



Petition No. 1044 of 2015 & 1099 of 2016

BEFORE

THE UTTAR PRADESH ELECTRICITY REGULATORY COMMISSION

LUCKNOW

Date of Order: 06.04.2015

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 for SLOP based power.

Balrampur Chini Mills Ltd.
Unit-Balrampur,
Distt-Balrampur-U.P.

----- Petitioner

AND

1. Managing Director
U.P. Power Corporation Ltd,
14th Floor, Shakti Bhawan Extn.,
14 Ashok Marg,
Lucknow-226001
2. Chief Engineer, PPA
U.P. Power Corporation Ltd,
14th Floor, Shakti Bhawan Extn.,
14 Ashok Marg,
Lucknow-226001
3. Director,
UPNEDA
Vibhuti Khand,
Gomtinagar,
Lucknow

-----Respondents

Following were present:

1. Sri Rajeev Srivastava, Advocate, UPPCL
2. Sri Anil Kumar Gupta, CGM, Balrampur Chini Mills Ltd.



3. Sri Pankaj Chaturvedi, Balrampur Chini Mills Ltd.
4. Sri D.D. Chopra, Counsel, Balrampur Chini Mills Ltd.

ORDER
(Date of Hearing 24.02.2016)

1. Petitioner M/s Balrampur Chini Mills Ltd. Has installed 6MW plant based on SLOP and bagasse as fuel at Tehsil Balrampur, Distt. Balrampur expected to be commissioned in FY 2015-16.
2. Petitioner intended to sell surplus 5 MW power from the above plant to UPPCL against latter's advertisement dated 19.06.2015 for buying non-solar RE power to meet RPO but UPPCL refused to enter into PPA since tariff for SLOP and bagasse fuel mix is not given under CRE Regulations 2014. Through Petition no.1044 of 2015 the petitioner has prayed for determination of tariff for SLOP based power.
3. Before a decision on the tariff petition could be taken, the petitioner and UPPCL have entered into a PPA on 04.02.2016 for this power under CRE Regulations-2014 at rate determined by UPERC subject to a ceiling of Rs.4.95/unit on mutually agreed basis. In case the tariff determined by UPERC is found to be lower than Rs.4.95/unit, the lower tariff would be applicable. A separate petition no.1099 of 2016 has been filed for seeking approval of this PPA.
4. While seeking approval of PPA, it is acknowledged by UPPCL and M/s Balrampur Chini Mills Ltd in their joint application dated 04.02.2016 that tariff for SLOP and bagasse fuel mix is not given under CRE Regulations 2014.
5. The Commission decided to club instant petition with petition no.1099 of 2016 filed for seeking approval of PPA for above power.
6. Under CRE Regulations, 2014 tariff for bagasse based plants commissioned in FY 2015-16 is Rs.5.90/unit whereas for other RE sources, tariff for FY 2015-16 for the plant commissioned in FY 2014-15 stands at Rs.4.54/unit.
7. It is submitted by UPPCL that ceiling tariff rate of Rs.4.95/unit is arrived at by considering fuel mix of 55% SLOP and 45% bagasse after reducing more than 18 paisa/unit on account of use of existing transmission line. This may be noted that for above stated fuel mix (without taking into account the cost of existing transmission line) the tariff works out to Rs.5.152/unit.
8. On the issue of change in stand of UPPCL regarding considering SLOP as RE, UPPCL cited letter of Sri B.R. Mishra Scientist-E MNRE dated 08.11.2012 which stated ".....that SLOP can be treated agro industrial waste



which is byproduct of distilleries, breweries, molasses based chemical industries and.....”.

9. Earlier, the Petitioner through its petition has prayed for treating SLOP under RE category referring to definition of Biomass given in National Policy on Biofuels by MNRE as reproduced below:

“..... ‘biomass’ resources are the biodegradable fraction of products, waste and residues from agriculture, forestry and related industries as well as biodegradable fraction of industrial and municipal waste.”

The definition of RE source as given in CRE Regulations-2014 also states as follows:

“Renewable Energy Sources” (hereinafter called ‘RE sources’) means renewable energy sources such as small hydro, wind, solar, biomass, bio fuel co-generation (including bagasse based co-generation), urban or municipal solid waste and such other sources as recognized or approved by the MNRE or State Government.”

10. In the matter of petition for approval of PPA, besides as stated above, it is intimated by UPPCL that :

i. **Deviations in new model PPA**

they have followed new model PPA of CRE Regulations, 2014 with project specific changes being incorporated in it

- ii. M/s Balrampur Chini Mills Ltd. has confirmed vide their letter no.MCM/SLOP/PPA/2015-16 dated 03.02.2015 that they do not require any payment security mechanism either in the form of letter of credit for payment of bills or otherwise. M/s Balrampur Chini Mills Ltd. have agreed that late payment surcharge shall be applicable in case of payment beyond 90 days.

11. During the hearing, it was observed by the Commission that so far SLOP is not defined under RE category by MNRE. This is also recognized that so far no benchmark for tariff fixation is available to decide the tariff for SLOP based power.

12. The Commission observes that on one hand it is our duty to promote RE but in doing so it is also our duty to protect interest of the consumers at large. Since there is no benchmark for capital cost and operational norms, it is not prudently possible to decide the tariff for SLOP. In view of this, the Commission decides that power from above plant be sold at APPC (Average Power Purchase Cost) within the agreed terms of PPA along with additional benefit of REC. the benefit of REC, if admissible, may be availed by the generator.



13. After considering all above, the Commission approves the PPA with deviations as given above and the tariff as mentioned in para 12 above.

14. The petition no.1044 of 2015 and petition no.1099 of 2016 are disposed of.

(S.K. Agarwal)

Member

Place: Lucknow

Dated: .04.2016

(Indu Bhushan Pandey)

Member

(Desh Deepak Verma)

Chairman