

# BIOMASS ENERGY DEVELOPERS ASSOCIATION

To  
The Secretary,  
Telangana State Electricity Regulatory Commission  
5<sup>th</sup> Floor, Singareni Bhavan, Redhills,  
Lakdi-ka-pul  
Hyderabad- 500004

Date: 31.07.2020

For perusal
<i>Chae</i> Secretary
Member/F
Member/T <i>48/2020</i>
Chairman

**Sub:** Fuel Cost for determination of Variable Cost for existing Biomass Power Projects in the state of Telangana for the Control period 2020-2024 – Reg  
**Ref:** Public Notice dated 13.07.2020

This has reference to the Public Notice dated 13.07.2020 seeking comments and suggestions on the Fuel Price and in this connection, we request your good offices to consider the following points for consideration

**1. Fuel Cost:** The Fuel Price for Biomass in Telangana is proposed as Rs 3326 per MT for 2020-21 as per CERC Order dated 21.07.20 on par with Andhra Pradesh which needs a review on the following grounds:

a) **Size of catchment Area:** The state of Telangana was carved out in 2014 and the break-up of the then existing biomass power plants got split into 28 units in Andhra Pradesh and 6 units in Telangana. The geographical area of Telangana is 112,077 sq kms as against Andhra Pradesh 162,975 Sq kms and the original licences for biomass units in the combined state were allotted based on biomass availability establishing the fact that Telangana region did not have enough raw material availability. Thus the cost of fuels in Telangana is much higher compared to Andhra Pradesh as it has to collect fuel over large area for a given unit of biomass plant from 18,680 sq kms in Telangana vs 5820 sq km/unit in Andhra Pradesh. Thus the cost of Telangana Biomass fuel basic cost + transportation is higher compared to Andhra Pradesh as the biomass fuel has to be collected from the vast catchment area.

b) **Geography:** The state of Telangana is part of Deccan Plateau and is bounded with Maharashtra on the North and West which is also part of Deccan Plateau. Maharashtra State biomass fuel price is Rs 3872 Per MT which is 16.4% higher than Telangana State. But the geography of the Telangana state and cropping pattern is similar with Maharashtra, so Telangana Biomass Fuel price may need a consideration in line with Maharashtra State Biomass Fuel price of Rs. 3872/ Per MT.

TSERC, HYDERABAD  
INWARD  
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*Signature*

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- c) **Boundary:** Considering that the state of Telangana is abutting both Andhra Pradesh and Maharashtra, Telangana Biomass power plants collect the biomass fuel from both the neighbouring states. The average Biomass Fuel Price of both the states (Andhra Pradesh which was specified as 3362/Mt and Maharashtra at Rs3872/Mt) works out to Rs 3617 per ton which may be considered by the Hon'ble Commission for 2020-21 with 5% escalation thereafter during the control period.

**2. Late Payment Surcharge:** The generators are receiving the payments with substantial delays resulting in frequent shutdowns. The recent CERC Regulations permit a late payment surcharge at the rate of 1.50% per month for delays beyond a period of 45 days from the date of presentation of bills and hence a higher surcharge would ensure that the DISCOMs payment on due dates.

We hope the above points will be considered during the finalization of the Variable Cost for the coming control period starting from 2020-21.

Thanking you,

Yours faithfully,

**For BIOMASS ENERGY DEVELOPERS ASSOCIATION,**



**PRESIDENT**