

# GUJARAT BIOMASS ENERGY DEVELOPERS ASSOCIATION

Suehal Park-I, Block No. A-46 , Behind Collector office, Near Meera Nagar,  
Junagadh : Junagadh District – 362 001  
Tel: 02872 - 250300 – Mobile: 09687695001, Email: junagadhpower@gmail.com

15<sup>th</sup> May, 2019

**Ref: CERC/DSM/01**

The Secretary  
Central Electricity Regulatory Commission  
3rd & 4th Floor, Chandralok Building,  
36, Janpath, New Delhi 110 001

**SUB: Comments/Suggestions/Objections on Draft CERC (Deviation Settlement Mechanism and related matters) (Fifth Amendment) Regulations, 2019**

Respected Sir,

With reference to the above, kindly find enclosed written submissions by Gujarat Biomass Energy Developers Association for your consideration.

Sincerely,

For,  Gujarat Biomass Energy Developers Association

**A Mohan Reddy**  
(Member)

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## **Background:**

1. The Gujarat Biomass Energy Developers Association represents the biomass energy producers.
2. The biomass energy developers are facing significant challenges in sustaining day-to-day operations due to uncertainties emanating from the regulatory framework and lack of long-term visibility on tariffs and revenue. This negatively impacts not only the developers but also the sector as a whole where several biomass plants have become stranded or non-performing assets. Financial institutions are also wary of extending financial assistance in light of looming uncertainties.
3. Considering that biomass power supports local/rural employment, mitigates open burning, and generates clean energy, the sector needs to be supported in larger public interest and in light of various programs and initiatives by Central Government including India's NDC of achieving 10 GW from biomass.
4. The CERC Deviation Settlement Mechanism Fourth Amendment has put immense pressure on biomass projects and there is an urgent need to provide relief for such projects.
5. The CERC has taken cognizance of the issues in light of the Delhi High Court Order and representations made by various stakeholders. Gujarat Biomass Energy Developers Association would like to submit the following for CERC's consideration:

## **Rationale for Consideration:**

1. Biomass plants are small capacity plants– typically up to 15 MW in capacity and are decentralized. They source the required biomass from within 100 kms radius. i.e., commercially not feasible to procure rawmaterial from longer distances and have to deal with the locally available raw material.
2. Since no single type of biomass is available throughout the year in the required quantum and often multiple types of biomass need to be blended – making it a heterogeneous mix with varying moisture, ash, inert, calorific value and other vagaries.
3. Due to the heterogeneous nature of the blend of biomass there are significant variations in generation which are beyond control of the developer.

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4. The biomass plants, especially travelling grate type, are slow responding as the biomass travels up to 45 – 60 mins during combustion. Thus from fuel feeding to combustion to actual energy generation there is a significant delay. This means that if there a drop in the energy generation on account of fuel variability, it can take up to 2 hours before any intervention takes effect if at all possible.
5. If the steam turbine demands more steam than what the boiler can deliver in order to match the schedule, there will be frequent trips and increase the overall O&M cost. Thus, in biomass plants the turbine generates power based on the steam supplied by the boiler rather than demanding steam to generate the targeted power. This is a key operational difference between conventional (gas/coal based) power plants considering the fuel dynamics.
6. Further biomass plants set-up by the members of the association are between 4 to 15 MW capacity and it would be unfair to burden such capacity plants with the same level of penalty as large capacity conventional thermal power plants.
7. Considering the small capacity of such plants there is disproportionally larger burden to the plant operators in comparison to the impact of deviation on grid. For instance, the installed capacity in Gujarat is 27370 MW.

- Installed Capacity in Gujarat: 27370 MW
- Biomass installed capacity: 41.1 MW

Biomass is only 0.14% of total installed capacity – thus deviations on account of biomass plants is nearly insignificant however the penal provisions on account of deviations are significantly large for such plants.

## **Request of Gujarat Biomass Energy Developers Association:**

### **1. Capping of Basic UI charge for BiomassPlants**

- a. The calculation of basic UI rate has been linked to the area clearing prices and basic charges for deviation can be up to Rs. 8.00 /KWh depending on area clearing price and grid frequency. Such a high rate on account of deviation is not sustainable biomass projects whose tariff has been determined by respective SERCs and have genuine operational constraints/limitations due to reasons mentioned above.



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- b. CERC has approved a cap rate on deviation charges of Rs. 3.03/KWh for all generating stations irrespective of fuel type and whether such plants are regulated by the Commission or not. However, such rate has been in reference to conventional power plants and there needs to be a lower cap rate for biomass plants considering the aforementioned reason. We propose CERC to cap the deviation charges for biomass plants, whether they are regulated by the commission or not, to no more than Rs. 2.00 / KWh. This shall provide much needed relief. The Commission may review the cap rate after a period of 3 years.

## **2. Relief from Additional UI Charges:**

- a. The additional UI charges are applicable for crossing deviation limits. Considering that there will be variability in fuel and that the biomass plants are slow responding there is no or little control available to the developer to maintain generation as per schedule.
- b. In line with the aforementioned submission to provide relief from unpredictable burden on biomass plants, we request that such plants be exempted from payment of additional UI charges.

## **3. Relief from Additional Charges on account of Sign Change Violation:**

- a. We welcome Hon`ble CERC'sproposal to exempt renewable energy generators from payment of additional charge for failure to adhere tosign change requirement:

### **Clause 10 Regulation 7**

*"Provided also that payment of additional charge for failure to adhere to sign change requirement as specified under clauses (a) & (b) of this regulation shall not be applicable to:*

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***a. renewable energy generators which are regional entities***

*b. run of river projects without pondage*

*c. any infirm injection of power by a generating station prior to CoD of a unit during testing and commissioning activities, in accordance with the Connectivity Regulations."*

The proposal of CERC is indeed supportive and it may kindly be clarified that the renewable energy generators (including biomass) should be exempted from sign change requirement and/or payment of additional charges on account of failure to adhere to sign change.