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BEFORE THE JOINT ELECTRICITY REGULATORY COMMISSION
FOR THE STATE OF GOA AND UNION TERRITORIES

Filing No.....

Case No.....

IN THE MATTER OF

Saheli Export Private Limited

New No.25, Old No.10, Madhavan Nair Road,

Mahalingapuram, Nungambakkam

Chennai - 600 034

PETITIONER

V/s

1. Electricity Department

Represented by its Secretary

Government of Puducherry,

Chief Secretariat, Goubert Salai,

Puducherry 605 001

2. Renewable Energy Agency Pondicherry

Represented by its Project Director

No.10, Second Main Road,

Elango Nagar, Puducherry 605011

RESPONDENTS

AND


IN THE MATTER OF

Determination of Tariff for 1.0 MW power from Rooftop PV & Small Solar Power
Generation Programme (RPSSGP) for supply to the Pondicherry Distribution

by Saheli Exports Private Limited, Chennai



For SAHEL EXPORTS PRIVATE LTD

20/6/2011

Authorized Signatory

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The petitioner submits as under:

1. The Petitioner, Saheli Exports Private Limited is a company, incorporated under the provisions of the Companies Act 1956 and is primarily involved in the business of planning, promoting and setting up small and medium power plants using both conventional and non conventional resources.
2. The present petition is being filed for determination of tariff for a 1 MW solar based Rooftop PV project of the Petitioner for sale to the First Respondent, the distribution licensee for the Union Territory of Puducherry.
3. The First Respondent, Electricity Department Puducherry is the distribution utility in the Union Territory of Puducherry responsible for generation, transmission and distribution of the electricity in the Union Territory of Puducherry. The First Respondent is a Department of the Government.
4. The Second Respondent is the state nodal agency designated by the Ministry of New and Renewable Energy for the Union Territory of Puducherry, for the purpose of development of renewable energy sources. The Second Respondent has also been designated by the Hon'ble Commission as the State Agency for accreditation and recommending the renewable energy projects in Puducherry.



On 16.06.2010, the Ministry of New and Renewable Energy (MNRE) issued the guidelines for the program known as the 'Rooftop PV & Small

Solar Power Generation Programme (RPSSGP) providing for selection of project proponents from across the country for development of solar power projects to be connected to the distribution network at voltage level below 33KV. The project proposes to develop solar capacity of 100 MW by dividing the projects into two broad categories i.e., (a) the projects with proposed installed capacity of minimum 100kW and upto 2MW connected to HT voltage at distribution network (i.e. below 33 KV), (b) the projects with proposed capacity of less than 100kW and connected to LT voltage i.e. 400 volts (3-phase) or 230 volts (1 phase). The maximum capacity limit for the projects connected at HT level of distribution network with installed capacity of 100 kW and upto 2MW has been set out as 90MW. A copy of the Guidelines issued by the MNRE is attached hereto and marked as Annexure A.

6. The Indian Renewable Energy Development Agency Limited (IREDA) has been appointed as the Programme Administrator for the implementation of the above guidelines issued by the MNRE. In terms of the Guidelines, after complying with the necessary pre-registration formalities, the project proponents were required to apply for registration through an online application process.

7. In pursuance of the above, the Second Respondent which is the competent authority under the Programme for issuance of pre-registration certificate in respect of Puducherry, issued an invitation for expression of interest (EOI) for pre-registration for setting up of 100 KW to 2 MW small solar power plants under the Rooftop PV and small solar generation programme. A copy of the above expression of interest for pre-registration issued by the Second Respondent is attached hereto and marked as

Annexure B.

For SAMEER REPORTS PVT. LTD.

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8. In terms of the above, the petitioner submitted its application for pre-registration with the Second Respondent on or about 07.07.2010 for setting up a 1 MW solar power project at Devamapuram village, Tirunallur Commune, Karaikal, Puducherry. A copy of the Application filed by the Petitioner with the Second Respondent is attached hereto and marked as Annexure C.
 9. The Second Respondent on being satisfied about the eligibility of the Petitioner for setting up the 1 MW solar power project at Devamapuram village, Tirunallur Commune, Karaikal, Puducherry issued the pre-registration certificate to the Petitioner. A copy of the pre-registration certificate issued by the Second Respondent to the Petitioner is attached hereto and marked as Annexure D.
 10. Thereafter, the petitioner entered into a Memorandum of Understanding (MoU) dated 21.07.2010 with the First Respondent whereby it was agreed that a power purchase agreement (PPA) will be entered into with the Petitioner to purchase the entire electricity generated from the Petitioner's proposed solar power project on a long term basis for a maximum period of 25 years from the date of commissioning of the solar power project at a price to be fixed by this Hon'ble Commission. A copy of the MoU dated 21.07.2010 entered into between the Petitioner and the First Respondent is attached hereto and marked as Annexure E.
 11. Upon obtaining the pre-registration certificate from the Second Respondent, in terms of the MNRE guidelines the Petitioner on 15.07.2010

applied online for registration of its proposed solar power project with the IREDA. The Petitioner was shortlisted and enlisted at serial number 84

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among all the applicants. The Petitioner has also submitted the relevant documents along with a bank guarantee for Rs.10,00,000/- to the IREDA in terms of the prescribed procedure.

2. The shortlisted project proponents were required to submit another online application for final registration. On 23.08.2010, the Petitioner, submitted its online application for final registration and has been enlisted at serial no. 16 among the 104 applicants who were short listed earlier. Since the registration for the 100 MW capacities under the scheme is purely on the principle of "first come first serve" the Petitioner being at serial no. 16 has a very good chance of being selected.
3. The guidelines issued by the MNRE stipulates that project schemes from only those States wherein tariff tenure for duration of 25 years with tariff structure on levelised basis has been determined by the respective State Electricity Regulatory Commission shall alone been eligible to participate in this program. The Petitioner has filed writ petitions before the Hon'ble Madras High Court challenging the said condition.
4. The Second Respondent had informed the Petitioner that necessary petition has been filed before this Hon'ble Commission for fixation of tariff for purchase of solar power by the Puducherry State Utility. The Petitioner had also filed writ petition no. 16984 of 2010 seeking directions from the Hon'ble Madras High Court on the determination of tariff. Subsequent to the above, it was informed to the Petitioner that the petition filed by the Second Respondent for determination of tariff was returned by this Hon'ble Commission for want of certain compliances which the Petitioner understands has not been complied with yet.



15. The Hon'ble Madras High Court has by its order dated 12.04.2011 in W.P. 16984 of 2010 had directed the Petitioner to file a tariff petition before this Hon'ble Commission for fixation of tariff for purchase of solar power by the Puducherry State Utility, within two weeks of receipt of the certified copy of the order. The certified copy of the order of the Hon'ble High Court was received by the Petitioner on 16.05.2011. A copy of the Order dated 12.04.2011 passed by the Hon'ble Madras High Court is attached hereto and marked as **Annexure F**.
16. In terms of the above, the Petitioner is filing the present petition with a request to the Hon'ble Commission to determine the tariff expeditiously in terms of the directions of the Hon'ble Madras High Court.
17. The major components for determining and fixing tariff for solar power energy inter alia includes capital cost for the project, term of loan, rate of interest, interest on working capital, return on equity, life of plant and machinery, rate of depreciation, operation and maintenance expenditure and most importantly capacity utilisation factor.
18. The Hon'ble Commission has thus far not framed separate Regulations for determination of tariff from non-conventional energy sources. Even for conventional energy sources, the Hon'ble Commission has specified that as far as feasible the Hon'ble Commission shall be guided by the Regulations framed by the Central Electricity Regulatory Commission for generation of electricity.
19. In terms of the above, it is respectfully submitted that so far as applicable, the Hon'ble Commission may apply the Tariff Regulations framed by the Central Electricity Regulatory Commission for renewable and non-



conventional energy sources, namely, the Central Electricity Regulatory Commission (Terms and Conditions for Tariff determination from Renewable Energy Sources) Regulations, 2009 (hereinafter called the **Central Commission Regulations**). The above would also be consistent with the provision of Section 61(a) of the Electricity Act, 2003 which specifies that the Tariff Regulations shall be guided by the Regulations framed by the Central Electricity Regulatory Commission.

20. In terms of the Central Commission Regulations, Regulation 7 provides for project specific tariff determination. For such project specific tariff determination, the project specific details are taken for the tariff determination process and the generic norms and parameters specified in the Central Commission Regulations are applied subject to the project specific parameters.

21. Applying the above provisions of the Central Commission Regulations, the Petitioner is filing the present petition for project specific tariff determination of the 1 MW solar power project at Devamapuram village, Tirunallur Commune, Karaikal, Puducherry. It is respectfully submitted that in the absence of specific Regulations framed by the Hon'ble Commission, the Hon'ble Commission may apply the above as the basis for tariff determination for the Petitioner.

22. It is submitted that the capital cost of a solar power project is mainly dependent on all capital work including plant and machinery, civil work, erection and commissioning, financing and interest during construction, and evacuation infrastructure up to inter-connection point. The Petitioner will be incurring an expenditure of approx Rs. 1,05,00,000 (One Crore and

Five Lakhs Only) for purchase of land at Devamapuram Karaikal where

the proposed project is to come up. The Petitioner intends to use Solar PV Poly Crystalline technology for the project.

23. The Petitioner will also be liable to pay the Infrastructure Development Charges (IDC)/Power Line Evacuation Charges (PLE) to the State Utility for establishing, operating and maintaining the sub-stations for evacuating the power generated by the Petitioner's plant. In the absence of the above, the evacuation of electricity from the project will not be possible. The IDC for 1 MW is approximately Rs 50 Lakhs, which needs to be added to the capital cost of the project.

24. Applying the above cost of the land and the IDC charges to be incurred by the Petitioner to the normative capital cost specified in the Central Commission regulations of Rs. 16.90 Crores per MW for Solar PV Crystalline technology, the total capital cost of the project works out to Rs. 18.45 Crores.

25. The Petitioner intends to avail long term financial assistance to the tune of Rs. 12.92 Crores for the project. At present the lending rates by Nationalised Banks for long term loans is in the region of 14% and 16%. The Petitioner therefore requests the Commission to adopt interest rate of 14.5%. In terms of the Central Commission Regulations, the interest rate to be generally applied is 150 basis points over and above the Long Term Prime Lending Rate of the State Bank of India. Even as per the above Regulations, the interest rate presently applicable would be 15.5% considering the present Long Term Prime Lending Rate of 14.5%.



26. In terms of the Central Commission Regulations, the Operating and Maintenance expenses for the project are Rs. 13 lacs per MW for the first year of operation with a further escalation of 5.72% for the subsequent years after 2009-10.

27. As per the Central Commission Regulations, the working capital requirement for the project would include the following:

- (i) Operation and Maintenance expenses for one month;
- (ii) Maintenance spares @ 15% of the O&M expenses,
- (iii) Receivables equivalent to 2 months of energy charges for sale of electricity;

The Petitioner therefore requests this Hon'ble Commission to adopt a similar approach and fix the interest on working capital at the same rate of 14.5% with recent changes of Interest rate by RBI.

28. The normal life of plant and machinery in 1 MW Rooftop PV Solar plant is 25 years. The Central Commission Regulations has also taken 25 years as the normal life of plant and machinery and hence the Petitioner requests the Hon'ble Commission to adopt a similar approach.

29. As per the Central Commission Regulation, the average normative Capacity Utilisation Factor for India has been indicated at 19%. It is submitted that considering Puducherry climatic conditions the Capacity Utilisation factor will be around 17%. On account of the above, the annual generation of the units will reduce by 10.5% approximately. It is respectfully submitted that the Hon'ble Commission adopt the Capacity Utilisation Factor of 17% considering the climatic conditions in Puducherry.



30. It is submitted that the Hon'ble Commission may determine the tariff for the solar power project of the Petitioner based on the above norms and parameters. The Petitioner is filing a statement indicating the tariff to be arrived at based on the norms and parameters specified hereinabove, the statement is attached hereto and marked as Annexure G.

31. The Second Respondent, Renewable Energy Agency of Puducherry has also recommended a tariff of Rs. 20.50 per Kwh for the power project of the Petitioner. A copy of the recommendation of the Respondent No. 2 is attached hereto and marked as Annexure H.

32. The present petition is within the jurisdiction of the Hon'ble Commission under Section 62 of the Electricity Act, 2003.

33. The Petitioner has paid the requisite court fees for the present petition.

34. In the circumstances, it is respectfully prayed that the Hon'ble Commission may be pleased to determine the tariff applicable for the generation and sale of electricity by the Petitioner to the Respondent No. 1. The Petitioner undertakes to provide such material, information and details as may be required by the Hon'ble Commission for the tariff determination exercise.

For SAHEL EXPORTS PVT. LTD


PETITIONER

Authorised Signatory