

ORISSA ELECTRICITY REGULATORY COMMISSION
BIDYUT NIYAMAK BHAWAN
UNIT-VIII, BHUBANESWAR - 751 012

Present: Shri B. K. Das, Chairperson
Shri K.C. Badu, Member
Shri B.K. Misra, Member

Case No. 112-116 & 122/2010

In the matter of: Petition under Section 61, 62 (1) (a) and 8691) (e) of Electricity Act 2003 read with Regulation 10, 51 and 73 of OERC (Conduct of Business) Regulation, 2004 regarding determination of Tariff for sale of power to GRIDCO from the proposed Biomass power plant.

1. M/s Prasad Bio-Energy (P) Ltd.
2. M/s AVN Power Projects (P) Ltd.
3. Ms/ Rashmee Power Private Ltd.
4. M/s. Shalivahana Green Energy Ltd.
5. M/s. Andhavarapu Power Project (P) Ltd.
6. M/s Satya Bio (India) Private Ltd.

.... **Petitioners**

Vrs.

GRIDCO Ltd., Janpath, Bhubaneswar

.... **Respondent**

For Petitioner: (i) Shri A.V.N Prasad, Director and Shri Bibhu Swain, Sr. Consultant, Power Tech. Consultant on behalf of M/s Prasad Bio-Energy (P) Ltd
(ii) Shri Bibhu Swain, Sr. Consultant, Power Tech. Consultant on behalf of M/s AVN Power Pprojectst (P) Ltd.
(iii) Shri Bibhu Swain, Sr. Consultant, Power Tech. Consultant on behalf of Ms/ Rashmee Power Private Ltd.
(iv) Shri D Murali Krishna, VP (Projects), Shri Bibhu Swain, Sr. Consultant, Power Tech. Consultant on behalf of M/s. Shalivahana Green Energy Ltd.
(v) Shri Bibhu Swain, Sr. Consultant, Power Tech. Consultant on behalf of M/s. Andhavarapu Power Project (P) Ltd
(vi) Shri P Uenn Balu, Shri R P Mohapatra, Shri Satya Boyina on behalf of M/s Satya Bio (India) Private Ltd.

For Respondents: Shri A K Mallick, Director (Com.), Shri J K Dash, Sr. GM (PP) on behalf of GRIDCO Ltd., Shri Santosh Kumar Das, GM (SLDC), OPTCL, Shri A K Choudhury, Dy. Director, OREDA

Date of Hearing: 28.08.2010

Date of Order:18.09.2010

O R D E R

1. Six petitioners have filed separate applications before the Commission for setting up of Biomass power plants in Orissa. The details of the proposed plant and status is tabulated below:

List of Petitioners of proposed Biomass Projects in Orissa							
Sl. No/ Case No.	Name of the Petitioner	Capacity of the Plant proposed to be set up	Location	Total Project Cost (proposed) (Rs. In Lakhs)	Status of approval by STC	Status of Clearance from OREDA	Proposed date of Commissioning of plant
1 / No.112 of 2010	M/s Prasad Bio-Energy Private Limited, Door No. 16-3-111, Gujurathipeta, Srikakulam- 532001, Andhra Pradesh	10 MW	At Village- Therubali, Dist- Rayagada	4950	Project cost approved by the STC	In principle clearance vide letter no. 2617 dated 29.06.2007	During FY 2011-12
2 / No.113 of 2010	M/s AVN Power Projects (P) Ltd, Varam Residency, Day& Night Junction, Srikakulam, (Andhra Pradesh)	10 MW	At- Dist- Kalahandi	4950	Project cost approved by the STC	In principle clearance vide letter no. 2614 dated 29.06.2007	18 months implementation period
3 / No.114 of 2010	M/s Rashmee Power Private Limited, HIG- 31, BDA Colony, Jayadev Vihar, Bhubaneswar	10 MW	Village- Gandhigram, District- Boudh	5100	Project cost approved by the STC	In principle clearance vide letter no. 2236 dated 28.06.2010	During FY 2011-12
4 / No.115 of 2010	M/s Shalivahana Green Energy Limited, 7th floor, Minerva Complex, 94, S.D.Road, Secunderabad- 500003	20 MW	Village- Nimidhdha, District- Dhenkanal	8997	Project cost approved by the STC	In principle clearance vide letter no. 2663 dated 03.07.2007	In FY 2010-11
5 / No.116 of 2010	M/s Andhavarapu Power Projects Private limited, Varam Residency, 1st Floor, Day& Night Junction, Srikakulam, (Andhra Pradesh) -532005	10 MW	Village- Dhabugaon, District- Nawarangpur	4950	Project cost approved by the STC	In principle clearance vide letter no. 4433 dated 02.11.2007	During FY 2011-12
6 / No.122 of 2010	M/s Satya Bio (India) Pvt Ltd at Door no. 10-10-146, Vysya Street, Kotabommali, Srikakulam (Andhra Pradesh)	10 MW	At village Navarangpur, Block Digapahandi, Dist- Ganjam	4662	Project cost approved by the STC. Revised cost of Rs. 5500 submitted to STC	In principle clearance vide letter no. 2593 dated 29.06.2007	Details not given

2. All the six petitioners have almost identical prayers which are summarized as under:
 - (i) To determine the tariff of proposed Biomass based power project and fix the minimum tariff for procurement of power by GRIDCO.
 - (ii) To fix the tariff of the proposed Biomass Based Power Projects based on the maximum limit of cost of biomass fuel and Gross Calorific Value (GCV) of

Biomass as proposed in the approach paper of WISE, Pune against the proposal of the Developer in the present application.

- (iii) Not to allow cost of coal, LDO and other costs (if any) except the cost of Biomass fuel in the proposed tariff calculation for Biomass power projects.
 - (iv) To consider the tariff of State Thermal Stations like OPGC/TTPS in case the percentage of coal utilization exceeds the limit of use of fossil fuel as stipulated in the CERC Regulation for Renewable Energy and Approach paper of WISE.
 - (v) Approve a model Power Purchase Agreement and direct GRIDCO to sign PPA with the power developers in one month's time.
3. The petitioners have proposed the capital cost of Biomass power projects ranging from Rs.4662 lakhs to Rs.5100 lakhs. The petitioners have proposed cost of biomass in Orissa at Rs.2800 per MT. They have submitted that while pricing the working capital cost norms, the cost of stock of the coal, Liquefied Diesel Oil (LDO) and water cost should be included. Taking into account all the cost components for tariff determination including capital cost, fuel cost, coal, LDO and water cost petitioners have proposed to fix the minimum tariff at Rs.5.64 inclusive of levelized fixed cost and variable cost.
4. The respondent GRIDCO has submitted the following objections to the petition of the Biomass developers.
- (a) The proposed tariff by the developers at Rs.5.64/unit is on the higher side when WISE has calculated tariff at Rs.4.68 and CERC at Rs.4.88 unit.
 - (b) Cost of fuel proposed at Rs.2800/tonne with GCV of 3000 Kcal/KG is high while WISE has recommended cost of fuel at Rs.178/MT with GCV of 3522 Kcal/kg and CERC has approved Biomass cost at Rs.1797/MT with GCV of 3467 Kcal/ KG for the year 2009-10.
 - (c) The cost of stock of coal, LDO and water cost shall not be included while calculating working capital.
 - (d) Use of fossil fuel shall be limited to 15% of total fuel consumption on annual basis as per CERC Regulation on Renewable Energy and recommendation of WISE. If in any case utilization of coal quantity is higher than 15% then the

project may be considered as thermal power project and tariff may be fixed at OERC approved tariff of OPGC/TTPS.

- (e) GRIDCO would submit a model PPA to OERC for approval.
- (f) Late payment surcharge shall be in line with CERC Regulation dtd.16.09.2009.

Commission's Observation

- 5. Commission heard both the petitioners and respondents and have taken into cognisance materials on record. Commission in another Petition (No. 37/2008 Suo Motu) in the matter of Suo-Motu proceeding for finalization of Policy on Harnessing of Power from Renewable Energy Sources including cogeneration had initiated the process of finalizing the Generic tariff order in respect of all the Renewable Energy Sources in the State of Orissa including the Biomass. The said order has addressed all the issues required to fix generic tariff of RE Sources including financial and technology specific parameters for each Renewable Energy technology. Accordingly the issues relating to Biomass tariff and other issues have also been dealt in the said order. Developers are, therefore, advised to refer to the said order in Case No.37 /2008 (Sou Motu) of the Commission, the copy of which is annexed for ready reference.
- 6. The petitions of the six Biomass project developers are accordingly disposed of.

(B.K. Misra)
Member

(K.C. Badu)
Member

(B. K Das)
Chairperson