



Petition No.1470 of 2019

BEFORE

THE UTTAR PRADESH ELECTRICITY REGULATORY COMMISSION

LUCKNOW

Date of Order: 14 .06.2019

PRESENT:

1. Hon'ble Sri Raj Pratap Singh, Chairman
2. Hon'ble Sri Suresh Kumar Agarwal, Member
3. Hon'ble Sri Kaushal Kishore Sharma, Member

IN THE MATTER OF: Seeking approval of RFP and PPA for bidding for procurement of 500 MW grid connected solar power.

1. UP New & Renewable Energy Development Agency
(through its Director),
VibhutiKhand,
Gomti Nagar,
Lucknow-226010
2. Uttar Pradesh Power Corporation Ltd. (UPPCL_
Shakti Bhawan,
14-Ashok Marg,
Lucknow

-----Petitioner

ORDER

This Petition has been filed by U.P. New and Renewable Energy Development Agency (UPNEDA) and Uttar Pradesh Power Corporation Ltd. (UPPCL) seeking approval of RFP and Power Purchase Agreement for procurement of 500MW power from the Grid Connected Solar Power PV Projects through tariff based competitive bidding in accordance with the guidelines for Tariff Based Competitive Bidding Process for procurement of power from Grid Connection Solar PV projects issued by Ministry of Power, Government of India.



2. The Petitioners have stated that the Government of UP has promulgated Solar Energy Policy-2017 in December 2017 to promote the establishment of Solar Power Projects in the State. Under Clause 8.12 of the Solar Energy Policy 2017, utility scale stand-alone solar projects will be set up for sale of power to Distribution Licensees. UPNEDA will be the nodal agency for setting up of Solar Power Plant with a minimum 5 MW capacity through competitive bidding process as per the aforesaid guidelines.

3. UPNEDA had invited bids for procurement of 550MW power in October 2018 from Grid Connected Solar PV Power Projects through Tariff Based Competitive Bidding process. In this bidding the ceiling tariff of Rs.3.10/kWh was kept and after the bidding the tariff in the range of Rs.3.02/kWh to Rs. 3.08/kWh has been obtained and after the e- reverse Auction a Weighted Average Tariff at Rs.3.0598/kWh has been obtained. They have again brought a bid for procurement of 500MW capacity from Grid connected Solar PV Power Projects, in accordance with the bidding guidelines issued by Ministry of Power, Government of India.

4. Keeping in view the weighted average tariff of Rs.3.05/kWh obtained in the bid invited in second phase for procurement of 550MW power and as per advice of Solar Energy Corporation of India (SECI), a ceiling tariff of Rs.3.05/kWh has been kept in the invited bids.

5. UPPCL has given its consent vide letter dated 9.1.2019 for procuring 500 MW power with a ceiling tariff of Rs.3.05/kWh.

6. In this bidding for 500MW Solar Power, a provision has been made in the bidding document to allow the proposed bidders to put up the proposed power plant on self identified and owned land or a water body. Since in the guidelines issued by Government of India, the provision of setting up of Solar Power Plant on water body was not categorically permitted therefore, UPNEDA sought a clarification from Ministry of New & Renewable Energy (MNRE) vide letter dated 7.2.2019.



7. Ministry of New and Renewable Energy (MNRE) vide letter dated 6.3.2019 intimated UPNEDA that MNRE is considering to issue clarification to explicitly allow water bodies but the specific guidelines on this issue may be issued in due course of time and UPNEDA may allow the bidders to install the Solar Power Plants on self-identified and owned land or Water body subject to approval of tariffs under winning bids from this Commission.

8. On the above issue suitable provisions have been made in the Tender document. The petitioners have also stated that MNRE vide its letter no.283/54/2018-Grid Solar dated 03.01.2019 have directed for necessary compliance of the directions given in this letter. This letter of MNRE has made it mandatory for procurement of Solar PV cells and modules complying with the BIS standards. MNRE shall publish a list including approved list of Models and Manufacturers, and only models and manufacturers included in this list will be eligible for use in Government/Government assisted Projects and Projects under Government Schemes & Programmes, including projects set-up for sale of electricity to Government under Tariff based competitive bidding process. The effective date on operationalization of the list would be 31 March 2020. Accordingly the provision has been made in the bid document.

9. Ministry of Power has issued a resolution dated 31.1.19 for amendment to the Guidelines for Tariff Based Competition Bidding Process for Procurement of Power from Grid connected Solar PV Power Projects and has allowed the time limit of 18 months for completion of projects from the date of execution of PPA for projects being set up outside Solar Park. Accordingly similar provision has been made in the bid document.

10. The Petitioners have enclosed Annexure-10 with the Petition outlining the deviations from the Standard Bidding Guidelines issued by Government of India. The Commission has examined this Annexure and finds that the deviation at Sl.No.9 which is Point No.12 of Bidding Guidelines provides for timeline for financial closure. The bidding guidelines provide for a period of 12 months for financial closure from



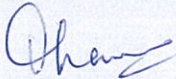
the date of execution of the PPA. The petitioners have also kept the period of financial closure as 365 days from the date of signing of PPA. The Commission would like to keep it 240 days instead of 365 days, because in most of the cases if the financial closure is not done within 8 months of PPA then the projects cannot be completed in 18 months time. It leads to requests for time extension and in many cases cancellation of the PPA.

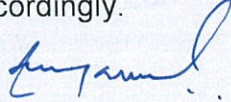
11. In proposed deviation at Sl.No.16 which is point no. 6.1 of the bidding guidelines, the petitioners have provided that 80% of the capacity will be offered at the quoted tariff and in case of excess capacity being offered the bidders shall be ranked as per the tariff quoted by them in ascending order and bidders ranked up to 50% of the additional capacity obtained above, the capacity being offered the bidders shall be invited to participate in the e-reverse auction. The deviation is vague as in the first place it does not specify the rate at which 20% capacity will be offered and secondly why not 80% capacity is put for e-reverse auction. Instead of the proposed deviation, the Commission directs that following provisions should be kept against point no.6.1 of the bidding guidelines:


“e-reverse auction process will be adopted in line with process followed the SECI”

12. Commission approves the remaining deviations as listed in Annexure-10 of the Petition and allows the bidding for 500MW Grid Connected Solar Power Plants at the ceiling price of Rs.3.05/kWh fixed for the entire term of the PPA.

13. The petition is disposed of accordingly.


(Kaushal Kishore Sharma)
Member


(Suresh Kumar Agarwal)
Member


(Raj Pratap Singh)
Chairman

Place:Lucknow

Date: 14.06.2019