



**THE UTTAR PRADESH ELECTRICITY REGULATORY COMMISSION**

**LUCKNOW**

**Petition No. 2094 of 2024**

**QUORUM**

Hon'ble Shri Arvind Kumar, Chairman

Hon'ble Shri Sanjay Kumar Singh, Member

**IN THE MATTER OF**

Petition under section 63 read with section 86(1)(b) of the Electricity Act, 2003 for approval of procurement of 1000 MW of Solar Power in terms of the Power Sale Agreement (PSA) dated 07.02.2024 on long term basis procured through tariff based competitive bidding process held under the Inter State Transmission System Tranche-XII Scheme.

**AND**

**IN THE MATTER OF**

**Uttar Pradesh Power Corporation Ltd. (UPPCL),**

Shakti Bhawan, 14-Ashok Marg, Lucknow-226001.

..... Petitioner

**Versus**

**Solar Energy Corporation of India Ltd. (SECI),**

6<sup>th</sup> Floor, Plate-B, NBCC Office Block Tower-2,

East Kidwai Nagar, New Delhi-110023

.....Respondent

**FOLLOWING WERE PRESENT**

1. Sh. Divyanshu Bhatt, Advocate, UPPCL
2. Sh. Savyasachi Saumitra, Advocate, UPPCL
3. Sh. Shashwat Singh, Advocate, UPPCL
4. Sh. Deepak Raizada, C.E, UPPCL
5. Ms. Aakanksha Bholā, Advocate, SECI

by





## ORDER

(DATE OF HEARING: 19.09.2024)

1. The Petitioner, UPPCL has filed this Petition seeking approval for procurement of 1000MW Solar-PV based power under the PSA dated 07.02.2024 executed between UPPCL and SECI. The prayers of the Petitioner are as follows:
  - (a) Approve the procurement of 1000 MW of Solar Power on long term basis procured by UPPCL from SECI through tariff based competitive bidding process held under the Inter State Transmission System Tranche-XII Scheme
  - (b) Approve the Power Sale Agreement executed on 07.02.2024 executed between Solar Energy Corporation of India Limited and Uttar Pradesh Power Corporation Limited.
  - (c) Pass any further Order(s) as this Commission may deem fit in the facts and circumstances of the case.

### Brief facts as stated in the Petition.

2. Ministry of Power (MoP), Govt. of India had issued "Guidelines for Tariff Based Competitive Bidding Process for Procurement of Power from Grid Connected Solar PV Power Projects" ("Guidelines") via Gazette Resolution dated 28.07.2023 under Section 63 of the Act. SECI, in compliance with the aforementioned Guidelines dated 28.07.2023, had floated a Request for Selection (RfS) document dated 13.10.2023 for the selection of Solar Power Developers (SPDs) on Build Own Operate (BOO) basis for setting up of 1000 MW ISTS-connected Solar PV Power Projects in India. Further, RfS document dated 13.10.2023 were amended vide Amendment-01 dated 17.11.2023.
3. The procurement of Solar Power from SPDs in the instant case is also an endeavour of UPPCL to fulfil its Renewable Purchase Obligation (RPO) for promoting green energy and optimising the cost of power purchase. UPPCL has given following justification for the proposed procurement of power based on the Central Electricity Authority's (CEA) report on 'Resource Adequacy Planning':
  - a) CEA has proposed the following category of capacity required up to FY 2033-34 for the State of Uttar Pradesh:

FY	Thermal (MW)	Hydro (MW)	Wind (MW)	Solar (MW)	Distributed RE (MW)	Total (MW)
2026-27	5027	250	800	8000	-	14077
2027-28	2131	250	800	8000	-	11181





2028-29	-	250	800	8000	-	9050
2029-30	-	250	1800	3624	710	6384
2030-31	-	-	800	5444	1617	7861
2031-32	458	-	800	4895	1801	7954
2032-33	1186	-	800	4104	1808	7898
2033-34	3199	-	800	2484	1896	8379
<b>Total</b>	<b>12001</b>	<b>1000</b>	<b>7400</b>	<b>44551</b>	<b>7832</b>	<b>72784</b>

b) The forecasted demand and availability up to FY 2034 have been reproduced below:

Year	Apr-Mar (Average)		
	Avg. Supply (MW)	Avg. Demand (MW)	Surplus/Deficit (MW)
2024-25	21596	19421	2175
2025-26	24408	20781	3627
2026-27	24592	22236	2356
2027-28	24592	23792	800
<b>2028-29</b>	<b>24592</b>	<b>25458</b>	<b>-866</b>
<b>2029-30</b>	<b>25219</b>	<b>27240</b>	<b>-2021</b>
<b>2030-31</b>	<b>29126</b>	<b>29147</b>	<b>-21</b>
<b>2031-32</b>	<b>29126</b>	<b>31187</b>	<b>-2061</b>
<b>2032-33</b>	<b>29126</b>	<b>33370</b>	<b>-4244</b>
<b>2033-24</b>	<b>29126</b>	<b>35706</b>	<b>-6580</b>

4. Pursuant to the floating of the RFS and scrutinising the bids, SECI entered into PPAs with four (4) SPDs for 1000 MW of capacity and the details of which have been exhibited below:

S No.	SPD Name	Capacity (MW)	Date of PPA	Applicable Tariff (Rs./kWh)
1	Avaada Energy Private Limited	300	18.03.2024	2.52
2	Sprng Energy Private Limited	250	27.03.2024	2.52
3	ReNew Solar Power Private Ltd.	300	23.04.2024	2.52
4	Solarcraft Power India 8 Pvt. Ltd.	150	23.04.2024	2.53

5. Power Sale Agreement (PSA) dated 07.02.2024 was executed between UPPCL and SECI. It was agreed upon between UPPCL and SECI that SECI shall be entitled to receive the tariff as indicated in the aforementioned table along with a trading margin of Rs 0.07/kWh fixed for the entire term of the PSA. The CERC, vide its Order dated 01.06.2024 in the Petition no. 68/AT/2024 filed by SECI, had adopted the individual tariff for the solar power projects to the tune of 1000 MW.

6. The MoP vide notification dated 20.10.2023 had mandated the power distribution companies to prepare a Renewable Purchase Obligation (RPO) roadmap and it was further stated that the RPO on discoms for FY 2024-25 shall be 29.91%. MOP has also

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provided the criteria to meet the obligation against each category, however, 100% fungibility has been provided between Wind, Hydro, and Other Renewable sources under the notification. The criteria are being outlined below:

- (a) Wind and Hydro RPO shall be met from the Wind and Hydro Power Projects (including pump storage and small hydro projects) commissioned after 31.03.2024.
- (b) Distributed RE RPO shall be met only from energy generated from RE projects that are less than 10MW in size.
- (c) Other RPO can be met by energy produced from any RE projects other than Wind, Hydro, and Distributed RPO commissioned before 01.04.2024.

7. In accordance with section 12(3) of the Energy Conservation (Amendment) Act, 2022, for non-compliance of the renewable energy consumption norms a penalty up to Rs. 10 Lakh shall be levied on the Discoms for each failure. The MNRE, vide notification 01.02.2024, has further notified that additional penalty to the tune Rs. 3.72 per unit for each unit of shortfall in meeting RE consumption norms, shall also be levied on the discoms.
8. The RPO projection analysis by UPPCL reveals a significant shortfall in the Wind and other RPO categories spanning from FY 2024-25 to FY 2033-34. Recognising 100% fungibility permitted among Wind, Hydro and other RPO categories, a strategic roadmap has been proposed below to address this deficit:

Capacity (MW) to be contracted in respective year to meet RPO (with fungibility)										
Category/ (FY)	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	Total
Solar	3000	2000	2000	1000	500	-	-	-	-	8500
Wind	-	2000	2000	1500	1000	-	-	-	-	6500
Hydro	-	4000	1000	1000	500	-	-	-	-	6500
Cumulative	3000	8000	5000	3500	2000	-	-	-	-	21500*

\*Out of 21,500 MW as proposed, UPPCL has already contracted 3000 MW RE power in FY 2023-24 and remaining 18500 MW is to be contracted in upcoming years.

9. Considering the trajectories notified by the MoP vide notification dated 20.10.2023, UPPCL current RPO achievement has been depicted in a tabular representation below:

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
Energy to be considered for RPO (MUs)	146121	156350	167294	179005	191535	204943	219289	234639	251064	268638
<b>Wind RPO (Wind Commissioned after 31.03.2024)</b>										
MoP RPO Target (%)	0.67%	1.45%	1.97%	2.45%	2.95%	3.48%	3.98%	4.48%	4.49%	5.48%
MoP RPO Target (MUs)	979	2267	3296	4386	5650	7132	8728	10512	12503	14721

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Energy Purchased/Projections (MUs)	172	3066	9231	14487	18429	21057	21057	21057	21057	21057
Energy Purchased/Projections (%)	<b>0.12%</b>	<b>1.96%</b>	<b>5.52%</b>	<b>8.09%</b>	<b>9.62%</b>	<b>10.27%</b>	<b>9.60%</b>	<b>8.97%</b>	<b>8.39%</b>	<b>7.84%</b>
Excess/Shortfall (MUs)	-807	799	5935	10101	12779	13925	12329	10545	8554	6335
Cumulative Excess/Shortfall (MUs)	-807	-9	5926	16028	28806	42731	55060	65605	74159	80495
<b>Other RPO (Including Solar, large Hydro, Small Hydro, Wind Commissioned before 01.04.2024 and Other RE)</b>										
MoP RPO Target (%)	<b>27.35%</b>	<b>28.24%</b>	<b>29.94%</b>	<b>31.64%</b>	<b>33.10%</b>	<b>34.02%</b>	<b>35.52%</b>	<b>37.02%</b>	<b>38.52%</b>	<b>40.02%</b>
MoP RPO Target (MUs)	39964	44153	50088	56637	63398	69721	77891	86863	96710	107509
Energy Purchased/Projections (MUs)	29534	33554	37408	41263	43190	44153	44153	44153	44153	44153
Energy Purchased/Projections (%)	<b>20.21%</b>	<b>21.46%</b>	<b>22.36%</b>	<b>23.05%</b>	<b>22.55%</b>	<b>21.54%</b>	<b>20.13%</b>	<b>18.82%</b>	<b>17.59%</b>	<b>16.44%</b>
Excess/Shortfall (MUs)	-10430	-10599	-12680	-15375	-20208	-25568	-33738	-42710	-52556	-63356
Cumulative Excess/Shortfall (MUs)	-10430	-21030	-33710	-49084	-69293	-94861	-	-	-	-287221
							128599	171309	223865	
<b>Hydro RPO (Large Hydro Commissioned after 31.03.2024)</b>										
MoP RPO Target (%)	<b>0.38%</b>	<b>1.22%</b>	<b>1.34%</b>	<b>1.42%</b>	<b>1.42%</b>	<b>1.33%</b>	<b>1.53%</b>	<b>1.73%</b>	<b>1.93%</b>	<b>2.13%</b>
MoP RPO Target (MUs)	555	1907	2242	2542	2720	2726	3355	4059	4846	5722
Energy Purchased/Projections (MUs)	1344	3452	21190	25570	29950	32140	32140	32140	32140	32140
Energy Purchased/Projections (%)	<b>0.92%</b>	<b>2.21%</b>	<b>12.67%</b>	<b>14.28%</b>	<b>15.64%</b>	<b>15.68%</b>	<b>14.66%</b>	<b>13.70%</b>	<b>12.80%</b>	<b>11.96%</b>
Excess/Shortfall (MUs)	789	1545	18949	23029	27231	29415	28785	28081	27295	26418
Cumulative Excess/Shortfall (MUs)	789	2333	21282	44310	71541	100956	129741	157822	185117	211536
<b>Distributed Renewable Energy</b>										
MoP RPO Target (%)	<b>1.50%</b>	<b>1.10%</b>	<b>1.70%</b>	<b>3.30%</b>	<b>3.90%</b>	<b>4.50%</b>	<b>5.00%</b>	<b>5.50%</b>	<b>6.00%</b>	<b>6.50%</b>
MoP RPO Target (MUs)	<b>2191.82</b>	<b>1719.85</b>	<b>2844</b>	<b>5907.16</b>	<b>7469.87</b>	<b>9222.42</b>	<b>10964.43</b>	<b>12905.14</b>	<b>15063.81</b>	<b>17461.47</b>
Energy Purchased/Projections (MUs)	<b>4355.14</b>	<b>7438.66</b>	<b>10522.18</b>	<b>13605.70</b>	<b>16689.22</b>	<b>16689.22</b>	<b>16689.22</b>	<b>16689.22</b>	<b>16689.22</b>	<b>16689.22</b>
Energy Purchased/Projections (%)	<b>2.98%</b>	<b>4.76%</b>	<b>6.29%</b>	<b>7.60%</b>	<b>8.71%</b>	<b>8.14%</b>	<b>7.61%</b>	<b>7.11%</b>	<b>6.65%</b>	<b>6.21%</b>
Excess/Shortfall (MUs)	2163	5719	7678	7699	9219	7467	5725	3784	1625	-772
Cumulative Excess/Shortfall (MUs)	2163	7882	15560	23259	32478	39945	45670	49454	51079	50307
<b>Cumulative (Excluding Distributed RE Energy)</b>										
MoP RPO Target (MUs)	41498	48328	55625	63565	71768	79579	89974	101434	114058	127952
Energy Purchased/Projections (MUs)	31049	40071	67829	81320	91569	97351	97351	97351	97351	97351
Excess/Shortfall (MUs)	-10449	-8256	12204	17755	19801	17771	7376	-4084	-16708	-30602
Cumulative Excess/Shortfall (MUs)	-10449	-18705	-6501	11254	31055	48826	56202	52119	35411	4810

### Records of Proceedings:

10. During the hearing dated 23.07.2024, Sh. Shashwat Singh, Counsel of UPPCL submitted that CERC vide its Order dated 01.06.2024 has already adopted the tariff for Solar power bidding. In response to the Commission's query regarding trading margin, Sh. Singh responded that trading margin of Rs. 0.07/unit was as per the MoP's guidelines. The Commission admitted the Petition and allowed the Respondent to file its response within two weeks' time with a copy to the Petitioner for filing its rejoinder within one week thereafter. SECI was also directed to submit its response on the justification for charging

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trading margin of 7 paise/unit. Further, UPPCL was directed to file complete copy of the PPAs linked to PSA dated 07.02.2024. On 20.08.2024, SECI filed its reply.

11. On the hearing dated 20.08.2024, the Commission observed that SECI, as an intermediary procurer, was providing Payment Security Mechanism (PSM) to the Solar project developer under the PPA but it was also getting PSM from the end procurer i.e., Discom/UPPCL under the PSA on a back-to-back basis and therefore, SECI's financial risk was mitigated to a larger extent, thus charging trading margin @ Rs. 0.07/unit, that is the ceiling limit for long-term power procurement, was not justified. Sh. Deepak Raizada, on behalf of UPPCL stated that discussions were held between the highest level of SECI and UPPCL to negotiate the trading margin rate, but SECI refused to accept lower than 7 paise/unit. However, keeping in view the Renewable Purchase Obligations of the discoms, it was constrained to agree to the same. The Commission allowed the parties to file an amicable resolution regarding trading margin within two weeks' time. Further, as a last opportunity UPPCL was allowed to file complete copy of the PPAs linked to PSA dated 07.02.2024.

12. The hearing dated 05.09.2024 was adjourned on the request of SECI. On the hearing dated 19.09.2024, Ms. Aakanksha Bhola, Advocate of SECI submitted that reducing trading margin below 7 paise was commercially not viable for SECI as the costs have increased. On specific query of the Commission about the increased cost, Ms. Bhola responded that administrative cost, manpower cost, legal expenses, financing cost etc. have increased on the part of SECI. Sh. Divyanshu Bhatt, Counsel of UPPCL submitted that they have already filed the copy of PPAs in the matter.

### **Reply of SECI**

13. On 20.08.2024, SECI filed its reply and has mainly submitted the following:

- a) SECI in the capacity of Renewable Energy Implementing Agency (REIA) or intermediary procurer, invited proposals through RfS dated 13.10.2023 for setting up of ISTS-connected 1000 MW Solar PV Power Projects (Tranche XII) in India, on "Build Own Operate" basis as per competitive bidding guidelines dated 28.07.2023. SECI is to procure the solar power generated by the Solar PV Power Plants by entering PPA(s) with the successful bidders and on back-to-back basis, PSA(s) for resell of the power

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to the Distribution Licensees. The key milestones in the bidding process of 1000MW Solar Power (Tranche-XII) were as follows:

S. No.	Milestone	Date
1.	RfS issued by SECI.	13.10.2023
2.	Pre-Bid Meeting held.	19.10.2023
3.	Clarification -01 to the RfS documents	17.11.2023
4.	Amendment -01 to RfS documents	17.11.2023
5.	Corrigendum -01 to the RfS documents	17.11.2023
6.	Last date of Bid Submissions.	30.11.2023
7.	Opening of Techno-Commercial Bids.	05.12.2023
8.	Opening of Financial Bids.	20.12.2023
9.	E-Reverse Auction Conducted	20.12.2023
10.	Issuance of Letter of Award (LoA) to the Successful Bidder: 1. Avaada Energy Private Limited – 300 MW- INR 2.52/kWh 2. Sprng Energy Private Limited – 250 MW- INR 2.52/kWh 3. ReNew Solar Power Private Limited - 300 MW- INR 2.52/kWh 4. Solarcraft Power India 8 Private Ltd -150 MW- INR 2.53/kWh.	01.01.2024
11.	<b>PSA</b> executed between SECI and UPPCL for 1000 MW for supply of power from 4 Solar Power Developers.	07.02.2024
12.	<b>PPA</b> executed between SECI and Avaada GJGreen Private Limited, a SPV of Avaada Energy Private Limited for 300 MW.	18.03.2024
13.	<b>PPA</b> executed between SECI and Sprng Power Earth Private Limited, a SPV of Sprng Energy Private Limited for 250 MW.	27.03.2024
14.	<b>PPA</b> executed between SECI and s Renew Solar Steller Private Limited, a SPV of ReNew Solar Power Private Limited for 300 MW.	23.04.2024
15.	<b>PPA</b> executed between SECI and Solarcraft Power India 17 Private Limited, a SPV of Solarcraft Power India 8 Private Ltd for 150 MW.	23.04.2024
16.	CERC passed an Order in Petition No. 68/AT/2024 and adopted the Tariff for 1000 MW in respect of sale of power to UPPCL under Schedule B of PSA dated 07.02.2024.	01.06.2024

- b) The stipulations regarding trading margin are provided in relevant documents i.e., clause 2.2(g)(ii) of the Guidelines dated 28.07.2023, Section 6 of the RfS Document, and Article 1.1 of the PSA. Accordingly, UPPCL have agreed to trading margin of Rs. 0.07/kWh and signed PSA with SECI. As per Section 79(1)(j) of the Electricity Act, 2003, Central Commission was empowered to fix the trading margin (if any) in respect of inter-State trading of electricity if considered necessary. The CERC has adopted the tariff for each SPDs individually as applicable for the respective SPD.
- c) The State Commission has no jurisdiction to re-determine the tariff including Trading Margin which is under the regulatory control of the Central Commission. This is, particularly, in regard to the tariff which is determined through a Tariff Based Competitive Bid Process under section 63 of the Electricity Act 2003. The exercise of powers under Section 86(1)(b) of the Electricity Act, 2003 read with Rule 8 of the

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- Electricity Rules, 2005 is only to decide on whether the quantum of power should be purchased by the distribution licensees or not.
- d) The price payable by UPPCL under the PSA dated 07.02.2024 was economical, competitive and in interest of the consumers and such lower price has emerged in view of the involvement of SECI, as the nodal agency of the Ministry of New and Renewable Energy, Govt. of India and signing the PPAs with developers, thereby giving the confidence to the SPDs to give highly competitive rate.
- e) SECI by virtue of its operations, was exposed to various risks such as payment default, late payment, breach of contract, inflation etc. The trading margin, 7 paisa/kWh applicable in the present cases, is to mitigate the risk being borne by SECI. It was because of the Payment Security Mechanism (PSM) provided by SECI that the tariff discovered under SECI schemes are significantly lower than those under tenders done by distribution companies themselves. The 7 paisa/kWh trading margin charged by SECI typically reflects the costs and services associated with facilitating and managing solar power transactions.
- f) The Hon'ble APTEL, in its recent Order dated 06.07.2023 in Appeal No. 199/2023 titled as "*Solar Energy Corporation of India Limited vs Uttar Pradesh Electricity Regulatory Commission & Anr.*", clarified that the Central Commission is responsible for setting the trading margin for interstate trading licensees, in accordance with the relevant regulations issued by the Central Commission. Any disputes regarding the trading margin for SECI are to be resolved by the Central Commission. Additionally, the Hon'ble APTEL confirmed that the trading margin of Rs. 0.07/kWh, as mutually agreed upon by SECI and UPPCL through the PSA, is final.
- g) The provisions of Articles 10.4 of the PPAs and Clause (10) of Regulation 9 of the CERC Trading Licence Regulations mandate SECI to provide an escrow arrangement or irrevocable, unconditional, and revolving letter of credit to the solar generators. In case of failure, the trading margin shall be limited to Rs.0.02/kWh specified in Regulation 8(1)(d) and Regulation 8(1)(f) of the CERC Trading Licence Regulations.
14. On 04.09.2024, UPPCL filed its additional submission wherein the tabular representation of the PPAs entered between SPDs and SECI was specified as under:

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S. No.	Solar Power Developer	Contracted Capacity (MW)	Tariff (Rs./kWh)	Date of PPA
1.	Avaada GJ Green Pvt. Limited	300	2.52	18.03.2024
2.	Sprng Power Earth Pvt. Ltd.	250	2.52	27.03.2024
3.	ReNew Solar Steller Pvt. Ltd.	300	2.52	23.04.2024
4.	Solarcraft Power India 17 Pvt. Ltd.	150	2.53	23.04.2024

### Analysis & Decision

15. UPPCL has filed this Petition seeking approval of procurement of 1000MW Solar Power under Tariff-based Competitive Bidding on long-term basis of 25 years along with approval of PSA dated 07.02.2024. This Solar power procurement shall facilitate meeting its rising power demand as well as the compliance of RPO targets of UPPCL.

16. The CERC vide its Order dated 01.06.2024 in Petition No. 68/AT/2024 has adopted the individual tariff of the 4 SPDs with total capacity of 1000MW from which power would be supplied to UPPCL. The relevant extract of the quantum of power executed under the PSA by UPPCL as observed in the CERC's Order dated 01.06.2024 are as follows:

*"27. In view of the aforesaid discussion, it emerges that the selection of the successful bidders has been done, and the tariff of the solar power projects has been discovered by the Petitioner, SECI, through a transparent process of competitive bidding in accordance with Guidelines issued by the Ministry of Power, Government of India under section 63 of the Act. Therefore, in terms of Section 63 of the Act, the Commission adopts the individual tariff for the Solar Power Project, as agreed to by the successful bidder(s) and for which the PPAs have been entered into by SECI on the basis of the PSA with the distribution licensees, which shall remain valid throughout the period covered in the PPAs and PSA as under:*

S. No.	Name of Successful Bidder	Project Company formed by the Successful bidder for execution of PPA	Date of PPA signing & Contracted Capacity	Applicable Tariff (INR/kWh)
1.	Avaada Energy Pvt. Ltd.	Avaada GJ Green Pvt. Ltd.	18.03.2024 (300 MW)	2.52
2.	Sprng Energy Pvt. Ltd.	Sprng Power Earth Pvt. Ltd.	27.03.2024 (250 MW)	2.52
3.	ReNew Solar Power Pvt. Ltd.	Renew Solar Steller Pvt. Ltd.	23.04.2024 (300 MW)	2.52
4.	Solarcraft Power India 8 Pvt. Ltd.	Solarcraft Power India 17 Pvt. Ltd.	23.04.2024 (150 MW)	2.53

17. Section 63 of the Electricity Act, 2003, states that the Commission shall adopt the tariff arrived through transparent process of bidding in accordance with guidelines issued by Central Government. The said provision is reproduced below:

*"Section 63 (Determination of tariff by bidding process): Notwithstanding anything contained in section 62, the Appropriate Commission shall adopt the tariff if such tariff*

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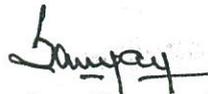


*has been determined through transparent process of bidding in accordance with the guidelines issued by the Central Government."*

### **Commission's View**

18. The Commission observes that Regulation 8(1)(d) & (f) of the CERC Trading Licensee Regulations, 2020 leaves it within the realm of the transacting parties to decide the trading margin mutually and amicably within the ceiling of 7 paise per unit, and it does not require any approval for trading margin from the Central Commission. This arrangement between Supplier and Procurer through the intermediary being on back-to-back basis, the intermediary's payment risk to the Project Developer would be severely mitigated through Payment Security Mechanism from Procurer, thus reduction in trading margin may reduce the burden cost of supply to the State consumers. However, the State Commission is incapacitated to take any call on interstate trading margin in face of legal dispensation as submitted by the parties. Hence, 'DURA LEX SED LEX' – The law is hard, but it is the law.
19. **In view of above, the Commission approves the power procurement of 1000 MW Solar PV power at the individual tariff of Rs. 2.52/kWh & Rs. 2.53/kWh, as per table at para 16 above, along with trading margin of Rs.0.07/kWh. However, in case of failure by SECI to provide an Escrow arrangement or irrevocable, unconditional revolving letter of credit to the Solar Power Developers, trading margin shall be limited to Rs.0.02/kWh in terms of Regulation 8 of the CERC Trading license Regulations, 2020. The Commission also approves the PSA dated 07.02.2024 executed between UPPCL & SECI. Further, in the consumer interest, UPPCL should negotiate trading margin below 7 paise per unit for future long-term power procurement with the intermediary procurer/Trading Licensee.**

The Petition stands disposed of in terms of above.

  
(Sanjay Kumar Singh)  
Member

  
(Arvind Kumar)  
Chairman

Place: Lucknow

Dated: 03.10.2024

