



TELANGANA STATE ELECTRICITY REGULATORY COMMISSION

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Suo-Motu Order dated:08.06.2017

Present: Sri Ismail Ali Khan, Chairman
Sri H. Srinivasulu, Member

In the matter of:

Notification of the actual fuel price escalation and variable cost for the period from 01.04.2017 to 31.03.2018 in respect of the existing plants based on Non Conventional energy (NCE) sources in the state of Telangana.

The erstwhile APERC passed orders in O. P. No. 32 of 2014 determining the variable cost norms in respect of the existing plants run on Bio-mass, Bagasse and Industrial waste based NCE sources for the period of 2014-15 to 2018-19. Clause 2.5 of the said order stipulates that determination of actual fuel price escalation is to be notified by the Commission before the start of each financial year starting from FY 2015-16 as per the fuel price escalation methodology (CERC methodology) given under Annexure-A to the said order.

2. This Commission had issued Regulation No.1 of 2014 adopting all the regulations, decisions, directions and orders as in existence and in force as on the date of constitution of this Commission.

3. In determining the actual fuel price escalation and consequent variable cost for the FY 2017-18 based on the said Fuel Price Indexation mechanism, a public notice has been issued on the Commission's website inviting the comments, suggestions and objections from the stakeholders giving time of ten days upto 06.05.2017.

4. Two of the objectors have responded to the public notice and filed objections / suggestions, which have been received from (i) Gayatri Sugars Ltd. and (ii) NSL

Krishnaveni Sugars Ltd. The objectors have stated that the Commission has adopted the CERC indexation formula for fuel cost escalation, however, the CERC has dispensed with the indexation formula in the new regulations for next control period 2017-18 to 2019-20 wherein the CERC has adopted the 5% escalation per annum on the price of base year instead of any indexation formula. The objectors have requested the Commission to dispense with the CERC indexation formula and adopt bagasse price as Rs.1,965/- for the FY 2017-18 in line with CERC RE Tariff Regulations, 2017 for Telangana which falls in “other states” category and escalate the same year on year @ 5% escalation.

5. The erstwhile APERC in its orders in O. P. No. 32 of 2014 had proposed fuel price indexation mechanism in terms of the CERC RE Regulations, 2012 and it was held that for the purpose of tariff computation, the Commission shall publish escalation rates every year based on the indexation methodology for the period FY 2015-16 to FY 2018-19, for which tariff needs to be determined. This Commission did not find any requirement for revisiting of the said orders in O. P. No. 32 of 2014 in view of adoption of the same before end of the control period 2018-19.

6. Therefore, the Commission hereby notifies the following actual fuel price escalation and consequent variable cost for the period from 01.04.2017 to 31.03.2018 in the state of Telangana.

Sl. No.	Nature of Project	Fuel Price for FY 2016-17 Rs. / Tonne	Fuel Price Escalation for FY 2017-18	Fuel Price for FY 2017-18 Rs. / Tonne	Variable Cost for FY 2017-18 Rs./Unit
1	Biomass Based Power Project	2,903	0.95%	2,931	4.41
2	Industrial Waste Based Power Projects	2,903	0.95%	2,931	4.41
3	Bagasse based Power Projects	1,583	0.95%	1,598	2.81

7. The Commission directs the TSDISCOMs to pay the above variable cost for the power purchased from the Bio-mass, Industrial Waste and Bagasse based NCE power projects in the state of Telangana for the period from 01.04.2017 to 31.03.2018.

This order is corrected and signed on this the 8th day of June, 2017.

Sd/-
(H. SRINIVASULU)
Member

Sd/-
(ISMAIL ALI KHAN)
Chairman

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