

Before the  
**MAHARASHTRA ELECTRICITY REGULATORY COMMISSION**  
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**Case No. 81 of 2020**

**Case of Maharashtra State Electricity Distribution Company Ltd. seeking approval for adoption of Tariff for Long Term Procurement of 350 MW Power from Intra-State Solar Power Projects under Section 63 of the Electricity Act 2003 for meeting the Solar Renewable Purchase Obligations.**

Maharashtra State Electricity Distribution Company Ltd.	..... Petitioner
Tata Power Renewable Energy Ltd.	..... Respondent No. 1
Avaada Energy Pvt. Ltd.	..... Respondent No. 2

**Coram**

**I.M. Bohari, Member  
Mukesh Khullar, Member**

**Appearance**

For the Petitioner	: Smt. Kavita Gharat (Rep.)
For the Respondent No. 1	: Shri. Vidyadhar Wagale (Rep.)
Respondent No. 2	: Shri. Rajiv Mestry (Rep.)

**ORDER**

**Date: 15 May, 2020**

1. Maharashtra State Electricity Distribution Company Ltd. (**MSEDCL**) has filed the present Case on 27 April, 2020 seeking approval for adoption of Tariff for Long Term Procurement of 350 MW Power from Intra-State Solar Power Projects under Section 63 of the Electricity Act, 2003 (**EA**) for meeting its Solar Renewable Purchase Obligations (**RPO**).

**2. MSEDCL's main prayers are as follows:**

- a) *To accord approval for procurement of 350 MW solar power at tariff as stated in Para 3.13 discovered through Competitive bidding and the same to be made eligible for meeting the Solar RPO requirement of MSEDCL.*
- b) *To accord approval for signing of PPA with successful bidders at discovered tariff.*

**3. MSEDCL in its Case has stated as follows:**

- 3.1. The Ministry of Power (MoP), vide its Notification dated 3 August 2017, has issued Guidelines under Section 63 of the EA for Tariff- based Competitive Bidding for long-term procurement of power from 5 MW and above grid-connected Solar PV Power Projects.
- 3.2. The Commission by its Order dated 6 December 2017 in Case No. 157 of 2017 has ruled that MSEDCL shall come before the Commission through specific Petition prior to the bidding process only if MSEDCL requires any deviation with respect to the bidding documents.
- 3.3. Subsequent to the Notification dated 3 August 2017, MNRE has issued amendments dated 14 June 2018, 7 January 2019, 15 July 2019 and 22 October 2019 to the said Guidelines under Section 63 of the EA.
- 3.4. The Compliance status of MSEDCL's existing Solar RPO is as under:

Period	Shortfall in MUs
FY 2010-11 to FY 2015-16	0
FY 2016-17	671
FY 2017-18	1476
FY 2018-19 (Provisional)	1321
Total	3468

- 3.5. MSEDCL is trying to fulfill the above said shortfall in Solar RPO target by way of purchase of Solar Renewable Energy Certificates (**RECs**). Considering the existing shortfall and future RPO targets, MSEDCL needs to procure additional RE power for fulfillment of RPO targets.

- 3.6. MSEDCL had floated the tender on 6 November 2019 to procure 500 MW Solar Power (Phase-IV) on long term basis from Intra-State Solar Power Projects through competitive bidding process in line with the MoP guidelines dated 3 August 2017.
- 3.7. The Commission by its Order dated 10 January 2020 has adopted the tariff discovered in the said solar tender Rs.2.89 per unit and Rs.2.90 per unit for procurement of 500 MW solar power from intra State projects.
- 3.8. Thereafter, MSEDCL, in order to meet its RPO targets set by the Commission floated tender on 27 December 2019 for procurement of 500 MW solar power from Intra State Grid connected solar projects (Phase-V) with ceiling rate of Rs. 2.90 per unit through competitive bidding (E-reverse auction) on Bharat-ETS web portal in line with the MoP guidelines dated 3 August 2017 and subsequent amendments.
- 3.9. The intimation for initiation of tendering process was given to the Commission vide letter dated 31 December 2019 as per 3.1.1(b) of MoP guidelines.
- 3.10. The Pre-bid meeting was conducted on 8 January 2020. The replies to pre-bid queries were uploaded on dated 17 January 2020.
- 3.11. The last date of submission of bid was 28 January 2020 which was extended to 15 February 2020. However, due to no response to the tender, the last date of bid submission was further extended to 28 February 2020. On 28 February, 2020, only one bid was received. Hence the bid submission last date was again extended upto 11 March 2020.
- 3.12. Out of 500 MW capacity tendered, only 350 MW capacity was subscribed with offers from following two bidders.:

<b>Sr. No.</b>	<b>Name of Bidder</b>	<b>Capacity (MW)</b>
1	M/s. Tata Power Renewable Energy Ltd	100
2	M/s. Avaada Energy Pvt. Ltd	250
	<b>Total</b>	<b>350</b>

- 3.13. The technical bids were opened on 11 March 2020 and both bidders were found technically qualified with some discrepancies, which were complied on 13 March 2020 and hence financial bids were opened on 16 March 2020.
- 3.14. The result of tender after financial bid opening is as under:

Sr. No.	Name of Bidder	Bidding Capacity (MW)	Price Discovered (Rs./unit)
1	Tata Power Renewable Energy Ltd	100	2.90
2	Avaada Energy Pvt. Ltd	250	2.90
	Total	350	

- 3.15. The RfS document specifies that subject to completion of Techno-commercial bid evaluation if it is found that the total aggregate capacity of the Solar Power Projects short-listed is lower than or equal to capacity tendered (i.e 500 MW), then further process shall be at MSEDCL's discretion. Hence, no reverse auction was carried out.
- 3.16. MSEDCL is short of around 3486 MUs till FY 2018-19 in achieving Solar RPO Target and in view of steep solar RPO targets of 12.5% for FY 2024-25 as against 3.5 % in FY 2019-20 specified in MERC RPO Regulations, 2019, allowing MSEDCL to procure solar power from this tender will help MSEDCL in achieving RPO targets successfully.
- 3.17. Recently, vide its Order dated 10 January 2020, the Commission had adopted the tariff discovered at Rs.2.89 per unit and Rs.2.90 per unit in MSEDCL's tender for procurement of 500 MW solar power from Intra-State projects. In May-2019 Solar Energy Corporation of India (**SECI**) discovered tariff rates of Rs.2.87 to Rs.2.91 per unit in auction conducted for development of Dondaicha Solar Park in Maharashtra. Also, the Commission vide its Order dated 18 April 2019 has approved tariff of Rs.2.92 per unit for 50 MW Koudgaon Solar project of Maharashtra State Power Generation Company Ltd. (**MSPGCL**) in Maharashtra. Considering the rates discovered for the projects to be set up in Maharashtra during this year, the final tariff rates discovered in MSEDCL's 500 MW Intra-State solar tender i.e. Rs. 2.90 per unit are competitive rates.
- 3.18. Accordingly, MSEDCL through this Petition requests the Commission to approve the final tariff discovered in the Competitive bidding process for adoption of tariff for long term procurement of 350 MW intra-state solar power as under:

Sr. No	Name of the Bidder	Capacity (MW)	Rate Discovered Rs/kWh	Period of Power Flow
1	Tata Power Renewable Energy Ltd	100	2.90	25 Years
2	Avaada Energy Pvt. Ltd	250	2.90	25 Years
	<b>Total</b>	<b>350</b>	-	-

4. Tata Power Renewable Energy Ltd.(**TPREL**) in its reply dated 8 May, 2020 has requested the Commission to give it an opportunity to make representations, if any, at the time of hearing.
5. Avaada Energy Pvt. Ltd.(**AEPL**) in its reply dated 8 May, 2020 has conveyed its no objection to the Petition of MSEDCL and prayers made therein.
6. At the e-hearing through video conferencing held on 14 May 2020, the representative of MSEDCL reiterated its submission in the Petition. The representative of TPREL stated that though it requested the Commission for making representation during the hearing, no such further submission/ representation is required to be made now and conveyed its no objection to the Petition. The representative of AEPL also conveyed its no objection to the Petition and prayers made therein.

### **Commission's Analysis and Rulings**

7. MSEDCL under the instant Case has sought approval for adoption of tariff for 350 MW Solar power on long term basis from Grid Connected Solar PV Projects at Intra-State level. The Tariff was discovered through Tariff based competitive bidding process and the same is prayed to be adopted. MSEDCL has also requested that this power procurement be made eligible for meeting its Solar RPO requirement.
8. The Commission notes that MSEDCL invited the bid on 27 December 2019 for procurement of 500 MW solar power from Intra State Grid connected solar projects (Phase-V) through competitive bidding with ceiling rate of Rs. 2.90 per unit. The last date of submission of bid was extended from 28 January 2020 to 15 February 2020. However, due to no response to the bid, it was again extended to 28 February 2020. As only one bid was received on 28 February 2020, it was further extended upto 11 March 2020.
9. MSEDCL received bid of 350 MW out of 500 MW from following two bidders which were found technically qualified. Subsequently, their financial bids were opened, and the final tariff arrived is as under:

<b>Sr. No.</b>	<b>Name of Bidder</b>	<b>Bidding Capacity (MW)</b>	<b>Price Discovered (Rs./unit)</b>
1	Tata Power Renewable Energy Ltd	100	2.90
2	Avaada Energy Pvt. Ltd	250	2.90
	<b>Total</b>	<b>350</b>	

10. The Commission notes that MSEDCL has conducted transparent process of competitive bidding for procurement of Solar power and discovered Tariff of Rs. 2.90 per unit. However, the Commission observes that MSEDCL after completion of Techno-commercial bid evaluation has found that the total aggregate capacity of the Solar Power Projects short-listed is 350 MW which is lower than the capacity tendered (i.e 500 MW), hence at its discretion, MSEDCL has not carried out the reverse auction.
11. The Commission by its Order dated 4 December 2019 in Case No. 292 of 2019, has adopted Solar Tariff of Rs. 2.83 per unit discovered by Tata Power Company Ltd- Distribution (TPC-D). However, more recently the Commission by its Order dated 10 January 2020 in Case No 349 of 2019 has adopted tariff of Rs. 2.89 and Rs. 2.90 per unit for 500 MW Solar project discovered by MSEDCL. While adopting the Tariff of Rs.2.90 per unit in Case No 349 of 2019 the Commission has categorially observed as under:
- “ 10. The Commission also notes that vide recent Order dated 4 December 2019 in Case No. 292 of 2019, it has recently adopted Solar Tariff of Rs. 2.83 per unit Tata Power Company Ltd. – Distribution (TPCD). Further, the Govt. of Rajasthan has recently notified Solar Energy Policy, 2019 and Wind & Hybrid Policy, 2019 with effect from 18 December 2019 wherein RE power projects being setup in Rajasthan for sale of electricity to parties other than Discom in Rajasthan have to contribute additional fixed amount per MW per year towards Rajasthan Renewable Energy Development Fund. Under these Policies, existing projects or projects whose bidding has been completed before notification of these Policies would continue to pay existing charge of Rs 1 lakh/MW, but new projects have to pay additional charges. Such charges would further increase the rate of Solar energy being setup in Rajasthan.*
- 11. Also, bidding conducted in May 2019 by SECI for Dondaicha Solar Park in Maharashtra has discovered tariff rates of Rs.2.87 to Rs.2.91 per unit. Rates discovered by MSEDCL in present bidding process is comparable to these rates and reflective of tariff for solar projects being set-up in Maharashtra.*
12. In view of the foregoing, the Commission opines that the discovered rate of Rs. 2.90 per unit is generally as per the existing market conditions for the Solar Project being setup in Maharashtra. Further, in line with the mandate under Section 63 of the EA, the Commission deems it fit to adopt the tariff and approves Tariff discovered by MSEDCL for procurement of 350 MW of Solar power on long term basis (for the period of 25 years) from grid connected Solar projects for meeting its Solar RPO:

Sr. No.	Name of Bidder	Quantum (in MW)	Price (Rs. Per Unit)
1	Tata Power Renewable Energy Ltd	100	2.90
2	Avaada Energy Pvt. Ltd	250	2.90
<b>Total</b>		<b>350</b>	

Having ruled as above, the Commission likes to note here that limited response / under subscription for the bid could be on account of limiting this tender for intra-state projects only. Inter-State tender could have attracted more bidders and might have created competition amongst the bidders during e-reverse auction process. The Commission is also aware of the fact that in case of allowing interstate projects, the price could have been lower but there could be additional cost due to various reasons. The Commission assumes here that MSEDCL has studied this aspect for a one to one landed cost comparison and thereafter has decided on the intra state eligibility criteria.

13. Hence, the following Order:

### **ORDER**


1. The Case No. 81 of 2020 is allowed.
2. The Commission adopts following rate discovered through competitive bidding under Section 63 of the Electricity Act, 2003 and allows Maharashtra State Electricity Distribution Co. Ltd for procurement of 350 MW power on long term basis for 25 years from grid connected Solar Power Project as under:

Sr. No.	Name of Bidder	Quantum (in MW)	Price (Rs. Per Unit)
1	Tata Power Renewable Energy Ltd	100	2.90
2	Avaada Energy Pvt. Ltd	250	2.90
<b>Total</b>		<b>350</b>	

3. The Solar Power procured from these projects shall be eligible towards fulfilment of Maharashtra State Electricity Distribution Co. Ltd.'s Solar RPO for the respective periods.

Sd/-  
(Mukesh Khullar)  
Member

Sd/-  
(I.M. Bohari)  
Member

  
 (Abhijit Deshpande)  
 Secretary

