SISMA TN/CERC/89A/37/2025

June 17, 2025.

THE SOUTH INDIAN
SUGAR MILLS ASSOCIATION
(TAMIL NADU)

The Secretary
Central Electricity Regulatory Commission
6th-8th Floor, Tower B, World Trade Centre
Nauroji Nagar, New Delhi 110029

Dear Sir,

**Sub: Determination of levelised generic tariff for Second year of Control Period under Regulation 8 of the Central Electricity Regulatory Commission (Terms and Conditions for Tariff determination from Renewable Energy Sources) Regulations, 2024**

Ref: Your Public Notice No.RA-14026(11)/4/2023-CERC dated 11.06.2025

1. Kindly refer to the Public Notice cited in the reference inviting comments/ suggestions from the stakeholders for determining levelised generic tariff for the period 01.07.2025 to 31.03.2026.

2. We are an Association of private sector sugar mills in the State of Tamil Nadu. The members of our Association have established bagasse-based cogeneration plants in Tamil Nadu and have vital stakes in tariff determination for renewable energy. We hereby submit the following suggestions for your kind consideration.

**Past Representations**

3. We invite attention to our following representations in the matter of tariff determination in response to public notice issued by the Hon'ble Commission.

   (1) Our letter No.SISMA-TN/CERC/89A/17/2024 dated 06.03.2024
   (2) Our letter No.SISMA-TN/CERC/89A/45/2024 dated 31.07.2024

4. We however observe that our detailed representations had been neither considered by the Hon'ble Commission nor discussed in the final order passed.

"Karumuttu Centre" II Floor, No. 634, Anna Salai, Nandanam, Chennai - 600 035.
Phone : 2434 9619 / 4853 0905 Email : sisma@sismatn.org
Website : www.sismatn.org

5. In Particular, bagasse price fixation does not reflect the prevailing market price of bagasse in the State of Tamil Nadu that is clearly opposed to the basic tenet of tariff determination. Since the price fixed by the Hon'ble Central Commission *ipso facto* becomes the norm for the State Commissions to follow, our members have been put to undue hardship because of low price considered for bagasse price in Tamil Nadu.

6. We would once again like to reiterate our submissions underlining the inadequacy and inaccuracy in reckoning bagasse price for Tamil Nadu region and request the Hon'ble Commission to consider the same on urgent basis.

**Bagasse price for different States**

7. The Hon'ble Commission in para-51 of the draft proposal proposed bagasse fuel price for different States for the second year of the control period. Sugarcane crushing, that in turn yields bagasse for cogeneration, is dominated by UP and Maharashtra, followed by Karnataka. Tamil Nadu is fourth in rank but its share has considerably come down in recent years due to recurring drought. We have given Table furnishing year wise figures in our earlier letter dated 31.07.2024 and the position has only worsened further for Tamil Nadu since then.

8. We observe from the draft proposal in para-51 that Karnataka is grouped along with 'other States' though it is a much bigger producer than Tamil Nadu. Further, bagasse price proposed for the second year of control period is as under:

| *State* | *Rs/ MT* |
|---|---|
| UP | 2595.56 |
| Maharashtra | 3260.74 |
| Karnataka | 2816.94 |
| Tamil Nadu | 2506.59 |

9. We have repeatedly drawn the attention of the Hon'ble Commission to this discriminatory treatment in bagasse price fixation for Tamil Nadu. As a matter of fact, the steep decline in sugarcane over the last ten years and more has led to considerable shortage in availability of by-products such as molasses and bagasse in our State. In view of such short supply, the prices for these by-products in Tamil Nadu have moved considerably to much higher levels compared to other large producing States like UP and Maharashtra.

10. In such a scenario, there is no rationale for considering bagasse price at the lowest level for Tamil Nadu region where in fact by-product realization that includes bagasse price is much higher compared to States like Maharashtra and Karnataka.

11. Further, the Hon'ble Commission did acknowledge in its 2024 Regulations that it may review the bagasse price based on study, consequent to which the table of bagasse price as provided in the Regulations shall stand modified. We have also represented periodically that such a study be expedited so that current market price in Tamil Nadu is determined based on field study and adopted for tariff fixation. We however regret that this has not been done till date. But we submit this shall not stand in the way of Hon'ble Commission re-determining the bagasse price for Tamil Nadu based on verifiable and credible data submitted by our Association.

**Market price for bagasse in Tamil Nadu**

12. As stated above, the market price for bagasse in Tamil Nadu has considerably gone up in the last couple of years owing to shortage of sugarcane and increasing demand for bagasse from pulp and paper industry where several players have expanded their capacity.

13. We submit that based on clear principles laid down by the Hon'ble Appellate Tribunal for Electricity, it would be just, fair and equitable to adopt bagasse value based on prevailing market price of bagasse or on the basis of equivalent heat value method for coal, whichever is higher.

14. We give below particulars of the quantities, quality and cost of imported coal consumed by Ponni Sugars (Erode) Ltd, one of our members for FY 2024-25.

***Month-wise Coal consumed and related Calorific Value and Price of Bagasse on Equivalent Heat Value Method From April 2024 to March 2025***

| *Month* | *Qty (M.T)* | *Cost Rs/ t* | *Total Value (in Rs)* | *AV GCV* | *GCV Bagasse per Tariff order* | *Equivalent value for Bagasse (Rs/ t)* | *Boiler Efficiency on Coal %* | *Boiler Efficiency on Bagasse %* | *Equivalent Bagasse value (Rs/ t)* |
|---|---|---|---|---|---|---|---|---|---|
| Apr-24 | 1916 | 9598 | 18389944 | 4674 | 2250 | 4620 | 80 | 71 | 4100 |
| May-24 | 380 | 9610 | 3655817 | 4675 | 2250 | 4625 | 80 | 71 | 4105 |
| Jun-24 | | 0 | 0 | 0 | 2250 | 0 | 80 | 71 | 0 |
| Jul-24 | 1067 | 9483 | 10121577 | 4550 | 2250 | 4689 | 80 | 71 | 4162 |
| Aug-24 | 1426 | 9567 | 13640765 | 4521 | 2250 | 4761 | 80 | 71 | 4225 |
| Sep-24 | 1330 | 9292 | 12363051 | 4556 | 2250 | 4589 | 80 | 71 | 4073 |
| Oct-24 | 1352 | 9305 | 12578565 | 4534 | 2250 | 4618 | 80 | 71 | 4098 |
| Nov-24 | 435 | 9123 | 3970707 | 4438 | 2250 | 4625 | 80 | 71 | 4105 |
| Dec-24 | 1474 | 9104 | 13418771 | 4483 | 2250 | 4569 | 80 | 71 | 4055 |
| Jan-25 | 942 | 9105 | 8576084 | 4468 | 2250 | 4585 | 80 | 71 | 4069 |
| Feb-25 | 1458 | 9050 | 13192107 | 4480 | 2250 | 4545 | 80 | 71 | 4034 |
| Mar-25 | 2695 | 8890 | 23959089 | 4452 | 2250 | 4493 | 80 | 71 | 3987 |
| **Average** | **14476** | **9247** | **133866477** | **4525** | **2250** | **4598** | **80** | **71** | **4081** |

As per this, bagasse price based on coal equivalent calorific value is Rs.4081/ MT for FY 2024-25.

15. Tamil Nadu Newsprint and Papers Limited (TNPL), a Government of Tamil Nadu company, procures bagasse from our member sugar mills, such as Ponni Sugars (Erode) Ltd, EID Parry (India) Ltd and Sakthi Sugars Ltd on regular basis. In fact, bagasse occupies 65% of the share in their raw material procurement. Copy of purchase order issued by TNPL to Ponni Sugars (Erode) Ltd for 18.890 MT at the rate of Rs.4000/ MT is attached in substantiation of market price for bagasse in Tamil Nadu in FY 2024-25.

16. We submit that TNPL procures bagasse from Sakthi Sugars – one of our members on barter basis. The average value assigned for bagasse for Appakudal unit of Sakthi sugars is Rs.4,232/ MT and Sivaganga unit is Rs.4633/ MT during 2024-25.

17. We submit that in the light of detailed justification given above, the Hon'ble Commission may adopt bagasse price at not less than Rs.4000/ MT for FY 2024-25 and by applying appropriate escalating rate thereon determine the bagasse price for the second year of control period.

**Annual escalation for fuel cost**

18. We have already represented in March '24 that lowering the annual escalation for fuel cost, as opposed to an upward revision in the escalation of O&M expense is inconsistent, unfair and unrealistic. While the annual escalation for O&M expenses has been increased from 3.84% to 5.89% per annum, it has been lowered in the case of fuel cost from 5% to 3.45% per annum.

19. In fact, fuel cost has been more volatile that vitally impacts viability of power generation. Fuel being the dominant part of variable cost would require timely and adequate compensation for overall cost recovery within the tariff period. In the absence of empirical data and compelling rationale, we submit that normative fuel cost escalation shall continue to be maintained at 5% per annum.

20. We would furnish any additional information/ clarification that the Hon'ble Commission may require, given reasonable opportunity and time. It is once again most respectfully submitted that this Hon'ble Commission may give an opportunity for personal hearing through video conference and fix tariff for Tamil Nadu upon due consideration of factors mentioned hereinabove.

Thanking you,

Yours faithfully,

S CHELLAPPA
SECRETARY

# PONNI SUGARS (ERODE) LIMITED

Factory & Admin. Office : Odapalli Cauvery RS (Po),
Komarapalayam TK, Namakkal DT., Erode - 638007
Phone : 247351 (5 Lines) Fax : (04289) 247351 E-mail: sales@ponnisugars.com
Web : www.ponnisugars.com CIN:L15422TN1996PLC037200 FSSAI No: 10013042000743

GST NO.: 33AACCP2779A1ZQ

## TAX INVOICE
(under GST Rules 2017)

| | | | | | |
|---|---|---|---|---|---|
| **Invoice No :** | **BA000390** | PO No : | 232415010316 | E-Way Bill No: | |
| **Invoice Date:** | **09/09/2024** | PO Date | 06/02/2024 | Transportation Mode: | Road |
| **IRN :** | 82f6b3bf26bbe921fbe9ad0b7452d40858d2b0799aa583b77c9f5529cea60094 | | | Vehicle No. : | TN30Y3688 |

| **Name & Address of the Buyer :** | **Consignee / Delivery Address :** |
|---|---|
| Customer Code : BA0003<br>TAMILNADU NEWSPRINT AND PAPERS LTD<br>KAGITHAPURAM<br>PUGALUR<br>KARUR<br>639136 Tamil Nadu<br>GSTIN: 33AAACT2935J1ZF | TAMILNADU NEWSPRINT AND PAPERS LTD<br>KAGITHAPURAM<br>PUGALUR<br>KARUR<br>639136 Tamil Nadu<br>GSTIN: 33AAACT2935J1ZF |

| No | Description of Goods | HSN Code | Quantity | UOM | Rate(Rs.) | Value(Rs.) |
|---|---|---|---|---|---|---|
| 1 | BALED BAGASSE | 23032000 | 18.890 | MTS | 4000.00 | 75560.00 |

| | | |
|---|---|---|
| **Freight** | | 0.00 |
| **Taxable Value** | | 75560.00 |
| **CGST** | 2.50% | 1889.00 |
| **SGST** | 2.50% | 1889.00 |
| **IGST** | 0.00% | |
| **R.Off** | | 0.00 |
| **Total Invoice Value** | | 79338.00 |

**Rupees in words**

SEVENTY-NINE THOUSAND THREE HUNDRED THIRTY-EIGHT ONLY

Cerified that the particulars given above are true and correct and the amount indicated represents the price actually charged and that there is no flow of additional consideration directly or indirectly from the buyer.

**Bank Details: IDBI Bank Ltd, Branch: Erode, CC A/c No: 120655100000028, IFSC: IBKL0000120**

**Terms and Conditions:**

1. Our Responsibility ceases absolutely as soon as goods leave our permises.
2. Interest @24% PA will be charged if payment is not made within 15 days from the date of invoice.
3. Subject to Tiruchengode Jurisdiction.

For PONNI SUGARS (ERODE) LIMITED

Signature valid
Digitally signed by MAHAPPA GOUNDER SUBRAMANIAN
Date: 2024.09.10 02:26:03 AM +05:30
**Authorized Signatory**

**Registered Office: Esvin House, Perungudi, Chennai-96**