

Before the
MAHARASHTRA ELECTRICITY REGULATORY COMMISSION
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Case No. 80 of 2020

Case of MSEDCL seeking approval for Adoption of Tariff for Long Term Procurement of 283 MW Power under ‘Mukhyamantri Saur Krishi Vahini Yojana’ from 2 to 10 MW Capacity Projects connected to Distribution Network under Section 63 of The Electricity Act 2003 for meeting the Solar Renewable Purchase Obligations

Maharashtra State Electricity Distribution Company Ltd.	..... Petitioner
Shri Satya Saibaba Constructions partner Dinesh D Mane	.... Respondent No. 1
Harikishan R malu proprietor Shrihari traders	....Respondent No. 2
Kailash S Agarwal Partner Shubhlaxmi Foods	....Respondent No. 3
Laxman N More propreitor Ganga Mauli Solar Energy	....Respondent No. 4
Venkat M Garje Proprietor Garje Steel Industries	....Respondent No. 5
Vivek M reddy proprietor Reddy Construction	....Respondent No. 6
Kotalwar S Bhagwat proprietor S B Kotalwar & Co.	....Respondent No. 7
Ramesh N Amberkhane proprietor Ganesh Dall Industries	....Respondent No. 8
Shivraj R Motegaonkar Proprietor Renuka Chemistry Classes	....Respondent No. 9
Vijay M Mankari Proprietor Mankari Petroleum	....Respondent No. 10
Padamkumar J Ajmera Partner Jai Sai Construction	....Respondent No. 11
Ramprasad B Ghodke Partner M/s R B Ghodke	....Respondent No. 12
Ashok Annasaheb Kakde	....Respondent No. 13
Kalika Ginning and Pressing Private Limited	....Respondent No. 14
Maharashtra State Power Generation Company Ltd	....Respondent No. 15
SunStream Green Energy Private Limited	....Respondent No. 16
SunStream Green Energy Private Limited	....Respondent No. 17
SunRidge Green Energy Ventures Private Limited	....Respondent No. 18

M/s C.B.Raghuvanshi (Proprietor- Chandrakant Batesing Raghuvanshi)

...Respondent No. 19

Sukhbir Agro Energy Ltd

...Respondent No. 20

Nature International Pvt Ltd

...Respondent No. 21

M/s Kosol Energie Pvt Ltd

...Respondent No. 22

Coram

I.M. Bohari, Member

Mukesh Khullar, Member

Appearance

For the Petitioner

: Smt. Kavita Gharat (Rep.)

For the Respondent

Respondent No. 1, 2, 3, 4, 6, 7, 8, 9, 10, 12, 13, 14, 16, 17, 18 and 19 : Sh. Vipul Joisher (Rep.)

Respondent No. 15

: Sh. Vijay Rathod (Rep.)

ORDER

Date: 16 May, 2020

1. Maharashtra State Electricity Distribution Company Ltd. (**MSEDCL**) filed the present case on 22 April 2020 seeking approval for Adoption of Tariff for Long Term Procurement of 283 MW Power under 'Mukhyamantri Saur Krishi Vahini Yojana' from 2 MW to 10 MW Capacity Projects connected to Distribution Network. The said petition is filed under the provisions of Section 63 of The Electricity Act, 2003 (**EA**) for meeting the Solar Renewable Purchase Obligations (**RPO**).
2. Further, MSEDCL has sought approval to the RfS and PPA document floated for 1350 MW tender under 'Mukhyamantri Saur Krishi Vahini Yojana'.
3. **MSEDCL's main prayers are as follows:**
 - a) *To accord approval for adoption of tariff for 283 MW of projects, as mentioned in the Petition and signing of PPA with successful bidder for 283 MW solar power as discovered through Competitive bidding conducted by MSEDCL.*
 - b) *To accord approval to the RfS and PPA document floated for 1350 MW tender under MSKVY.*

c) To accord approval to made this power eligible for meeting the Solar RPO requirement of MSEDCL

4. MSEDCL in its Case has stated as follows:

4.1. MSEDCL floated tenders to procure solar power for a cumulative capacity of 1350 MW with revised ceiling rate of Rs. 3.30 per unit under ‘Mukhyamantri Saur Krishi Vahini Yojana’.

4.2. The Commission vide Order dated 7 June 2019 in Case No. 64 of 2019 has accorded approval for re-tendering for balance quantity for procurement of solar power under ‘Mukhyamantri Saur Krishi Vahini Yojana’ with 2 MW to 10 MW capacity projects.

4.3. The Commission acknowledged MSEDCL’s efforts and opined, in its Order dated 19 December 2019 in Case No. 323 of 2019, that aggressive Ceiling Tariff might be one of the reasons for the lower response:

“10. Having ruled as above, the Commission notes that even after repeated extension of bid deadline, there has been very poor response to the bidding process. As against 1350 MW, bid has been received only for 5 MW and that too by a single bidder that participated in the tender. Therefore, in the opinion of the Commission, there is a need for MSEDCL to review their bidding conditions on holistic basis, considering the overall market scenario in the country so as to attract more bidders. Ceiling rate may be one of bottlenecks causing poor response.”

4.4. Accordingly, as per the prevalent market conditions and considering the recent responses of the bidders in MSEDCL tenders related to ‘Mukhyamantri Saur Krishi Vahini Yojana’, it was observed that the existing ceiling tariff of Rs. 3.15 per unit is not viable for the bidders. It may be due to multiple factors such as the existing module prices, size and scale of the projects, increased labor cost, land acquisition rates in Maharashtra and falling rupee exchange rate, RoW issues, etc.

4.5. The detailed calculation for determination of solar tariff at 11 kV distribution voltage level from inter/intra-state projects with delivery point at Maharashtra periphery is as shown below:

Particular	Unit	Value	Remarks
Tariff at STU periphery	Rs/kWh	2.92	Recently approved Solar PPA tariff by the Commission at STU level in Order under Case No.75 of 2019.
STU loss at 3.30%	Rs/kWh	0.10	MERC Order 265 of 2018.

Particular	Unit	Value	Remarks
STU charges	Rs/kWh	0.35	Per unit impact of STU charges paid on by MSEDCL to MSETCL.
33kV wheeling loss at 6%	Rs/kWh	0.20	Table 9-25 in MERC Order in Case No. 195 of 2017, dated 12-09-2018
Resultant Tariff	Rs/kWh	3.57	

4.6. In view of the above, MSEDCL proposed the ceiling rate of Rs.3.30 per unit in district wise tenders to procure cumulative 1350 MW Solar Power from 2 MW to 10 MW capacity solar project at 11 kV level.

4.7. The Compliance status of MSEDCL's existing Solar RPO is as under:

Period	Shortfall in MUs
FY 2016-17	671
FY 2017-18	1476
FY 2018-19 (provisional)	1321
Total	3468

4.8. The Commission through the MERC (Renewable Purchase Obligation, its Compliance and Implementation of Renewable Energy Certificate Framework) Regulations, 2019 has set out the RPO Targets from 16% in FY 2020-21 to 25 % in FY 2024-25.

4.9. In view of the above, for timely achievement of Solar RPO targets and as per the Ministry of New and Renewable Energy's (MNRE) guidelines of decentralized solar plants issued on dated 13 December 2019, MSEDCL has floated district wise 30 tenders on 31 December 2019 and 1 January 2020 to procure solar power through competitive bidding with revised ceiling rate of Rs. 3.30 per unit.

4.10. MSEDCL in compliance to the Ministry of Power's (MoP) Competitive bidding guidelines intimated the Commission regarding floating of these tenders vide letter dated 6 January 2020.

4.11. The last date of submission of Bid was 29 January 2020. The bids for 5 districts/circles were received with total cumulative bidding capacity of 60 MW. The technical bid of tenders for 3 circles in which more than one bid were received was opened on 29 January 2020.

4.12. Documents submitted by bidders were scrutinized for technical qualification. All the bidders were found to be technically qualified. The financial bids for 3 circles were

opened on 3 February 2020. Following is the abstract of tenders and rates quoted by the bidders:

Sr. No.	Circle	Tender No	Name of Bidder	Capacity per location MW	Tariff rate in Rs/unit
1	Latur	T-101	Shivraj R Motegaonkar Proprietor Renuka Chemistry	4	3.29
2	Latur	T-101	Kailash S Agarwal Partner Shubhlaxmi Foods	2	3.29
3	Latur	T-101	Vijay M Mankari Proprietor Mankari Petroleum	2	3.29
4	Latur	T-101	Kotalwar S Bhagwat proprietor S B Kotalwar & Co.	2	3.29
5	Latur	T-101	Ramesh N Amberkhane proprietor Ganesh Dall	2	3.29
6	Latur	T-101	Dinesh D Mane partner Satya saibaba Construction	2	3.29
7	Latur	T-101	Venkat M Garje Proprietor Garje Steel Industries	2	3.29
8	Latur	T-101	Laxman N More propreitor Ganga Mauli Solar Energy	2	3.29
9	Latur	T-101	Vivek M reddy proprietor Reddy Construction	2	3.29
10	Latur	T-101	Harikishan R malu proprietor Shrihari traders	2	3.29
11	Osmanabad	T-106	Sunstream Green Energy Pvt Ltd	15	3.29
12	Osmanabad	T-106	Padamkumar J Ajmera Partner Jai Sai Construction	2	
13	Parbhani	T-103	Ashok A Kakade	2	3.28
14	Parbhani	T-103	Ramprasad B Ghodke Partner M/s R B Ghodke	2	3.29
15	Parbhani	T-103	Padamkumar J Ajmera Partner Jai Sai Construction	2	3.29
Total				45	

4.13. Seeing the tepid response to the balance tenders of 27 circles, the bid submission date for these tenders was extended to 10 February, 2020 and further upto 25 February, 2020.

4.14. The bids for 18 districts/circles were received with total cumulative bidding capacity of 238 MW. The technical bids of tenders for 18 circles with 22 bids were opened on 27 February 2020. Documents submitted by bidders were scrutinized for technical qualification. All the bidders were technically qualified.

4.15. The financial bids for 18 circles were opened on 4 February, 2020. Following is the abstract of tenders and rates quoted by the bidders:

Sr.No.	Circle	Tender No.	Name of Bidder	No of bids	Capacity per location MW	Bid Rate in Rs/Unit
1	Ahmednagar	T-94	M/s MSPGCL	15	20	3.30
2	Amravati	T-79			21	3.30
3	Aurangabad	T-100			6	3.30
4	Bhandara	T-87			10	3.30
5	Buldhana	T-80			2	3.30
6	Jalna	T-102			4	3.30
7	Kolhapur	T-99			17	3.30
8	Nagpur-R	T-78			4	3.30
9	Nanded	T-107			7	3.30
10	Sangli	T-95			23	3.30
11	Satara	T-97			12	3.30
12	Wardha	T-82			12	3.30
13	Washim	T-83			12	3.30
14	Yavatmal	T-81			24	3.30
15	Chandrapur	T-86			5	3.30
16	Aurangabad	T-100	M/s Ajit Kantilaji Sisodiya M/s Kalika Ginning & Pressing Pvt Ltd	1	2	3.30
17	Solapur	T-93	M/s Nature International Pvt Ltd	1	10	3.30
18	Solapur	T-93	M/s Sukhbir Agro Energy Ltd	1	20	3.30
19	Solapur	T-93	Sunstream Green Energy Pvt Ltd	1	10	3.29
20	Nandurbar	T-92	Chandrakant Bastesing Raghuvanshi	1	2	3.29
21	Dhule	T-90	M/s Kosol Energie Pvt Ltd	1	10	3.30
22	Jalna	T-102	Sunridge Green Energy Ventures Pvt. Ltd.	1	5	3.29
Total				22	238	

4.16. Accordingly, MSEDCL has submitted this Petition to the Commission for adoption of tariff for 283 MW (45 + 238) solar power discovered through competitive bidding process under Section 63 of the Electricity Act, 2003.

5. Reply has been filed by all the Respondents except, Respondent No. 11, 15, 20 21 and 22, supporting the Petition of MSEDCL.
6. At the e-hearing through video conferencing held on 14 May 2020, the representative of MSEDCL reiterated its submission in the Petition. Shri Vipul Joisher, representing 16 Respondents (Respondent No. 1, 2, 3, 4, 6, 7, 8, 9, 10, 12, 13, 14, 16, 17, 18 and 19) submitted that they support the Petition filed by MSEDCL. Shri. Vijay Rathod, representing MSPGCL submitted that they have been selected to develop 179 MW of Solar projects and have consented to tariff as filed by MSEDCL in the Petition. No replies were received from Respondent No. 11, 20, 21 and 22.

Commission's Analysis and Rulings

7. The Commission notes that earlier also MSEDCL had called for 1350 MW of cumulative Solar bids for various districts under 'Mukhyamantri Saur Krishi Vaahini Yojana'. However, as against 1350 MW bid capacity, MSEDCL had received only one bid for 5 MW. On this development, in its Order dated 19 December 2019 in Case No. 323 of 2019, the Commission had noted that Ceiling Tariff fixed by MSEDCL at that time (Rs. 3.15/kWh) might have been one of the reasons for the lower response to the bids invited by MSEDCL. Relevant part of the Order is reproduced below:

"10. Having ruled as above, the Commission notes that even after repeated extension of bid deadline, there has been very poor response to the bidding process. As against 1350 MW, bid has been received only for 5 MW and that too by a single bidder that participated in the tender. Therefore, in the opinion of the Commission, there is a need for MSEDCL to review their bidding conditions on holistic basis, considering the overall market scenario in the country so as to attract more bidders. Ceiling rate may be one of bottlenecks causing poor response. Earlier, the Commission has directed MSEDCL to renegotiate with bidders if discovered rate is more than Rs. 3.15 per unit. Said threshold limit was considered after converting discovered rate of Rs. 2.74 per unit at STU periphery under 1000 MW bid of MSEDCL and make it applicable for energy injection at distribution voltage level by factoring transmission and distribution losses. However, in the recent past, discovered rate for utility scale Solar project have slightly increased. The Commission in its recent Order dated 4 December, 2019 in Case No. 292 of 2019 has adopted discovered rate of Rs. 2.83 per unit at STU periphery for 150 MW Solar power procurement by Tata Power Co. Ltd. Also, in the recent bids called by SECI in May 2019 for 250 MW Solar Park (Phase-1) at Dondaicha Dist. Dhule, Maharashtra, it discovered Tariff between Rs.2.87 to Rs.2.91 per unit at STU periphery, petition for adoption of these rates is yet to be filed. Considering these recent discovered rate at STU periphery, MSEDCL may review their bidding conditions for bids to be called under 'Mukhyamantri Saur Krishi Vahini Yojana'. The Commissions reiterates that the ceiling rate is to be decided by the Distribution Licensee based on its own prudence, no prior approval of the Commission is required. However, if MSEDCL is

proposing any change in other bidding conditions which are in deviation with Standard Bidding Guidelines, only then MSEDCL needs to take prior approval for such deviations.

8. Thus, in the above mentioned Order, the Commission has allowed MSEDCL to reconsider the ceiling rate as per current market conditions for improving response and success of the bids. Accordingly, MSEDCL revised the ceiling rate from Rs. 3.15 to Rs. 3.30 per unit to procure cumulative 1350 MW Solar Power under ‘Mukhyamantri Saur Krishi Vaahini Yojana’. Even after increasing such ceiling rate limit for 1350 MW bid, MSEDCL has received bids for 283 MW only. The Commission notes the submissions of MSEDCL at para 4.5 justifying the reasonability of rate of Rs 3.30 per unit at 11/22 kV compared to the rate of Rs 2.90 per unit at STU (EHV) level, after factoring in the losses which will now be borne by the bidder. Without going in-depth into the merits of the justifications, Commission feels that there could be location specific issues in terms of cost variations and infrastructure development particularly for setting up the plants at 11 kV level.
9. The Commission further notes that MSEDCL has conducted transparent process of competitive bidding for procurement of Solar power. As against 1350 MW bid, initially 45 MW bid was received for 3 districts and after extending bid deadline twice, another 238 MW bid has been received. The Tariff received for various projects with cumulative capacity of 283 (45+238) MW under different circles is summarized below:

Sr. No.	Circle	Tender No	Name of Bidder	Capacity per location MW	Tariff rate in Rs/unit
1	Latur	T-101	Shivraj R Motegaonkar Proprietor Renuka Chemistry Classes	4	3.29
2	Latur	T-101	Kailash S Agarwal Partner Shubhlaxmi Foods	2	3.29
3	Latur	T-101	Vijay M Mankari Proprietor Mankari Petroleum	2	3.29
4	Latur	T-101	Kotalwar S Bhagwat proprietor S B Kotalwar & Co.	2	3.29
5	Latur	T-101	Ramesh N Amberkhane proprietor Ganesh Dall Industries	2	3.29
6	Latur	T-101	Dinesh D Mane partner Satya saibaba Construction	2	3.29
7	Latur	T-101	Venkat M Garje Proprietor Garje Steel Industries	2	3.29
8	Latur	T-101	Laxman N More propreitor Ganga Mauli Solar Energy	2	3.29

Sr. No.	Circle	Tender No	Name of Bidder	Capacity per location MW	Tariff rate in Rs/unit
9	Latur	T-101	Vivek M reddy proprietor Reddy Construction	2	3.29
10	Latur	T-101	Harikishan R malu proprietor Shrihari traders	2	3.29
11	Osmanabad	T-106	Sunstream Green Energy Pvt Ltd	15	3.29
12	Osmanabad	T-106	Padamkumar J Ajmera Partner Jai Sai Construction	2	
13	Parbhani	T-103	Ashok A Kakade	2	3.28
14	Parbhani	T-103	Ramprasad B Ghodke Partner M/s R B Ghodke	2	3.29
15	Parbhani	T-103	Padamkumar J Ajmera Partner Jai Sai Construction	2	3.29
16	Ahmednagar	T-94	M/s MSPGCL	20	3.3
17	Amravati	T-79		21	3.3
18	Aurangabad	T-100		6	3.3
19	Bhandara	T-87		10	3.3
20	Buldhana	T-80		2	3.3
21	Jalna	T-102		4	3.3
22	Kolhapur	T-99		17	3.3
23	Nagpur-R	T-78		4	3.3
24	Nanded	T-107		7	3.3
25	Sangli	T-95		23	3.3
26	Satara	T-97		12	3.3
27	Wardha	T-82		12	3.3
28	Washim	T-83		12	3.3
29	Yavatmal	T-81		24	3.3
30	Chandrapur	T-86	5	3.3	
31	Aurangabad	T-100	M/s Ajit Kantilalji Sisodiya	2	3.3
			M/s Kalika Ginning & Pressing Pvt Ltd		
32	Solapur	T-93	M/s Nature International Pvt Ltd	10	3.3
33	Solapur	T-93	M/s Sukhbir Agro Energy Ltd	20	3.3
34	Solapur	T-93	Sunstream Green Energy Pvt Ltd	10	3.29
35	Nandurbar	T-92	Chandrakant Bastesing Raghuvanshi	2	3.29
36	Dhule	T-90	M/s Kosol Energie Pvt Ltd	10	3.3

Sr. No.	Circle	Tender No	Name of Bidder	Capacity per location MW	Tariff rate in Rs/unit
37	Jalna	T-102	Sunridge Green Energy Ventures Pvt. Ltd.	5	3.29
Total				283	


10. The Commission opines that the bids received are within the ceiling rate defined by MSEDCL. Accordingly, in line with the mandate under Section 63 of the EA, the Commission deems it fit to adopt and approve tariff as highlighted in above para 9 for 283 MW Cumulative Solar projects on long term basis (for the period of 25 years).
11. Further, MSEDCL has submitted that it has prepared the bidding documents as per the MNRE guidelines of decentralized solar plants issued on dated 13 December 2019. Since there are no deviations from the guidelines, the Commission is inclined to approve the RfS and PPA document.
12. Hence, the following Order:

ORDER

1. **The Case No. 80 of 2020 is allowed.**
2. **The Commission adopts the Tariff rate for 283 MW cumulative Solar projects on long term basis (for the period of 25 years), as highlighted in above Para 9, under ‘Mukhyamantri Saur Krushi Vahini Yojana’.**
3. **The Solar Power procured from these projects shall be eligible towards fulfilment of Maharashtra State Electricity Distribution Co. Ltd.’s Solar RPO for the respective periods.**

Sd/-
(Mukesh Khullar)
Member

Sd/-
(I.M. Bohari)
Member


(Abhijit Deshpande)
Secretary

