

No.N/102/11

**BEFORE THE KARNATAKA ELECTRICITY REGULATORY COMMISSION,
BANGALORE**

Dated : 7th February, 2013

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| 1. Sri M.R. Sreenivasa Murthy | Chairman |
| 2. Sri Vishvanath Hiremath | Member |
| 3. Sri K. Srinivasa Rao | Member |

OP No. 52/2011

BETWEEN:

Parry's Sugar Industries Ltd.
Venus Building, 3rd Floor
1/2, Kalyanamantapa Road
Jakkasandra, Koramnagala
BANGALORE – 560 034

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Petitioner

[Represented by M/s.Shridhar Prabhu Associates, Advocates]

AND

Hubli Electricity Supply Company Limited
P.B.Road, Navanagar
HUBLI – 580 029

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Respondent

[Represented by M/s.Justlaw, Advocates]

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1) This Petitioner had filed the above Petition before this Commission seeking a direction to the Respondents to grant Open Access and to pay Rs.5.50 per Unit for the electricity generated and fed into the Grid during the period when its Open Access Application was under consideration.

2) This Petition came to be disposed of by this Commission on 24.5.2012. While disposing of the Petition, the Commission took note of the clearance already given for Open Access and did not order any payment on the energy

pumped into the Grid by the Petitioner between 23.10.2012 and 3.11.2012, on the ground that there was no Application actually filed by the Petitioner for that period.

3) Aggrieved by this Commission's Order, the Petitioner filed an Appeal before the Hon'ble Appellate Tribunal for Electricity (ATE) in Appeal No.140/2012. The Hon'ble ATE, vide its Order dated 27.9.2012, allowed the Appeal in part and directed this Commission to determine the variable price for the electricity generated and pumped into the Grid by the Petitioner during the intervening period and pass consequential order within one month.

4) Pursuant to the directions of the Hon'ble ATE, a fresh Notice was sent to the parties. The Petitioner, in support of its claim for cost, has filed Certificates of its Chartered Accountant dated 23.10.2012 and 3.11.2012, wherein the variable cost of power in the months of November and December, 2012 has been calculated as per the CERC (Terms and Conditions for Tariff Determination from Renewable Sources) Regulations, 2012. The Petitioner has filed a copy of the said CERC Regulations and also the Order dated 18.6.2009 of this Commission in OP No.31/2008.

5) The Counsel for the Respondent has filed the generic Tariff Order passed by this Commission on 29.3.2012 relating to re-determination of the capital cost for Co-generation Plants, pursuant to the Orders of the Hon'ble ATE.

6) We have heard the Counsel appearing for both the parties and have also considered the material produced both by the Petitioner as well as by the Respondents.

7) As per the directions of the Hon'ble ATE, this Commission is required to compute the energy injected into the Grid from 3.11.2011 to the date of grant of 'NOC' for Open Access, in accordance with the Regulations framed by this Commission, and in the absence thereof, as per the Regulations of the CERC.

8) The variable cost of Co-generation Plants using Bagasse has already been determined by this Commission in its Order dated 11.12.2009 while determining the overall tariff payable for Co-generation Plants. The said Order has been affirmed by the Hon'ble ATE in Appeal No.148/2010, vide its Order dated 5.4.2011, except regarding the Capital cost adopted by this Commission. Pursuant to the said order of the Hon'ble ATE in the above-said Appeal, this Commission has re-determined the Capital cost and has re-fixed the Tariff payable to the Co-generation Plants from Rs.3.59 per Unit to Rs.3.90 per Unit.

10) In the above Order, while determining the variable cost, this Commission has approved the fuel price of the Bagasse at Rs.1025/- per MT with 5% per annum escalation. Further, this Commission has specified the specific consumption of Bagasse at 1.6 Kg per Unit and the auxiliary consumption at 8%.

11) Taking the above parameters adopted by the Commission which have been approved by the Hon'ble ATE, the variable cost for the period November, 2011 and December, 2011 works out to Rs.1.87 per Unit, including the auxiliary consumption at 8% $[(1.025 \times 1.6 \times 1.05)/0.92] = \text{Rs.1.87 per Unit.}$

12) Accordingly, this Commission directs Respondent No.1 to pay to the Petitioner the variable cost at Rs.1.87 (Rupee One and Paise Eighty Seven only) per Unit for the energy pumped into the Grid between 3.11.2012 and 20.12.2012.

13) As this Commission has already determined the variable chargers payable to the Co-generation Plants, in our view, it is not necessary for us to go into the calculations filed by the Petitioner on the variable cost or the Regulations of the CERC.

14) Accordingly, in modification of the Order dated 24.5.2012 of this Commission, we direct Respondent No.1 to pay to the Petitioner, for the energy delivered during the period from 3.11.2011 till the date of grant of 'NOC' for Open Access, at the rate of Rs.1.87 (Rupees One and Paise Eighty Seven only) per Unit, within 4 (four) weeks from the date of this Order.

Sd/-
(M.R. SREENIVASA MURTHY)
CHAIRMAN

Sd/-
(VISHVANATH HIREMATH)
MEMBER

Sd/-
(K.SRINIVASA RAO)
MEMBER