

Chhattisgarh State Electricity Regulatory Commission

Irrigation Colony, Shanti Nagar, Raipur - 492 001 (C.G.)

Ph.0771-4048788, Fax: 4073553

www.cserc.gov.in, e-mail: cserc.sec.cg@nic.in

Suo Motu Petition No. 16 of 2008(T)

AMENDED ORDER

Sub: In the matter of determination and declaration of tariff for small solar power generation plants

1. Shri Manoj Dey, Chairman
2. Shri B.K. Sharma, Member

(Passed on 09.07.2010)

1. Legal Framework

(1). Electricity Act, 2003: The Act mandates the following in regard to renewable energy sources:

"determine the tariff for generation, supply, transmission and wheeling of electricity, wholesale, bulk or retail, as the case may be, within the State": **(Section 86(1)(a))**

"promote cogeneration 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, and also specify, for purchase of electricity from such sources, a percentage of the total consumption of electricity in the area of a distribution licence" : **(Section 86(1)(e))**

"The Appropriate Commission shall, subject to the provisions of this Act, specify the terms and conditions for the determination of tariff, and in doing so, shall be guided by the following, namely:-

*the promotion of co-generation and generation of electricity from renewable sources of energy; "***(Section 62(1)(h))**

"The Appropriate Commission shall determine the tariff in accordance with provisions of this Act for supply of electricity by a generating company to a distribution licensee: "(Section 62(1)(a))

(2). National Electricity Policy

"Feasible potential of non-conventional energy resources, mainly small hydro, wind and bio-mass would also need to be exploited fully to create additional power generation capacity. With a view to increase the overall share of non-conventional energy sources in the electricity mix, efforts will be made to encourage private sector participation through suitable promotional measures. " (Para 5.2.20)

"Non-conventional sources of energy being the most environment friendly there is an urgent need to promote generation of electricity based on such sources of energy. For this purpose, efforts need to be made to reduce the capital cost of projects based on non-conventional and renewable sources of energy. Cost of energy can also be reduced by promoting competition within such projects. At the same time, adequate promotional measures would also have to be taken for development of technologies and a sustained growth of these sources (para 5.12.1).

"Percentage for purchase of power from non-conventional sources should be made applicable for the tariffs to be determined by the SERCs at the earliest. Progressively the share of electricity from non-conventional sources would need to be increased as prescribed by State Electricity Regulatory Commissions. Such purchase by distribution companies shall be through competitive bidding process. Considering the fact that it will take some time before non-conventional technologies compete, in terms of cost, with conventional sources, the Commission may determine an appropriate differential in prices to promote these technologies(para 5.12.2)

(3) Tariff Policy

Pursuant to provisions of section 86(1)(e) of the Act, the Appropriate Commission shall fix a minimum percentage for purchase of energy from such sources taking into account availability of such resources in the region and its impact on retail tariffs. Such percentage for purchase of energy should be made applicable for the tariffs to be determined by the SERCs latest by April 1, 2006.

It will take some time before non-conventional technologies can compete with conventional sources in terms of cost of electricity. Therefore, procurement by distribution companies shall be done at preferential tariffs determined by the Appropriate Commission. (Para 6.4(1))

2. It is in the discharge of this function that the Commission has initiated a suo-motu petition **No. 16 of 2008(T)** "In the matter of determination and declaration of tariff for solar power generation plants covered under Government of India's incentive policy and to promote solar power generation in the State of Chhattisgarh" and passed an order on 08.09.2008.
3. Mean While the Govt of India issued a National Action Plan on Climate Change. The National Solar Mission is one of the part of National Action Plan on climate change.. The objective of National Solar Mission is to significantly increase the share of solar energy in the total energy mix while recognizing the need to expand the scope of other renewable and non-fossil fuel options.

To fulfill the said objective, the Govt of India, Ministry of New and Renewable energy under Jawaharlal Nehru solar Mission issued a guideline for OFF-GRID AND DECENTRALIZED SOLAR APPLICATIONS & ROOFTOP AND OTHER SMALL SOLAR POWER PLANTS on 16.06.2010.

The guideline says that:

"Project schemes from States wherein Tariff tenure for duration of 25 years with Tariff structure on levelled basis has been determined by SERCs shall alone be considered to be eligible to participate in this Programme (RPSSGP).

The date for commencement of Registration process for initial short listing by Programme Administrator shall be July 15, 2010 .

4. The State nodal agency for promotion of renewable energy in the State of Chhattisgarh ,CREDA, approached this Commission and requested to issue the tariff order for this programme. Since the determination of tariff for supply of power by a generating company to a distribution licensee requires a regulatory process and sufficient time is needed to complete this process which is not feasible now, hence in the interest of the State the Commission would like to issue an amendment/modification in the order dated 08.09.2008 in petition no 16 of 2008(T), by exercising power vested under Clause 3(7) of Chhattisgarh State Electricity Regulatory Commission (Conduct of Business) Regulations, 2009.

Clause 3(7) of Chhattisgarh State Electricity Regulatory Commission (Conduct of Business) Regulations, 2009 says :

"The Commission may, if it considers appropriate to do so, either on an application made by any interested or affected party or suo motu, review, revoke, revise, modify, amend, alter or otherwise change any order made or action taken by the Secretary or other officers of the Commission'

Looking to the objective of Jawaharlal Nehru National Solar Mission, promotion of solar power projects in the State and taking into consideration the fact that registration process of RPSSGP is going to commence on 15.07.2010, the Commission in exercise of power specified under Clause 3(7) decides to modify the order passed on 08.09.2008 in suo-motu petition **No. 16 of 2008(T) to the extent that the tariff fixed by the Commission in this order shall also be applicable to Small power Generation Projects coming under "Rooftop PV &**

Small Solar Power Generation Programme' (RPSSGP) initiated by MNRE. The order of the Commission dt. 08.09.2008 in suo motu petition No. 16 of 2008(T) is applicable to solar power plants commissioned upto 31.12.2010 and the levelled tariff decided in the order is effective upto 31st August, 2018. The order of the Commission was passed after a due regulatory process. The tariff decided in this order shall be a levelled tariff for duration of 25 years and shall be reviewed by the Commission through a due regulatory process. The Commission is in process of tariff determination as per requirement of provision for RPSSGP scheme in line with regulations / guidelines / orders as specified by the Central Electricity Regulatory Commission and after determination the same will be applicable.

Sd/-
Member

Sd/-
Chairman