



F. No.11/86/2017-Th.II (C.No 238797)

Government of India

Ministry of Power

Shram Shakti Bhawan, Rafi Marg,
New Delhi, dated the 14th May, 2024.

Subject: Clarification to Revised Policy for Biomass Utilization for Power Generation through Co-firing in Coal based Power Plants issued on 08.10.2021 - reg.


Ministry of Power had issued a Revised Policy for Biomass Utilization for Power Generation through Co-firing in Coal based Power Plants, vide letter dated 08.10.2021 (copy enclosed) which included the provisions related to tariff determination.

2. Power plants with provision for fuel cost pass through in their Power Purchase Agreement (PPA) signed under Section 63 of Electricity Act, 2003 (such as Case-2 Scenario 4 plant), have raised concerns regarding the Para 3 (viii) (b) of MoP's revised biomass policy dated 08.10.2021.

3. Para 3 (viii) (b) of the policy specifies that for projects set up under Section 63 of the Electricity Act 2003, the increase in Energy Charge Rate (ECR) due to biomass co-firing can be claimed under Change in Law provisions. However, PPA clause on Change in Law stipulate that compensation shall be payable only if cost to the seller (Power Plant) is in excess of an amount equivalent to 1% of the Letter of Credit in aggregate for a contract year. These provisions are posing challenges for these plants.

4. The matter has been examined in this Ministry and it is clarified that for the projects established through competitive bidding under Section 63 (such as Case-2, Scenario-4) wherein 'fuel cost pass through' is provided in their PPA, the cost of biomass pellets shall also be pass through in the Energy Charge Rate.

5. This issues with approval of Hon'ble Minister of Power & NRE.


14/5/24

(J.Misra)

Under Secretary to the Government of India

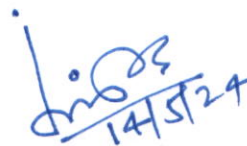
Tele: 23063746

To,

1. Principal Secretary/Secretary in charge of Energy/Power Department, All States/UTs
2. Chairperson, CEA
3. CMDs of all CGSs/IPPs

Copy to:

- (i) PS to Hon'ble Minister of Power & NRE.
- (ii) PS to Hon'ble MoS for Power
- (iii) Sr PPS to Secretary(Power)
- (iv) PPS to AS(AT), PPS to AS(SN)
- (v) All Joint Secretaries/JS&FA/Chief Engineer, Ministry of Power
- (v) In-charge, NIC, Ministry of Power- with a request to upload this document on the website of MoP.


(J. Misra)

Under Secretary to the Government of India
Tele: 23063746