

**Meghalaya State Electricity Regulatory Commission**  
**(Terms and Conditions for determination of Tariff for Generation from Renewable Energy**  
**Sources) Regulations, 2014**

**HIGHLIGHTS**

<b>Tariff period</b>	<ul style="list-style-type: none"><li>• 35 years - small hydro below 5 MW.</li><li>• 25 years - solar PV and solar thermal.</li><li>• 20 years -biomass, biomass gasifier and biogas.</li><li>• 13 years - any other technologies.</li></ul>
<b>Control Period</b>	Three financial years -First year upto 31.03.2017.
<b>Useful Life of a Plant</b>	<ul style="list-style-type: none"><li>• 35 years - small hydro.</li><li>• 25 years - wind, solar PV, solar thermal.</li><li>• 20 years - biomass based power projects.</li></ul>
<b>Technology-wise Tariff</b>	Tariff to be decided by the Commission on case-to-case basis.

<b>Capital Cost</b>	<b>Technology</b>	<b>Capital Cost (Rs. lakh/MW)</b>
	Wind	565
	Small hydro below 5 MW	770
	Small hydro (5 MW to 25 MW)	700
	Non-fossil fuel cogeneration	650
	Solar PV	650
	Solar thermal	1200
	Biomass (Rankine cycle)	445
	Biomass gasifier (based on Rankine cycle)	400
	Biogas	Not available
	Biogas (after considering capital subsidy)	Not available
	MSW	Not available
	RDF	Not available
	<ul style="list-style-type: none"> <li>• All capital costs (in Rs. lakh/MW) are for FY 2013-14.</li> <li>• Capital costs for subsequent years are determined based on indexation formula.</li> <li>• Capital costs for solar thermal and solar PV for subsequent years are subject to annual reviews.</li> </ul>	

	<b>Technology</b>	<b>Cost( Rs. lakh/MW) (1st Year of Control Period)</b>	
<b>Operation and Maintenance Expenses (O&amp;M)</b>	Wind	7.26	
	Small hydro below 5 MW	23.47	
	Small hydro (5 MW to 25 MW)	16.77	
	Biomass based on Rankine cycle technology	24.00	
	Non-fossil fuel based cogeneration	Not available	
	Solar PV	11.00	
	Solar thermal	15.00	
	Biomass gasifier	30.00	
	<ul style="list-style-type: none"> <li>• First year of control period: Date of commencement of regulations to 31.03.2017.</li> <li>• Escalation @5.72% per year.</li> </ul>		
	<b>Interest Rate on Loans</b>	<ul style="list-style-type: none"> <li>• Loan tenure - 12 years with no moratorium period considered.</li> <li>• Average State Bank of India base rate prevalent during the first six months of the previous year plus 150 basis points.</li> </ul>	
<b>Depreciation</b>	<ul style="list-style-type: none"> <li>• Maximum depreciation allowed is 90%; Salvage value 10%.</li> <li>• 5.83% p.a. for first 12 years.</li> <li>• Balance shall be spread over the remaining useful life from the 13th year onwards.</li> </ul>		
<b>Return on Equity</b>	<ul style="list-style-type: none"> <li>• Normative return on equity- 16%.</li> <li>• Additional 1% if project is completed without delay and cost overrun.</li> </ul>		
<b>Interest on Working Capital</b>	Average State Bank of India base rate prevalent during the first six months of the previous year plus 100 basis points.		

## **OTHER PROVISIONS**

<b>Tariff Structure and Design</b>	<ul style="list-style-type: none"> <li>• Single part, levellised tariff for the tariff period.</li> <li>• Project specific tariff for MSW, solar PV and solar thermal (if opted for by the developer), hybrid solar thermal, other hybrid projects, biomass projects other than Rankine cycle and any other new technologies.</li> </ul>
<b>Merit Order Despatch Principle</b>	All renewable energy power plants, with certain exceptions, are treated as 'Must Run' power plants.
<b>Subsidy or/and Incentives by government</b>	<ul style="list-style-type: none"> <li>• Any incentive or subsidy provided by the central or state government, including accelerated depreciation benefit, would be taken into consideration.</li> <li>• If Generation Based Incentive (GBI) is applicable, price shall be reduced by the amount of GBI per unit.</li> </ul>
<b>Rebate</b>	<ul style="list-style-type: none"> <li>• 2% - for payment through letter of credit</li> <li>• 1% - for payments not through letter of credit but within 1 month from the date of presentation of bills.</li> </ul>
<b>Late payment surcharge</b>	1.25% per month levied on generating company for payment of bills beyond a period of 60 days from the date of billing.
<b>Links</b>	<a href="http://mserc.gov.in/regulations.html">http://mserc.gov.in/regulations.html</a>
<b>References</b>	MSERC (Terms and Conditions for determination of Tariff for Generation from Renewable Energy Sources) Regulations, 2014 <a href="http://mserc.gov.in/regulations/Renewable_Energy_Sources_11-11-14.pdf">http://mserc.gov.in/regulations/Renewable_Energy_Sources_11-11-14.pdf</a>