

Delhi Electricity Regulatory Commission
Viniyamak Bhawan, 'C' Block, Shivalik, Malviya Nagar, New Delhi – 17.

No. F.11(823)DERC/2011-12/

Petition No. 31/2012

In the matter of : **Petition for determination of Tariff for waste of energy Power Project at Bawana village in Delhi.**

M/s Delhi MSW Solutions Limited (DMSL)
6-3-1089/G/10 & 11, Gulmohar Avenue,
Raj Bhavan Road, Somajiguda,
Hyderabad-500082,
Andhra Pradesh

...Petitioner

Vs.

Tata Power Delhi Distribution Ltd.
Through its : Managing Director
Sub-Station Building,
Hudson Lane, Kingsway Camp
Delhi 110 009

....Respondent

Coram:

**Sh. P.D. Sudhakar, Chairman, Sh. Shyam Wadhera, Member &
Sh. J.P. Singh, Member.**

Appearance

1. Mr. Anurag Bansal, TPDDL
2. Mr. Varun Sharma, TPDDL
3. Mr. Shashwat Srivastva, TPDDL
4. Mr. L. Pundareek, DMSWL
5. Mr. K. Appireddy, DMSWL
6. Mr. NV Pawan Kumar, DMSWL
7. Mr. Ajit Pandit, ABPS, Infra Consultan-DMSWL
8. Mr. Ravindra Kadam, ABPS, Infra Consultant, DMSWL

INTERIM ORDER

(Date of Hearing: 12.07.2012)
(Date of Order: 29.08.2012)

1. The above matter was listed for hearing on 12.07.2012 in the Commission which was attended by the official mentioned above on behalf of Respondent TPDDL.
2. The Commission examined the matter and observed that the Municipal Corporation of Delhi has awarded an integrated Solid waste Management Project to M/s Delhi MSW Solution Limited (DMSL) on BOOT basis. DMSL has executed a concession agreement with Municipal Corp of Delhi on July 2009. The land required for the project has been provided on a Lease basis. According to the mandate as a part of

the Scope of Work in the Concession Agreement, Phase-I which is collection and transportation of MSW to the site is operational since Aug 2009 and Compost Landfill, and Pre-sorting activity in Phase –II are operational since Sept 2011. Under Phase II, further processing of MSW entails compost, RDF, thermal processing for power generation using the processing technologies in phased manner.

3. As per the concession agreement clause 6.12 (b), the concessionaire shall be free to sell or otherwise dispose off recyclable, compost or organic manure, energy (power) and /or other material recovered after processing the Municipal Solid Waste at the project facilities at such price and to such persons and using such marketing and selling arrangement as it may deem appropriate subject to meeting the O&M Requirement.
4. The petitioner has stated that they are in an advanced stage of establishing a waste to energy power plant with an installed capacity of 24 MW as part of integrated municipal solid waste management in Bawana, Delhi.
5. The Commission observed that the generation and sale of power from the MSW project was not one of the bid criteria. Hence it can be concluded, that electricity is only incidental or secondary to the project and not one of the primary outputs, for which the bidding took place. Since the fuel (MSW) is a bi-product of the MSW project, which would otherwise have to be disposed-off at a cost, tariff determination by the Commission under Section 62 may amount to effectively changing the bid conditions for award of the MSW project.
6. The Commission is of the view that power generation can at best be considered as merchant power generation which the project developer is free to sell as a merchant generator.
7. In case the developer intends to sell power to any of the distribution utilities in Delhi, the Commission may consider a petition filed by such distribution utility for approval of PPA at a tariff and on such terms and conditions as are not significantly different from those entered into by any of the distribution utilities purchasing power through a competitive bid from composite MSW and power generation project viz: Okhla-Timarpur MSW Project. In that case, the developer would be free to sell RECs in the market on account of the green attributes of such power generation.
8. The Petitioner is directed to file the said information within 10 days from the receipt of this order.
9. The matter shall now be listed in the 09.10.2012.

Sd/-
(J.P. Singh)
Member

Sd/-
(Shyam Wadhera)
Member

Sd/-
(P.D. Sudhakar)
Chairman