

Comments by on Amendments to the Guidelines for Tariff Based Competitive Bidding Process for Procurement of Power from Grid Connected Power Projects

Prayas (Energy Group), 8th November, 2024

The Ministry of Power (MoP) recently issued draft amendments to the following guidelines on 25th October, 2024 with the request to provide comments on the same within 15 days:

1. Guidelines for Tariff Based Competitive Bidding Process for Procurement of Power from Grid Connected Solar PV Power Projects (hereinafter referred to as the “**Solar TBCB Guidelines**”);
2. Guidelines for Tariff Based Competitive Bidding Process for Procurement Power from Grid Connected Wind Power Projects (hereinafter referred to as the “**Wind TBCB Guidelines**”);
3. Guidelines for Tariff Based Competitive Bidding Process for Procurement of Power from Grid Connected Wind Solar Hybrid Projects (hereinafter referred to as the “**Hybrid TBCB Guidelines**”);
and
4. Guidelines for Tariff Based Competitive Bidding Process for Procurement of Power from Grid Connected Renewable Energy Power Projects with Energy Storage Systems (hereinafter referred to as the “**FDRE TBCB Guidelines**”).

The Amendments are common across these four guidelines and hence, shall be addressed together with our comments and suggestions on the same.

1. Enabling location specific connectivity would enable GNA allocation for non-solar hours as proposed in the CERC Staff Paper and MoP Note on this topic.

A new clause has been added to the section titled “Preparation for Inviting Bid and Project Preparedness”. The said clause is numbered as clause 3.3 in the Solar TBCB and FDRE TBCB guidelines, clause 4.3 in the Wind TBCB guidelines and clause 5.3 in the Hybrid TBCB Guidelines. The new clause reads as follows, “*RfS may specify the sub-station(s) in ISTS/InSTS, where the developers will connect the Solar/Wind/Wind Solar Hybrid/RE Power Project.*”

This is a useful and much needed provision which will enable location specific connectivity which can help optimise transmission infrastructure, esp. in the case of existing solar projects. The same has already been noted in Section ‘5.5. Location Specific Bids for non-solar hours.’ Of the MoP note titled, ‘*Concept Note on Optimising Transmission and Development of Storage.*’

2. Alteration in the Minimum Power Purchase Agreement (PPA) Period

The existing clause specifying the PPA period has been proposed to be modified across the four guidelines to read as follows, “*The PPA period shall generally be for a period of **15 (fifteen) years** from the Scheduled Commencement-of-Supply Date (SCSD) or from the rescheduled date of commencement of supply to the extent of extension given by the Procurer on the grounds which are beyond control of the Generator. The PPA may, however, also be fixed for a longer period such as 25 (twenty-five) years. The duration of the PPA must be mentioned upfront in the RfS document. The developers shall be free to operate their plants after*

the expiry of the PPA period. The developer may upgrade and repower their plants during the PPA period at its own risk and cost; and participate in subsequent bids to the extent of their untied capacity.”

This clause is numbered 6.1 in the Wind and Solar TBCB guidelines and 7.1 in the Hybrid and FDRE TBCB guidelines. Thus, the minimum PPA period has been reduced from 20 years to 15 years which gives the procurer more flexibility in power purchase planning to adjust to changing techno-economics of various resources. Besides, the option to fix PPAs for as long as 25 years or more continues to be retained.

3. No compulsory termination of PPA in event of default in maintaining energy supply

The current clause (6.6(b) for Wind and Solar TBCB, 7.6(b) for FDRE TBCB and 7.7(b) for Hybrid TBCB guidelines) discussing default by the generator in maintaining energy supply at par with the minimum CUF has been proposed to be modified as follows, *“In the event the Generator fails to maintain energy supply corresponding to the minimum CUF as declared in the PPA for **3 consecutive years**, the Generator shall be in default and **the procurers will have the option to either reduce the Generator’s yearly minimum supply obligation upon payment of lump-sum Damages equivalent to 24 (twenty-four) months or balance PPA period whichever is less of tariff for the reduction in yearly supply obligation or treat such failure of the Generator as an event of default and terminate the PPA.** Further, the Generator shall be liable to pay to the Procurer, damages, equivalent to 24 (twenty-four) months, or balance PPA period whichever is less, of tariff for its contracted capacity with the stipulated minimum CUF.”*

Earlier, this provision had a stricter treatment (terminate PPA) to such default by the generator, however, the present modification presents a more flexible approach, giving the procurer more choice. This also enables fulfillment of the PPA without premature termination.

4. Installation of GPS enabled Automatic Weather Station (AWS) by the Developer and compliance with cyber security regulations

The present clause specifying the technical criteria to be met by bidders has been proposed to be amended with the addition of two further sub-clauses requiring the installation of a GPS enabled Automatic Weather Station (AWS) by the developer as well as compliance with cyber security regulations by the developer. These sub-clauses are numbered as 8.2.1.ii and iii in the Wind TBCB guidelines, 9.2.1.ii and iii in the FDRE and Hybrid TBCB guidelines, and 15.2 and 15.3 in the Solar TBCB Guidelines. They read as follows:

- a. *“The developer shall install and maintain GPS enabled Automatic Weather Station (AWS) as per the technical specifications and standards specified by relevant central government agency. Availability of the data from such AWS shall be ensured as specified by the appropriate Load Dispatch Centre and other Central Government agencies in accordance with the provisions of Indian Electricity Grid Code and instructions from the appropriate Load Dispatch Centre from time to time.”*
- b. *“The technical criteria shall include provisions to ensure that the developer complies with applicable cybersecurity regulations, directives, and guidelines issued by the Central Government Authorities dealing with cybersecurity.”*

This proposal is a step in the right direction given the increasing importance of weather parameters such as solar radiance, wind speed etc. which are critical for demand and generation (esp. wind, solar)

forecasting. The present draft only mentions, 'Availability of the data from such AWS shall be ensured...' but ideally it would be better if this is supplemented with a mandate for data sharing with entities such as IMD, POSOCO and SECI. Further, protection from cyber security threats is envisaged by the latter sub-clause.

5. Insurance Surety Bonds

A new instrument, Insurance Surety Bonds, has been proposed as an option for establishing Earnest Money Deposit and Performance Bank Guarantee. It has been proposed as a separate sub-clause and is numbered 12.1(a1) and 12.2(a1) in the Wind and FDRE TBCB guidelines, 13.1(a1) and 13.2(a1) of the Hybrid TBCB guidelines, and 11.1(a1) and 11.2(a1) of the Solar TBCB guidelines. The clause reads as follows, "*Insurance Surety Bonds which would be paid unconditionally similar to a Bank Guarantee or any other instrument approved in General Financial Rules as amended from time to time by Central Government*".

This is an enabling provision and in line with the [Ministry of Finance Office Memorandum dated 24th September, 2024](#). It might be useful to further specify that bonds from only those companies which adhere to the IRDAI (Surety Insurance Contracts) Guidelines, 2022 would qualify for such EMD & PBG.

6. Deviations to be approved by Appropriate Commission and not Appropriate Government

The clause pertaining to approval of deviations has been proposed to be amended to require approval from the Appropriate Commission instead of the Appropriate Government. This has been proposed in all but the FDRE TBCB guidelines since clause 17 of the FDRE TBCB guidelines already requires approval of the Appropriate Commission. The clause is numbered 16, 18 and 19 in the Solar, Wind and Hybrid TBCB guidelines respectively and it reads as follows, "*In case it becomes imperative for the Procurer/intermediate procurer to deviate from these Guidelines and or the SBDs, the same shall be subject to approval by the **Appropriate Commission** before the initiation of the bidding process itself. The **Appropriate Commission** shall approve or require modification to the bid documents within a reasonable time not exceeding 60 (sixty) days.*"

The proposed modification is a welcome change given that it is the Commission that deals with the detailed aspects of power procurement processes, including tariff approval.

7. Need for consolidated set of Tariff Based Competitive Guidelines

Having perused through the various RE Tariff Based Competitive Bidding Guidelines, it is our suggestion to consolidate them into one single set of guidelines. Most of the parameters across all the guidelines are almost identical, making the multiplicity of these numerous guidelines unnecessary. Having one set of consolidated guidelines eliminates this and minimizes the need for multiple amendments, like the four separate amendments presently proposed by the MoP. Where there are differences arising out of the nature of the project based on the type of RE used and where storage is concerned, the same can be accounted for in tables/annexures, making it easier to highlight the actual differences between the multiple types of projects.
