

**JOINT ELECTRICITY REGULATORY COMMISSION
FOR THE STATE OF GOA AND UNION TERRITORIES
GURGAON**

Quorum
Smt. Neerja Mathur, Member
Petition No. 213/2016
Date of Order: 16.09.2016

In the matter of:

Petition for determination of Tariff for procurement of Power by the Distribution Company / Licensees from Biomass based Power Generating Company in the Union Territory of Andaman & Nicobar Islands using the Gasification route (Otto Cycle) - **Mithakhari Industrial Area, Port Blair, South Andaman**

And in the matter of:

Riflex Industries Private Limited, Registered Office at New #31, Old # 14, Moore Street, Chennai 600 001 and Branch Office at Andaman Islands at 2nd Line, Opposite to Dr. Diwan Singh Gurudwara, Gurudwara Lane, Port Blair – 744 101
.... **Petitioner**

And in the matter of:

Electricity Department, Andaman & Nicobar Administration, Port Blair – 744 101 ..**Respondent**

Petition No. 214/2016
Date of Order: 16.09.2016

In the matter of:

Petition for determination of Tariff for procurement of Power by the Distribution Company / Licensees from Biomass based Power Generating Company in the Union Territory of Andaman & Nicobar Islands using the Gasification route (Otto Cycle) - **Campbell Bay, Great Nicobar Island**

And in the matter of:

Riflex Industries Private Limited, Registered Office at New #31, Old # 14, Moore Street, Chennai 600 001 and Branch Office at Andaman Islands at 2nd Line, Opposite to Dr. Diwan Singh Gurudwara, Gurudwara Lane, Port Blair – 744 101
.... **Petitioner**

And in the matter of:

Electricity Department, Andaman & Nicobar Administration, Port Blair – 744 101 ..**Respondent**

Petition No. 215/2016
Date of Order: 16.09.2016

In the matter of:

Petition for determination of Tariff for procurement of Power by the Distribution Company / Licensees from Biomass based Power Generating Company in the Union Territory of Andaman & Nicobar Islands using the Gasification route (Otto Cycle) **Hutbay, Little Andaman Taluk, Distt. South Andaman**

And in the matter of:

Riflex Industries Private Limited, Registered Office at New #31, Old # 14, Moore Street, Chennai 600 001 and Branch Office at Andaman Islands at 2nd Line, Opposite to Dr. Diwan Singh Gurudwara, Gurudwara Lane, Port Blair – 744 101 **.... Petitioner**

And in the matter of:

Electricity Department, Andaman & Nicobar Administration, Port Blair – 744 101 ..**Respondent**

Present

For the Petitioner

1. Shri Sreenath R., General Manager
2. Shri Sunil Shete, Director
3. Shri Girish Arora, Director
4. Shri Shyamlal Chowdhury, Director
5. Shri Ashok Chowdhury, Consultant

For the Respondent

Shri U.K. Paul, Superintending Engineer (Electricals)

COMMON ORDER

1. The Petitioner through these Petitions (Petition No. 213/2016,214/2016 & 215/2016) sought approval of Tariff for generation of Power from Biomass Power Plants set up at (i) Mithakhari Industrial Area, Port Blair, South Andaman District. (ii) Campbell Bay, Great Nicobar Island and (iii) Hutbay, Little Andaman Taluk, Distt. South Andaman.

2. The Petitioner submitted that though the Petition was for determination of Tariff for 1.2 MW Power Plant at each site but actual generation would be equivalent to 1 MW as approximately 20% of the power would be used for process / heating stream for drying the biomass.
3. The Commission heard the Petitioner and the Respondent at length. The Commission observed that the information placed on record is incomplete, and for the determination of tariff additional information is required from the Petitioner and the Respondent.
4. **Biomass Fuel:**
 - 4.1 **Price of Biomass Fuel:**
 - a. The Commission noted that the price of biomass fuel proposed to be used in these Plants is quite high as compared to the price of biomass fuel notified by CERC in its Order dated 29.04.2016 determining levelised generic tariff for biomass Plants for FY 2016-17 under Regulation 8 of the Central Electricity Regulatory Commission (Terms and Conditions for Tariff Determination from Renewable Energy Sources) Regulations, 2012.
 - b. The Commission enquired whether the price of the proposed biomass fuel duly authenticated by any Government agency is available in the public domain, and directed both the Petitioner and the Respondent to submit authenticated data in regard to the price of the fuel proposed to be used by the Petitioner.
 - c. The Commission further noted the provision regarding the fixation of the price of biomass in the "Statement of Reasons" of the First Amendment to the Central Electricity Regulatory Commission (Terms and Conditions for Tariff Determination from Renewable Energy Sources) Regulations, 2014 which reads as under:

"Biomass Price: to be decided annually by a committee to be formed at State level representing State Commission, Nodal Agency, Government."
 - d. On enquiry from the Respondent regarding the formation of such a Committee by the Andaman & Nicobar Administration, the Respondent informed that such a Committee has not been formed so far. The

Commission directed the Respondent to form the Committee expeditiously and submit the biomass price recommended by the aforesaid Committee.

- e. Taking note of the submission of the Petitioner that it was in the business of processing Coconut, the Commission directed the Petitioner to submit the cost of biomass fuel for determination of tariff after duly considering the fact that coir and hard coconut shell become available for these power Plants from its coconut processing business at no extra cost.

4.2 **Quantity and Composition of Biomass Fuel:**

- a. It was noted by the Commission that the weight and moisture of the biomass fuel considered by the Petitioner is more than that is needed. This increases the cost of the biomass due to increased transportation cost, unloading cost and cost of drying.
- b. Additionally the Respondent expressed apprehension about the availability of biomass on a sustained basis.
- c. The Commission directed the Petitioner to submit the following:-
 - i. composition of fuel mix (on annual basis) and calorific value of bio-mass fuel proposed to be used in each of the Plants.
 - ii. feasibility of the use of any other locally available biomass fuel including captive plantation so as to reduce the cost of biomass fuel.
 - iii. justification for use of larger quantity of biomass fuel.
 - iv. basis of estimation and confirmation in regard to availability of proposed fuel for the life of the proposed plants along with supply chain details of biomass so as to ensure that the proposed biomass plants do not suffer from inadequacy of biomass fuel and disruption in its supply.

5. **Tariff:**

- i. The Petitioner is directed to follow the norms specified in the CERC Tariff Calculations. The reasons and justification for departure, wherever essential, from the CERC norms including methodology for determination of O&M charges may also be furnished.

- ii. The Aux. Consumption and PLF of the Plant may be re-examined. List of auxiliary electrical equipments along with their load is required to be submitted.
- iii. Cost of drying fuel has been considered by the Petitioner separately, in addition to using approximately 20% of the gross power for drying of fuel. The same may be re-examined.
- iv. The reasons for high variance of the proposed tariff from the earlier bid (November, 2011) of the Petitioner are also required to be furnished.

6. The Commission directed the Petitioner to examine and/or submit the following:-

- i. Procedure / arrangements for disposal of dry ash.
- ii. Status of acquisition of the land at all the three locations.
- iii. Details of pollutants, their impact on marine life or on the Island and the manner and mechanism for handling the same.
- iv. Permissions required to set up such a plant and their status.
- v. Whether (a) any concessional interest rate is applicable in respect of loan and working capital and (b) income tax benefits are available for such projects to be set up in Andaman & Nicobar Islands.
- vi. Learnings derived from any plant based on similar technology and fuel that is operating successfully, as well as from any unsuccessful plant (e.g. the one at Lakshadweep) and utilized in the proposed plants at Andaman & Nicobar Islands to make them successful.
- vii. Examine factoring in the CDM benefits which have been claimed by the users of biomass briquettes in other places as indicated on the web site of the briquette supplier.

7. The Commission directed the Respondent to examine / submit the following:-
- i. examine / authenticate and submit to the Commission (a) Charcoal price as byproduct indicated by the Petitioner and (b) commercial value, if any, of dry ash as fertilizer.
 - ii. confirm timely availability of requisite transmission facilities for evacuation of power from the proposed plants and the necessity of the proposed plants keeping in view the demand for power in these Islands and the quantum of power already available / proposals such as the one in respect of Tidal Energy in Hut Bay already submitted to the Commission.
8. The Commission directs both the Petitioner and the Respondent to submit the above mentioned information within 4 weeks.
9. The Petition will be listed for further hearing after receipt of the additional information from the Petitioner and the Respondent.
10. Ordered accordingly.

Sd/-
(NEERJA MATHUR)
MEMBER

CERTIFIED COPY
Sd/-
(KEERTI TEWARI)
SECRETARY