



THE UTTAR PRADESH ELECTRICITY REGULATORY COMMISSION

LUCKNOW

Petition No. 2225 of 2025

QUORUM

Hon'ble Shri Arvind Kumar, Chairman

Hon'ble Shri Sanjay Kumar Singh, Member

IN THE MATTER OF

Petition under Section 63 and 86(1)(b) of the Electricity Act, 2003, read with Regulation 15 of the UPERC (Conduct of Business) Regulations, 2019, seeking approval of procurement of 375MW/1500MWh Standalone Battery Energy Storage Systems (BESS) capacity with Viability Gap Funding (VGF) support.

AND

IN THE MATTER OF

Uttar Pradesh Power Corporation Ltd. (UPPCL),

Through Superintending Engineer- PPA,

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

..... Petitioner

Versus

SJVN Limited, (SJVNL),

NBCC Complex, East Kidwai Nagar,

New Delhi – 110023

.....Respondent

FOLLOWING WERE PRESENT

1. Sh. Deepak Raizada, Director, UPPCL
2. Sh. Manish Dwivedi, SE, UPPCL
3. Sh. Savyasachi Saumitra, Advocate, UPPCL
4. Sh. Syed Abul Kasim Zaidi, Advocate, UPPCL
5. Sh. Ajitesh Garg, Advocate, SJVNL
6. Sh. Mritunjay Kumar, Engineer, SJVNL

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ORDER
(DATE OF HEARING: 31.07.2025)

1. The Petitioner, Uttar Pradesh Power Corporation Ltd. (hereinafter referred to as UPPCL), has filed this Petition seeking approval for procurement of proposed 375MW/1500MWh capacity Battery Energy Storage System (BESS) under Tariff Based Competitive Bidding (TBCB) process. The prayers of the Petitioner are as follows:
 - a) Admit the Petition.
 - b) Pass an order approving the quantum of energy storage capacity proposed to be procured i.e., 375MW/1500MWh under the present tender.
 - 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. UPPCL has mainly submitted the following:
 - a) Renewable Energy (RE) from sources like solar and wind is variable and not available round the clock like thermal power to meet the demand. Energy Storage Systems (ESS) are necessary to address this challenge by storing excess energy when not needed and supplying it during peak demand periods. As reliance on RE increases, the grid experiences stress during evening and morning peaks when sufficient RE is not available, necessitating additional power dispatch.
 - b) ESS plays a vital role in successfully integrating RE into the grid and assisting grid operators in managing these fluctuations in demand and RE supply. ESS connected to solar pooling stations also help in maximizing the capacity utilization of RE transmission systems. The planning process for transition to a greener energy mix in the country would entail integrating the planned Renewable capacity into India's energy grid while ensuring its safety and reliability. Apart from Pumped Hydro Storage Plants, BESS are envisaged to be significant element of the future grid with increased share of renewable energy in accordance with the target of 500GW of non-fossil-based capacity to be installed by 2030.

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- c) Therefore, with the growing share of renewable energy and the need for grid stability, UPPCL intends to procure 375 MW/1500 MWh of standalone BESS capacity to meet the State's peak demand and facilitate renewable energy integration.
- d) Ministry of Power ("MoP") had issued "Guidelines for Procurement and Utilization of BESS as part of Generation, Transmission and Distribution assets, along with Ancillary Services" vide its Gazette Resolution dated 10.03.2022.
- e) SJVN Limited (hereinafter referred to as SJVNL) has issued the Request for Selection (RFS) and draft Battery Energy Storage Purchase Agreement (BESPA) in the capacity as BESS Implementing Agency (BIA) for the Implementation of CPSU component of VGF Scheme for the development of BESS vide Office Memorandum F. No. 42-26/1/2022-NRE (Pt. II) dated 17.10.2024 issued by MoP. Tenure of the BESPA is for a period of 15 years.
- f) SJVNL had initiated a Tariff Based Competitive Bid (TBCB) Process for Selection of Battery Energy Storage System Developers (BESSD) for setting up of 375 MW/1500 MWh Standalone BESS in Uttar Pradesh with VGF under on Build Own Operate (BOO) basis. The procurement of 375 MW/1500 MWh BESS capacity will be undertaken through a transparent TBCB in accordance with Section 63 of the Electricity Act, 2003, and relevant guidelines issued by the Ministry of Power.
- g) A Single Stage, Two Envelope bidding methodology will be adopted, comprising submission of (i) a Technical Bid and (ii) a Financial Bid. Only those bidders who qualify the eligibility criteria set out in the RFS document based on their technical and financial capability will be considered for evaluation of their financial offers. The Financial Bid shall specify the energy storage charge in ₹/MW/Month as the primary bidding parameter.
- h) After evaluation of the initial Financial Bids, an e-Reverse Auction (e-RA) will be conducted among the technically qualified and financially responsive bidders, in order to arrive at the most competitive tariff. The auction will be conducted on an electronic tendering platform ensuring transparency and efficiency. The bidder quoting the lowest final tariff at the conclusion of the e-RA process, subject to fulfilment of all RFS conditions and acceptance of the terms of the draft BESPA, shall be selected as the Successful Bidder. The resultant tariff, after accounting for the applicable VGF support, shall form

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the basis for the energy storage service charges payable by UPPCL under the back-to-back arrangement.

- i) 100% of the contracted BESS capacity is proposed to be off taken by UPPCL for a period of 15 years under a back-to-back arrangement through SJVNL as the intermediary procurer. RFS and BESPA explicitly contemplate a composite back-to-back arrangement for the generation, supply, and utilization of electricity and energy storage services. As per the draft BESPA, duly executed Battery Energy Storage Sale Agreement (BESSA) between SJVNL and UPPCL will be read together with the BESPA entered into between SJVNL and the selected BESSDs, treating them as part of a single composite transaction. This structure ensures that SJVNL acts solely as an intermediary without retaining any rights or liabilities beyond pass-through obligations, thereby maintaining commercial and regulatory transparency in line with Section 86(1)(b) of the Electricity Act, 2003.
- j) Present tender process has been initiated under the 'Tolling Model' structure, wherein, buying entity (i.e., UPPCL) provides/supplies the charging power, and pays for use of storage and discharge capabilities offered by the BESSDs. Time of discharge for the power stored in the BESS would commonly be during the evening Peak demand between 7:00 PM to 03:00 AM.
- k) The VGF Scheme issued by the MoP dated 17.10.2024, provides financial assistance limited to a sanctioned amount and available only on a first-come, first-served basis, subject to budgetary ceilings. Eligible BIAs (SJVNL in the present case) are required to invite bids and sign BESPA within 9 months from the date of issuance of the VGF Scheme to be eligible under the CPSU Component.
- l) As per the VGF scheme dated 17.10.2024, the Scheduled Commissioning Date (SCD) for the full project capacity is mandated to be within 18 months from the Effective Date of the BESPA, with a further extension of only 6 months permitted under specified conditions with applicable liquidated damages. Additionally, the VGF disbursement is linked to milestone-based achievements, including Financial Closure, Commercial Operation Date (COD), and annual performance for three subsequent years. Any delay in obtaining approval and floating the tender risks jeopardizing the project's eligibility

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for VGF support, thereby increasing the financial burden on the State Discoms and thus, ultimately on consumers.

- m) The Gujarat Electricity Regulatory Commission (GERC) vide its Order dated 14.06.2024, in Petition No. 2346/2024 has already approved tariff discovered under Competitive Bidding Process conducted vide RfS No. GUVNL/BESS/Phase II dated 29.11.2023 issued by GUVNL for procurement of storage capacity from 250 MW /500 MWh Standalone BESS (Phase II) to be set up in Gujarat.
- n) While the framework and key features of the RFS document and the draft BESPA have been finalized in principle, the process of finalization of the detailed tender documents is currently underway. Minor refinements, standardization, and legal vetting of the documents are being carried out in coordination with SJVNL and other stakeholders to ensure full alignment with the latest policy guidelines, regulatory standards, and industry practices.
- o) Given the advanced stage of finalization, it is expected that the RFS and BESPA documents will be completed imminently. In order to avoid procedural delays in securing approval for the procurement process, the Petitioner seeks in-principle approval of the proposed framework and structure as outlined in the present Petition, including the quantum of energy storage capacity and applicability of the VGF scheme dated 17.10.2024.

Records of Proceedings:

3. During the hearing dated 31.07.2025, Sh. Savyasachi Saumitra, Counsel of UPPCL, submitted that strict timelines were prescribed under the VGF Scheme dated 17.10.2024 for availing VGF Scheme benefit. On specific query of the Commission regarding MWh of BESS, Sh. Deepak Raizada on behalf of UPPCL responded that there were fixed discharge hours in BESS and accordingly VGF is linked to MWh.
4. Further, Sh. Raizada submitted that out of 5000MWh capacity under the VGF Scheme, UPPCL intends to get 2500MWh through the BIAs. The e-Reverse Auction has been concluded for this 1500MWh BESS capacity by the SJVNL wherein discovered tariff was Rs. 3.59 lac/MW/month which is competitive as compared to the recent discovered bid

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in Bihar. Sh. Raizada, in response to the Commission query regarding injection point, stated that approx. 30 Acre land was identified at Jhansi and the project would be connected to 220kV Garautha substation at Jhansi in the State. UPPTCL is the owner of the identified land and there would be lease rent for the land. Counsel of SJVNL submitted that BESPAs executed with one of the successful bidders. Counsel of UPPCL requested that the matter could be reserved for Order as the instant Petition was for seeking permission for the quantum approval only. After hearing the parties, the Commission allowed Respondent/SJVNL to file its submissions (if any) within two weeks' time and reserved the Order in the matter.

Reply of SJVNL

5. On 22.08.2025, SJVNL filed its reply and has mainly submitted the following:
- a) Keeping in consideration of the BESS Guidelines, SJVNL prepared and issued the RFS for selection of BESSDs for setting up of 375MW/1500MWh Standalone BESS in Uttar Pradesh with VGF under TBCB process on BOO basis.
 - b) SJVNL received interest from UPPCL, to facilitate installation and utilization of energy storage systems, on an "On-Demand" basis, suited to their requirements during the peak and off-peak hours. In furtherance of this, SJVNL had invited bids/proposals whereafter SJVNL had to enter into BESPAs with successful Bidders selected based on this RFS for a period of 15 years.
 - c) As per the terms of the RFS, the project shall be located in the vicinity of designated substation i.e., 400/220kV Garautha Substation at Jhansi of the STU network, in the State of Uttar Pradesh. Land would be provided on lease/right-to use basis to the BESSD through suitable agreement with UPPCL/UPPTCL, and the same shall be facilitated by the SJVNL.
 - d) For the purpose of this project, SJVNL was an intermediary procurer/BIA for procurement of BESS facility from the BESSD and sale to UPPCL entirely on back-to back basis, based on due performance by the concerned parties. 100% of the contracted capacity shall be off-taken by UPPCL from the project to be set up under this RFS. SJVNL is acting as an Intermediary Procurer/facilitator for a trading margin as defined under the RFS. The said

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trading margin so envisaged under the RFS is strictly in accordance with the Competitive Bidding Guidelines, 2022 as well as Regulation 8(1) of the Trading License Regulations, 2020.

- e) In the instant RFS, consequent upon e-RA, total 2 bidders were found eligible for issuing Letter of Award with total aggregate capacity of 375MW. The details of the Successful Bidders in accordance with the RFS were as follows:

Sl. No.	Name of Successful Bidder	Contracted Capacity (MW/MWh)	Tariff/Capacity Charges (INR/MW/Month)
1.	M/s Patel Infrastructure Ltd.	187.5/750	3,59,000/-
2.	M/s Enerica Infra 3 Pvt. Ltd.	187.5/750	3,59,999/-

- f) Subsequently, SJVNL and UPPCL entered into a BESSA dated 15.07.2025 for sale of 375 MW/1500MWh of BESS capacity on long-term basis. Further, BESPA have also been signed with M/s Patel Infrastructure Ltd. and M/s Enerica Infra 3 Pvt. Ltd. on 16.07.2025 & 01.08.2025 respectively.
- g) SJVNL has throughout the process complied with all the necessary guidelines and regulations and taken all necessary steps for requisite approval. SJVNL was already in the process of filing the Petition seeking adoption of tariff for the project in question before the appropriate Commission.

Analysis & Decision

6. UPPCL, by way of instant Petition, is seeking approval for procurement of 375MW/1500MWh BESS capacity with VGF under TBCB process on long-term basis of 15 years through a BESS Implementing Agency i.e., SJVNL in the present case. The Commission after hearing the UPPCL's argument at length came to a conclusion that this BESS capacity would help in integration of Renewable Energy and also help in managing the peak demand of the UPPCL thereby optimizing the power purchase cost. Further, as the project would be established at Garautha substation at Jhansi i.e., within the State, it would also help in avoiding the interstate transmission loss as well as in reducing the transmission congestion.
7. In view of above, the Commission grants approval to procurement of 375MW/1500MWh BESS capacity with VGF under Section 63 of the Act on long-term basis of 15 years.

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Further, the Commission advises the parties to initiate tariff adoption process and BESPA approval at the earliest for timely implementation of the project since the tariff in the bidding process is already finalised.

The Petition stands disposed of in terms of above.


(Sanjay Kumar Singh)
Member




(Arvind Kumar)
Chairman

Place: Lucknow
Dated: 01.09.2025