

**PUNJAB STATE ELECTRICITY REGULATORY COMMISSION
SCO NO. 220-221, SECTOR 34-A, CHANDIGARH**

**Petition No. 44 of 2011
(On remand by APTEL)
Date of Order: 07.10.2014**

In the matter of: Petition under Section 86 read with Section 94(f) of the Electricity Act, 2003 for the revision of tariff rates fixed by the Commission vide Order dated 13.12.2007 after the year 2011-12 in respect of Biomass Co-generation Power Plant with aggregate capacity of 5.5 MW.

AND

In the matter of: A.B. Grain Spirits Pvt. Ltd., Village Kiri Afgana, Tehsil Batala, Distt. Gurdaspur (Punjab) – 143527

VERSUS

1. Punjab State Power Corporation Limited, The Mall, Patiala.
2. Punjab Energy Development Agency, Solar Passive Complex, Plot No. 1-2, Sector 33-D, Chandigarh.

Present: Smt. Romila Dubey, Chairperson
Shri Virinder Singh, Member
Shri Gurinder Jit Singh, Member

ORDER

The petition no. 44 of 2011 was disposed of vide Punjab State Electricity Regulatory Commission (Commission) Order dated 19.09.2012. The petitioner filed Appeal No. 260 of 2012 before the Hon'ble APTEL impugning the Order dated 19.09.2012 of the Commission.

2. Hon'ble APTEL, vide its Judgment dated 07.08.2014 has allowed the Appeal in part as detailed in Summary of the findings indicated in Para 39 of the said Judgment as under:

- i) Capital cost: We do not find any infirmity in the findings of the State Commission.
- ii) Fuel cost: We do not find any fault in the findings of the State Commission.
- iii) Auxiliary consumption: We have remanded the matter to the State Commission with some directions.
- iv) Date of application of the tariff: The tariff should be made applicable from 1.4.2012.

3. To comply with the aforesaid directions of the Hon'ble APTEL, the Commission decided to revive petition no. 44 of 2011 and re-hear the parties in the matter remanded to the Commission as detailed in the Judgment. Accordingly, a notice was issued to the parties on 22.08.2014 that the petition shall be taken up for hearing on 02.09.2014. The petitioner filed written submissions which were received in the Commission on 02.09.2014. In the hearing on the said date, PSPCL and PEDA were directed to file written submissions by 18.09.2014 with advance copy to the petitioner. The next date of hearing was fixed as 23.09.2014. PSPCL filed its reply dated 19.09.2014 and PEDA filed its reply on 23.09.2014. During the hearing on 23.09.2014, the parties submitted that they have nothing more to submit other than their submissions already filed and requested the Commission to pass appropriate consequential Order in accordance with the directions of Hon'ble APTEL and their submissions.

4. The petitioner in its written submissions stated that out of the four issues raised by it before the Hon'ble APTEL, brought out in para 2 above, the issues at sr. no. (i) & (ii) have not found favour with Hon'ble APTEL whereas issue at sr. no. (iv) has been decided in their favour and issue at sr. no. (iii) remanded to the Commission. It has been further prayed that the components relating to O&M charges and interest on Working Capital be booked under the variable charges instead of fixed charges and loading @ 10% be done, both on fixed charges and variable charges instead of 9.49% (Auxiliary Consumption) on variable charges alone.

5. PSPCL, in its reply submitted that the generating station of the petitioner is a Non-fossil fuel based Co-generation Project and therefore the Auxiliary Consumption should be considered as 8.5% for such projects in terms of Regulation 50 of Central Electricity Regulatory Commission (Terms and Conditions for Tariff determination from Renewable Energy Sources) Regulations, 2012 and not as 10% which is applicable to Biomass Power Projects.

6. PEDA, in its reply submitted that it has already filed detailed reply to the petition vide its letters dated 26.08.2011 and 23.07.2012 and Commission may take appropriate decision in the matter in view of the Hon'ble APTEL Judgment dated 07.08.2014.

7. The Commission notes that as per the remand in the ibid Judgment dated 07.08.2014 by Hon'ble APTEL and as admitted by the petitioner, findings with regard to Auxiliary Consumption only need to be given by the Commission. Paras 26 to 30 of the Judgment bring out that, according to the Appellant (petitioner), Auxiliary Consumption of 10% should have been adopted instead of 9.49% and applied to both fixed and variable charges instead of only variable charges. Hon'ble APTEL has observed that the State

Commission has not given any finding on the Auxiliary Consumption and has also not given any indication whether the tariff rate worked out for fixed and variable cost takes into account the normative Auxiliary Consumption. The information obtained by the Appellant (petitioner) under the RTI indicates that Auxiliary Consumption of 9.49% has been used in computing the net variable cost. In para 31 of the Judgment, Hon'ble APTEL has directed as under:

"We, therefore, remand this matter to the State Commission to consider the contentions of the Appellant and pass consequential order as per its Regulations. Accordingly directed."

8. The Commission's observations and findings on the issue of Auxiliary Consumption are as here under:

- i) The Commission determines the tariff for renewable energy power projects in accordance with its Regulations.
- ii) The Commission in its Order dated 19.07.2012 in petition no. 35 of 2012 (Suo-Motu) adopted the Central Electricity Regulatory Commission (Terms and Conditions for Tariff determination from Renewable Energy Sources) Regulations, 2012 (CERC RE Regulations, 2012) with State specific modifications in respect of Non-fossil fuel based Co-generation Projects and accordingly determined the generic levellised generation tariff for renewable energy power projects in the said Order for FY 2012-13. In the said Order dated 19.07.2012, the Commission in order to optimise generation from Non-fossil fuel based Co-generation Projects, specified a PLF of 80% for such projects. The Commission further fixed the number of operating days for such projects on bagasse operation as 100 days and the remaining period during the year on biomass fuel mix, which works out to 192 days operation on biomass fuel mix considering 292 days operation in a year for achieving PLF of 80%. Accordingly, the generic levellised generation tariff for Non-fossil fuel based Co-generation Projects was determined taking into account the weighted averages of various parameters specified in the CERC RE Regulations, 2012 for Non-fossil fuel based Co-generation Projects and Biomass Power Projects.
- iii) The Auxiliary Consumption for petitioner's project was worked out accordingly. The Auxiliary Consumption of 8.5% for Non-fossil fuel based Co-generation Projects and 10% for Biomass Power Projects specified in the

CERC RE Regulations, 2012 were assigned weightage of 100 and 192 respectively and the normative Auxiliary Consumption for the petitioner's project worked out as 9.49% $[(8.5 \times 100 + 10 \times 192) / 292]$ which was further used for calculating the net generation of 6.34 MU per MW per year by using the formula [Total generation in a year x PLF x (1 - Auxiliary Consumption)] i.e. $[8.76 \times 0.8 \times (1 - 0.0949)]$. For calculating the per unit (kWh) levellised fixed cost for the petitioner's project, the net generation as worked above was considered. Thus the Commission concludes that Auxiliary Consumption was duly considered while calculating the fixed cost for petitioner's project.

- iv) As regards further prayer of the petitioner in its written submissions that the components relating to O&M charges and interest on working capital be booked under the variable charges instead of fixed charges, the same are beyond the scope of issue(s) remanded to the Commission by Hon'ble APTEL. Even otherwise, this prayer of the petitioner is devoid of any merit as the Commission determines the tariff as per its Regulations.

9. As decided by Hon'ble APTEL in its Judgment dated 07.08.2014, the tariff determined by the Commission for the petitioner's project vide Order dated 19.09.2012 shall be applicable with effect from 01.04.2012.

The revived petition is disposed of in terms of above.

Sd/-

(Gurinder Jit Singh)
Member

Chandigarh
Dated: 07.10.2014

Sd/-

(Virinder Singh)
Member

Sd/-

(Romila Dubey)
Chairperson