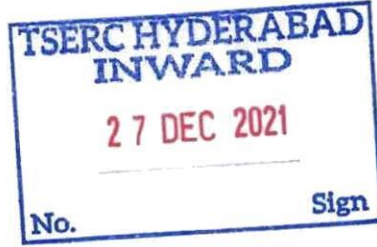


CHALLAGUNARANJAN  
ADVOCATE



TO

27-12-2021

THE SECRETARY,  
THE HONOURABLE TELANGANA STATE ELECTRICITY  
REGULATORY COMMISSION  
IVTH FLOOR, SINGARENI BHAVAN,  
RED HILLS, HYDERABAD

Sir,

We are herewith filing the copy of I.A.No. /2021 along with verification affidavit and Annexures 5+1sets. The requisite fee of Rs. 3,63,000/- vide D.D.No. 188617 drawn on UNION BANK OF INDIA dated 20.12.2021 was already paid in the main petition. Kindly receive and acknowledge the same.

Thanking You,

Yours faithfully,

  
(CHALLA GUNARANJAN)  
COUNSEL FOR PETITIONER

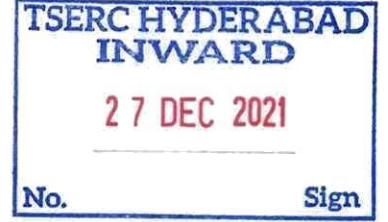
**BEFORE THE HON'BLE TELANGANA ELECTRICITY  
REGULATORY COMMISSION**

AT ITS OFFICE AT V FLOOR, SINGARENI BHAVAN, RED HILLS, HYDERABAD

I.A. NO. /2021

IN

CASE NO. O.P.NO . / 2021



**CHRONOLOGICAL/RUNNING INDEX**

S. No.	Particulars	Date of Document	Date of Filing	Page No.
1.	Application filed under S.94(2) of the Electricity Act, 2003 R/w.	21.12.2021	23.12.2020	1-4
2.	Verification	-do-	-do-	5-6
3.	Copy of the Order of this Hon'ble Commission in O.P. No. 21 of 2020 determining the variable cost until FY 2023-24 for <i>inter-alia</i> bagasse-based plants	28.08.2020	-do-	7-17

Date: 23.12.2021

Place: Hyderabad

  
Counsel for Petitioner

**BEFORE THE HONOURABLE TELANGANA ELECTRICITY  
REGULATORY COMMISSION**  
AT ITS OFFICE AT V FLOOR, SINGARENI BHAVAN, RED HILLS,  
HYDERABAD

I.A. NO.           /2021  
                          IN  
O. P. NO.           /2021

In the matter of:     Application under Section 94(2) of the Electricity Act,  
2003 read with Regulations 24 and 38 of the TSERC  
Regulation 2 of 2015 seeking payment of interim tariff  
during the pendency of the present petition.

AND

**Between:**

**M/s.Madhucon Sugar and Power Industries Limited,**  
Rajeswarapuram, Ammagudem Post,  
Nelakondapalli Mandal, Khammam District,  
Represented by its Director (Operations),  
Mr.M.Srinivasa Rao.

...APPLICANT

AND

**Northern Power Distribution Company of Telangana Limited**  
H.No: 2-5-31/2, Corporate Office, Vidyut Bhavan,  
Nakkalgutta, Hanamkonda, Warangal-506001  
Represented by its Chairman & Managing Director.

...RESPONDENT

**APPLICATION FILED UNDER SECTION 94(2) OF ELECTRICITY  
ACT, 2003 READ WITH R/w. REGULATIONS 24 & 38 OF TSERC  
REGULATION 2 OF 2015**

**Most Respectfully Showeth:**

1. The Applicant is a company incorporated under the provisions of Companies Act 1956, having its Registered Office at Rajeswarapuram, Ammagudem Post, Nelakondapalli Mandal, Khammam District, Telangana, and *inter alia* engaged in the business of manufacture and sale of sugar and allied products. The applicant had acquired a sick 1250 TCD sugar manufacturing unit at Rajeswarapuram, Ammagudem Post, Nelakondapalli Mandal,



*M. Srinivasa Rao*

Khammam District, Telangana in the year 2002, and had subsequently expanded the factory capacity to 3500 TCD. It has also established a 24.2 MW bagasse-based co-generation power plant in the same premises in the FY 2008-09. The applicant uses bagasse as fuel for generation of power.

2. The respondent is the Distribution licensee operating within the area of the application.
3. It is submitted that the applicant and respondent executed a draft PPA on 10.12.2021 for the sale of 19 MW from the applicant's 24.2 MW bagasse-based cogeneration plant, and the same has been submitted to this Hon'ble Commission for its approval. As there now exists a PPA between the parties with the capacity agreed upon, the applicant has approached this Hon'ble Commission seeking the determination of a levelized tariff for the fixed cost component of tariff of the applicant's Project, for the duration of the PPA, in terms of Article 2.2 of the said PPA which reads as under:

*"2.2. The Company shall be paid the tariff for the energy delivered at the interconnection pointy for sale to DISCOM at the tariff to be determined by TSERC upon filing of Petition by the Company, specified in Schedule I A. No tariff will be paid for the energy delivered at the Interconnection Point beyond contacted capacity i.e., 19 MW."*

4. It is submitted that the present O.P. has been filed seeking the determination of levelized fixed cost tariff for the applicant's project.
5. It is submitted that the respondent, vide its Letter dated 17.12.2021 had intimated to the applicant that the draft PPA dated 10.12.2021 was submitted to this Hon'ble Commission for its approval vide its Lr.No.CGM(IPC&RAC)GM(PIR)/DE(IPC)/ADE(IPC)/F.No.11/D.



M. Suresh Kumar

No.416/21 dated 11.12.2021. It was further informed by the respondent that in view of the applicant's request to offtake power as the cane crushing season had begun, the respondent would be availing power from the applicant, subject to the tariff fixed by this Hon'ble Commission. The consumption of power from the applicant's project has started on 19.12.2021.

6. It is submitted that this Hon'ble Commission had determined the variable cost vide its Order dated 21.04.2020 in O.P.No.15 of 2020 had determined the variable cost for *inter alia* bagasse based power projects for the FY 2019-20, and vide Order dated 28.08.2020 in O.P.No.21 of 2020 determined the variable cost for *inter alia* bagasse based power projects for the FY 2020-21 to FY 2023-24. The said variable cost as determined by this Hon'ble Commission will apply equally to the applicant's project.
7. It is thus submitted that during the pendency of the petition, the present application has been filed seeking the payment of an interim tariff of the variable cost as determined by this Hon'ble Commission vide Order dated 28.08.2020 in O.P.No.21 of 2020.

#### **LIMITATION**

It is humbly submitted that the present application is well within the period of limitation.

#### **JURISDICTION**

8. It is submitted that this Hon'ble Commission is having jurisdiction to decide and determine and grant the relief sought for by the Applicant Company.



M. Subash Rao

**COURT FEES**

9. The present application is filed under S.94(2) of the Electricity Act, 2003 read with Regulation No.2 of 2015 and the fee payable for such Petition is governed by Clause 4(c)(ii) of TSERC Regulation 2 of 2016. A consolidated amount of Rs.3,63,000/- is paid by way of D.D No.188617 dated 20.12.2021 drawn on Union Bank of India at Khammam, payable at Hyderabad, and the same is enclosed to the Petition.

**PRAYER:**

In the aforesaid circumstances, the Applicant Company therefore prays that pending disposal of the present petition, this Hon'ble Commission may be pleased to direct the respondent to pay an interim tariff of the variable cost as determined by this Hon'ble Commission vide Order dated 28.08.2020 in O.P.No.21 of 2020 from 19.12.2021 onwards, and pass such order or orders as this Hon'ble Commission may deem fit and proper in view of the facts and circumstances of the case and in the interest of justice.

Place: Hyderabad  
Date: 21.12.2021



*M. Subbarao*  
DEPONENT

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**BEFORE THE HONOURABLE TELANGANA ELECTRICITY  
REGULATORY COMMISSION**  
AT ITS OFFICE AT V FLOOR, SINGARENI BHAVAN, RED HILLS,  
HYDERABAD

FILING NO. /2021

O. P. No. /2021

In the matter of: Application under Section 94(2) of the Electricity Act, 2003 read with Regulations 24 and 38 of the TSERC Regulation 2 of 2015 seeking payment of interim tariff during the pendency of the present petition.

AND

**Between:**

**M/s.Madhucon Sugar and Power Industries Limited,**  
Rajeswarapuram, Ammagudem Post,  
Nelakondapalli Mandal, Khammam District,  
Represented by its Director (Operations),  
Mr. Mandalapu Srinivasa Rao.

...APPLICANT

AND

**Northern Power Distribution Company of Telangana Limited**  
H.No: 2-5-31/2, Corporate Office, Vidyut Bhavan,  
Nakkalgutta, Hanamkonda, Warangal-506001  
Represented by its Chairman & Managing Director.

...RESPONDENT

**AFFIDAVIT**

I, Mandalapu Srinivasa Rao, S/o. M.Venkateswarlu, aged about 49 years, resident of Khammam, temporarily having come down to Hyderabad, do hereby solemnly and sincerely affirm and state on oath as follows:

1. I say that I am the authorized representative of the Applicant Company and I am fully conversant with the facts and circumstances of the present case and I am, therefore, competent to affirm this affidavit.



M. Srinivasa Rao

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2. I say that I have read the accompanying Application and have understood the contents thereof and I say that the same has been drafted under my instructions. I say that the contents therein are true and correct based on the records maintained by the Applicant Company during course of its business.

**S. CHAKRAPATI**  
ADVOCATE  
# 6-3-609/1900, Frasant Avenue,  
Adj. to SBI Bldg, Anandnagar,  
Hyderabad-500 004.  
Ph: 441219659



*M. Srinivasa Rao*  
DEPONENT

Sworn and signed before me on this  
21<sup>st</sup> day of December, 2021

**VERIFICATION**

I, Mandalapu Srinivasa Rao, S/o. M. Venkateswarlu, aged about 49 years, resident of Khammam, temporarily having come down to Hyderabad, the above-named deponent, do hereby verify that the contents of this Affidavit are true and correct to my knowledge, no part of it is false and nothing material has been concealed therefrom.

Verified at Hyderabad on this the 21<sup>st</sup> day of December, 2021

*ly*  
COUNSEL FOR APPLICANT



*M. Srinivasa Rao*  
DEPONENT



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**TELANGANA STATE ELECTRICITY REGULATORY COMMISSION**  
5<sup>th</sup> Floor, Singareni Bhavan, Red Hills, Lakdi-ka-pul, Hyderabad 500004

O.P. No. 21 of 2020

Dated: 28.08.2020

Present

Sri T. Sriranga Rao, Chairman

Sri M.D. Manohar Raju, Member (Technical)

Sri Bandaru Krishnaiah, Member (Finance)

**In the matter of *Suo-Moto* determination of Variable Cost for the period from FY 2020-21 to FY 2023-24 for existing Biomass, Bagasse and Industrial waste based power projects in the State of Telangana, and having Power Purchase Agreements with the Distribution Licensees**

**ORDER**

1. Section 62 of the Electricity Act, 2003 empowers the Commission to determine the tariff for supply of electricity by a generating company to a Distribution Licensee. Section 86(1)(e) of the Electricity Act, 2003 mandates the Commission to promote co-generation and generation of electricity from renewable sources of energy by providing suitable measures for connectivity with the grid and sale of electricity to any person.
2. In exercise of powers vested in it under Sections 62(1) read with 86(1)(a), (b), & (e) of the Electricity Act, 2003, the Commission, through this Order, determines the Variable Cost for the period from FY 2020-21 to FY 2023-24 for existing Biomass, Bagasse and Industrial waste based power projects in the State of Telangana, and having Power Purchase Agreements (PPAs) with the Distribution Licensees.
3. The Commission vide its *Suo-Motu* Order dated 21.04.2020 in O. P. No. 15 of 2020, approved the norms and determined the Variable Cost for the FY 2019-20 for existing Biomass, Bagasse and Industrial waste projects in the State of Telangana and having PPAs with the Distribution Licensees, as under:

**Table 1: Approved Norms and Variable Cost for FY 2019-20**

Sl. No.	Parameter	Unit	Approved for FY 2019-20		
			Biomass based power projects	Bagasse based co-generation power projects	Industrial waste based power projects
1.	Station Heat Rate	kcal/kWh	4200	3600	4200
2.	Auxiliary Consumption	%	10%	9%	10%
3.	Gross Calorific Value	kcal/kg	3100	2250	3100
4.	Fuel Price	Rs./MT	3168	1788	3168
5.	<b>Variable Cost</b>	<b>Rs./kWh</b>	<b>4.77</b>	<b>3.14</b>	<b>4.77</b>

4. The Commission has initiated a *Suo-Moto* proceeding for determination of Variable Cost for the period from FY 2020-21 to FY 2023-24 for existing Biomass, Bagasse and Industrial waste based power projects and accordingly issued the Public Notice dated 13.07.2020 inviting the written suggestions and comments from all the stakeholders on the proposed norms on or before 03.08.2020 by 5 pm. The Commission has received written suggestions and comments from two (2) nos. stakeholders within the stipulated time. The Commission has received written suggestions and comments from one (1) no. stakeholder after the stipulated time. The list of stakeholders who have submitted the written suggestions and comments is enclosed at Annexure 1 of the Order. The Commission has considered all the suggestions and comments received from all the stakeholders.
5. The Commission had proposed the following norms as mentioned in the Public Notice dated 13.07.2020 for the determination of Variable Cost for the period from FY 2020-21 to FY 2023-24 for existing Biomass, Bagasse and Industrial waste based power projects in the State of Telangana which are having PPAs with the Distribution Licensees:

**Table 2: Proposed norms and Variable Cost for the period from FY 2020-21 to FY 2023-24 as mentioned in the Public Notice dated 13.07.2020**

Sl. No.	Parameter	Unit	Proposed		
			Biomass based power projects	Bagasse based co-generation power projects	Industrial waste based power projects
1	Station Heat Rate	kcal/kWh	4200	3600	4200
2	Auxiliary Consumption	%	10%	9%	10%
3	Gross Calorific Value	kcal/kg	3100	2250	3100
4	Fuel Price				

Sl. No.	Parameter	Unit	Proposed		
			Biomass based power projects	Bagasse based co-generation power projects	Industrial waste based power projects
	FY 2020-21	Rs./MT	3326	1877	3326
	FY 2021-22	Rs./MT	3492	1971	3492
	FY 2022-23	Rs./MT	3667	2070	3667
	FY 2023-24	Rs./MT	3850	2174	3850
5	Variable Cost				
	FY 2020-21	Rs./kWh	5.0069	3.3002	5.0069
	FY 2021-22	Rs./kWh	5.2568	3.4655	5.2568
	FY 2022-23	Rs./kWh	5.5202	3.6396	5.5202
	FY 2023-24	Rs./kWh	5.7957	3.8224	5.7957

6. The norms viz., Station Heat Rate, Auxiliary Consumption and Gross Calorific Value have been proposed at the same level of the norms specified by the Hon'ble APTEL and also considered in the determination of Variable Cost upto FY 2019-20. The Fuel Prices approved for FY 2019-20 have been considered as the base and escalated annually by the normative value of 5% to arrive at the Fuel Prices for the period from FY 2020-21 to FY 2023-24. The Variable Cost has been computed based on the proposed norms and Fuel Prices.

7. The suggestions and comments filed by the stakeholders and Commission's views thereon have been summarised issue wise as detailed below:

**Issue No. 1: General**

***Stakeholders' submission***

8. The study as per the Judgment of the Hon'ble Appellate Tribunal for Electricity (APTEL) dated 20.12.2012 in Appeal Nos. 150, 166, 172, 173 of 2011 and 9, 18, 26, 29 and 38 of 2012, has not been undertaken for the co-generation plants operating in the State. Over the years, there has been technology improvements and one such improvement is installation of air-cooled condensers, instead of water-cooled condensers, which reduces water consumption. Installation of air-cooled condensers increases Station Heat Rate (SHR). With aging of the plant, its efficiency reduces and SHR increases. These factors need to be taken into account in determination of Variable Cost.

9. The threshold Plant Load Factor (PLF) of 55% for recovery of fixed cost was determined based on the assumption that the co-generation units run for 230 days at 90% utilisation factor. However, the PLF of 55% could not be achieved in most of the years due to which the fixed cost for those years remained unrecovered. The stakeholder requested the Commission to provide suitable

compensation enabling the plants to recover the unrecovered fixed cost.

10. The PPAs provide for opening of Letter of Credit by the Distribution Licensees but that provision was kept in abeyance on the assurance of the then Transmission Corporation of Andhra Pradesh (APTransco) to meet its obligation on time. As there is considerable delay in payment of bills by the Distribution Licensees, the Commission may issue directions for opening of Letter of Credit and release of payments due.
11. The generators are receiving the payments with substantial delays resulting in frequent shutdowns. The Regulations of Central Electricity Regulatory Commission (CERC) permit a late payment surcharge at the rate of 1.50% per month for delay beyond a period of 45 days from the date of presentation of bills and hence a higher surcharge would ensure that the Distribution Licensees pay before due dates.
12. The Distribution Licensees have been raising the bills towards maintenance of line from the generating point to the substation. Such expenses were not considered in determination of the Operation and Maintenance (O&M) expenses. The Commission may allow pass through of such expenses.
13. The co-generation plants had to install 'reliable and efficient speech and data communication systems' which was not considered in determining the capital cost. Most of the PPAs are nearing completion and hence the Commission may allow compensation enabling the plants to recover this additional capital cost.

***Commission's view***

14. The Commission is mindful of the Judgment of the Hon'ble APTEL referred by the stakeholder. The erstwhile Andhra Pradesh Electricity Regulatory Commission (APEREC) had conducted a study in the year 2014 on the performance of the Non-Conventional Energy (NCE) power projects and determined the norms of operation for the Bagasse based co-generation power projects including the plants currently located in Telangana State. The Commission is also mindful of the Regulations/Orders issued by CERC and other State Electricity Regulatory Commissions (SERCs) with reference to determination of Variable Cost. The Commission has initiated the current proceedings for determination of Variable Cost for the period from FY 2020-21 to FY 2023-24 for existing Biomass, Bagasse and Industrial waste based power

projects and accordingly issued the Public Notice inviting the written suggestions and comments on the proposed norms from the stakeholders. The Commission has provided ample opportunity to all the stakeholders including the co-generation plants to place their views with all the relevant material before the Commission for taking a holistic view in the matter. In view of the holistic approach adopted by the Commission, the statement of the stakeholder referring to the Judgment of the Hon'ble APTEL dated 20.12.2012 is misplaced.

15. Although the stakeholder has submitted that installation of air-cooled condensers needs to be taken into account in determination of Variable Cost, the proposed norms of operation have not been substantiated based on the same. Therefore, the Commission does not find any merit in such submissions.
16. The PLF will depend on the availability of the plant and fuel and these factors cannot be treated as uncontrollable. The Commission has taken note of the PLFs submitted by the stakeholder. The stakeholder has not submitted any justification for such lower PLFs. Consistent operation at lower PLF would result in faster deterioration of the equipment. Lower PLF would result in inferior performance parameters and such inferior performance parameters cannot be the basis for tariff determination on normative basis. Hence, the aging of the plant cannot be considered as valid reason more so when the plants had been consistently underperforming.
17. As regards (i) unrecovered fixed cost due to lower PLFs, (ii) opening of Letter of Credit by the Distribution Licensees, (iii) late payment surcharge for delayed payments, (iv) line maintenance charges and (v) additional capital cost, the said issues are not the subject matter of the current proceedings and hence, the Commission does not find it prudent to express any opinion on the same.

**Issue No. 2: Auxiliary Consumption for Bagasse based co-generation power projects**

***Stakeholders' submission***

18. The average auxiliary consumption of four co-generation plants in State for FY 2015-16 to FY 2019-20 works out to 11.26%. Although the co-generation power plants and sugar units are close proximity, power consumption of co-generation plants (Boiler, Turbine, Cooling Towers and other auxiliaries) is over 10%. Sugar plant (sugarcane milling and boiling house equipment) consumes around 22 units for every ton of sugarcane crushed. Hence, the auxiliary consumption

of co-generation plant cannot be reduced on the grounds that some of its equipment are common with sugar plant.

19. The co-generation plants and biomass plants have same equipment except for the following:

**Table 3: Uncommon equipment amongst Bagasse based co-generation plants and Biomass power plants**

List of uncommon equipment	Bagasse based co-generation power plants	Biomass power plants
Wood chipping and cutting machine	Not available	Used for cutting/chipping Biomass
Bagasse conveyors from Boiler to yard	Total 3 nos. Compared to Biomass plants 2 additional conveyors for conveying excess bagasse from Boiler to storage yard and conveying Bagasse from yard to Boiler	1 no.

20. Hence, it cannot be said that Bagasse requires less processing than Biomass and the auxiliary consumption of Bagasse based co-generation power plants may be specified as 10% on par with Biomass plants.

**Commission's view**

21. The Commission has taken note of the PLFs submitted by the stakeholder. The stakeholder has not submitted any justification for such lower PLF. Lower PLF would result in higher auxiliary consumption in percentage terms and such higher auxiliary consumption cannot be the basis for tariff determination on normative basis. Moreover, the auxiliary consumption of 9% has been considered in determination of Fixed Cost for 20 years as well as Variable Cost upto FY 2019-20. As the Commission is determining the norms for the existing projects in this Order, the Commission finds it appropriate to consider the auxiliary consumption norm as 9% for Bagasse based co-generation power projects for the period from FY 2020-21 to FY 2023-24.

**Issue No. 3: Station Heat Rate for Bagasse based co-generation power projects**

**Stakeholders' submission**

22. The bagasse consumption during season for power generation including process steam is in the range of 2.7-3.0 kg/kWh which translates to SHR of

6075-6750 kcal/kWh. The SHR during off-season is in the range of 4300-4400 kcal/kWh. Further, with aging of the plant, its efficiency decreases and hence, the SHR may be considered at minimum of 4200 kcal/kWh.

***Commission's view***

23. The SHR of 3600 kcal/kWh for Bagasse based co-generation power projects was considered in the determination of Variable Cost upto FY 2019-20. The stakeholder has neither submitted the basis for the SHR claimed as actual achievement nor the justification for the same to be higher than the normative value in the previous years. Therefore, the Commission does not find any merit in the stakeholder's submissions in this regard.

**Issue No. 4: Specific fuel consumption for Bagasse based co-generation power projects**

***Stakeholders' submission***

24. Based on the SHR of 4200 kcal/kWh and Gross Calorific Value (GCV) of 2250 kcal/kg, the specific fuel consumption works out to 1.87 kg/kWh. The average specific fuel consumption of four co-generation plants in State for FY 2015-16 to FY 2019-20 works out to 2.64 kg/kWh. Hence, the specific fuel consumption may be considered at minimum of 2.64 kg/kWh.

***Commission's view***

25. The Commission had considered the SHR of 3600 kcal/kWh and GCV of 2250 kcal/kg till FY 2019-20, based on which the specific fuel consumption works out to 1.60 kg/kWh in respect of Bagasse based co-generation power projects. The stakeholder has neither submitted the basis for the specific fuel consumption claimed as actual achievement nor the justification for the same to be higher than that computed based normative SHR and GCV approved for the previous years. The issue of SHR has been dealt with in the preceding paragraphs. In the absence of any specific submissions regarding the GCV, the Commission does not find any merit in the stakeholder's submissions regarding specific fuel consumption.

**Issue No. 5: Fuel price for Biomass based power projects**

***Stakeholders' submission***

26. The Biomass price has been proposed at Rs. 3326/MT for FY 2020-21 which is in line with the CERC Order dated 21.07.2020 and is on par with the price for

Andhra Pradesh. This price needs to be reviewed on the following grounds:

27. **Size of catchment area:** The Telangana State was carved out in the year 2014 and out of the then Biomass based power projects, 28 nos. projects are in residual Andhra Pradesh and 6 nos. projects are in Telangana State. The geographical area of Telangana is 1,12,007 sq. km. as against 1,62,975 sq. km. of Andhra Pradesh. The licences for Biomass units in the combined State were allotted based on biomass availability establishing the fact that Telangana region did not have enough raw material availability. Thus, the cost of fuels in Telangana is much higher as compared to Andhra Pradesh as the collection has to be made over large area for a given biomass unit viz., 18,680 sq. km. in Telangana vs 5820 sq. km. in Andhra Pradesh.
28. **Geography:** The Telangana State is part of Deccan Plateau and with Maharashtra, which is also a part of Deccan Plateau, as boundary in the North and the West. The Biomass price for Maharashtra is Rs. 3872/MT which is 16.4% higher than Telangana State. Whereas, the geography and cropping pattern of Telangana State is similar to that of Maharashtra. So, the Biomass price for Telangana State has to be considered in line with that of Maharashtra.
29. **Boundary:** The Biomass power projects in Telangana State collect the Biomass from the neighbouring States Maharashtra and Andhra Pradesh. The average of Biomass prices for Maharashtra and Andhra Pradesh works out to Rs. 3617/MT and the same may be considered by the Commission for FY 2020-21 with 5% annual escalation.

***Commission's view***

30. The Commission has considered the approved Biomass Price for FY 2019-20 as base Price and escalated annually by 5% to arrive at the Biomass Prices for the period from FY 2020-21 to FY 2023-24. It is pertinent to mention that the Biomass Prices proposed by the Commission are in line with the Prices specified by the CERC. The arrangement for adequate fuel at economical prices is the responsibility of the generator and the same cannot be treated as uncontrollable factor. The Fuel Price varies depending on various factors including demand and supply. The stakeholder has not submitted any supporting documents to substantiate its submissions regarding the Biomass procurement. The generator is free to choose its sources of fuel to supply



electricity to the Distribution Licensees at the tariff determined by the Commission. In light of the above, the Commission does not find any merit in stakeholder's submissions prudent enough for revising the Biomass price from that proposed in the Public Notice.

**Issue No. 6: Fuel price for Bagasse based co-generation power projects**

***Stakeholders' submission***

31. The process and cost of generation of Bagasse is more or less uniform throughout the Country. However, the Bagasse price varies from State to State. The CERC has adopted the price of Rs. 2671/MT and Rs. 1877/MT for Haryana and Telangana respectively for FY 2020-21. The Commission may take up the issue of disparity in Bagasse price and arrive at a uniform rate for Bagasse throughout the country.
32. As Bagasse is also a Biomass, it may be appropriate to link the Bagasse price to Biomass and consider the Bagasse price as Rs. 2414/MT for FY 2019-20 with annual escalation of 5%.

***Commission's view***

33. The stakeholder's request to arrive at a uniform rate for Bagasse throughout the country is out of context and does not require any consideration in the current proceedings.
34. The methodology proposed by the stakeholder for arriving at the fuel price for Bagasse is devoid of merits and hence not considered by the Commission.

**Issue No. 7: Variable Cost**

***Stakeholders' submission***

35. One stakeholder submitted that it has no comments on the Variable Cost determined by the Commission.

***Commission's view***

36. The Commission has taken note of the stakeholder's submission.

**VARIABLE COST DETERMINED BY THE COMMISSION**

37. Based on the above, the Commission approves the following norms and determines the Variable Cost for the period from FY 2020-21 to FY 2023-24 for existing Biomass, Bagasse and Industrial waste based power projects in the

State of Telangana which are having PPAs with the Distribution Licensees:

**Table 4: Approved norms and Variable Cost for the period from FY 2020-21 to FY 2023-24**

Sl. No.	Parameter	Unit	Approved		
			Biomass based power projects	Bagasse based co-generation power projects	Industrial waste based power projects
1	Station Heat Rate	kcal/kWh	4200	3600	4200
2	Auxiliary Consumption	%	10%	9%	10%
3	Gross Calorific Value	kcal/kg	3100	2250	3100
4	Fuel Price				
	FY 2020-21	Rs./MT	3326	1877	3326
	FY 2021-22	Rs./MT	3492	1971	3492
	FY 2022-23	Rs./MT	3667	2070	3667
	FY 2023-24	Rs./MT	3850	2174	3850
5	Variable Cost				
	FY 2020-21	Rs./kWh	5.0069	3.3002	5.0069
	FY 2021-22	Rs./kWh	5.2568	3.4655	5.2568
	FY 2022-23	Rs./kWh	5.5202	3.6396	5.5202
	FY 2023-24	Rs./kWh	5.7957	3.8224	5.7957

#### APPLICABILITY

38. The Commission directs the Distribution Licensees namely Southern Power Distribution Company of Telangana Limited (TSSPDCL) and Northern Power Distribution Company of Telangana Limited (TSNPDCL) to pay the above Variable Cost for the period from FY 2020-21 to FY 2023-24 for the power purchased from existing Biomass, Bagasse and Industrial waste based power projects in the State of Telangana and having PPAs with the Distribution Licensees.

**This Order is corrected and signed on this 28<sup>th</sup> day of August, 2020**

Sd/-  
(BANDARU KRISHNAIAH)  
MEMBER

Sd/-  
(M.D. MANOHAR RAJU)  
MEMBER

Sd/-  
(T. SRIRANGA RAO)  
CHAIRMAN

17

TSERC

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**ANNEXURE 1 – LIST OF STAKEHOLDERS WHO SUBMITTED WRITTEN  
SUGGESTIONS AND COMMENTS**

<b>Sl. No.</b>	<b>Name of the Stakeholder</b>
1.	Southern Power Distribution Company of Telangana Ltd., #6-1-50, Corporate Office, Mint Compound, Hyderabad – 500 063
2.	Telangana Sugar Mills Association, Gayatri Sugars Ltd., B2, TSR Towers, Raj Bhavan Road, Somajiguda, Hyderabad – 500 082
3.	Biomass Energy Developers Association, No. 13, 4 <sup>th</sup> Floor, Maitri Arcade, 2-3-42/52, M. G. Road, Secunderabad – 500 003