



**ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION  
HYDERABAD**

Order No.03 of 2015 dated 01-08-2015

(Suo-motu)

Present: Justice G. Bhavani Prasad	- Chairman
Dr. P. Raghu	- Member
Sri. P. Rama Mohan	- Member

---

In the matter of notifying the generic preferential tariff applicable from 31<sup>st</sup> July 2015 till 31<sup>st</sup> March 2016 in respect of Wind Power Projects in the State of Andhra Pradesh pursuant to Regulation 6 of Regulation No.1 of 2015

---

In compliance with the statutory mandate of Section 61 (h) and Section 86 (1) (e) of the Electricity Act, 2003 and in accordance with the Andhra Pradesh Electricity Regulatory Commission (Terms and Conditions for Tariff Determination for Wind Power Projects) Regulations, 2015 (Regulation No.1 of 2015) in general and Regulation No.6 thereof in particular and the principles and parameters prescribed therein for determination of generic preferential tariff on suo-motu basis for wind power projects and in exercise of the powers conferred under Regulation No.24 of the said Regulations and Regulation No.55 of the Andhra Pradesh Electricity Regulatory Commission (Conduct of Business) Regulations, 1999 (Regulation No.2 of 1999) and all other powers hereunto enabling, the Andhra Pradesh Electricity Regulatory Commission makes the following order:

As per Regulation 6 of Andhra Pradesh Electricity Regulatory Commission (Terms and Conditions for Tariff Determination for Wind Power Projects) Regulations 2015, the generic preferential tariff applicable for FY2015-16 shall be notified soon after the publication of the regulations in the Official Gazette to be applicable with effect from the date of the regulations coming into force.

Before making Regulation No.1 of 2015, public notice was given and after considering all the suggestions and objections received from the public and the stakeholders, the said Regulation has been notified. The parameters for fixation of tariff specified therein work themselves out in arriving at the generic preferential tariff for the FY2015-16 as a necessary consequence, which is hence, a matter of mere arithmetical computation in implementation of and in compliance with the provisions of Regulation No.1 of 2015.

Accordingly, the parameters taken into consideration as per the Regulation No. 1 of 2015 for determination of tariff are as hereunder:

	<b>Parameter</b>	<b>Value</b>
A	Tariff Period	25 years
B	Useful Life	25 years
C	Capital Cost	₹600 lakhs / MW (including evacuation cost)
D	O & M Expenses	₹8.57 lakhs / MW
E	O&M Expenses' Escalation	7.52% p.a.
F	Depreciation for the first 10 years	7% p.a.
G	Depreciation for the remaining useful life of the plant	1.33 % p.a.
H	Capacity Utilization Factor (CUF)	23.5%
I	Return on Equity	16%
J	Interest Cost on Debt	13%
K	Tenure of Loan	10 years
L	Interest on Working Capital	13.5%
K	Debt Equity Ratio	70 : 30
L	Discount Rate	10.81%

Based on the above parameters and considering the useful life of the Wind Power Plants as 25 years, the levelised generic preferential tariff works out to ₹4.83 / unit without considering the accelerated depreciation and ₹4.25 with accelerated depreciation. The Commission accordingly, notifies the levelised generic preferential tariff as follows:

<b>Tariff without AD benefit</b>	<b>Tariff with AD benefit</b>
₹4.83	₹4.25

This tariff shall be applicable for all the new wind power projects entering into Power Purchase Agreements (PPA) on or after the date of notification of the Regulations in the Official Gazette of the Govt. of Andhra Pradesh i.e., 31-07-2015.

This order is signed, dated and issued by the Andhra Pradesh Electricity Regulatory Commission.

**(By Order of the Commission)**

**Sd/-  
Dr. A. Srinivas  
Commission Secretary (i/c)**