



**BEFORE
THE UTTAR PRADESH ELECTRICITY REGULATORY COMMISSION
LUCKNOW**

Petition No.: 1363/2018

Date of order: 24.09.2018

PRESENT:

1. Hon'ble Sri Raj Pratap Singh, Chairman
2. Hon'ble Sri Suresh Kumar Agarwal, Member
3. Hon'ble Sri Kaushal Kishore Sharma, Member

IN THE MATTER OF : Seeking approval of RFP & PPA for Procurement of 500MW power from Grid Connected Solar PV-competitive bidding process

Petitioners :

1. M/s UP Power Corporation Limited
(through its Managing Director)
7th Floor, Shakti Bhawan,
Ashok Marg,
Lucknow
2. Uttar Pradesh New and Renewable Energy Development Agency
Vibhuti Khand,
Gomtinagar
Lucknow

In the Presence of

1. Sri V.K. Asthana, CE, UPPCL
2. Sri S.K. Sinha, SE, UPPCL
3. Ms. Namrata Kalra, Sr. Project Officer, UPNEDA
4. Sri Rajiv Srivastava, Counsel for UPPCL

ORDER

(Date of hearing: 13.09.2018)

1. UP New and Renewable Energy Development Agency (UPNEDA) and U.P. Power Corporation Ltd (UPPCL) have filed the Petition No.1363/2018 seeking approval of RFP and PPA for procurement of 500MW Grid Connected Solar Power through tariff based competitive bidding keeping a ceiling tariff of Rs. 3.25 per unit.



2. The petitioners have stated that the State Government has issued Solar Energy Policy 2017 which provides for setting up of Utility scale stand-alone solar projects for sale of power to distribution licensee. Under this Scheme UPNEDA will be the nodal agency for carrying out the bidding and award process for setting up of Solar Power Plants under the proposed bidding. UPNEDA has submitted that they have followed the guidelines for tariff based competitive bidding process for procurement of power from grid connected solar PV power projects.

3. Earlier, while disposing of petition no. 1296 of 2018 in the similar matter filed by the petitioners the Commission vide its order dated 26.03.2018 had made the following observations:

- i. *In the document 210 days time has been provided for submission of technical feasibility report which includes obtaining a letter from State Transmission utility confirming technical feasibility of connectivity of the plant to STU substation. The Commission is of the view that in case the STU is not in a position to provide connectivity to the proposed Solar Plant due to technical reasons and it is not possible to evacuate the power to the State Transmission Utility substation then the power purchase agreement should be treated as infructuous without any financial liability on either party. Accordingly a provision should be made in the RFP and the PPA.*
- ii. *Regarding generation compensation for off take constraints due to transmission infrastructure or Grid Unavailability the document containing the proposed changes mentions, 'provision deleted'. The petitioners shall revisit this clause and provide for compensation if the generation off take is not possible for fault not attributable to the generator, as per the provisions in article 14 of the PPA.*
- iii. *Regarding procurement of power in MW terms or in energy terms it has been proposed that power would be procured in MW terms. The Commission finds that procurement of power is always done in Kwh or in terms of Million Units (MU), therefore instead of MW terms, it shall be provided that the power will be procured in MU terms but the bidding will be conducted in MW terms.*

The proposed RFP and PPA should be amended as per the above directives. Rest of the provisions of RFP and PPA are approved as submitted.

3. In regard to RfP and PPA filed for approval through the instant petition, it is submitted by the petitioner that the subject RfP and PPA are in-line with earlier

Sharma

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documents approved by the Commission. However, keeping in line with the latest direction of the MoP, GoI and considering the advice of SECI in respect of solar projects to be installed in U.P., following changes are sought to be approved further:

- i. The COD shall stand at 21 months for the projects below 250 MW and 24 months for the projects above 250 MW.
 - ii. The ceiling tariff for the bid is kept at Rs. 3.25 per unit for those projects wherein it is proved that Safe Guard duty is paid by the Developer otherwise the ceiling is kept at Rs. 3.10 per unit.
 - iii. Financial closure is to be achieved for the projects within 365 days of signing of PPA.
4. The Commission observed that the volatility in the international solar PV market and vacillating value of Indian currency are bound to affect the cost of solar PV projects as they have considerable imported component. Also, in another tariff-based bidding process, it was observed that ceiling tariff approved by the Commission was taken as cue by the developers defeating the purpose of the bidding. Thus, the Commission opines that firming up of ceiling tariff by the Commission is neither prudent nor in the interest of the bidding. However the Petitioner may decide as whether they want to keep a ceiling tariff or not.
5. With the above observation the Commission approves the submitted RfP and PPA along with the deviations sought in the petition. The earlier orders regarding deviations in RFP shall also be incorporated in the RfP and the PPA. The final copy of the RFP and PPA as issued shall be sent to the Commission within 10 days of the issue of these orders.
6. The petition no.1363 of 2018 is accordingly disposed of.


24/09/18

(Kaushal Kishore Sharma)
Member



(Suresh Kumar Agarwal)
Member



(Raj Pratap Singh)
Chairman

Place: Lucknow

Dated: 24 .09.2018