

**BEFORE THE KARNATAKA ELECTRICITY REGULATORY COMMISSION**  
No. 16 C-1, Miller Tank Bed Area, Vasanth Nagar, Bengaluru- 560 052

**Dated: 27<sup>th</sup> June, 2019**

**Present:**

Shri Shambhu Dayal Meena	..	Chairman
Shri H.M. Manjunatha	..	Member
Shri M.D. Ravi	..	Member

**In the matter of:**

**Extension of Tariff Order dated 11<sup>th</sup> April, 2018 for waste to energy plants in the State of Karnataka.**

**ORDER**

- Preamble:** Bangalore Municipal Solid Waste Limited (BMSWL), in their OP No. 20/2016 had prayed the Commission for fixation of tariff for their Municipal Solid Waste (MSW) plant. The Commission, while disposing of the said Petition had decided to fix generic tariff for MSW based power plants, vide its Order dated 19<sup>th</sup> September 2016. The Commission determined a tariff of Rs. 7.08 per unit, for the purchase of energy by the ESCOMs from the MSW based power plants against Power Purchase Agreements (PPAs) executed for a period of twenty years, from the date of their commercial operation.  
The said Order was effective from 19<sup>th</sup> September, 2016 and applicable to all the MSW based power plants in the State that get commissioned, during the period from 19<sup>th</sup> September, 2016 to 31<sup>st</sup> March, 2018.

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2. Meanwhile, Bangalore MSW Ltd, the applicant in OP No. 20/2016, had represented to the Commission vide its letter dated 16<sup>th</sup> March, 2018 that, the BBMP is yet to hand over the alternative land required for establishing the project and hence and had sought extension of the validity of the Order dated 19<sup>th</sup> September, 2016 for a period of one year, i.e., up to 31.3.2019.
3. The Commission noted that no other waste to energy plants have been established in the State. The Commission, also noted that there are no significant changes in the parameters considered for fixing the generic tariff vide its Order dated 19<sup>th</sup> September, 2016. Hence, the Commission was of view that no useful purpose would be served in initiating an exercise to determine the tariff of Waste to Energy projects, de novo. And in view of the above facts, the Commission, considered it necessary to extend the validity of the Generic Tariff relating to WTE tariff approved in Order dated 19<sup>th</sup> September 2016, for a further period of One year from 1.04.2018 up to 31.3.2019 and issued the extension of Tariff Order vide its Order dated 11<sup>th</sup> April, 2018.
4. The Commission, taking note of the changed parameters, considering present market rates and the CERC Regulations, issued a discussion paper on 31.03.2019 seeking the suggestions/ comments/ views from the stakeholders. In the Discussion paper the Commission had proposed generic tariff of Rs 5.65 per unit for the WTE projects.
5. The Commission also held a Public hearing on 18.03.2109 wherein, BESCOM proposed to reduce the parameters such as capital cost, Interest on loan,

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interest on working capital, O&M expenses, Depreciation, RoE, other income so as to arrive at a lower tariff. BESCO also requested the Commission to take into consideration any incentive or subsidy offered by the Central/State Government including accelerated depreciation, while determining the generic tariff.

6. After the conclusion of Public hearing, the Commission had sought the views of KPCL, UDD and BBMP in the matter. In response to Commission's letter dated 04.04.2019, only KPCL has responded. The UDD and BBMP did not respond. In their response KPCL, vide letter dated 16.04.2019, has requested the Commission to retain the existing tariff of Rs.7.08 per unit as they have already taken up a 5 MW WTE project at Bidadi, considering the tariff of Rs.7.08 per unit and that any reduction in the existing tariff, would adversely affect their project.
7. The Commission has re-examined the issue and noted that though a tariff of Rs. 7.08 per unit was fixed in 2016 and continued the same till 31.03.2019, no WTE projects have come up in the State except the project taken up by KPCL. It is felt that any reduction in the existing tariff, as proposed in the discussion paper, may not attract any new projects in the State. Hence, in order to encourage new WTE projects in the State of Karnataka, the Commission decides to retain the existing tariff of Rs.7.08 per unit for a further period of one-year w.e.f 01.04.2019 to 31.03.2020.
8. Hence, the following Order:


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ORDER

The validity of Commission's Order 11<sup>th</sup> April, 2018 in the matter of extension of generic tariff determined vide Order dated 19<sup>th</sup> September, 2016, applicable to all the Municipal Solid Waste based Power Plants in the State of Karnataka, is ordered to be extended for a further period of One year from 1<sup>st</sup> April, 2019 to 31<sup>st</sup> March, 2020. The parameters and the other contents of the Order dated 19<sup>th</sup> September, 2016 remain un-altered.

This Order is signed and issued by the Karnataka Electricity Regulatory Commission at Bengaluru, this day, the 27<sup>th</sup> of June, 2019

  
(SHAMBHU DAYAL MEENA)  
CHAIRMAN  
27/6/19

  
(H.M.MANJUNATHA)  
MEMBER 27/6/2019

  
(M.D. RAVI)  
MEMBER