

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

Dated : 5th December, 2017

Present:

Shri M.K. Shankaralinge Gowda	..	Chairman
Shri H.D. Arun Kumar	..	Member
Shri D.B. Manival Raju	..	Member

O P No. 22/2016

BETWEEN:

Unnathi Projects Ltd.,
10th Floor, Tower Block, Unity Buildings,
J C Road, Bengaluru- 560 002

..

PETITIONER

[Represented by Shri S Srinivasa Murthy, Advocate]

AND:

Bangalore Electricity Supply Company Limited,
K.R. Circle,
Bengaluru – 560 001

..

RESPONDENT

[Represented by Just Law, Advocates]

O P No. 23 / 2016

BETWEEN:

Unnathi Projects Ltd.,
10th Floor, Tower Block, Unity Buildings,
J C Road, Bengaluru- 560 002

..

PETITIONER

[Represented by Shri S Srinivasa Murthy, Advocate]

AND:

Bangalore Electricity Supply Company Limited,
K.R. Circle,
Bengaluru – 560 001

..

RESPONDENT

[Represented by Just Law, Advocates]

O P No. 24 / 2016**BETWEEN:**

Unnathi Projects Ltd.,
10th Floor, Tower Block, Unity Buildings,
J C Road, Bengaluru- 560 002 ..

PETITIONER

[Represented by Shri S Srinivasa Murthy, Advocate]

AND:

Bangalore Electricity Supply Company Limited,
K.R. Circle,
Bengaluru – 560 001 ..

RESPONDENT

[Represented by Just Law, Advocates]

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COMMON ORDER

- 1) These three Petitions involve similar questions of law and facts and the parties are also the same. Hence, this common Order is being passed. The common Petitioner has prayed for Project-specific tariff in these Petitions from the eleventh year of the Commercial Operation Date of each of its three projects and alternatively permit it to stop supply to the Respondent allowing it to use the power generated for own use or for sale to third parties.
- 2) For the disposal of the above cases, the material facts urged by the Petitioner may be stated as follows:
 - (a) That the Government of Karnataka by its Order No.DE 98 NCE 2000 dated 10.7.2000 had accorded sanction to the proposal of the Enercon (India)

Limited (hereinafter referred as Enercon) for installation of Wind Energy-based Power Generating Stations totally of 110 MW capacity at Chitradurga Wind Zone, Chitradurga District. That out of the said 110 MW capacity allotted to Enercon, the Government of Karnataka by three separate orders dated 24.11.2004 transferred 0.80 MW, 1.80 MW and 0.60 MW capacities to the Petitioner in the said Wind Zone, within the limits of Ittegehalli, Lakkihalli and Elladakere villages of Chitradurga District.

- (b) That the Petitioner had entered into an agreement for Operating and maintaining the wind farms with Enercon.
- (c) That the Petitioner executed three Power Purchase Agreements (PPAs) dated 28.03.2006 and 27.02.2006, with the common Respondent-Bangalore Electricity Supply Company Limited (BESCOM), in respect of the above three Wind Energy Projects. That in OP No. 22/2016 the plant of 0.8 MW capacity was commissioned on 31.03.2006, in OP No. 23/2016 the plant of 1.8 MW capacity was commissioned on 30.03.2005 and in OP No. 24/2016 the plant of 0.6 MW capacity was commissioned on 23.03.2005. That the tariff agreed was Rs. 3.40 per unit for the first ten years from the Commercial Operation Date (COD) in all the three PPAs.
- (d) That the projects have completed the first 10 year term and as per Article 5.2 of the PPAs, from the 11th year onwards from the COD, the BESCOM has to

pay to the Petitioner for the energy delivered at the Metering Point, at a rate determined by the Commission.

- (e) That the Capital cost incurred and the average Plant Load Factor (PLF) achieved by each of the Wind Power Projects for the last ten years from the COD are as follows:

OP No.	Wind Power Project (Capacity in MW)	Average PLF (Percent)	Capital Cost (Rs.)
22 / 2016	0.80	18.99	483 lakhs/MW
23 / 2016	1.80	20.66	575 lakhs/MW
24 / 2016	0.60	22.17	575 lakhs/MW

- (f) When the period of ten years from the COD was about to expire, the Petitioner had filed these three Petitions before this Commission, seeking determination of levelized tariff of Rs.5.24 per unit for the said Wind Power Projects, from the eleventh year onwards from the COD for the next ten years of the PPAs.
- (g) It is the contention of the Petitioner that this Commission had issued generic Tariff Order dated 18.1.2005 in respect of the Renewable Sources of Energy. That the said Order was made applicable to all the new Projects entering into PPAs filed before this Commission on or after 10.6.2004, for a period of ten years from the date of the COD of the Projects. That in respect of the

Wind Power Projects, the tariff determined was at Rs.3.40 per unit, without any escalation for the first ten years from the COD.

(h) That in respect of the Wind Power Projects in the above Order, the Commission had adopted the following parameters:

- | | | | |
|------|-------------------------|----|---------------------|
| (i) | Project Cost | .. | Rs.425 Lakhs per MW |
| (ii) | Plant Load Factor (PLF) | .. | 26.5% |

(j) The Petitioner has stated that, it had incurred a higher Project Cost and could achieve lesser average PLF in the three Wind Power Projects. The summary of the operational and financial parameters assumed in the generic Tariff Order dated 18.1.2005 relating to the Wind Power Projects and the actuals of these parameters relating to the Petitioner's Projects as indicated in the Petitions are as follows:

Parameters	Assumptions in KERC RE Tariff Order dated 18.01.2005	Assumptions taken by the Petitioner for proposed tariff	Remarks for deviation
1	2	3	4
Capital Cost	Rs.425 Lakhs per MW	Rs.483 Lakhs per MW in OP 22/2016 Rs.575 Lakhs per MW in OP 23/2016 Rs.575 Lakhs per MW in OP 24/2016	The Petitioner has considered the actual values.
PLF	26.5%	18.99% (in OP 22/2016)	The Petitioner has considered the actual average values achieved

		20.66% (in OP 23/2016) 22.17% (In OP 24/2016)	in the last 9 years.
Useful Life	20 years		
Debt Equity Ratio	70 : 30	70 : 30	-
Term of Loan (in years)	10	10	-
Interest Loan	11%	11% (first 10 years) 12.5% (beyond FY 2015-16)	For period beyond FY 2015-16, the rates specified in the latest Wind Tariff Order dated 24.02.2015 has been considered.
Return Equity	16% post tax	16% post tax	-
Depreciation	7% (SLM) for 10 years from COD	7% (SLM) for 10 years from COD and 2% for the remaining 10- year period.	-
O&M expense per annum	1.25% of the Project Cost with an annual escalation of 5%.	First 2 years- free 3 rd to 10 th year – Rs.4.41 Lakhs/WEG with escalation of 5 % per annum. Beyond 10 th year, Rs.11 Lakhs per WTG with an escalation of 5.72% per annum.	For first 10 years as per existing agreement with ENERCON. Beyond 10 years as anticipated in the market and other wind energy associations.
Interest on Working Capital	12.5%	12.5% for first 10 years. 13.0% for period beyond FY 2015-16	For period beyond FY2015-16, the interest rate has been taken as in the latest Wind Tariff Order dated 24.02.2015 issued by the Commission.
Overhauling Cost	N.A.	Rs.25 Lakhs / WEG (onetime expense	Overhauling is required after 10 years of operation.

		anticipated).	
Tariff	Rs.3.40 per KWhr for first 10 years	Rs. 5.24 per unit from the 11 th year of COD.	Levelized tariff for 20 years covers the tariff required for remaining period of useful life.

The Petitioner has thus prayed for a levelized tariff of Rs.5.24 per unit for the said Wind Power Projects from the eleventh year of the COD.

3) On issuance of Notice, the Respondent has appeared through its counsel and filed its Statements of Objections in respect of all the three Petitions, which are similar. The gist of the said Objections may be stated as follows:

(a) That the execution of the PPAs and supply of energy at the rate of Rs.3.40 per unit from the respective CODs are not in dispute.

(b) That the issue of determination of tariff from the eleventh year onwards from the COD for the Renewable Energy Projects has already been covered by various Judgments / Orders of the Hon'ble Supreme Court, Hon'ble Appellate Tribunal for Electricity (ATE) and this Commission. That in OP No.2/2011 in the matter of *MPPL Renewable Energy Private Limited –Vs- MESCOM and others*, and in OP Nos.3 to 5/2016 in the matter of *India Power Corporation Ltd vs BESCO*, this Commission has decided the said issue. That the prayer sought for by the Petitioner is untenable, as it seeks to modify the terms of a concluded contract.

- (c) That if a relief for determination of a Project-specific tariff, as sought for by the Petitioner were to be granted, it would result in flooding of cases for determination of tariff, which is impractical and unworkable. That the tariff fixed is based on the standard investment and technical parameters determined by this Commission after hearing the stakeholders.
- (d) That a party who has agreed and entered into a contract at a generic single part tariff, cannot later contend that he is entitled for re-fixation of the tariff based on a statement that he has invested certain amounts for putting up a Power Plant, other than the sums assumed in the generic Tariff Order.
- (e) That from the eleventh year onwards of the PPAs, the last paid tenth year tariff would be applicable and this issue has been gone into by this Commission in the matter of the *MPPL Renewable Energy Private Limited-Vs-MESCOM and others* and in the *India Power Corporation Ltd vs BESCO*.
- (f) The Respondent has denied that, the Petitioner has incurred high expenses towards the Project Cost and higher cost in respect of the other financial parameters.
- (g) That the failure of the Petitioner to achieve the PLF of 26.5%, as determined by this Commission vide Order dated 18.01.2005, cannot be termed as a ground for revision of tariff. That the contention of the Petitioner that this

Commission has not dealt with the issue of achievable PLF in the area where the Petitioner has been operating, is untenable, inasmuch as this Commission cannot take into consideration the PLF that can be achieved by each individual generating unit. That the averment of the Petitioner that the its Projects have completed ten years from the COD, and therefore, there is need for revising the tariff for the next ten years on the basis of the actual results achieved by the Petitioner during the last ten years, is absurd and, therefore, denied.

- (h) That the Petitioner at the time of entering into the PPAs, was virtually aware of the tariff that was applicable and the Project Cost that was to be incurred. Therefore, the Petitioner cannot, at this belated stage, contend that there is a deviation in the Capital Cost parameters and it needs revision of tariff. That the request for re-fixation of the tariff is a mere afterthought, with a motive of unjustly enriching itself at the cost of the consumers and it ought to be denied.
 - (i) The Respondent has denied the veracity and the authenticity of the documents produced by the Petitioner. The Respondent has, therefore, prayed for dismissal of the Petition.
- 4) The Petitioner has filed Rejoinder to the Statement of Objections of the Respondent, denying the contentions raised by the Respondent. It is stated that,

as per Article 5.2 of the PPA the Petitioner is entitled to seek revision of tariff and the cases relied on by the Respondent have no relevance, as facts of its case are different. It is submitted that the generic tariff order dated 11.12.2009 is not applicable to the Petitioner's projects, as the 10th year, in respect of its projects has elapsed after the control period of the said Order. It is also submitted that, although the parameters for fixing the tariff are by and large still valid, the variable factors which go into the determination of tariff have changed over a period of ten years from the date of passing of the 2005 generic Tariff Order. That the Commission, in the Order dated 05.01.2017 in OP Nos. 3 to 5/2016 has held that the PPA holders can seek project specific tariff from the 11th year onwards from the COD. The Petitioner has further stated that, it is perfectly justified in seeking a rate hike considering the loss suffered by it in the past 10 years. It is stated that the Petitioner is incurring cost of Rs.5.32 per unit for generating power from the projects and the tariff of Rs.3.40 per unit is unviable. The Petitioner has prayed for allowing its prayer for a hike in the tariff.

- 5) We have heard the learned counsel for the parties. On the basis of the pleadings on record and the submissions made before us, the following issues would rise for our consideration:

- (1) Whether the Petitioner is entitled to seek Project-specific tariff for its Projects from the eleventh year onwards from the COD of the said projects?
 - (2) If Issue No. (1) is answered in the affirmative, what should be the tariff from the eleventh year onwards from the Commercial Operation Date?
 - (3) What Order?
- 6) After considering the material on record and the oral submissions made by the parties, our findings on the above issues are as follows:
- 7) **ISSUE No. (1):** *Whether the Petitioner is entitled to seek Project-specific tariff for its Projects from the eleventh year onwards from the COD of the said projects?*
- (a) The Respondent has contended that, this Commission has decided in the case of *MPPL Renewable Energy Private Limited-Vs- MESCOM and others* that, the tenth year tariff would apply to the eleventh year onwards for the remaining period of the PPA and therefore the present Petitions are not maintainable. On the other hand, the Petitioner has contended that, the present Petitions for determination of tariff are maintainable.
 - (b) In the case of the *MPPL Renewable Energy Private Limited-Vs- MESCOM and others*, Article 5.2 of the PPA, therein, provided that, "From the eleventh year from the date of signing of the Agreement, the Corporation

shall pay to the Company for the energy delivered at the Metering Point at a rate agreed by mutual negotiations. In case the parties do not arrive at a mutual agreement on the tariff, the Company shall be permitted to sell power to third parties.” In that case, there was no agreement between the parties regarding the tariff payable from the eleventh year onwards, therefore, the Generator contended that the PPA had come to an end upon expiry of the first ten years, though the term of the PPA was for twenty years. This Commission has held in that case that, the parties cannot agree or disagree regarding the tariff payable from the eleventh year onwards and that it is the exclusive jurisdiction of the Commission to determine the tariff and that, as per the generic Tariff Order dated 11.12.2009, the tenth year tariff would be applicable for the next ten years of the PPA for all Renewable Energy Projects.

- (c) The relevant portion of Article 5.2 of the PPAs in the present cases states that, *“From the 11th year onwards, from the Commercial Operation Date, BESCO shall pay to the Company for the energy delivered at the Metering Point at a rate determined by the Commission. In case BESCO is unwilling to purchase the power at the rates determined by the Commission, the Company shall be permitted to sell energy to third parties...”*.

- (d) While determining the generic tariff in respect of Renewable Sources of Energy by Order dated 11.12.2009, this Commission had determined the tariff for the existing Plants which have completed ten years of the PPA period. The finding of this Commission reads thus:

“In view of the fact that, after completion of 10 years debt servicing will have been fully met and the only increase (marginal) would be in respect of O&M expenses, but at the same time the opportunity cost of the power has gone up, the Commission decides to allow the rate equal to the rate at the end of the tenth year, without escalation for the next ten years for all renewable projects. This tariff is also applicable to such PPAs in which ten years period is already completed but no tariff has been determined.”

- (e) In the generic Tariff Order dated 11.12.2009, while determining the tariff of the existing Plants which have completed ten years of the PPA period, the Commission had assumed that, the material parameter, viz., the PLF of the Project, remained unchanged. In the present cases, the Petitioner has contended that, in respect of all the three Projects, there was significant decrease in the PLF achieved. It cannot be denied that the PLF has a major impact on the total energy generation and thereby affects the total revenue recovery of a Project. In the generic Tariff Order dated 18.01.2005, the PLF assumed for the Wind Power Projects was 26.50%. Whereas, the Petitioner has contended that its Project had achieved the average PLF of 18.99%, 20.66% and 22.17%, respectively. The Petitioner has also contended

that, it had incurred a higher Project Cost as against the Project cost of Rs.425 Lakhs per MW assumed in the generic Tariff Order dated 18.01.2005.

- (f) The Respondent has not denied the average PLF achieved by the Petitioner's Projects, which are based on the total energy sold to the Respondent prior to the filing of these Petitions for nearly 9 years. We are of the considered opinion that when there is a substantial variation in the assumed PLF in determination of generic tariff which is adopted, in respect of a project, the developer is entitled to seek the determination of Project-specific tariff. There is no prohibition in law on the power of this Commission to undertake such determination of the Project-specific tariff. Therefore, we answer Issue No. (1) in the affirmative.

- 8) **ISSUE No. (2):** *If Issue No. (1) is answered in the affirmative, what shall be the tariff from the eleventh year onwards from the Commercial Operation Date?*

- (a) Now, we shall examine the assumptions of different financial and operating parameters pleaded by the Petitioner to be adopted for the determination of the tariff from the eleventh year onwards from the COD.

- (i) Capital Cost:

As against Rs.425 Lakhs per MW assumed in the generic tariff Order, the Petitioner has stated that it has spent Rs.483 Lakhs per MW in

OP No.22/2016 and Rs.575 Lakhs per MW in OP Nos. 23 & 24/2016. In support of its contention, the Petitioner has produced the details of the invoices statedly issued by the Enercon for the sale of Wind Turbine Converters (WTCs) and for charges towards erection and commissioning of the WTCs. The Respondent has denied the Project Cost stated to have been incurred by the petitioner. In such an event, we hold that mere production of invoices is not sufficient. The Petitioner should furnish evidence to show that amounts had been actually paid as per these invoices. But, no such evidence is produced by the Petitioner. When the Petitioner has pleaded that, actually it had incurred Rs.483 Lakhs per MW and Rs.575 Lakhs per MW towards the Capital Cost, it had to prove the same by producing proper evidence. But, no such evidence is forthcoming. Further, the higher price paid or cost increased needs to be explained and justified to prove that there was no lack of diligence or prudence by the Petitioner. Hence, the Project cost, pleaded by the Petitioner, cannot be accepted.

(ii) PLF:

As already noted, the Petitioner has pleaded that the Projects achieved 18.99% (in OP No.22/2016), 20.66% (in OP No.23/2016) and 22.17% (in OP No.24/2016). These figures are based on the average annual sales to the Respondent from the Projects. Therefore, we find

no reason to differ from the PLF achieved from the different Projects of the Petitioner.

(iii) Interest on Loan:

The Petitioner has assumed 12.5% per annum as interest on loan from FY 16-17 onwards. The said rate is assumed by the Petitioner on the basis of the rate considered in the Tariff Order dated 24.2.2015. In the Tariff Order dated 18.1.2005, the interest on loan was considered at 11% per annum. The present trend shows that, the rate of interest on loan is falling below 11%. We note that in the present cases, the loan component does not exist after ten years from the COD. Hence, the rate of interest on loan is not a relevant factor.

(iv) O & M expenses :

The Petitioner has considered the O&M expenses for the eleventh year based on Circular No.144/2015 dated 09.05.2015 of the WPA, which states that, the maintenance charge per WTG for one year from 1.4.2015 shall be as follows :

- (i) For 600 kW machine .. Rs.8 Lakhs per year
- (ii) For 800 kW machine .. Rs.11 Lakhs per year

In the generic Tariff Order dated 24.02.2015, the O&M expenses of Rs.9.51 Lakhs per MW for the year 2013-14 is allowed, subject to an escalation of 5.72% per annum. At this rate, the O&M expenses for FY 16-17 works out to Rs.11.14 Lakhs per MW. We do not find any valid reason for allowing a higher O&M cost as claimed by the Petitioner. In the O&M expenses in the generic Tariff Order dated 24.02.2015, the O&M expenses were allowed based on the feedback received from the stakeholders. Therefore, we decide to take Rs.11.14 Lakhs per MW as the O&M expenses from FY 16-17 for the Petitioner's Projects, with an escalation of 5.72% per annum.

(v) Interest on Working Capital:

The Petitioner has claimed 13% per annum towards interest on Working Capital for the period beyond FY 15-16. As already noted above, as the short-term lending rate of interest is falling, we think it proper to retain 11% per annum as interest on Working Capital.

(vi) Overhauling Cost:

The Petitioner has claimed Rs.25 Lakhs per WTC as one-time expenditure towards the anticipated overhauling expenses. As per the accepted norm, the O&M expenses allowed would include the repairs and overhauling expenses also. Therefore, we do not find any justification to allow a separate overhauling cost.

- (b) While determining the tariff for electricity from the Renewable Sources of Energy, this Commission shall be guided by the principles and methodologies, if any, specified by the Central Electricity Regulatory Commission (CERC), the National Electricity Policy and the Tariff Policy. The proviso to Regulation 7(b) of the CERC (Terms and Conditions for Tariff Determination from Renewable Energy Sources) Regulations, 2012 provides that, the financial norms as specified under Chapter 2 of these Regulations, except for the Capital Cost shall be the 'ceiling norms' while determining the Project-specific tariff. The same principle is also adopted by the CERC in the Regulations framed for the earlier tariff periods. Therefore, this Commission is of the view that, the financial norms adopted by this Commission in its generic Tariff Order dated 24.02.2015 for the Wind Power Projects, have to be treated as the 'ceiling norms'.
- (c) In the generic Tariff Order dated 24.02.2015 relating to the Wind Power Projects, this Commission has adopted the levelized tariff approach for the useful life of the Project by applying applicable discount factor and determined the tariff for the term of the PPA. The useful life of the Wind Power Projects was taken as 25 years and the term of the PPA was taken as twenty years. In the present cases, the tariff is to be determined afresh from the eleventh year onwards from the COD. Therefore, the remaining useful life of the Projects is to be taken as fifteen years and the tariff for the remaining ten years is to be determined.

(d) The Petitioner has taken the life of the Projects as twenty years and the tariff re-fixed for the whole twenty years, i.e., from 2006-07 to 2025-26, considering the financial and operating parameters pleaded in the Petitions. We are of the considered view that, any revised tariff should be determined for the remaining life of the Projects and the tariff should be determined from the eleventh year onwards from the COD of the Projects. The reasons for adopting the said approach by the Commission are as follows:

(i) The Petitioner has pleaded for the determination of tariff from the eleventh year onwards from the COD of the Projects. The Petitioner has not made any claim for recovery of the losses for the first ten years of the PPAs. Therefore, it is deemed that, the Petitioner has accepted all the financial and operating norms assumed under the generic Tariff Order dated 18.1.2005 for the first ten years of the PPAs.

(ii) For establishing the actual loss incurred, if any, during the first ten years of the PPAs, the Petitioner is required to furnish the actual accounts relating to the Projects towards its income and expenditure. The Petitioner has not done so. The Petitioner cannot be allowed to rely on the actuals for establishing the income derived from the Projects and to rely on the normative parameters for establishing the expenditure incurred on the Projects. There are

possibilities of the Petitioner not incurring the normative expenses on certain heads, for various reasons. That should be placed on record by the Petitioner. In the present cases, as per the understanding between the Enercon and the Petitioner, it was agreed that the Enercon should give a minimum generation guarantee of 18,00,000 units per WTG per year, for the first three years, 12,00,000 units per WTG per year for the next four years and in case of shortfall, to pay a penalty at the rate of the power purchase price for the first three years and to pay a penalty at the rate of Rs.2 per unit for the remaining four years of shortfall in generation of energy. Further, it can also be seen that, the Enercon itself had taken up the responsibility of giving free maintenance of the WTGs. supplied for the first two years. There are also possibilities of the Petitioner saving certain amounts on the interest on the term loan and the interest on the working capital, as against the normative expenses assumed under these heads. Therefore, the Petitioner is required to furnish the actuals of the expenses incurred, before claiming that the actual PLF achieved was less than the normative PLF requiring tariff revision.

- (iii) It appears, as the Petitioner has not actually incurred losses, it has not approached during the first ten years' period of the PPAs for determination of the Project-specific tariff. Therefore, it shows that, from the eleventh year onwards from the COD, the Petitioner is

seeking for the determination of tariff on the ground of shortfall in the PLF and increase in the O&M costs during the first ten-year period. We note that the Petitioner has claimed different project costs and PLF for the three projects in the three petitions, but has requested for the same tariff of Rs.5.24 per unit (levelised tariff for 20 years) for all the projects, indicating that the actual parameters are not considered while arriving at the requested tariff. Further, the Petitioner has stated in the Rejoinder that Rs. 5.32 per unit is the actual cost incurred. The Petitioner has mentioned the generation cost per unit is Rs.10.42 in OP No. 22/2016, Rs.10.52 in OP No.23/2016 and Rs.10.08 in OP No. 24/2016 in the statements enclosed to the Petitions. The basis for such inconsistency is not explained.

- (iv) Only in the case of a new Wind Power Project, the adoption of the levelized tariff approach for the entire useful life of the Project would arise as per the CERC Regulations referred to above. In the present cases, the tariff is to be determined afresh from the eleventh year from the COD of the Projects. Therefore, it is proper to adopt the levelized tariff approach for the remaining useful life of fifteen years of the Projects, in the present cases.
- (e) For the above reasons, we are of the considered view that, the Petitioner cannot seek a levelized tariff for the entire life of its Projects – either for 20

years or 25 years, but it can request only for determination of tariff from the eleventh year onwards from the COD. Therefore, the tariff from the eleventh year onwards from the COD of the Projects is to be determined for the remaining life of the Wind Power Projects of the Petitioner, for a period of fifteen years, on the basis of the norms allowed by us as mentioned above.

- (f) In the present cases, the following are the parameters to be applied for determining the tariff from the eleventh year onwards of the COD of the Projects :

Sl.No	Particulars	Value Adopted
(i)	Capital Cost per MW (in Rs. Lakhs)	425
(ii)	Debt-Equity Ratio	70 : 30
(iii)	Capacity Utilization Factor (CUF) (in %)	18.99 (In OP No.22/2016) 20.66 (In OP No.23/2016) 22.17 (In OP No.24/2016)
(iv)	Return on Equity (in %)	16
(v)	Discount Factor (in %)	16
(vi)	O&M Expenses (in Rs. Lakhs) (From FY 16-17 with an escalation at the Rate of 5.72% per annum)	11.14
(vii)	Working Capital	2 Months' receivables
(viii)	Interest on Working Capital (in %)	11
(ix)	Depreciation for 15 years from FY 16-17 (in %)	1.333

- (g) Using the above parameters, the levelized tariffs from the eleventh year of the COD of the Projects would work out to about Rs.2.25 per unit.
- (h) The tariffs worked out, as above, are much below the tariff of Rs.3.40 per unit determined in the generic Tariff Order dated 11.12.2009 for the existing Wind Power Projects which have completed ten years' period from the COD. Therefore, in the present cases, the question of enhancing the tariff above Rs.3.40 per unit does not arise.
- (i) The decision of the Commission in its Order dated 11.12.2009 to allow the tariff as at the end of the tenth year for the eleventh year onwards (till the 20th year, i.e., the remaining 10 years of the term of the PPA) in respect of the existing plants which have completed ten years of the PPA period because of the fact that after completion of 10 years' debt servicing will have been fully met and the only increase (marginal) would be in respect of O&M expenses, but at the same time the opportunity cost has gone up, would equally apply to those projects like the Petitioner's projects which complete 10 years after their commissioning after 11.12.2009, as even in their cases, debt servicing will have been fully met and only increase would be in respect of O&M expenses. Hence, we hold that the Petitioner's contention in this regard is not tenable.
- (j) Therefore, we answer Issue No. (2), accordingly.

9) **ISSUE No.(3) :** *What Order?*

For the foregoing reasons, we pass the following:

ORDER

- (1) The above Petitions are hereby dismissed. The tariff of Rs.3.40 (Rupees Three and Paise Forty) only per unit will continue to be paid for the remaining 10 (Ten) year-term of the PPAs in respect of all the three Projects of the Petitioner.
- (2) The original of this Order be kept in OP No.22/2016 and copies, thereof, in OP Nos.23/2016 and 24/2016.

Sd/-
(M.K. SHANKARALINGE GOWDA)
CHAIRMAN

Sd/-
(H.D. ARUN KUMAR)
MEMBER

Sd/-
(D.B. MANIVAL RAJU)
MEMBER