

**ABSTRACT**

Waste to Energy project at Njaliamparambu, Kozhikode by M/s.Malabar Waste Management Pvt Ltd –  
Provisional tariff – Sanctioned - Orders issued

**Corporate Office (Commercial & Tariff)**

BO.(FTD) No. 475/2021(CE(C&T)/CML-EEI-AEEVI/WTE-kozhikode/2021-22) dated TVPM, 23.06.2021

**Read:-** (1) GO.(Ms) No.82/2018/LSGD dated 11.06.2018 of Government of Kerala.

- (2) Concessionaire Agreement dated 04.09.2019, between Government of Kerala, KSIDC and Seven Local Bodies.
- (3) KSERC Order dated 10.02.2021 on OP No.06/2020.
- (4) Note No.CE(C&P)/CML-EEI-AEEVI/WTE-Kozhikode/2020-21/108 dated 29.04.2021 of the Chief Engineer (Commercial & Planning) submitted to Full Time Directors(Agenda No.91/4/21)
- (5) Letter No.MWMPL/WTE/192001/2021-22/008 dated 10.05.2021 & even no. 009 dated 11.06.2021 of M/s.Malabar Waste Management Pvt Ltd
- (6) Letter No.FA/Tax cell/MSW Plant/224/CMD/2021-22 dated 09.06.2021 & even no. dated 19.06.2021 of the Financial Advisor, KSEBL
- (7) Note No.CE(C&P)/CML-EEI-AEEVI/WTE-Kozhikode/2020-21/257 dated 21.06.2021 of the Chief Engineer (Commercial & Tariff) submitted to Full Time Directors

**ORDER**

Kerala State Electricity Regulatory Commission in the Order read as 3<sup>rd</sup> above, determined the tariff for the Waste to Energy project at Njaliamparambu, Kozhikkode undertaken by M/s.Malabar Waste Management Private Ltd, as below:

*“The levelized tariff for the electricity generated from the 6 MW MSW plant of the petitioner at Kozhikkode is provisionally approved @Rs.6.81/unit without the benefit of accelerated depreciation and Rs.6.31/unit with the benefit of accelerated depreciation in case the petitioner so desires for the electricity generated upto the normative PLF s specified under paragraph 31 of this Order.”*

As per the decision of Full Time Directors in the meeting held on 30.04.2021 vide note read 4 above, the firm was intimated that KSEBL prefers to enter into PPA only at **Rs.6.31/unit** availing the benefit of accelerate depreciation.

The firm in the letter read as 5<sup>th</sup> above dated 10.05.2021, has requested to provide them the tariff rate without the benefit of accelerated depreciation, ie.**Rs.6.81/unit**, stating the following:

“the Company has opted for beneficial tax rate of 22% under Section 115BAA of the Income tax Act, 1961 (the Act). S. 115BAA(2), and accordingly the total income of the company shall be computed without providing any accelerated or additional depreciation. Moreover, Income Tax Department has facilitated with beneficial Corporate Income Tax rates for newly incorporated waste to energy/ power generating companies and accordingly, now Malabar Waste to Energy plant is eligible for a lower tax rates and accelerated depreciation is not applicable.”

The Chairman & Managing Director sought the advice of the Financial Advisor on the matter. The Financial Advisor as per note read 6 above dated 09.06.2021, intimated that the company has opted for beneficial tax rate of 22% under Section 115BAA of the Income tax Act (Section 32(1)(iia) of Act). If the assessee opts for reduced rate of 22%, the assessee shall not be eligible for additional depreciation as per

Section 32(1)(iia) of the Act, then will be able to avail the normal depreciation of 40%. The Financial Advisor also further opined that the maximum tariff that can be claimed by the developer is Rs.6.40/unit.

After detailed deliberations, the matter was again put for revisit by Financial Advisor. The Financial Advisor in his remarks read as 6<sup>th</sup> above dated 19.06.2021 informed that if benefit of Section 115BAA is availed, tax rates will be 25.17% and tax benefit will be Rs. 0.30 /unit. If benefit of Section 115BAA is not availed, tax rate will be 34.94% and tax benefit will be Rs. 0.41 / unit. The tax benefit as per KSERC calculation is Rs.0.50/unit.

KSERC had approved tariff for the project at **Rs.6.81/unit** without the benefit of accelerated depreciation and **Rs.6.31/unit** with the benefit of accelerated depreciation in case the firm so desires. The firm has intimated in their letters read as 5<sup>th</sup> above, that they cannot claim additional 20% depreciation over the normal depreciation rate. Moreover, KSEBL cannot force the generator to avail the accelerated depreciation.

The Chief Engineer (Commercial & Tariff), in the note read as 7<sup>th</sup> above, has suggested to adopt the tariff for the project provisionally as **Rs.6.81/unit**, which is the tariff without the benefit of accelerated depreciation approved by KSERC, after obtaining an undertaking from the generator that while arriving the final tariff, the benefit of income tax as per section 115BAA shall also be considered. It is also suggested to take up the remarks of Financial Advisor with KSERC for confirmation of tariff.

In view of the above, this matter was submitted before Full Time Directors, through circulation for decision.

Having considered the matter in detail, the Full Time Directors

- Resolved to adopt the tariff for the project provisionally as **Rs.6.81/unit**, which is the tariff without the benefit of accelerated depreciation approved by KSERC, after obtaining an undertaking from the generator.
- Further resolved to file the opinion of Financial Advisor with KSERC as a miscellaneous petition.

Orders are issued accordingly.

By order of the Full Time Directors,

Sd/-

**LEKHA G**

**Company Secretary**

To

The Chief Engineer(Commercial & Tariff)

Copy to:-

The Financial Advisor/ The Chief Internal Auditor  
The Chief Engineer (IT)  
TA to Chairman & Managing Director  
Director (Distribution, IT & HRM)  
Director (Transmission & System Operation)  
Director (Planning, Safety & REES) full additional Charge of Soura)  
Director (Generation-Electrical & SCM)  
Director (Generation-Civil)  
PA to Director (Finance) /The Company Secretary/ Sr CA to Chief Vigilance Officer  
Library/Stock file

Forwarded by order,



Assistant Executive Engineer