



TAMIL NADU ELECTRICITY REGULATORY COMMISSION

No. 19A, Rukmini Lakshmi pathy Road, (TIDCO Complex),

Egmore, Chennai 600 008

Phone: ++91-44-28411376 / 28411378 / 28411379 Fax: ++91-44-2841137 email:

tnerc@vsnl.net

Website: www.tnerc.tn.nic.in

No. 02/2009.

25-02-2009

Press Note

Sub :- Public hearing on tariff for procurement of energy from non-conventional energy sources.

The Commission proposes to conduct a Public hearing on 5th March 2009 at Mini Hall, Narada Gana Sabha, 314, TTK Road, Alwarpet, Chennai-18 from 2.00 PM to 7.30 PM on "Tariff determination and allied issues for purchase of power by distribution licensee from Wind, Biomass and Bagasse based generators.

The following are the suggested parameters of various components to arrive at the Tariff

Capital cost for (i) Wind generator - Rs.5.35 Crores / MW (ii) Biomass – Rs.5.10 Crores / MW and (iii) Bagasse based Co-generation – Rs.4.96 Crores / MW

CUF / PLF for (i) Wind generator – 27.15% (ii) Biomass – 80% and (iii) Bagasse based Co-generation – 55%

Depreciation for (i) Wind generator – 4.50% (ii) Biomass and Bagasse based Co-generation – 7.84%

Operation and Maintenance Expenses for

(i) Wind generator – 1.10% of the capital cost with 5% escalation per year after 5 years (ii) Biomass and Bagasse based Co-generation – 4.5% with 5% escalation every year.

Insurance – (i) Wind generator – 0.75% of capital cost in the first year with reduction of 0.5% every year thereafter. (ii) Biomass and Bagasse based Co-generation - 0.75% of the capital cost for first five years and 0.50% reduction every year thereafter

| | |
|---------------------------------|-------------------------------------|
| <u>Debt equity ratio</u> | – 70 : 30 |
| <u>Tenure of Loan</u> | – 10 years with one year moratorium |
| <u>Interest on Loan</u> | – 12% |
| <u>Return on Equity</u> | – 17.63% pre-tax |

Based on the normative parameters suggested above, the tariff for purchase of power works out to (i) Wind generator – Rs.3.40 /unit (ii) Biomass Rs.4.660 to Rs.4.866 /unit from first year to third year and (iii) Bagasse based Co-generation – Rs.4.802 to Rs.4.493 /unit from first year to third year.

The consultative papers can be downloaded by the interested persons from the Commission's website www.tnerc.gov.in. The copies can also be obtained from the Commission's office on payment of Rs.50/- for each consultative paper by way of cash or demand draft drawn in favour of "The Secretary/TNERC"

Interested individuals and Organizations may appear before the Commission and present their views during the public hearing. The registration will be done between 1.00 PM to 2.00 PM at the venue on 05-03-2009.

**R.Balasubramanian,
Secretary.**