

KERALA STATE ELECTRICITY REGULATORY COMMISSION

NOTIFICATION

No. 1163/CT/2010/KSERC Dated, Thiruvananthapuram November 22, 2010

KSERC (Power Procurement from Renewable Sources by Distribution Licensee) Second Amendment Regulations, 2010.

In exercise of the powers conferred by Section 181 read with Clause (e) of subsection (1) of Section 86 of the Electricity Act, 2003 and after previous publication the Kerala State Electricity Regulatory Commission hereby make the following Regulations further to amendment the Kerala State Electricity Regulatory Commission (Power Procurement from Renewable Sources by Distribution Licensee) Regulations, 2006, namely:-

1. *Short title and commencement.*— (1) These Regulations may be called the Kerala State Electricity Regulatory Commission ((Power Procurement from Renewable Sources by Distribution Licensee) Second Amendment Regulation, 2010.

(2) It shall come into force at once.

2. *Amendment of Regulations.*— In the Kerala State Electricity Regulatory Commission (Power Procurement from Renewable Sources by Distribution Licensee) Regulations, 2006 (hereafter referred to as the ‘Principal Regulations’)

(i) Subclause (1) of clause 3 shall be substituted with the following, namely:-

“Each distribution licensee shall purchase a quantum of 3% from renewable energy sources expressed as a percentage of its total consumption during a year from SHP, Wind and from all other renewable sources and out of this 3%, 0.25% shall be from solar based plants:

Provided that there shall be an increase of 10% of such purchase of energy in the subsequent years till a maximum of 10% of the total consumption’.

3. *Amendment of Annexure I.*— In Annexure I of the Principal Regulations,-

(i) for the sentence under the heading “1 capital cost”, “the Commission therefore considers that a uniform capital cost of Rs.4.86Crores/MW would be reasonable for small hydel projects including cost of transmission lines/substation upto the interconnection point of the grid”, the following sentence shall be substituted, namely:-

“A capital cost of Rs.5.2Crores/MW shall be taken for small hydel projects including the cost of transmission lines/substation upto the interconnection point of the grid.”;

- (ii) for the existing sentence under the heading “3. O&M expenses”, the following sentence shall be substituted, namely:-

“The Commission approves O&M expenses as 1.6% of the capital expenditure with 5% escalation over the previous years amount every year”.

- (iii) for the last sentence under the heading “6. Interest on Term loan”, the following sentence shall be substituted, namely:-

“Commission approves an interest rate of 12% for new projects.”;

- (iv) for the first sentence under the heading “7. Interest on working capital”, the following sentence shall be substituted, namely:-

“The interest rate on working capital shall be 12%.”;

- (v) for the existing sentence under the heading “12 Tariff applicable”, the following sentence shall be substituted, namely:-

“The levelised tariff at 12% discount rate for 25 years shall be Rs.2.94/unit. The developers shall provide energy at a levelised rate of Rs.2.94/unit for 25 years.”;

4. *Amendment of Annexure II.*— In Annexure II of the Principal Regulations, -

- (i) for the existing sentence under the heading “2 Capital cost”, the following sentence shall be substituted, namely:-

“A capital cost of Rs.4.56Crores/MW shall be taken for wind plants including the cost of transmission lines/substation upto the interconnection point of the grid.”;

- (ii) for the figure 9% in the existing sentence under the heading “6. Interest cost on long term debts”, the figure 12% shall be substituted.;

- (iii) for the figure 7% in the existing first sentence under the heading “9. Interest on Working Capital”, the figure 12% shall be substituted.”;

- (iv) for the last sentence in Clause 12, the following sentences shall be substituted, namely:-

“Based on the norms approved above, the levelised tariff at 12% discount rate for 20 years shall be Rs.3.64/unit. The tariff arrived at above shall be applicable only for the project proposals submitted after the publication of this amendment regulations. The rates approved are without considering subsidy/incentive offered by Central/State Government including accelerated depreciation availed by generating companies. Generating companies shall disclose to the Commission details of such subsidy/incentive if availed along with application for fixation of tariff and get the rate adjusted appropriately.”

By order of the Commission

(K.S.Premachandra Kurup)
SECRETARY
Kerala State Electricity Regulatory Commission

Explanatory Note

(This does not form part of the notification, but is intended to achieve to general purport)

Central Regulatory Commission has issued regulation laying down the guidelines for determination of tariff on renewable energy sources. KSERC (Power Procurement from Renewable Sources by Distribution Licensee) Regulation, 2006 requires some consequential changes. This notification is intended to achieve the above object.