

**BEFORE THE HARYANA ELECTRICITY REGULATORY COMMISSION
BAYS No. 33-36, SECTOR-4, PANCHKULA- 134112, HARYANA**

Case No. HERC/PRO – 22 of 2020

DATE OF HEARING : 19.05.2020
DATE OF ORDER : 19.05.2020

IN THE MATTER OF:

Application under Section 86 (1) (b) and Section 63 of The Electricity Act, 2003, for approval of source and adoption of tariff by the Commission for quantum of 240 MW discovered in NIT-77/CE/HPPC dated 3.1.2019 floated for procurement of 300 MW solar power on long term basis through tariff based competitive bidding process.

Petitioner

Haryana Power Purchase Centre, Panchkula (HPPC)

Present On behalf of the Petitioner, through Vidyo App

Shri Vikas Kadian, Xen, HPPC

Quorum

**Shri D.S. Dhesi,
Shri Pravindra Singh Chauhan,
Shri Naresh Sardana,**

**Chairman
Member
Member**

ORDER

Brief Background of the case

1. HPPC has filed the petition seeking approval of source & adoption of tariff discovered through transparent process of bidding (NIT-77), under section 63 of the Electricity Act, 2003 for procurement of 240 MW solar power from M/s Avaada Energy Pvt. Ltd. @ Rs. 2.73 /kWh at Haryana periphery, fixed for 25 years and allow HPPC to issue LOI.
2. HPPC has submitted as under:-
 - a) That, the Petitioner, Haryana Power Purchase Centre (hereinafter referred to as 'HPPC') is a joint forum created and owned by the State Distribution Licensees, namely, Uttar Haryana Bijli Vitran Nigam Limited and Dakshin Haryana Bijli Vitran Nigam Limited (hereinafter collectively referred to as 'Haryana Distribution Utilities' or 'Discoms'), with a mandate to arrange/procure economical, reliable and cost effective power including renewable and non-conventional sources for the Haryana Distribution Utilities in order to meet the universal service obligations of providing electricity to their consumers.

- b) That, besides creation of the forum HPPC, the Haryana Government, in exercise of powers conferred under section 131 of Electricity Act, 2003 (hereinafter may also be referred to as 'Act'), vide Gazette notification no. 1/1/2008-1 Power dated 11th April 2008 inter-alia constituted a Steering Committee for Power Planning (hereinafter referred to as 'SCPP') comprising of Secretary/Power, Haryana; Chairman, Haryana Power Utilities and Managing Directors of Haryana Power Utilities to take strategic decisions with respect to the procurement of short term and long term power for the State of Haryana and finalizing policy issues.
- c) That, the Haryana Electricity Regulatory Commission (Terms and Conditions for determination of tariff for Renewable Energy Sources, Renewable Purchase Obligation and Renewable Energy Certificate) Regulations notified by the Commission from time to time provides that every obligated entity including Discoms shall purchase energy from renewable energy sources under Renewable Purchase Obligations (RPOs). The Commission has defined RPOs separately for purchasing solar and non-solar power. The tariff Orders passed by the Commission, from time to time, also mandate to purchase power to meet the Renewable Purchase Obligation.
- d) That, the HPPC on 14.07.2017 filed a petition in the HERC (PRO- 53 of 2017), seeking approval to purchase 300 MW Solar Power through competitive bidding along with approval of Terms & Conditions of Request for Proposal (RfP) and draft PPA. The Commission, vide order dated 05.11.2018, approved the procurement of 300 MW Solar Power through competitive bidding on the terms & conditions of Request for Proposal (RfP) along with draft PPA submitted by the HPPC.
- e) That, the HPPC had floated tender vide NIT No. 77 dated 03.01.2019 for purchase of 300 MW solar power through competitive bidding in line with the approval accorded by the Commission. The total requisite capacity of 300 MW has been divided into two categories i.e. 240 MW in Category-I, reserved for large developers with minimum capacity of 3 MW and maximum upto 240 MW and 60 MW in Category-II reserved for small developers in Haryana with capacity of 1 MW or 2 MW.
- f) That even after four time extensions, the tender failed to get response from the bidders. The terms and conditions of the tender were, thereafter, revised in compliance to the Commission Order dated 04.04.2019 in PRO-11 of 2019 filed by M/s Tepsol Green Energy Pvt. Ltd. seeking amendment in RfP for extending timelines of financial closure and commissioning schedule from 7 months and 12 months to 12 months and 18 months respectively, in line with the revised MoP Guidelines.
- g) That the technical bid of the subject cited tender was opened on 06.08.2019. Four number bidders submitted their bids in the respective category for below mentioned capacities:-

| Sr. No. | Name of the bidder | Qty offered | Category | Proposed plant location |
|---------|--------------------|-------------|----------|-------------------------|
|---------|--------------------|-------------|----------|-------------------------|

| | | | | |
|---|---------------------------------------|--------|----|----------------------|
| 1 | Avaada Energy Pvt. Ltd. , Noida | 240 MW | I | Bikaner, Rajasthan |
| 2 | Adani Green Energy Four Ltd., Gujarat | 50 MW | I | Jaisalmer, Rajasthan |
| 3 | JSW Energy Ltd. Mumbai | 240 MW | I | Jodhpur, Rajasthan |
| 4 | Gurmitinder Kaur Randhawa, Chandigarh | 1 MW | II | Shahabad, Haryana |

- h) The financial bids of above firms, found technically responsive, were opened on 16.8.2019 followed by e-reverse auction (E-RA).The final outcome of the E-RA viz- a- viz standing of bidders in respective category is tabulated as under:-

| Sr. No. | Name of the bidder | Tariff offered at the start of E-RA in Rs./kwh | Tariff discovered after E-RA in Rs./kwh | Capacity | Status |
|-------------|---------------------------------------|--|---|----------|--------|
| Category-I | | | | | |
| 1. | Avaada Energy Pvt. Ltd., Noida | 2.99 | 2.82 | 240 MW | L- I |
| 2. | JSW Energy Ltd. Mumbai | 3.00 | 2.83 | 240 MW | L-II |
| 3. | Adani Green Energy Four Ltd., Gujarat | 3.00 | 3.00 | 50 MW | L-III |
| Category-II | | | | | |
| 4 | Gurmitinder Kaur Randhawa, Chandigarh | 2.999 | 2.999 | 1 MW | L-I |

- i) That, the SCPP in its 54th meeting held on 10.09.2019 considered the outcome of NIT as detailed above and on deliberations, approved the offer of Ms. Gurmitinder Kaur Randhawa, Chandigarh for 1 MW solar power, to be set up in Haryana, under Category-II, at discovered rate of Rs. 2.999/- per kWh, fixed for 25 years. The Commission vide its order dated 18.2.2020 (HERC/PRO-64 of 2019) approved the purchase of said power.
- j) That, the tariff offered by M/s Avaada Energy Pvt. Ltd., the L-I bidder, was found to be on the higher side. On persuasion, M/s Avaada Energy Pvt. Ltd. revised their tariff to Rs.2.73/KWh at Haryana periphery vide their letter dated 20.2.2020.
- k) Further, SCPP in 55th meeting held on 25.11.2019 and 13.3.2020 approved the purchase of 240 MW solar power on long term basis from M/s Avaada Energy Pvt. Ltd. @ Rs. 2.73/KWh.
- l) The offer of M/s Avaada @Rs. 2.73 per unit seems reasonable considering the fact that terms and conditions of NIT-77 are comparatively stringent than SECI bid besides the following:-
- i. Maharashtra Electricity Regulatory Commission (MERC) in its order dated 10.1.2020 in Case No. 349 of 2019 on the petition filed by MSEDCL seeking approval of tariff for long term procurement of 500 MW Power from Intra-State solar power projects under section 63 of the Electricity Act 2003 for meeting the solar RPOs has approved the discovered rate of Rs. 2.89 per unit for 150 MW and Rs. 2.90 per unit for 350 MW.
 - ii. NTPC vide its letter dated 20.12.2019 has offered this office 400 MW solar power under the CPSU solar scheme at the tariff of Rs. 2.86/unit.
 - iii. SECI vide its letter dated 22.1.2020 has offered 1000 MW (250 MW each in years 2022, 2023, 2024 & 2025) to HPPC @ Rs. 2.92/KWh plus trading margin of Rs. 0.07/KWh.

- m) That approximately 2100 MW shall be required by the FY 2021-22 to meet the Solar RPOs of 8% of total electricity consumption excluding hydro generation. As on date, existing capacity from ground mounted solar project and rooftop projects under net metering are 125.8 MW and 231 MW respectively. PSAs of another 1080 MW solar have already been signed with SECI. Proposals of 1 MW under NIT-77, 25 MW under PM KUSUM and 93 MW through HPGCL are in pipeline and expected during FY 2021-22. Another 200 MW is expected from rooftop solar under net metering by FY 2021-22. Aggregating all, solar capacity of approx 1755.8 MW shall be available during FY 2021-22 against the requirement of approx. 2100 MW.
- n) That In view of the above, following prayers have been made:-
- (i) To approve the source at a tariff discovered through transparent process of bidding (NIT-77), under section 63 of the Electricity Act, 2003 for procurement of 240 MW solar power from M/s Avaada Energy Pvt. Ltd. @ Rs. 2.73 /kWh at Haryana periphery, fixed for 25 years and allow HPPC to issue LOI;
 - (ii) Or Pass such further order or order(s) as may be deemed necessary and fit in the circumstances of the case.

Proceedings in the Case

3. The matter was heard on 19th May, 2020 as scheduled, through virtual court with the help of Vidyo App. Sh. Vikas Kadian, XEN, HPPC, appeared for the Petitioner.

Commission's Analysis and Order

4. The Commission observes that HPPC has to meet the Solar RPO targets fixed by the Commission, under Haryana Electricity Regulatory Commission (Terms and Conditions for determination of Tariff from Renewable Energy Sources, Renewable Purchase Obligation and Renewable Energy Certificate) Regulations, 2017 (HERC RE Regulations, 2017). The shortfall in fulfillment of RPO Solar targets by HPPC, for the FY 2018-19, as reported by the State Nodal Agency (HAREDA), is about 1202 MUs. Considering the backlog of shortfall in Solar RPO by HPPC (i.e. 648.44 MUs), upto 31st March, 2018, total shortfall increases to about 1850.44 MUs. Further, the State Nodal Agency (HAREDA) vide its Memo no. 1259 dated 19.02.2020 had intimated the RPO compliance status of DISCOMs till Dec, 2019, wherein shortfall of 1532 Mus has been reported, during the three quarters of FY 2019-20, for Solar RPO. Imposition of penalty for non achievement of RPO targets by DISCOMs, will further deteriorate the financial position of the DISCOMs, which is already under stress due to outbreak of COVID-19 pandemic and consequent lockdown. DISCOMs in its supplementary ARR petition filed vide memo no. Ch-36/RA-F-25/Vol-76 dated 05.05.2020, has sought to relax the Solar RPO for the FY 2020-21 (from 7% to 2%) & FY 2021-22 (from 8% to 3%).

Promotion of renewable energy is prominent function of the Commission prescribed under section 86(1)(e) of the Electricity Act, 2003 and it is all the more important in order to achieve the ambitious National target of 175 GW RE power set to be achieved by FY 2021-22 and scale up to the target of 450 GW by 2030.

5. Further, the Commission is of the considered view that the tariff of Rs. 2.73/kWh has been discovered through a transparent process of bidding (NIT No. 77), in accordance with the guidelines issued by the Ministry of Power, with the prior approval by the Commission of deviations taken therefrom, vide Order of the Commission dated 05.11.2018 (HERC/PRO-53 of 2017) & dated 04.04.2019 (HERC/PRO-11 of 2019).
6. In view of the above, the Commission considering the request of HPPC, approves the source under section 86(1)(b) of the Electricity Act, 2003 and the tariff discovered through transparent process of bidding, under section 63 of the Electricity Act, 2003 for procurement of 240 MW solar power from M/s Avaada Energy Pvt. Ltd. @ Rs. 2.73 /kWh at Haryana periphery, fixed for 25 years.
7. HPPC is directed to provide the following for information of the Commission within a week from the date of the Order:-
 - a) The quantum of power purchased for onward supply to the electricity consumers in Haryana and the quantum of solar power out of the same, during the FY 2019-20.
 - b) As informed by the Petitioner in the hearing, 1080 MW Solar Power has been tied up so far. HPPC may provide project-wise details (including capacity) with the scheduled date of commercial operation.
8. The Petition is disposed of accordingly.

This order is signed, dated and issued by the Haryana Electricity Regulatory Commission on 19.05.2020.

Date: 19.05.2020
Place: Panchkula

(Naresh Sardana)
Member

(Pravindra Singh Chauhan)
Member

(D.S. Dhesi)
Chairman