

# PUNE BIO ENERGY SYSTEMS PRIVATE LIMITED

Registered Office : 4th floor, S.P. Heights, Old Pune-Mumbai Highway, Kasarwadi, Pune- 411034

## PUBLIC NOTICE

(Case No. 162 of 2019)

Suggestions/ Objections on Pune Bioenergy Systems Private Limited's Petition for determination of Tariff for supply of electricity to Distribution Licensees in Maharashtra from 750 TPD capacity of Municipal Solid Waste processing project to be commissioned at Pune.

- Pune Bioenergy Systems Private Limited (PBESPL) has filed a Petition for determination of tariff for supply of electricity from 750 TPD capacity Municipal Solid Waste (MSW) based power project to be commissioned at Pune to the Distribution Licensees in Maharashtra before the Maharashtra Electricity Regulatory Commission (MERC) under section 62(1) of EA 2003 and Regulation 8.1 and 8.2 of MERC (Terms and Conditions of Determination of RE Tariff) Regulations, 2019.
- The Commission has admitted the Petition on 31 December 2020 and directed PBESPL to publish a Public Notice under section 64(2) of the Electricity Act, 2003 inviting Suggestions/Objections from the Public.
- PBESPL has prayed as under:
  - Take the accompanying Tariff Petition for approval of sale of power to the Distribution Licensee of the state from 750 TPD waste processing plant of PBESPL.
  - Approve net Levelized Tariff of INR 9.92 /kWh for the period of 20 years, in accordance with the tariff structure adopted by the Hon'ble MERC.
  - Grant must run status to the project, and exemption from Merit Order Dispatch Principles for the entire life of the Project.
  - Grant compensation in tariff on account of increase in any tax rates from the tax rates considered in this petition.
  - Direct DISCOMs to consider the benefit of zero contract demand charges.
  - Direct MSSEDCL to provide for payment security provision via LC equivalent of 6 months of bill amount, as suggested in Clause 19.11 in the petition. To safeguard against the delayed payment from procurer, among other things, allow the petitioner to levy delayed payment surcharge of 1.25% on every month of delay on pro-rata basis beyond payment due date.
  - Grant waiver on Wheeling charge, Regulatory Asset Surcharge, Pension Trust Surcharge, Cross Subsidy Surcharge & Additional Surcharge on sale of power for the life of the Project in case of sale of power directly to third party.
  - Grant exemption in case of deviation from the scheduled power under Deviation Settlement mechanism for entire life of the project.
- The salient features of the Petition are provided below:

**Table 1 : Capital Cost Break-up for proposed 750 TPD MSW Project at Pune (Rs Lakh)**

S.No.	Project Cost	Amount
1.	EPC packages excl. taxes	13,525.00
2.	Taxes	1,401.37
3.	Misc. Fixed Assets	255.80
4.	Transmission line (incl. taxes) less PMC compensation	1,696.65
	<b>Total Plant &amp; Machinery</b>	<b>16,878.82</b>
5.	Building & Civil Cost (incl. land preparation)	4,300.00
6.	Transmission line Civil cost (incl. taxes)	2,618.38
	<b>Total Hard Cost</b>	<b>23,797.20</b>
7.	Contingency Cost	713.92
8.	Consultancy charges	594.93
9.	PMC charges	356.96
10.	Preoperative expenses	237.97
11.	Financing cost	475.94
12.	ROW (transmission soft cost)	1,000.00
13.	IDC	2,434.37
	<b>Total soft costs</b>	<b>5,814.09</b>
	<b>Total capital cost</b>	<b>29,611.29</b>

**Table 2 : Parameter Assumptions**

#	Assumption Head	Sub-Head	Sub-Head (2)	Value	Unit
3	Financial Assumptions				
			Tariff Period	20	Years
		Debt: Equity	Debt	70	%
			Equity	30	%
			Total Debt Amount	20,727.90	INR Lakh
			Total Equity Amount	8,883.39	INR Lakh
		Debt Amount	Loan Amount	20,727.90	INR Lakh
			Moratorium Period	-	Years
			Repayment Period (incl. Moratorium Period)	12	Years
			Interest Rate	10.14	%
		Equity Amount	Equity Amount	8,883.39	INR Lakh
			Return on Equity for first 10 years	16.00	%
			Return on Equity 11th year onwards	16.00	%
			Discount Rate	9.83	%
		Depreciation	Depreciation Rate for first 12 years	5.83	%
			Depreciation Rate 13th year onwards	2.50	%
		Other Income	Tipping Fee received from Corporation	360.00	INR/ton
			Annual Increment	8.00	%
4	Operation and Maintenance				
			O&M Expense (first year)	2,222.1	INR Lakh
			Additional O&M for periodic maintenance (5,10,15,20 year)	1,050	INR Lakh
			Escalation factor for O&M expense	5.52	%
5	Working Capital				
		O&M Expense		1.00	Months
		Maintenance Spare (%O&M expense)		15	%
		Receivables		6	Months
		Fuel Stock		4	Months
		Interest on Working Capital		9.64	%

**Table 2 : Parameter Assumptions**

#	Assumption Head	Sub-Head	Sub-Head (2)	Value	Unit
1	Power Generation				
		Capacity	Installed Power Generation Capacity	13.19	MW
			Capacity Utilization Factor (first year)	65	%
			Capacity Utilization Factor (remaining period)	80	%
			Commercial Operation Date	01/10/2022 (Expected)	
			Useful Life	20	Years
2	Project Cost				
		Capital Cost/ MW	Normative Capital Cost	2,244.98	INR Lakh/MW
			Capital Cost	29,611.29	INR Lakh
			Capital Subsidy	-	
			Net Capital Cost	29,611.29	INR Lakh

**Table 3 : Determination of Tariff component**

Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Net Energy Sold (Lakh kWh)	597.53	751.28	751.28	751.28	751.28	751.28	751.28	751.28	751.28	751.28	751.28	751.28	751.28	751.28	751.28	751.28	751.28	751.28	751.28	751.28
Costs (Rs Lakh)																				
Supplementary Fuel Cost	200.64	246.94	246.94	246.94	246.94	246.94	246.94	246.94	246.94	246.94	246.94	246.94	246.94	246.94	246.94	246.94	246.94	246.94	246.94	246.94
O&M	2,222.13	2,344.79	2,474.22	2,610.80	4,092.55	2,906.94	3,067.38	3,236.68	3,415.32	5,307.95	3,802.74	4,012.63	4,234.11	4,467.82	6,885.41	4,974.85	5,249.24	5,538.99	5,844.73	8,933.10
Depreciation (SLM)	1,727.33	1,727.33	1,727.33	1,727.33	1,727.33	1,727.33	1,727.33	1,727.33	1,727.33	1,727.33	1,727.33	1,727.33	1,727.33	740.28	740.28	740.28	740.28	740.28	740.28	740.28
Interest on Term Loan	2,013.74	1,838.63	1,663.52	1,488.41	1,313.31	1,138.20	963.09	787.98	612.88	437.77	262.66	87.55	-	-	-	-	-	-	-	-
Interest on Working Capital	345.33	423.35	426.53	429.90	463.54	437.22	441.20	445.41	449.86	492.89	459.55	464.82	470.39	476.28	531.34	489.11	496.09	503.47	511.29	581.75
Return on Equity	1,421.34	1,421.34	1,421.34	1,421.34	1,421.34	1,421.34	1,421.34	1,421.34	1,421.34	1,421.34	1,421.34	1,421.34	1,421.34	1,421.34	1,421.34	1,421.34	1,421.34	1,421.34	1,421.34	1,421.34
Tax on Return on Equity	413.89	413.89	413.89	413.89	413.89	413.89	413.89	413.89	413.89	413.89	413.89	413.89	413.89	413.89	413.89	413.89	413.89	413.89	413.89	413.89
Terminal Cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,961.13
<b>Total Cost</b>	<b>8,344.39</b>	<b>8,416.27</b>	<b>8,373.78</b>	<b>8,338.61</b>	<b>9,678.90</b>	<b>8,291.86</b>	<b>8,281.18</b>	<b>8,279.58</b>	<b>8,287.56</b>	<b>10,048.11</b>	<b>8,334.45</b>	<b>8,374.50</b>	<b>7,526.96</b>	<b>7,766.56</b>	<b>10,239.21</b>	<b>8,286.22</b>	<b>8,567.79</b>	<b>8,864.92</b>	<b>9,178.48</b>	<b>15,298.44</b>
Less: Income from tipping fee	788.40	851.47	919.59	993.16	1,072.61	1,158.42	1,251.09	1,351.18	1,459.27	1,576.02	1,702.10	1,838.26	1,985.33	2,144.15	2,315.68	2,500.94	2,701.01	2,917.09	3,150.46	3,402.50
<b>Net Cost</b>	<b>7,555.99</b>	<b>7,564.80</b>	<b>7,454.19</b>	<b>7,345.46</b>	<b>8,606.29</b>	<b>7,133.44</b>	<b>7,030.08</b>	<b>6,928.40</b>	<b>6,828.29</b>	<b>8,472.10</b>	<b>6,632.36</b>	<b>6,536.24</b>	<b>5,541.63</b>	<b>5,622.41</b>	<b>7,923.53</b>	<b>5,785.28</b>	<b>5,866.77</b>	<b>5,947.82</b>	<b>6,028.01</b>	<b>11,895.94</b>
<b>Gross Tariff (Rs/kWh)</b>	<b>13.96</b>	<b>11.20</b>	<b>11.15</b>	<b>11.10</b>	<b>12.88</b>	<b>11.04</b>	<b>11.02</b>	<b>11.02</b>	<b>11.03</b>	<b>13.37</b>	<b>11.09</b>	<b>11.15</b>	<b>10.02</b>	<b>10.34</b>	<b>13.63</b>	<b>11.03</b>	<b>11.40</b>	<b>11.80</b>	<b>12.22</b>	<b>20.36</b>
<b>Net Tariff (Rs/kWh)</b>	<b>12.65</b>	<b>10.07</b>	<b>9.92</b>	<b>9.78</b>	<b>11.46</b>	<b>9.50</b>	<b>9.36</b>	<b>9.22</b>	<b>9.09</b>	<b>11.28</b>	<b>8.83</b>	<b>8.70</b>	<b>7.38</b>	<b>7.48</b>	<b>10.55</b>	<b>7.70</b>	<b>7.81</b>	<b>7.92</b>	<b>8.02</b>	<b>15.83</b>

**Table 4 : Levelized Tariff**

Gross Levelized Tariff for 20 years (Rs/kWh) **11.95** Net Levelized Tariff for 20 years considering tipping fee and other income (Rs/kWh) **9.92**

- The Commission has directed PBESPL to invite Suggestions/Objections from the Public on its Petition through this Notice. In response to the Public Notice published, every person who intends to file suggestions/ objections can submit the same in English or Marathi language in writing through electronic means>Email: [ehearing@merc.gov.in](mailto:ehearing@merc.gov.in) / [secretary@merc.gov.in](mailto:secretary@merc.gov.in) addressed to **The Secretary, Maharashtra Electricity Regulatory Commission, 13th Floor, Centre No.1, World Trade Centre, Cuffe Parade, Mumbai-400 005** on or before 5 PM on 23 January 2021 along with proof of service on Shri Nitin Upadhye, Vice President, email ID: [nitin.upadhye@asprienv.com](mailto:nitin.upadhye@asprienv.com). Suggestions and/or objections received after the specified date shall not be considered. PBESPL shall reply to each of the objections /comments received within two days of the receipt of the same but not later than 25 January, 2021 for all the objections/comments received till 23 January, 2021. Stakeholders can submit their rejoinders on replies provided by PBESPL either during the public hearing or latest by 30 January, 2021.
- If the sender/objector who has submitted his comments/suggestions as per para 5 above and wants to be heard in person in e-Public Hearing, then he should specifically mention the same at the time of filing of suggestions /objections. In such cases, submission of valid email ID and Mobile Number would be mandatory. The Commission at its sole discretion, may permit such sender/objector to be heard in the e-Public Hearing. All participants attending the e- Public Hearing shall follow the provisions of the Commission's Guidelines for attending Public Hearing Through Video Conference notified on 17 September,2020.
- The detailed Petition document and the Executive Summary are available on PBESPL's parent company, Asprienv Environment Private Limited's website [www.asprienv.com](http://www.asprienv.com) and the Executive Summary is also available on the websites of the Commission [www.merc.gov.in](http://www.merc.gov.in) in downloadable format (free of cost).
- Hearing to be held through video conference on **27 January 2021 at 10:30 AM**, when PBESPL's application for tariff determination will be considered. No separate notice will be issued for the purpose.

Place : Mumbai  
Date : 3 January, 2021

Signature: Sd/-  
Name : Nitin Upadhye  
Designation : Vice President  
Pune Bio Energy Systems Private Limited