

June 09, 2017

IWPA Circular No. 226 of 2017

Circular to Members who have Wind Mills in TN



Dear Friends

**Supreme Court Order on “Time Value of Money” Case -
Request for sharing legal expenses by members in TN**

Background:

Sale to Board members were receiving payments with 5% annual escalation up to 2006. TNERC issued its first tariff order on 15-05-2006 for wind energy and fixed an average tariff of Rs. 2.90 per unit for the WEGs commissioned on or after 15/05/2006 and Rs.2.75 per unit for the WEGs commissioned before 15/05/2006 for the life of the plant. The tariff was very low as the Tamil Nadu Electricity Regulatory Commission (TNERC) had failed to take into account the “Time Value of Money” i.e. inflation effect in tariff determination. IWPA appealed against the TNERC order at the Appellate Tribunal for Electricity (APTEL) and the APTEL directed the TNERC to revise the tariff taking into account the “Time Value of Money”.

The TNERC and TNEB appealed against the order of APTEL at the Supreme Court. In the meantime, the TNERC went on to pass further tariff orders on wind energy in 2009 and 2012 without considering the Time Value Money. However, the TNERC vide its order dated 31/03/2016 in RA 6 revised the tariff determined in its 2012 tariff order upward taking into account the “Time Value of Money” as per the direction of the APTEL.

Final hearing at Supreme Court:

The appeals of TNERC and TNEB filed in the Supreme Court in the year 2008 against APTEL order were finally heard in May 2017 and the Supreme Court upheld the APTEL’s order and dismissed the appeals of TNEB and TNERC. Therefore, TNERC has to now re-determine the tariff for the WEGs installed before 15/05/2006 and after 14/05/2006 taking into account the Time Value of Money as directed by the APTEL. This will result in an upward revision of tariff. This will also result in corresponding increase in the encashment of unutilized units after March every year for the captive users. This is a big gain to the members who are selling energy to the TNEB and as well as the captive generators having banking facilities with TANGEDCO.

Request contribution from Members to defray the Legal Expenses:

To reap the benefit of increased tariff, IWPA is pursuing the issue with TNERC to re-determine the tariff for the period before and after 15/05/2006. You are aware that the legal fees of Supreme Court Lawyers are quite high now-a-days and in this case we have to make payments to the senior Lawyers who helped to get this landmark judgment from the Supreme Court. We request all the beneficiary members like captive WEGs with banking provision and as well as Sale to Board members to kindly contribute a legal expense of Rs. 30,000/- each urgently.

Looking forward to your cooperation.

Thanking you in anticipation,

For Indian Wind Power Association

(Prof. Dr. K Kasthurirangaian)
Chairman

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