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VGPL/CERC/TR2024/2024/027
27th February 2024

To
The Secretary,
Central Electricity Regulatory Commission,
3rd & 4th Floor, Chandralok Building,
#36, Janpath Road,
NEW DELHI 110 001

Respected Sir,

Sub : Draft Central Electricity Regulatory Commission (Terms and Conditions for tariff Determination from Renewable Energy Sources) Regulations, 2024 – Regarding.

Ref: RA-14026(11)/1/2023-CERC dated 17.02.2024

With reference to above subject, we wish to submit our comments/Suggestions on above referred Draft Regulations:

Point no. 16 Return on Equity

(2) “The normative Return on Equity for renewable energy projects other than small hydro projects shall be 14%, and that for the small hydro projects shall be 14.5%. The normative Return on Equity shall be grossed up by the latest available notified Minimum Alternate Tax (MAT) rate for the first 20 years of the tariff period and by the latest available notified Corporate Tax rate for the remaining tariff period.”

Our Suggestion

As per the present market, the expectations of Return on Equity for Small Hydro Projects are a minimum of 15+ %. Below 15% of ROE it is very difficult to get equity investors/ equity partners for Small Hydro Project. Kindly consider a minimum of 16% ROE for Small Hydro Projects, enable project developers to source equity for their projects.

Point no. 30 Operation and Maintenance expenses

“(1) Normative O&M Expenses for the first year of the control Period, i.e financial year 2024-25 shall be under

Region	Project Size	O&M Expenses (Rs. Lakh/MW)	Our Suggestion (Rs. Lakh/MW)
Other States	Below 5MW	39.90	45.0
	5 MW to 25 MW	28.90	35.0

(2) Normative O&M Expenses allowed at the commencement of the control period, i.e financial year 2024-25 under these regulations, shall be escalated at the rate specified in the regulation 19 of these Regulations for the tariff period.”



Our Suggestion

Small Hydro Projects are in very remote locations. Getting skilled professionals from local is very difficult. We cannot outsource the experts from the local area as such experts are not available. As generation is seasonal, we need to hire skilled people from urban areas. Urban areas there will be demand for skilled professionals. SHP developers need to offer better salaries for these professionals to accept relocating themselves to remote locations. The cost of manpower is high in Small Hydro Project O&M activities. Considering this we humbly request the Honorable Commission to consider the O&M Expenses of Rs.45.0 lakhs for below 5 MW and Rs.35.0 Lakhs for 5 MW to 25 MW category for financial year 2024-25 with escalation of 5.89% per annum for tariff period.

Thanking you and hoping for your favorable consideration of our suggestions.

Yours sincerely,
For Venika Green Power Private Limited,

Authorised Signatory