

Before the
MAHARASHTRA ELECTRICITY REGULATORY COMMISSION
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Case No. 116 of 2009

In the matter of
Extension of applicability of Tariff Orders for Renewable Energy Projects till issuance
of new Tariff Orders for the next Control Period (FY 2010-11 to FY 2015-16)

Shri V.P. Raja, Chairman
Shri S. B. Kulkarni, Member
Shri V.L. Sonavane, Member

ORDER (SUO-MOTU)

Dated: March 31, 2010

The Maharashtra Electricity Regulatory Commission (MERC or Commission), in exercise of the power vested in Sections 61 and 62 of the Electricity Act , 2003 (hereinafter referred to as “EA 2003”) and all other powers enabling it in this behalf, is required to determine tariff for supply of electricity by a generating company to a distribution Licensee. In addition, Regulation 26.1 of the MERC (Terms and Conditions of Tariff) Regulations, 2005, enables the Commission to specify terms and conditions for determination of tariff in case of Renewable Energy (RE) projects through separate Order(s) as may be necessary.

2. The Commission has issued various RE Tariff Orders for determination of tariff for RE Sources within Maharashtra for generation and sale of power to distribution licensees within Maharashtra. These Tariff Orders issued by the Commission from time to time are:

- a) Wind Energy: Tariff Order dated November 24, 2003, in Case No. 17(3), 3, 4 & 5 of 2002;
- b) Biomass Power: Tariff Order dated August 8, 2005, in Case No. 37 of 2003;
- c) Non-Fossil Fuel based Qualifying Cogeneration: Tariff Order dated August 16, 2002, in Case No. 8/9/10/15/17/18/19/20/21 of 2001;
- d) Non-Fossil Fuel based Non-Qualifying Cogeneration: Tariff Order dated May 25, 2005, in Case No. 26 of 2004;



- e) Small Hydro Power Projects: Tariff Order dated November 9, 2005, in Case No. 25 of 2004;
- f) Municipal Solid Waste: Tariff Order dated April 6, 2004, in Case No. 15 of 2002.

3. Subsequently, the Commission, through its Renewable Purchase Specification (RPS) Order dated August 16, 2006, in Case No. 6 of 2006, extended the validity of the Tariff Orders of all the RE sources up to March 31, 2010.

4. Further, the Commission revised the variable charge component of the Tariff applicable in respect of biomass power projects and non-fossil fuel based co-generation projects through Tariff Orders issued separately for each technology source as under:

- g) Biomass Power: Order dated March 25, 2009 and subsequent Tariff Order dated December 14, 2009 in Case No. 83 of 2008;
- h) Non-fossil fuel based Co-generation: Order dated January 11, 2010, in Case No. 123 of 2008;

5. As outlined in above Orders, the said revision in variable charge component of tariff is valid till March 31, 2010.

6. Meanwhile, the Commission has initiated the regulatory process for Comprehensive Review of RE framework for the new Control Period (FY 2010-11 to FY 2015-16) by publishing draft MERC (Terms and Conditions for determination of RE Tariff) Regulations, 2010, and by inviting comments on the same by March 30, 2010. The said draft Regulations provides for treatment for determination of Tariff for existing renewable energy projects and new renewable energy projects yet to be commissioned, including formulation for variable charge component of tariff, as applicable in case of biomass power projects and non-fossil fuel based co-generation projects. The said Regulations shall be notified upon due regulatory process.

7. In light of the above, the Commission is of the view that it will be appropriate to extend the validity of existing RE Tariff Orders along with related terms and conditions till such time the tariffs based on new RE Tariff Regulations, are determined for existing and new RE projects, as applicable. Accordingly, the Commission suo-motu initiated the regulatory process for extending the validity of the applicable RE Tariff Orders till such time the Tariff Order for existing and new RE projects in pursuance of new RE Tariff Regulations, is issued upon due regulatory process. A Notice dated March 17, 2010 was issued for holding a Public Hearing on March 25, 2010, inviting comments/views/suggestions in the matter from various stakeholders including the public/consumers, persons likely to be affected by the new



RE Tariff Regulations and Consumer Representatives authorised on a standing basis under Section 94(3) of the Electricity Act, 2003 to represent the interest of consumers in the proceedings before the Commission.

8. In response to the above notice, the Maharashtra State Electricity Distribution Company Ltd (MSEDCL), vide its affidavit dated March 23, 2010, submitted that the tariff rates, tariff structures and other conditions as applicable for purchase of power from renewable energy sources such as Wind energy projects, Non-fossil fuel based qualifying Cogeneration and non-qualifying co-generation projects, Small Hydel Power and Municipal Solid Waste projects as per the existing Tariff Orders and further Orders as amended from time to time, if any, be extended till issue of new Tariff Orders or Regulations. Further, MSEDCL requested the Commission to permit them to carry out adjustments as may be necessary on account of under recovery/over recovery due to continuation of existing tariff and other Policy matters till new tariffs come into force.

9. During the hearing, various stakeholders and authorised Consumer Representatives accorded their consent and requested for the extension of the existing Tariff Orders till such time the Tariff Order in pursuance to the new RE Tariff Regulations is issued. The list of participants who attended the hearing is enclosed as **Annexure-I**.

10. Having heard the Parties, the Commission is of the view that till such time the tariffs for RE projects are determined for FY 2010-11, the Tariff, Tariff structure and other applicable conditions as per the existing RE Tariff Orders including relevant amendments from time to time, as applicable on March 31, 2010 are required to be extended in respect of existing RE projects subject to adjustment for over-recovery/under-recovery as may be necessary as per RE Tariff Regulations to be notified. Further, the existing Tariff for various RE sources along with other conditions also needs to be extended to new RE projects yet to be commissioned, till such time the tariffs are determined as per RE Tariff Regulations for new Control Period, subject to adjustment for over-recovery/under-recovery.

Accordingly, the Commission hereby rules that the existing Tariffs, Tariff structure and other applicable conditions as per applicable RE Tariff Orders including relevant amendments from time to time, shall be extended to existing and new RE projects till such time the new tariffs for FY 2010-11 are determined pursuant to notification of RE Tariff Regulations for new Control Period. This order shall apply to the supply of electricity by generating companies to all distribution licensees in the State of Maharashtra. As regards adjustments for over-recovery/under-recovery to be carried out post issuance of Tariff Order in accordance with the RE Tariff Regulations for the new Control Period, the Commission rules as under:

- a. **For existing Biomass Power Projects and Non-fossil fuel based Co-generation Projects:** Variable charge component of Tariff as applicable under



- b. the existing Tariff Order, validity of which is extended through this Order shall be adjusted for over-recovery/under-recovery, if any, to match the variable charge component of Tariff as may be determined in the Tariff Order to be issued for the new Control Period.
- c. **For new Biomass Power Projects and Non-fossil fuel based Co-generation Projects:** Tariff comprising Fixed Charge and Variable Charge as applicable under the existing Tariff Order, validity of which is extended through this Order shall be adjusted for over-recovery/under-recovery, if any, to match the Tariff comprising of Fixed Charge and Variable Charge, respectively, as may be determined in the Tariff Order to be issued for the new Control Period.
- d. **For all other new RE Projects to be commissioned after March 31, 2010:** Tariffs as applicable under the existing Tariff Orders, validity of which is extended through this Order shall be adjusted for over-recovery/under-recovery, if any, to match the Tariff Rates as may be determined in the Tariff Order to be issued for the new Control Period.

With these observations and rulings, the Commission hereby issues the above order.

Sd/-
(V. L. Sonavane)
Member

Sd/-
(S.B. Kulkarni)
Member

Sd/-
(V. P. Raja)
Chairman



(K.N. Khawarey)
Secretary, MERC

ANNEXURE-I

List of persons who attended the Hearing on March 25, 2010

S.No.	Name of Person/Official	Institution
1	Shri. Suryakant B. Patil	R.B.P Sahakari Sakhar Karkhana
2	Shri. A.R. Tope	Samarth Sahakari Sakhar Karkhana
3	Shri. S.M. Kakade	Someshwar Sahakari Sakhar Karkhana, Pune
4	Shri. Jagadish F.	Maharashtra Biomass Energy Developers Association (MBEDA)
5	Shri. Saurabha Boruda	Armstrong Energy Pvt. Ltd.
6	Shri. M. Kommariah	Ms. Shalivahana Group
7	Shri. A.S. Chawla	GAPS power & Infrastructure Pvt. Ltd
8	Ms. Anushka	Advocate for MBEDA
9	Shri. Sharan Jagtiyani	Counsel for MBEDA
10	Shri. Arvind Karandikar	Gokhale Institute of Politics and Economics
11	Shri. Pramod Sadolikar	Gokhale Institute of Politics and Economics
12	Shri. Rakshpal P. Abrol	BhartiyaUdhami Avam Upbhokta Sangh
13	Shri. R.G. Sonwane	Maharashtra State Distribution Company Ltd.
14	Shri. N. Ponrathnam	VEL Induction Hardenings
15	Shri. N.M. Kumar	Suzlon
16	Shri. G.N. Kamath	Renewable Energy Developers Association of Maharashtra
17	Shri. S.P. Nathan	Renewable Energy Developers Association of Maharashtra
18	Shri. V.K. Rokade	Brihanmumbai Electric Supply and Transport (BEST)
19	Shri. Nitin Mudholkar	Yash Agroenergy Ltd.
20	Shri. J.G. Havlikar	Kranti Sahakari Sakhar Karkhana
21	Shri. S.C. Natu	Cogeneration Association of India
22	Shri. S.A. Patil	Maharashtra Energy Development Association (MEDA)
23	Shri. Anil P. Shewale	Dnyanshwar Sahakari Sakhar Karkhana
24	Shri. Sharad Uthale	Kranti Sahakari Sakhar Karkhana
25	Shri. T.P. Nikam	Chopada Sahakari Sakhar Karkhana
26	Shri. Vijay Antale	Chhatrapati Sahu Sahakari Sakhar Karkhana
27	Shri. M.V. Patil	Shri. Dutta Sahakari Sakhar Karkhana, Shirod
28	Shri. S.B. Patil	Mohanrao Shinde Sahakari Sakhar Karkhana
29	Shri. A.I. Nikam	Rajaram Bapu Sahakari Sakhar Karkhana
30	Shri. A.D. Kadam	Chopda Sahakari Sakhar Karkhana
31	Shri. S.F. Kadam	Sonhiru Sahakari Sakhar Karkhana
32	Shri. M.S. Kadam	Sonhiru Sahakari Sakhar Karkhana



S.No.	Name of Person/Official	Institution
33	Shri. A.D. Wabale	Mula Sahakari Sakhar Karkhana
34	Shri. R. J. Patil	Lokhete Baburao Patil Sahakari Sakhar Karkhana
35	Shri. A.R. Shinde	M.S.M.P Sahakari Sakhar Karkhana
36	Shri. M.A. Chivate	Sharad Sahakari Sakhar Karkhana
37	Shri. U.D. Kale	Sharad Sahakari Sakhar Karkhana
38	Shri. M.R. Kulkarni	Pandurg Sahakari Sakhar Karkhana
39	Shri. R.S. Sangle	MSEDCL
40	Shri. P.N. Shridharan	Mumbai Citizen Welfare Forum
41	Shri. Sudheer Ayashe	VEL Induction Hardenings

