



U.P. SUGAR MILLS  
COGEN ASSOCIATION

Ref. No.: 054/Cogen/2024

July 29<sup>th</sup>, 2024

To,

The Secretary,  
Hon'ble Central Electricity Regulatory Commission,  
3<sup>rd</sup> & 4<sup>th</sup> Floor, Chandralok Building,  
36, Janpath,  
**NEW DELHI**

**Sub.: Submissions by the U.P. Sugar Mills Cogen Association regarding Public Notice, dated 15.07.2024 on Determination of levellised generic tariff for First Year of Control Period under Regulation 8 of the CERC (Terms and Conditions for Tariff Determination from Renewable Energy Sources) Regulations, 2024**

Dear Sir,

We write with reference to the Hon'ble CERC Public Notice, dated 15.07.2024 in connection with determination of levellised Generic Tariff for the First Year of the CERC (Terms and Conditions for Tariff Determination from Renewable Energy Sources) Regulations, 2024, wherein our Association is also a stakeholder.

With reference to the subject matter, we are enclosing herewith our written submission with a request that this may please be taken on record for due consideration by the Hon'ble Commission.

Thanking you.

Yours faithfully,  
for U.P. Sugar Mills Cogen Association

(Deepak Gupta)  
Secretary General



Enclosure : As above

**U.P. SUGAR MILLS COGEN ASSOCIATION**

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**BEFORE THE HON'BLE CENTRAL ELECTRICITY REGULATORY COMMISSION,  
NEW DELHI**

**Notification Ref. No.: RA-14026(11)/4/2023-CERC**

**IN THE MATTER OF:**

**DETERMINATION OF THE LEVELLISED GENERIC TARIFF FOR THE FIRST YEAR OF THE CONTROL PERIOD UNDER REGULATION 8 OF THE CENTRAL ELECTRICITY REGULATORY COMMISSION (TERMS AND CONDITIONS FOR TARIFF DETERMINATION FROM RENEWABLE ENRGY SOURCES) REGULATIONS, 2024 AND SUBMISISONS THERE ON BY U.P SUGAR MILLS COGEN ASSOCIATION, LUCKNOW.**

**WRITTEN NOTE:**

1. The present written submissions are being filed in view of the liberty granted by this Hon'ble Commission pursuant to the Public Notice issued on 15.07.2024, inviting comments/ suggestions on the draft Proposal of RE Levellized Generic Tariff Order ("**draft Tariff Order**") for the first year of the control period under Regulation 8 of the Central Electricity Regulatory Commission (Terms and Conditions for Tariff Determination from Renewable Energy Sources) Regulations, 2024 ("**RE Tariff Regulations**").
2. U.P Sugar Mills Cogen Association (hereinafter referred to as "**UPSMCA**") is a representative body of sugar mills in the State of Uttar Pradesh. UPSMCA is registered under the Societies Registration Act, 1980, and has its registered office at 4th Floor, Room No. 403, Chintels House Trade Centre, 16, Station Road, Lucknow - 226001. UPSMCA comprises 43 members, all of whom are engaged in power generation through cogeneration power plants using bagasse as fuel.
3. That this Hon' ble Commission, in mandate under Regulation 8 (1) of the RE Tariff Regulations 2024, notified on 12.06.2024 is required to determine the generic tariff of the RE projects for the first year of the control period (i.e., from 01.07.2024 to 31.03.2025).



Accordingly, this Hon'ble Commission issued a Public Notice on 15.07.2024 along with a proposal for "Determination of levelled generic tariff for first year of control period" for FY 2024-25 to invite comments/ suggestions/ objections from the stakeholders.

4. The Tariff upon promulgation will be made applicable on the Renewable Energy Source based power plants including Bagasse – based cogeneration plants during the Control Period of the financial years 2024-2027.
5. It is respectfully submitted that the bagasse-based cogeneration plants significantly contribute to the promotion of the renewable energy sector. As sugarcane is a renewable crop that can be harvested annually, it provides a reliable and continuous source of energy. This assists in meeting the growing energy demands without relying on finite fossil fuels, thereby fostering the growth of renewable energy in various regions. Moreover, utilizing bagasse for electricity generation encourages investment in the renewable energy sector, leading to advancements in new technologies and infrastructure. This, in turn, creates job opportunities and stimulates economic growth within the country. Bagasse, thus, plays a crucial role in advancing the renewable energy sector by offering a sustainable, environmentally friendly, and economical energy source. Through these written submissions, UPSMCA aims to advocate for the interests of its constituent sugar mill members with bagasse-based cogeneration facilities concerning the draft RE Regulations. The present written submissions are limited to the issue of bagasse fuel price.

**Fuel Cost:**

6. The price of bagasse for first year of the Control Period i.e. financial year 2024 -25 has been specified as Rs. 2509/ MT for Uttar Pradesh under Clause Q(c) – 51 in the draft Tariff Order. It is submitted that even though the same is in accordance with Regulation 44(1) of the RE Tariff Regulations the price fixed by this Hon'ble Commission is not reflective of the actual market price. The price of Bagasse has to be matched with the prevailing market prices as derived from the open market sources.



7. The market price of Bagasse is influenced by demand and supply and goes as high as INR 3,000/MT. To substantiate the same, UPSMCA has in the past produced the invoices issued by sellers of bagasse and study report on the pricing of Bagasse as conducted by IIM Lucknow for FY 2022-23 before this Hon'ble Commission. Further, the Cabinet Committee on Economic Affairs on 21.02.2024 approved the Fair and Remunerative Price of sugarcane for Sugar season 2024-25 at INR 3400/MT for a basic recovery rate of 10.25%. Evidently, the price being considered by this Hon'ble Commission is not realistic and doesn't match the true market price. In view of the same, it is respectfully prayed before this Hon'ble Commission that the price of Bagasse to be matched with the prevailing price of at least i.e., Rs. 3000 per MT.
8. Determining the variable cost of bagasse based on its prevalent market price is the most accurate method to ascertain a fair and true value for fuel cost. While it is true that the market for bagasse is unorganized and its price is influenced by various local factors, a market mechanism does exist. For instance, in the state of Uttar Pradesh, the Uttar Pradesh Cooperative Sugar Factories Federation Ltd. facilitates the purchase of bagasse from sugar mills, providing a useful tool for ascertaining market rates for the relevant period.

The current price of bagasse, published on the Federation's website as of 15.07.2024, is annexed herein as **Annexure – 1**.

9. It can be seen from the same that, on average, the market price of bagasse has been in the range of Rs. 1920/MT to Rs. 3700/MT, and the weighted average price of bagasse works out to be Rs. 2810/MT.
10. The prices discovered by the Uttar Pradesh Cooperative Sugar Factories Federation Ltd. are in a similar range to the bagasse sales conducted by members of our organization in the open market for various alternate uses. The increased demand for bagasse has led to a substantial rise in its traded market price, which is significantly higher than the bagasse price of Rs. 2509 /MT proposed by the Hon'ble Commission in the Draft Tariff Order for the state of Uttar Pradesh.



11. Furthermore, we suggest that the Hon'ble Commission consider calling for material data such as the availability of bagasse, the bagasse price index, control factors, and other relevant details from the Commission for Agricultural Costs and Prices (CACP), New Delhi. It is understood that CACP collects such data from all sugar-producing states, sugar mills, and the Directorate of Sugar.
12. It is pertinent to mention that under Regulation 44(1) of the RE Tariff Regulations this Hon'ble Commission has the power to review the base price of the bagasse fuel price and modify the table of bagasse price as provided in Regulation 44(1). Accordingly, it is prayed that this Hon'ble Commission may consider the aforementioned submissions of UPSCMA and revise the bagasse fuel price being considered for determination of generic tariff order.
13. Further, this Hon'ble Commission may exercise its powers under Regulation 76 and Regulation 77 of the RE Tariff Regulations. Regulation 76 empowers this Hon'ble Commission to relax any provision of the RE Tariff Regulations and Regulation 77 empowers this Hon'ble Commission to remove difficulty which may arise in giving effect to the provisions of these regulations. It is a settled principle of law, that Commissions can exercise their power to relax to give effect to the provisions of the Electricity Act, 2003.
14. It is submitted that Section 61(d) of the Electricity Act, 2003 assures generators, such as members of UPSMCA, recovery of cost of electricity in a reasonable manner. Further, Section 61(e) provides rewarding efficiency in performance and Section 61(h) provides promotion of cogeneration of electricity from renewable sources of energy. It is, thus, prayed that this Hon'ble Commission reconsider the rate of bagasse fuel price being considered by it in the draft Tariff Order.
15. It is humbly submitted that the abovementioned proposals to the draft Tariff Order have been made keeping in mind the benefits and promotion of Bagasse-based cogeneration plants and to aid in recovery of costs incurred by them in generation of renewable power.
16. In our respectful submission, the determination of the bagasse price cannot disregard the fact that market prices have soared, and bagasse is increasingly being used for alternate




purposes. Therefore, we request the Hon'ble Commission to consider these facts while deciding on a fair and reasonable price for bagasse.

17. Such amendments/ modifications are necessitated to facilitate promotion of non-fossil fuel-based cogeneration plants as mandated under Section 61(h) of the Electricity Act, 2003, the National Electricity Policy and the Tariff Policy.

We request the Hon'ble to kindly take our submissions on record for due consideration.

for U.P Sugar Mills Cogen Association

  
( Deepak Gupta )  
Secretary General



Enclosure : Annexure -1



www.upsugarfed.org

उत्तर प्रदेश सहकारी चीनी मिल्स संघ लिमिटेड लखनऊ  
Uttar Pradesh Cooperative Sugar Factories Federation Ltd. Lucknow

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### Products & Byproducts

- Sugar
- Molasses
- Alcohol
- Bagasse
- Ethanol
- Pressmud Production

### Purchase Enquiry



### Bagasse List

Home > Bagasse List

Bagasse as on Date **15/07/2024**

Sr No	Factory Name	Opening Stock (in Qtls)	Sold Stock (in Qtls)	Balance Stock (in Qtls)	Last Sold Rate (in Rs./Qtls)
1	ANOOPSAHAR (ANOO)	0.00	0.00	0.00	275.00
2	BAGPAT (BAGP)	0.00	0.00	0.00	290.00
3	BELRAYAN (BELR)	0.00	50000.00	0.00	245.00
4	BILASPUR (BILA)	0.00	0.00	0.00	0.00
5	BISALPUR (BISA)	0.00	0.00	0.00	0.00
6	BADAUN (BUDA)	0.00	0.00	0.00	0.00
7	GAJRAULA (GAJR)	0.00	0.00	0.00	0.00
8	GHOSI (GHOS)	0.00	0.00	0.00	262.00
9	KAIMGANJ (KAIM)	0.00	0.00	0.00	0.00
10	MAHMUDABAD (MAHM)	0.00	0.00	0.00	192.00
11	MORNA (MORN)	0.00	15000.00	0.00	206.00
12	NANAUTA (NANA)	0.00	30000.00	0.00	313.00
13	NANAPRA (NANP)	0.00	0.00	0.00	0.00
14	POWAYAN (POWA)	0.00	0.00	0.00	0.00
15	PURANPUR (PURA)	0.00	0.00	0.00	209.00
16	RAMALA (RAMA)	0.00	25000.00	0.00	266.00
17	SAMPORNANAGAR (SAMP)	0.00	50000.00	0.00	243.00
18	SARSAWA (SARS)	0.00	5000.00	0.00	370.00
19	SATHA (SATH)	0.00	0.00	0.00	0.00
20	SATHIAON (SATN)	0.00	50000.00	0.00	231.00
21	SEMIKHERA (SEMI)	0.00	0.00	0.00	0.00
22	SNEH ROAD (SNEH)	0.00	35000.00	0.00	230.00
23	SULTANPUR (SULT)	0.00	0.00	0.00	210.00
24	TILHAR (TILH)	0.00	0.00	0.00	0.00
	<b>Total</b>	<b>0.00</b>	<b>260,000.00</b>	<b>0.00</b>	

