

CENTRAL ELECTRICITY REGULATORY COMMISSION NEW DELHI
Petition No. 13/2010 (Suo-motu)

Coram: Dr. Pramod Deo, Chairperson
Shri S. Jayaraman, Member
Shri V.S. Verma, Member

Date of hearing: Suo Motu

Date of Order: 19.1.2010

In the matter of

Determination of Benchmark Capital Cost Norm for Solar PV power projects to be commissioned during FY 2010-11 and Benchmark Capital Cost Norm and generic tariff for Solar thermal power projects to be commissioned during FY 2010-11 and FY 2011-12

ORDER

The Commission has notified the Central Electricity Regulatory Commission (Terms and Conditions for Tariff determination from Renewable Energy Sources) Regulations, 2009 (hereinafter "the RE Tariff Regulations") on September 16, 2009. The first proviso of the Regulation 5 of the RE Tariff Regulations provides that the Commission may annually review the benchmark capital cost norm for Solar PV and Solar thermal power projects. At present, the Benchmark Capital Cost Norms as stipulated under Regulation 57(1) for Solar PV power project and under Regulation 61(1) for Solar thermal power project are applicable for solar power projects to be commissioned during FY 2009-10 (i.e. upto March 31, 2010).

2. Furthermore, concerns have been expressed by some stakeholders after the notification of the RE Tariff Regulations, on the provision in the said Regulations regarding applicability of benchmark capital cost for Solar thermal project on annual basis. It has been argued that the gestation period of Solar thermal projects is around 18-24 months. As such provision in the Regulations that the capital cost of thermal projects will be reviewed annually, comes in the way of financial closure of such projects. Based on the feedback of the developers who are into the business of Solar thermal projects and the report of the consultant engaged by the Commission, it is felt that the matter regarding applicability of the benchmark capital cost and generic tariff for

Solar thermal projects needs reconsideration in view of the gestation period for such projects being longer than one year and that the Solar thermal technology has not yet matured. With due consideration to this fact and to facilitate development of Solar thermal projects, it is proposed that the generic tariff determined for Solar thermal projects based on the benchmark capital cost and other norms applicable for the financial year (FY) 2010-11 shall also apply for the projects commissioned during 2011-12. However, an amendment is required to be made in RE Tariff Regulations to give effect to this. We direct that the draft amendments to this effect be notified.

3. Further, in exercise of the power under the Regulation 5 of RE Tariff Regulations, the Commission hereby proposes that the Benchmark Capital Cost Norm for Solar PV power projects to be commissioned during FY 2010-11 shall be Rs.1520 Lakh per MW and Benchmark Capital Cost Norm for Solar thermal power projects to be commissioned during FY 2010-11 and FY 2011-12 shall be Rs.1420 Lakh per MW.

4. The rationale for proposing the above Benchmark Capital Cost Norm for Solar PV power projects to be commissioned during FY 2010-11 and Solar thermal power project to be commissioned during FY 2010-11 and FY 2011-12 has been elaborated in enclosed Explanatory Memorandum.

5. It is important to note that the Tariff for Solar PV power projects to be commissioned during FY 2010-11 and Solar thermal power projects to be commissioned during FY 2010-11 and FY 2011-12 shall be based upon these Benchmark Capital Cost Norms (to be finalised) and other parameters in accordance with stipulations under the RE Tariff Regulations.

6. Comments /suggestions of the stakeholders on the above proposals are invited by 02.02.2010. We direct that the matter be notified for hearing on 03.02.2010 regarding the proposed amendment to the RE Tariff regulations and Benchmark Capital Cost Norms for Solar PV power projects to be commissioned during FY 2010-11 and Benchmark Capital Cost and generic tariff for Solar thermal power projects to be commissioned during FY 2010-11 and FY 2011-12

Sd/-

[V. S. Verma]
Member

Sd/-

[S. Jayaraman]
Member

Sd/-

[Dr. Pramod Deo]
Chairperson