

4.4.1.3 After having taken into consideration the recommendations of the Restricted Negotiation Committee (RNC) in terms of funding that would be available when the new Alteo Power Plant will be operational, the JTC has worked out a proposal that could increase the funding for bagasse in the context of the structural reform of the sugarcane sector which has already integrated the coming into operation of the new Alteo power plant as soon as possible.

4.4.1.4 The JTC therefore proposes that the RNC recommendations in terms of funding be implemented as from financial year 2018-2019 and to further improve the contribution towards bagasse, the JTC has identified two other sources of funding as follows:

- (i) the MID levy on petroleum products (Rs 0.30/ L) representing an estimated overall sum of Rs145M calculated from 2016 statistics; and
- (ii) a minimal contribution of Rs 0.10 / kwh on fossil fuel energy invoiced by CEB to consumers, thus generating an additional income of Rs200M to be directed towards Bagasse remuneration.

4.4.1.5 Table 6 below summarises the general bagasse funding before the implementation of the new Alteo Power Plant Project:

Table 6: General bagasse funding for 2018

Description	Rs (M) in 2018
1. RNC recommendation <sup>1</sup>	323
2. MID on Petroleum	145
3. CEB contribution	200
<b>Total</b>	<b>668</b>
<b>Average bagasse remuneration</b>	<b>Rs 2,447 / t sugar</b>

*Note 1: RNC recommendations: BTPF Rs64M + Coal Levy Rs259 M = Rs323M.*

4.4.1.6 With the above measures, the producers would benefit from an average bagasse remuneration estimated at Rs 2,447 / t sugar for Crop 2018, which is still **short of Rs 553/ t sugar** as compared with the proposed remuneration of Rs 3,000 / t sugar. **However, a favourable consideration has been given to small planters for them to obtain Rs3,000 / t.**

4.4.1.7 The JTC is of the view that it would be appropriate for the proceeds of the MID levy to be utilised to support the production of a renewable source of