

ಸಂಖ್ಯೆ : 16 ಸಿ-1, ಮಿಲ್ಲರ್ಸ್ ಟ್ಯಾಂಕ್ ಬೆಡ್ ಏರಿಯ,  
ವಸಂತನಗರ, ಬೆಂಗಳೂರು - 560052.

No: KERC/F-31/Vol-1382/2023-24/1434

No. 16 C-1, Millers Tank Bed Area,  
Vasanthanagara, Bengaluru-560052.

Date:04<sup>th</sup> March 2024

**BEFORE THE KARNATAKA ELECTRICITY REGULATORY COMMISSION, BENGALURU**  
**No.16 C-1, Millers Tank Bed Area, Vasanthanagara, Bengaluru-560052**

**Suo Motu Order**

**Dated: 04<sup>th</sup> March 2024**

**Present:**

**Sri. P.Ravi Kumar - Chairman**  
**Sri. M.D.Ravi - Member**

**In the matter of tariff to be allowed for the next 10 years starting from 21<sup>st</sup> year in respect of Mini-Hydro, Wind, Bagasse based Cogeneration and Biomass based power plants (both Water Cooled and Air Cooled), which have successfully completed or are completing initial term of 20 years as per the PPA terms and conditions.**

**Preamble:**

- 1) The Commission obtained detailed information in respect of existing PPAs of mini-hydro, wind, bagasse based cogeneration and biomass based power plants (both water cooled and air cooled) from ESCOMs.
- 2) On considering and analyzing: (a) Provisions under the above PPAs with respect to 'term of the PPA' and 'Tariff', (b) Year on year Capacity and Energy that is not available till FY32 if these PPAs are not renewed, (c) Useful life of these plants, (d) Terms and Conditions of tariff determination, (e) Environmental issues associated with this kind of new projects, (f) Factors such as demand supply projections and RPO compliance by State ESCOMs, Objectives of Karnataka Renewable Energy Policy 2022-2027, Tariffs under Generic Tariff Orders of the Commission, trend of Green Tariff (Non-Solar) under IEX and Inflation in capital cost of projects, (g) Inputs from MNRE, Govt. of India and IIT, Roorkee (h) Earlier decisions of the Commission and (i) Stand taken by other State Regulatory Commissions on determining the tariff for extended period of PPA, the Commission under Section 4(e) of Tariff Policy 2016, Section 86(1)(b) and 86(1)(e) of the Electricity Act 2003 hereby orders as follows:

**ORDER**

- a) In respect of mini-hydro and wind power plants, which have successfully completed or are completing initial term of 20 years as per the PPA terms and conditions, to allow the tariff equal to 85% of the tariff as at the end of the 20<sup>th</sup> year of the PPA or the negotiated tariff as per the provisions of the PPA, whichever is lower, without any escalation for the next 10 years starting from 21<sup>st</sup> year, irrespective of any additional expenditure, including R & M, incurred by the generators.
- b) In respect of biomass based power plants (water Cooled), which have successfully completed or are completing initial term of 20 years as per the PPA terms and

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conditions, to allow the fixed cost at 61.41% of fixed cost as at the end of 20<sup>th</sup> year of the PPA or the negotiated fixed cost as per the provisions of the PPA, whichever is lower, without any escalation for the next 10 years starting from 21<sup>st</sup> year, irrespective of any additional expenditure, including R & M, incurred by the generators. And to allow variable cost lower of the variable cost as determined by the Commission from time to time or negotiated variable cost as per the provisions of the PPA, as pass through for the next 10 years starting from 21<sup>st</sup> year.

- c) In respect of biomass based power plants (air cooled), which have successfully completed or are completing initial term of 20 years as per the PPA terms and conditions, to allow the fixed cost at 59.86% of fixed cost as at the end of 20<sup>th</sup> year of the PPA or the negotiated fixed cost as per the provisions of the PPA, whichever is lower, without any escalation for the next 10 years starting from 21<sup>st</sup> year, irrespective of any additional expenditure, including R & M, incurred by the generators. And to allow variable cost lower of the variable cost as determined by the Commission from time to time or negotiated variable cost as per the provisions of the PPA, as pass through for the next 10 years starting from 21<sup>st</sup> year.
- d) In respect of bagasse based cogeneration power plants, which have successfully completed or are completing initial term of 20 years as per the PPA terms and conditions, to allow the fixed cost at 52.84% of fixed cost as at the end of 20<sup>th</sup> year of the PPA or the negotiated fixed cost as per the provisions of the PPA, whichever is lower, without any escalation for the next 10 years starting from 21<sup>st</sup> year, irrespective of any additional expenditure, including R & M, incurred by the generators. And to allow variable cost lower of the variable cost as determined by the Commission from time to time or negotiated variable cost as per the provisions of the PPA, as pass through for the next 10 years starting from 21<sup>st</sup> year.
- e) While renewing the PPAs as in above paras (a) to (d), fulfilling of safety and performance parameters as mandated by the appropriate authorities from time to time by respective power plants is mandatory.
- f) All the ESCOMs are hereby directed to take action for renewal of the PPAs in respect of mini-hydro, wind, bagasse based cogeneration and biomass based power plants (both water cooled and air cooled), which have successfully completed or are completing 20 years of initial term of PPA, subject to terms and conditions in above paras (a) to (e), and to send the subject renewal PPAs for approval of the Commission.

**This Order is signed and issued by the Karnataka Electricity Regulatory Commission at Bengaluru, this day, the 4<sup>th</sup> day of March, 2024.**

  
Sri. P. Ravi Kumar  
Chairman

  
Sri. M.D. Ravi  
Member