	3492.3	3666.92
Uttar Pradesh	3553.2	3730.86
Other States	3734.85	3921.59

Comments Received

9.2 Punjab State Corporation Limited (PSPCL) commented that the actual fuel cost of biomass and bagasse in Punjab is much lower and therefore results in an undue enrichment to the project developers at the cost of the general consumers in the State