

Before the
MAHARASHTRA ELECTRICITY REGULATORY COMMISSION
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Case No. 184 of 2019

Case of Maharashtra State Power Generation Co. Ltd. and Maharashtra State Electricity Distribution Co. Ltd. seeking approval for Adoption of Tariff rate of Rs 3.10/kWh for Long Term Procurement for 7 MW Solar Project under Mukhyamantri Saur Krishi Vaahini Yojana and for approval to the deviations sought in the Draft PSA and PPA.

Coram

Anand B. Kulkarni, Chairperson
I.M. Bohari, Member
Mukesh Khullar, Member

Maharashtra State Power Generation Co. Ltd. : Petitioner No. 1
Maharashtra State Electricity Distribution Co. Ltd. : Petitioner No. 2
M/s. Gro Solar Energy Pvt. Ltd. : Impleaded Respondent

Appearance

For the Petitioner No. 1 : Shri. Vijay Rathod (Rep.)
For the Petitioner No. 2 : Smt. Kavita Gharat (Rep.)
For Impleaded Respondents : Shri.Rajdeep Girase (Rep.)

ORDER

Date: 11 September, 2019

1. Maharashtra State Power Generation Co. Ltd. (**MSPGCL**) and Maharashtra State Electricity Distribution Co. Ltd. (**MSEDCL**) jointly submitted this Case on 31 July, 2019 seeking adoption of Tariff rate of Rs 3.10/kWh for Long Term Procurement of 7 MW Solar Project under Mukhyamantri Saur Krishi Vaahini Yojana and for seeking approval to the deviations sought in the Draft Power Supply Agreement (PSA) and Power Purchase Agreement (PPA) with respect to the Standard Bidding Guidelines.
2. Further, such power will be utilized to meet MSEDCL's Solar Renewable Purchase Obligations (**RPO**) under Section 63 of Electricity Act, 2003 (**EA**).

3. Petitioner's main prayers are as follows:

- a) *Approve the adoption of Tariff rate of Rs. 3.10/kWh for 7MW of solar power plant of M/s. Gro Solar Energy Pvt. Ltd. selected through EOI bidding process;*
- b) *Approve the deviation regarding inclusion of "Change in law" clauses in the draft PPA & PSA for 7 MW solar power project selected through EOI bidding process, as per proposed modification to approved draft PSA, when the same was not specifically provided in tender document for Eol;*
- c) *Approve the deviation in "Compensation for Deemed Generation" clause in PPA & PSA for 7MW of solar power project selected through EOI bidding process;*
- d) *Approve the draft PPA & PSA for 7MW of solar power project selected through EOI bidding process*

4. Petitioners in their Case has stated as follows:

- 4.1. MSEDCL is fulfilling Non-Solar and Solar RPO target by way of purchase of Non - Solar and Solar RECs. However, considering the future RPO targets, MSEDCL needs to procure additional RE power for fulfillment of RPO targets so as to accommodate the actual power in the system rather than to rely on REC.

- 4.2. The Government of Maharashtra (**GoM**) has undertaken ‘Mukhyamantri Saur Krishi Vahini Yojana’ vide GR dated 14 June, 2017 and 17 March, 2018 for supplying power to the agriculture sector during day time, reduction in line losses and also reduction in subsidy burden for GoM. The scheme is to be implemented through Public Private Partnership (PPP) mode.
- 4.3. As per the scheme as stated above, MSPGCL had filed a petition dated 27 November, 2017 with the Commission in Case No. 172 of 2017 for removal of difficulties in the matter of implementation of ‘Mukhyamantri Saur Krishi Vahini Yojana’ and approval of Power Purchase Agreement (**PPA**) and Power Sale Agreement (**PSA**) being executed by MSPGCL and MSEDCL for the implementation of the scheme. In the said Petition, MSPGCL had also mentioned that apart from the two pilot projects it has also identified agricultural feeders aggregating a capacity of 500 MW for which the same PPA / PSA methodology was proposed.
- 4.4. The Commission issued final Order in Case No. 172 of 2017 on 16 October, 2018 and approved the modalities proposed by MSPGCL for PPA and PSA for all the solar projects being installed under “Mukhyamantri Saur Krishi Vahini Yojana’ and also directed that MSPGCL and MSEDCL should approach the Commission jointly with deviations if any in the PPA and PSA.
- 4.5. As implementing agency for ‘*Mukhyamantri Saur Krishi Vaahini Yojana*’, MSPGCL had undertaken the development of solar projects by inviting ‘Expression of Interest’ (**EoI**). MSPGCL had published the EoI dated 13 December, 2018 for calling the interested Bidders/Developers/land owners for setting up Solar Power Plant/Plants of capacity up to 100 MW Cumulative at different locations on private land to cater to the electrical load of AG feeders in Vidarbha, Marathwada, Western and Northern regions of Maharashtra on pilot basis. As per the EoI document, the bidder was to do all the infrastructure works like development of land, topographical survey, soil tests, construction of approach road etc. Also the arrangement of evacuation system and its allied transmission line was in bidder’s scope.
- 4.6. In response to this EoI, total 48 bidders submitted their proposal. MSPGCL asked the EoI Bidders to submit Land Documents & Bank Guarantees (**BG**) Rs. 5 lakhs/MW by 27 April, 2018.

4.7. Out of 48 bidders only 4 bidders qualified for the reverse bidding process as remaining bidders didn't submit the required documents and/or required BG against Earnest Money Deposit (EMD). Reverse bidding with base tariff rate of Rs. 3.30/kWh was carried out online on dated 11 June, 2018. MSPGCL further called the qualified bidders for negotiation. In response to the same M/s. Shapoorji Pallonji Infrastructure Capital Co. Pvt. Ltd. failed to negotiate the tariff. The tariff rates quoted by qualified bidders in reverse bidding dated 11 June, 2018 for EoI of 100 MW and tariff rates agreed after negotiations are as follows:

No.	Name of the Organization	Capacity in MW	Rate quoted in Reverse Bidding	Revised Rates offered by the Bidder	Status of Reverse Bidding
1.	M/s. Sri Sri Shetkari Urja Nirmiti Co-op. Soc. Ltd. Nashik	2	3.18	2.93	L1
2.	M/s. Karnataka Resco Rooftop Solar Co. Pvt. Ltd. (100% subsidiary of M/s. Think Energy Partners Solar India LLC (USA)).	100	3.19	3.10	L2
3.	M/s. Gro Solar Energy Pvt. Ltd., Thane	5	3.23	3.10	L3
4.	M/s. Shapoorji Pallonji Infrastructure Co. Pvt. Ltd., Mumbai	50	3.24	Did not negotiate	L4

4.8. MSEDCL had conveyed that power evacuation arrangement should be at 11/22 kV bus bar level of MSEDCL's substations and the metering should also be at interconnection point i.e. 11/22 kV level in MSEDCL's substation in line with MSEDCL's proposed tenders and project capacity should be less than 10 MW.

4.9. MSEDCL had provided the consent for tariff of L1 & L2 bidders and filed a Petition under Case No. 308 of 2018 for 100 MW M/s. Karnataka Resco Rooftop Solar Co. Pvt. Ltd. & 2 MW M/s. Sri Sri Shetkari Urja Nirmiti Co-op Soc. Ltd. under EoI for approval of tariff and draft PSA. The Commission approved the tariff rates as quoted above vide its Order in Case No. 308 of 2018 dated 29 November, 2018.

4.10. Meanwhile M/s. Gro Solar Energy Pvt. Ltd. (GSEPL) requested to consider the project capacity of 7 MW instead of 5 MW as they have already obtained Grid Connectivity

feasibility from MSEDCL at 33/11kV. M/s. Gro Energy further conveyed that they shall abide by the Commission's approvals for Change in Law against Safeguard duty (SGD) relief and evacuation voltage level as approved by MSPGCL/MSEDCL.

- 4.11. MSEDCL has submitted their consent for tariff rate of Rs. 3.10/unit for 7 MW Solar Power Plant subject to approval from the Commission and submitted draft PSA for approval. Hence, MSPGCL & MSEDCL through this petition request the Commission to approve the adoption of tariff rate of Rs. 3.10/unit for 7 MW of Solar Power Project.
- 4.12. Further, MSPGCL and MSEDCL request the Commission to approve the draft PSA for 7 MW solar power project as similar PSA has already been approved by the Commission in its Order in Case No. 308 of 2018 dated 29 November, 2018 for solar power projects undertaken through EOI bidding process.
- 4.13. The rates offered by MSPGCL for 7 MW solar capacity as mentioned above at 11 kV Level are financially viable and economical to MSEDCL considering the losses and Transmission/Wheeling charges applicable as below:

NTPC Recent Tariff rates	CTU Loss @ 3.80%	STU Loss @ 3.82%	11kV Loss @ 9%	Project Capacity Advantage @ 10 paise per unit
2.59	2.69	2.80	3.08	3.18

- 4.14. CTU charges are waived off for RE projects eligible for RPO by the Central Electricity Regulatory Commission (CERC), however STU charges and distribution wheeling charges are applicable. Hence the rates offered by MSPGCL are financially viable and economical along with the benefits of distributed generation.
- 4.15. Also, the Commission vide its Order dated 29 November, 2018 under Case No. 308 of 2018 has already approved tariff of Rs. 3.10/unit for 100MW of M/s. Karnataka Resco Rooftop Solar Co. Pvt. Ltd.
- 4.16. In view of the above MSPGCL & MSEDCL jointly submit to the Commission for adoption of tariff of Rs. 3.10/unit for the 7 MW Solar PV Project being developed at

Degaon, Tal.: Sindakhede , Dist. : Dhule under Section 63 of EA for the rates discovered through the EoI bidding process and offered by MSPGCL and consented to by MSEDCL.

- 4.17. Though the EoI process was broadly carried out without any detailed Request for Proposal (**RfP**) document MSPGCL has followed Standard Bidding Guidelines (**SBG**) of Ministry of Power (**MoP**) for long term procurement of Solar Power dated 3 August, 2017 including the Reverse Bidding process. Also considering the practical difficulties observed during implementation of the earlier projects under the “Mukhyamantri Sour Krishi Vaahini Yojana”, there are some deviations with respect to SBG and the draft PSA approved by the Commission in Order dated 29 November, 2018 in Case No. 308 of 2018, which MSPGCL is proposing for incorporation in PPA and PSA for the 7 MW project.
- 4.18. MSPGCL has already filed a petition in Case No. 112 of 2019 for approval of deviations in PPA for 302 MW solar power project before the Commission. MSPGCL had submitted draft PPAs, along with deviations and reasons thereof and also requested the Commission to accord approval to the draft PPAs, the terms and conditions of which are in line with the terms and conditions of the approved PSA in Case no. 308 of 2018. Therefore, it is requested to approve the PPA for 7 MW of solar power project as the same is in line with the petition filed in Case No. 112 of 2019.
- 4.19. Similar to Case No. 112 of 2019, it is proposed to incorporate changes in clauses related to ‘Change in Law’ and ‘Compensation for Deemed Generation’ for 7 MW EoI based power project. Following Clauses are kept in draft PPA as they were provided in draft PSA approved in the order in Case no. 308 of 2018.
- a. Interconnection Point & metering point
 - b. Renewable Purchase Obligation
- 4.20. The Scheduled Commercial Operating Date (**SCOD**) for the 7 MW solar power project is 13 months from effective date which is as per provision of draft PSA.
5. GSEPL made the following submission dated 19 August, 2019:

- 5.1. It agrees with the Terms, Conditions and Provisions of the Draft PPA submitted to the Commission by the Petitioners for approval and agrees with the Petitioners' Prayers submitted to the Commission
- 5.2. GSEPL has land, connectivity, local approvals etc. for this Power Plant
- 5.3. As regards the specific requirement regarding evacuation of power, it has already communicated its consent vide letter dated 18 January, 2019 to MSPGCL for agreement to evacuate power at any of 11 kV or 33 kV level as per direction from MSEDCL or MSPGCL
6. At the hearing held on 22 August, 2019 the representative of Petitioners (MSPGCL and MSEDCL) and the GSEPL reiterated their submissions. GSEPL submitted that it supports the joint Petition filed by MSPGCL and MSEDCL.
7. MSPGCL, through its letter dated 3 September, 2019 made additional submissions. It clarified that "Change in Law" Clause in the Draft PSA attached with the Petition has remained inadvertently uncorrected as requested in the Petition. Now, it made the necessary changes in the Draft PSA with respect to the "Change in Law" Clause.

Commission's Analysis and Rulings

8. The Commission by its Order in Case No. 172 of 2017 dated 16 October, 2018 has approved the modalities proposed by MSPGCL for PPA and PSA for all the Solar projects being installed under '*Mukhyamantri Saur Krishi Vahini Yojana*' and directed that MSPGCL and MSEDCL should approach the Commission jointly with deviations if any in the PPA and PSA.
9. As implementing agency for '*Mukhyamantri Saur Krishi Vahini Yojana*', MSPGCL invited EoI dated 13 December, 2018 for interested Bidders/Developers/land owners for setting up Solar Power projects of capacity up to 100 MW Cumulative at different locations on private land. In response to the EoI, total 48 bidders submitted their proposal. Out of 48, 4 bidders qualified for the reverse bidding process which was conducted on 11 June, 2018. After bidding, MSPGCL negotiated rates with the bidders and the final rates post negotiations are as below:

No.	Name of the Organization	Capacity in MW	Rate quoted in Reverse Bidding	Revised Rates offered by the Bidder	Status of Reverse Bidding
1.	M/s. Sri Sri Shetkari Urja Nirmiti Co-op. Soc. Ltd. Nashik	2	3.18	2.93	L1
2.	M/s. Karnataka Resco Rooftop Solar Co. Pvt. Ltd. (100% subsidiary of M/s. Think Energy Partners Solar India LLC (USA)).	100	3.19	3.10	L2
3.	M/s. Gro Solar Energy Pvt. Ltd., Thane	5	3.23	3.10	L3
4.	M/s. Shapoorji Pallonji Infrastructure Co. Pvt. Ltd., Mumbai	50	3.24	Did not negotiate	L4

10. MSEDCL filed a Petition under Case No. 308 of 2018 for adoption of Tariff for development of 2 MW Solar project by M/s. Sri Sri Shetkari Urja Nirmiti Co-op Soc. Ltd. and 100 MW by M/s. Karnataka Resco Rooftop Solar Co. Pvt. Ltd. That Petition also included proposal for adoption of tariff for 200 MW of Solar projects, which were selected through Competitive Bidding mechanism. Further, in the same Petition, MSEDCL submitted the Draft PSA for approval of the Commission. The Commission, by its Order dated 29 November, 2018 adopted the submitted rates and also approved the PSA. Since PPA document was not submitted in the said Petition, same was not approved by the Commission.
11. Later, MSPGCL filed a Petition under Case No. 112 of 2019 for approval of PPAs and also sought certain deviations to the PSA approved by the Commission in its Order dated 29 November, 2018 under Case No. 308 of 2018. In the said Petition, MSPGCL submitted two PPAs, one for projects selected through EoI route and other for the projects selected through Competitive Bidding mechanism. The Commission, by its Order dated 11 September, 2019 approved the PPAs and deviations sought in PSA for the projects to be developed through EoI.

12. MSPGCL & MSEDCL, through the instant Petition have approached the Commission for adoption of tariff of Rs. 3.10/unit offered by GSEPL for 7 MW to be developed under '*Mukhyamantri Saur Krishi Vahini Yojana*'. While justifying increase in capacity from 5 MW quoted in bid to 7 MW proposed in present Petition, it is submitted that GSEPL has already obtained Grid Connectivity feasibility from MSEDCL at 33/11KV for 7 MW.
13. As regards the rate of Rs. 3.10/unit for 7 MW Solar project, the Commission observes that it is the same rate as was adopted by it for EoI based power projects vide Order dated 29 November, 2018 in Case No. 308 of 2018. Further, such rate is lower than the recently adopted rate of around Rs. 3.15/unit at 11 KV level for MSEDCL under '*Mukhyamantri Saur Krishi Vahini Yojana*'. Therefore, the Commission is inclined to accept the rate of Rs. 3.10/unit for 7 MW Solar project to be developed by GSEPML for injection at 11kV level under '*Mukhyamantri Saur Krishi Vahini Yojana*'.
14. With regard to the deviations sought in the Draft PSA and PPA from the SBG, the Commission notes that the project selected through same EoI process shall have identical PPA and PSA. The Commission vide its Order dated 11 September, 2019 in Case No. 112 of 2019 has already approved changes in PPA and PSA for 102 MW (2 + 100 MW) projects selected and adopted earlier through same EoI process. Further, GSEPPL has already agreed to the changes in PPA proposed including injection at 11 kV voltage, Generation loss compensation and Change in Law clause. Hence, changes as approved in Order dated 11 September, 2019 in Case No. 112 of 2019 for EoI based Solar projects shall also be applicable for PPA and PSA to be signed in present matter.
15. Hence the following Order

ORDER

- 1. The Case No. 184 of 2019 is allowed.**
- 2. The Commission accords approval for procurement of 7 MW of solar power from M/s. Gro Solar Energy Pvt. Ltd. selected through EOI bidding process at the rate of Rs. 3.10/unit.**

3. Changes in Power Purchase Agreement and Power Sale Agreement as approved by the Commission in its Order dated 11 September, 2019 in Case No. 112 of 2019 for EOI based projects shall be applicable to present case also.
4. Parties shall accordingly sign Power Supply Agreement and Power Purchase Agreement and submit a copy for record of the Commission.
5. The Solar power procured from the projects shall be counted towards fulfilment of Solar RPO of Maharashtra State Electricity Distribution Co. Ltd. for the respective periods.

Sd/-
(Mukesh Khullar)
Member

Sd/-
(I.M.Bohari)
Member

Sd/-
(Anand B. Kulkarni)
Chairperson

