

Before the
MAHARASHTRA ELECTRICITY REGULATORY COMMISSION
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Case No. 270 of 2018

In the matter of

Petition of MSEDCL seeking approval for deviation in standard bidding guideline for long term procurement of solar power under ‘MukhyamantriSaour Krishi Vahini Yojana’ with 2 to 10 MW capacity projects connected to distribution network with total quantum of 1400 MW through competitive bidding (E-Reverse auction); under Section 19 of MERC (RPO, Its Compliance and Implementation of REC Framework) Regulations, 2016

Coram

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

Maharashtra State Electricity Distribution Company Limited (MSEDCL)..... Petitioner

Appearance

For MSEDCL : Ms. Kavita Gharat (Rep)
: Shri. S.S Rajput (Rep)
For MEDA : Shri. Manoj Pise (Rep)

ORDER

Date: 16 October, 2018

1. Maharashtra State Electricity Distribution Co. Ltd (MSEDCL) Plot No G-9, 5th Floor, Prakashgad, Station Road, Bandra (East), Mumbai - 400 051, has filed a Petition on 17 September, 2018 for seeking approval for deviation in bidding document from MoP guidelines for long term procurement of Solar Power under “MukhyamantriSaour Krishi Vahini Yojana” with 2 to 10 MW capacity projects connected to distribution network with total quantum of 1400 MW through competitive bidding (E- reverse auction); under Section 19 of MERC (RPO, Its Compliance and Implementation of REC Framework) Regulations, 2016.(RPO Regulations, 2016)

2. The main prayers of MSEDCL are as under-

- a) *To accord approval for initiation of District wise/ Circle wise competitive bidding process for procurement Solar power under 'MukhyamantriSaour Krishi Vahini Yojana' from Solar power projects to be connected at 11/22 KV level of distribution substation with individual project capacity of 2 to 10 MW through competitive bidding with ceiling rate of Rs. 3.10/unit and maximum of 50 MW (Cumulative) for 26 District/Circles (Cumulative) and 25 MW for remaining 4 District/circles.*
- b) *To accord approval for increase in maximum capacity limit from 50 MW to 100 MW for District/circle depending on tariff discovered in the bidding process with sole discretion of MSEDCL.*
- c) *To accord approval for deviation in standard bidding guidelines and allow to incorporate this deviation in the bid document (RfS) and PPA.*
- d) *To allow to consider this power procurement to fulfill MSEDCL's RPO requirement under the provisions of the Regulation 19 of MERC (RPO, Its Compliance and Implementation of REC Framework) Regulations, 2016.*
- e) ...
- f) ...
- g) ...
- h) ...”.

3. MSEDCL in its Petition has stated as follows:

- 3.1 Ministry of Power (MoP), vide its Notification dated 3 August,2017 has issued guidelines under Section 63 of the Electricity Act (EA),2003 for Tariff-based Competitive Bidding for long-term procurement of 5 MW and above from grid-connected Solar PV Power Projects. The guidelines are applicable for the individual Solar project having 5 MW and above capacity.
- 3.2 The Government of Maharashtra (GoM) vide its Resolution dated 14 June, 2017 has issued Policy under “*MukhyamantriSaour Krishi Vahini Yojana*” to supply the power to Agricultural (AG) Consumers during day time by installation of Solar Projects on PPP basis by Maharashtra State Power Generation Company Limited (MSPGCL).
- 3.3 Further, the GoM vide its Resolution dated 17 March, 2018 modified the earlier Resolution of 14 June, 2017 of “*MukhyamantriSaour Krishi Vahini Yojana*”. Accordingly, the GoM has appointed MSEDCL as implementation agency in addition to MSPGCL for flexibility and speedy implementation of scheme for giving day time power to AG consumers.
- 3.4 Accordingly, MSEDCL had filed Petition under Case No.131 of 2018 before the Commission seeking approval for deviation in standard bidding document for long term procurement of solar power under “*MukhyamantriSaour Krishi Vahini Yojana*” with 2 to 10 MW capacity projects connected to distribution network for 1000 MW through

competitive bidding process. The Commission vide its Order dated 12 June, 2018 in Case No. 131 of 2018 accorded the approval for the same.

- 3.5 As per RPO Regulations, 2016, MSEDCL washaving shortfall of Solar RPO of 3526 MUs as on 31 March, 2018 as below:

Period	Shortfall in MUs
FY 2010-11 to FY 2015-16	1360
FY 2016-17	690
FY 2017-18(Provisional)	1476
Total	3526

- 3.6 Till FY 2019-20, MSEDCL has to procure the solar power to fulfill the obligations as per RPO Regulations, 2016.

- 3.7 To meet out the Solar RPO as per the directives of the Commission and to extend daytime power supply to Agricultural consumers as per “*MukhyamantriSaour Krishi Vahini Yojana*”, MSEDCL has filed this Petition for procurement of Solar Power through competitive bidding.

- 3.8 Details of Procurement of Long term 1400 MW Solar power under “*MukhyamantriSaour Krishi Vahini Yojana*” (Phase II) through competitive bidding:

3.8.1 Previously, MSEDCL had floated the tender for 2 to 10 MW capacity projects connected to distribution network with total quantum of 1000 MW in 20 Circles (218 Taluka) out of 44 circles having day time predominant Agriculture load through competitive bidding, to which itreceived low response,only forttotal quantum of 287 MW.

3.8.2 In that tender for 1000 MW, MSEDCL considered the ceiling rate of Rs. 3.30/unit. After the bidding process (without e-reverse auction), the rate discovered were in the range of Rs. 3.09 to Rs. 3.30/unit. However, MSEDCL has further negotiated rates with successful bidders and decided to sign PPA with bidders having rate of Rs.3.15/unit or below after adoption of the same by the Commission.

3.8.3 MSEDCL has again decided to float the tender for procurement of power of 1400 MW in Agriculture load predominant 30 circles out of 44 circles of MSEDCL with certain modifications or changes in earlier 1000 MW tender documents which was approved by the Commission vide Order dated 12 June, 2018 in Case No. 131 of 2018. The proposed changes are as below:

- a) Provision of E-reverse auction by floating district wise/Circle wise tenders.
- b) District wise maximum capacity to be installed is 50 MW (Cumulative) for 26 Circles (Load > 100 MW) and 25 MW for remaining 4 circles (Load between 50 to 100 MW).
- c) Individual project capacity shall be 2 to 10 MW for 26 Circles/District and 4 Circles/District connected at 11/22 KV level with Delivery point at sub-station.
- d) District wise competitive bidding will be done with ceiling rate of Rs. 3.10/unit

3.8.4 The tender under consideration is for distributed generation and the proposed generator will be connected to the distribution periphery. Hence, MSEDCL has proposed to keep the ceiling rate of Rs. 3.10/unit.

3.8.5 The maximum capacity limit may be increased depending upon the tariff discovered in the bidding process with sole discretion of MSEDCL from 50 MW to upto 100 MW for that District depending upon rates discovered & Agricultural Load connected.

3.8.6 The benefits of this procurement from solar projects connected at MSEDCL's substations on 11 kV/22 kV are as under:

- a) The day time AG load can be catered through Solar power generated in that area.
- b) The generated power will be consumed at local level for agriculture consumers hence, the losses corresponding to this load, which is now being drawn from EHV to distribution network, will get reduced (at present STU losses are 3.29 % and wheeling losses of 33 KV are 6 % for FY 2018-19).
- c) It will give load relief to upward power system and infrastructure requirement will be reduced.
- d) The solar power from these projects will be counted for MSEDCL's solar RPO target mitigation.

3.8.7 MSEDCL will utilize the same approved tender documents of previous 1000 MW Tender with certain modification stated above. The tender documents prepared for this tendering process of 1400 MW has been prepared as per MoP guidelines for solar power procurement through competitive bidding with deviations in minimum bid capacity from 5 MW to 2 MW only.

3.8.8 The only deviation in the draft bidding document (RfS) as compared the MoP guidelines proposed to which the Commission has already given approval for previous 1000 MW Tender Document is under:

Clause	Clause in Guidelines	Deviation in Clause	Remark
Minimum Capacity of Project/Applicability of guidelines	Solar PV Power Projects ('Projects'), having size of 5 MW and above	The minimum project capacity shall be 2 MW at single location	To participate more number of small bidders, the minimum project capacity is deviated 2 MW at single location, and to have local distributed generation under 'MukhyamantriSaour Krishi Vahini Yojana'

3.8.9 As per the provision mentioned in MoP guidelines at clause no. 3.1 (b), procurer shall inform the initiation of bidding process to the Commission.

3.8.10 The Commission vide Order dated 6 December, 2017 in Case No. 157 of 2017; for approval of Long/Medium/Short term procurement of Renewable Energy(RE) through Competitive Bidding has ruled that MSEDCL shall seek Commission prior approval for any deviation with respect to the bidding documents.

3.8.11 MSEDCL has filed this Petition before the Commission for necessary approval to the deviations, as per clause no. 3.1 (b) of MoP guidelines. MSEDCL has initiated tendering process in anticipation of the Commission's approval and will approach the Commission for adoption of tariff discovered through competitive bidding process under Section 63 of the Electricity Act, 2003.

4. At the hearing held on 2 October, 2018, MSEDCL reiterated its submission of the Petition.
5. Maharashtra Energy Development Agency (MEDA), via its email dated 2 October, 2018 endorsed the submissions of MSEDCL to provide the necessary deviation in the bidding document.
6. Further, MSEDCL vide their letters dated 8 October, 2018 and 12 October, 2018 made following additional submission:

6.1. It has proposed to procure the solar power from the solar projects installed in the Agricultural dominated Area connected at the 11/22 KV Bus bars of the Distribution sub stations. Definition for the voltage of Delivery is reproduced below:

“Voltage of Delivery” means the voltage at which the electricity generated by the project is required to be delivered at 11/ 22 kV level substation of MSEDCL.

6.2. The list of sub-station with evacuation/distribution capacity of project that can be connected will be displayed on the website. The allotment of the connectivity of sub-

station to be selected developer will be according to Existing sub-station MW Capacity and Tariff rate quoted. (Details are shown in the RfS). (For Example: If the installed Capacity for the existing sub-station is 5 MW, total Generation to be connected on 11/22 KV Bus Bars of this sub-station will not be more than 5W.)

6.3. In regards to the projects connected to the feeder, MSEDCL has stated that, the total Load of the particular sub-stations will be fed through this proposed local Distributed generation irrespective of the individual load of the any feeder. The selection of the developer will be done on the Tariff quoted in the reverse auction with bucket filling concept.

6.4. MSEDCL discovered rates ranging from Rs 3.09 to Rs 3.15/unit in tender floated on 27 April, 2018 for procurement of 1000 MW solar power from 2 to 10 MW project capacities connected at distribution network at 11/22 KV level under “MukhyamantriSaour Krishi Vahini Yojna” wherein all the evacuation cost and land cost is responsibility of the developer and metering at substation end.

6.5. The ceiling rate of Rs 3.10/unit at 11 KV level is viable considering the losses and project capacity as below:

NTPC	CTU Loss@ 3.80%	STU Loss @ 3.82%	11 KV loss @ 9%	Project Capacity advantage @10 paise/unit
2.59	2.69	2.80	3.08	3.18

6.6. Also, although CTU charges are waived off for Solar & wind projects eligible for RPO by CERC, however STU Transmission charges and distribution wheeling charges are applicable.

6.7. Hence, the ceiling rate of Rs 3.10/unit kept in the tender is justified, financially viable and economical.

6.8. With proposed total 1400 MW solar Power, and considering 19% CUF as per the MERC (Terms and conditions for determination of Renewable Energy Tariff) regulations, 2015, total energy received will be around 2300 MU/ per year after CoD i.e. 13 months after signing of the PPA.

6.9. Shortfall till FY 2016-17 as approved by the Commission in its Order dated 31 July, 2018 in Case No. 207 of 2017 is 2049 MU’s.

- 6.10. MSEDCL will get the solar generation from these contracts (1400 MW) in the FY 2019-20 when the target set by the Commission for Solar Energy is 3.5% which is approximately 4500 MUs. Thus it will help for mitigation of RPO targets.
- 6.11. As regards, increase in maximum capacity limit from 50 to 100 MW for district circle depending upon tariff discovered in the bidding process, MSEDCL has submitted that in case any district, the Tender gets the responses for quantum more than 50 MW and MSEDCL has chances to procure or selected bidder wants to increase capacity more than 50 MW Power from that particular district with competitive rates, in such case, for the benefits of MSEDCL, PPA upto 100MW from that particular District will be done to get the benefit of distributed generation, to extend day time power to farmers and to fulfill the RPO target effectively.
- 6.12. As regards the prayer for the ceiling Tariff approval, MSEDCL states that it was requested by mistake in the Petition, as it is not the matter of any deviations in the Standard Guidelines issued by MoP on 3 August, 2017. Hence it is only seeking approval for initiation of District wise/ Circle wise competitive bidding process for procurement of Solar power under '*MukhyamantriSaour Krishi Vahini Yojana*' from Solar power projects to be connected at 11/22 KV level of distribution substation with individual project capacity of 2 to 10 MW through competitive bidding for maximum of 50 MW (Cumulative) for 26 District/Circles (Cumulative) and 25 MW for remaining 4 District/circles.

Commission's Analysis and Rulings

7. MSEDCL is seeking approval for deviations in standard bidding documents in (RfS) issued by MoP dated 3 August, 2017. MSEDCL had sought approval in Case No. 131 of 2018 for tariff based competitive bidding process for long term procurement of 1000 MW Solar Power for AG feeders for fulfillment of RPO targets set out by the Commission.
8. The Commission notes that under the scheme of "*MukhyamantriSaour Krishi Vahini Yojana*" GoM vide revised its Resolution dated 17 March, 2018, has appointed MSEDCL as implementation agency in addition to MSPGCL for flexibility and speedy implementation of the scheme for giving day time power to AG consumers. In accordance with this Resolution, MSEDCL is willing to procure Solar Power on long term basis with 2 to 10 MW capacity projects connected to its distribution network (11 KV/22 KV level) to supply power during day time to AG consumers.
9. The Commission in its Order dated 6 December, 2017 in Case No. 157 of 2017 had permitted MSEDCL to procure Wind, Solar and Bagasse based cogeneration RE power on Short Term, Medium term and Long-term basis at the rate discovered through Tariff based Competitive Bidding (e-reverse auction). Further the Commission had also ruled that in case MSEDCL requires any deviation with respect to the bidding documents, it shall take prior approval of the Commission.

10. Clause no. 3.1 (b) of MoP Guidelines for Tariff Based Competitive Bidding Process for Procurement of Power from Grid Connected Solar PV Power Projects dated 3 August, 2017 states that procurer shall inform the initiation of bidding process to the Commission. Accordingly, MSEDCL has approached the Commission in this case for seeking approval for deviations in the standard bidding documents (RfS) with respect to the MoP guidelines dated 3 August, 2017.
11. MSEDCL in this Petition has sought a deviation with regards to the capacity of 2 to 10 MW instead of 5 MW minimum as mandated in MoP Guidelines. The Commission approves this deviation, since this deviation will increase competition.
12. Further, MSEDCL initially proposed the ceiling rate of Rs. 3.10/unit which is lower than Rs. 3.30/unit as approved earlier by the Commission vide its Order dated 12 June, 2018 in Case No. 131 of 2018. This request was subsequently withdrawn by MSEDCL vide their letter dated 12 October, 2018.
13. However, the Commission opines that in the competitive bidding mechanism ceiling rate does not require prior approval of the Commission. The rate aspect is dealt by the Commission during the Tariff adoption process. MSEDCL is expected to carry out its own due diligence to arrive at the appropriate ceiling rate. However, the Commission in the interest of consumers has no objection to MSEDCL deciding the lower ceiling rate of Rs. 3.10/unit based on its own due diligence.
14. The Commission notes that with this procurement of 1400 MW of Solar Power, MSEDCL wants to offset its shortfall of Solar RPO Targets and to effectively achieve the future targets as set by the Commission. Further, the Commission also notes that if the Tender gets oversubscribed in any district, MSEDCL proposes to increase the maximum capacity limit from 50 MW to 100 MW depending on the tariff discovered in the bidding process so as to extend the day time power to farmers and to further fulfill its RPO targets effectively.
15. The Commission accords approval for initialization of the process for long term procurement of 1400 MW Solar Power Projects connected at 11/22 KV level to distribution substation with individual project capacity of 2 to 10 MW through competitive bidding under the scheme "*MukhyamantriSaour Krishi Vahini Yojana*" with maximum capacity limit of 50 MW (Cumulative) for 26 District/Circles (Cumulative) and 25 MW for remaining 4 District/circles.
16. The Commission also accords approval for increase in maximum capacity limit from 50 MW to 100 MW (though it does not pertain to the deviation w.r.t. the MoP Guidelines dated 3 August, 2017) for that circle depending on tariff discovered in the bidding process.
17. MSEDCL stated that it is in cumulative shortfall of 3526 MUs under Solar RPO obligation upto March 2018. In view of that the Commission accords approval to consider the proposed Solar Power generation to be count towards fulfillment of its RPO for the respective periods.
18. In view of the above, the Commission accords approval to standard bidding documents (RfS) & Power Purchase Agreement (PPA) with proposed deviations filed by MSEDCL under the

present Case. MSEDCL may proceed ahead with the bidding process. However, specific Petition shall have to be separately filed by MSEDCL after bidding process is completed for adoption of tariff as mandated under Section 63 of the EA, 2003.

Hence the following Order:

- (i) The Commission approves the initiation of District wise/ Circle wise competitive bidding process for procurement Solar power under ‘MukhyamantriSaour Krishi Vahini Yojana’ from Solar power projects to be connected at 11/22 KV level of MSEDCL with individual project capacity of 2 to 10 MW.**
- (ii) The Commission has no objection to MSEDCL deciding the lower ceiling rate of Rs. 3.10/unit based on its own due diligence.**
- (iii) The Commission approves the increase in maximum capacity limit from 50 MW to 100 MW for District/circle.**
- (iv) The Commission rules that the proposed Solar Power generation would be counted towards fulfillment of MSEDCL’ RPO for the respective periods.**
- (v) MSEDCL shall approach the Commission for adoption of final Tariff after completion of Competitive Bidding Process.**

The Petition of Maharashtra State Electricity Distribution Co. Ltd. in Case No. 270 of 2018 stands disposed of accordingly.

**Sd/-
(Mukesh Khullar)
Member**

**Sd/-
(I.M.Bohari)
Member**

**Sd/-
(Anand B. Kulkarni)
Chairperson**


**(Abhijit Deshpande)
Secretary**


The seal of the Maharashtra Electricity Regulatory Commission is circular, featuring a map of Maharashtra in the center, surrounded by the text 'MAHARASHTRA ELECTRICITY REGULATORY COMMISSION' and the motto '॥ अद्वैतं इदम ॥' at the bottom.