



Petition No. 1056 of 2015

**BEFORE
THE UTTAR PRADESH ELECTRICITY REGULATORY COMMISSION
LUCKNOW**

Date of Order: 20.04.2016

PRESENT:

1. Hon'ble Sri Desh Deepak Verma, Chairman
2. Hon'ble Sri Indu Bhushan Pandey, Member
3. Hon'ble Sri S.K. Agarwal, Member

IN THE MATTER OF: For determination of tariff using black liquor as fuel.

AND

IN THE MATTER OF

M/s Bindal Paper Mills Limited,
8th KM Bhopa Road,
Muzaffarnagar

----- **Petitioner**

AND

1. UPPCL
Through its Managing Director
14th Floor, Shakti Bhawan,
14 Ashok Marg,
Lucknow
2. Chief Engineer, (PPA)
U.P. Power Corporation Ltd.,
14th Floor, Shakti Bhawan,
14-Ashok Marg,
Lucknow
3. Paschimanchal Vidyut Vitran Nigam Ltd.
Through its Managing Director
Victoria Park, Meerut

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Following were presents:

1. Sri V.P. Srivastava, CE (PPA), UPPCL
2. Sri S.K. Sinha, SE, (PPA), UPPCL
3. Sri K. Prasad, EE (PPA)
4. Sri Rajeev Srivastava, Advocate, UPPCL



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5. Sri Ankur Bindals, CEO, M/s Bindal Paper Mills Ltd.
 6. Sri D.D. Chopra, Advocate, M/s Bindal Paper Mills Ltd

ORDER
(Date of Hearing 16.03.2016)

1. Petitioner, M/s Bindal Paper Mills Limited, installed 15MW Black Liquor (BL) based captive generating plant at its paper manufacturing Unit in Muzaffarnagar in year 2015-16 and has filed this petition to determine tariff for this electricity under biomass category. It is further prayed by the petitioner as interim measure to provide for provisional tariff preferably fixed for biomass (rice husk) till the final determination of the tariff.
2. The petitioner has submitted letter dated 09.01.2012 issued from MNRE Gol confirming that Black Liquor Dry Solid is a renewable biomass. The petitioner further, besides other order, cited a Gujarat Electricity Regulatory Commission's order dated 03.03.2014 in which black liquor based generation has been recognized for registration under REC framework.
3. In last hearing, the Commission directed both the parties to arrive at a mutually agreed tariff and submit their agreed proposal in this regard.
4. UPPCL submitted that presently they are buying power at benchmark tariff of Rs. 4.46/unit applicable to case-I projects. However, in this case buying power at Rs. 4.46/unit is also not feasible when cheaper power is available in the market.
5. Rather , in compliance with the above directives of the Commission, UPPCL has offered to petitioner enter into a PPA to buy power from their plant at current Average Pool Purchase Cost (APPC) with no price escalation clause for the tenure of PPA and let the generator avail the benefit of REC, if any. UPPCL submitted that in case of short fall in meeting its RPO, they shall resort to buying REC from the market than buying costlier RE power.
6. The petitioner argued for treating the plant under RE category and emphasized that tariff must be decided considering huge investments have already been made to protect the environment.
7. During the hearing, the Commission observed that since there is no benchmark for capital cost and operational norms available for Black Liquor, it is prudently not possible to decide its tariff.



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8. Considering all above, the Commission decides that power from above plant may be purchased by UPPCL with ceiling of current APPC (Average Power Purchase Cost) as offered by UPPCL. The benefit of REC, if admissible, may be availed by the generator.
 9. The petitioner may enter into PPA with UPPCL on tariff as given in para 8 and on terms and conditions as mutually agreed. UPPCL to subsequently approach the Commission for approval of the PPA.
 10. The petition is disposed of.

(S.K. Agarwal)
Member

(Indu Bhushan Pandey)
Member

(Desh Deepak Verma)
Chairman

Place: Lucknow

Dated: 20.04.2016