

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

Case No. HERC/PRO – 32 of 2020

DATE OF HEARING : 24.07.2020
DATE OF ORDER : 24.07.2020

IN THE MATTER OF:

Application under Section 86(1) (b) and Section 63 of the Electricity Act, 2003 for approval of source by the Commission for quantum of 300 MW solar power discovered in NIT-81/CE/HPPC/LTP/short term solar dated 20.9.2019 floated for procurement 300 MW solar power on short 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 the Commission to purchase 300 MW solar power through PTC on short term basis, from 6.00 hrs to 18.00 hrs, from 1.7.2020 to 30.6.2021 @ Rs. 5.10/kWh i.e. at a tariff discovered through transparent process of competitive bidding (NIT-81) under Section 63 of the Electricity Act, 2003, to meet the solar RPO targets, may be considered.
2. HPPC has submitted as under:-
 - a) That HERC (Terms and Conditions for determination of tariff for Renewable Energy Sources, Renewable Purchase Obligation and Renewable Energy Certificate) Regulations, 2017, has fixed Solar RPO targets as under:

Financial Year	RPO (as a percentage of total consumption), as per HERC RE Regulations, 2017	
	Non Solar	Solar
2020-21	3.00	7.00
2021-22	3.00	8.00

- b) That against these targets, HPPC is likely to achieve 600 MUs from the existing 125.8 MW contracted capacity, already commissioned 234MW solar rooftop, expected 100 MW in October 2020 from SECI and expected 100 MW solar rooftop during the FY 2020-21.
- c) That, to meet the solar RPOs, NIT No. 81/CE /HPPC/Solar/ Short term dated 20.9.2019 was floated to purchase 300 MW solar power for a year from the date of issue of LOI.
- d) That, GoI, MoP guidelines dated 30.3.2016 on procurement of power for short term (i.e. for a period more than one day to one year) by Distribution Licensees through tariff based competitive bidding process using National e-bidding portal i.e. PFC has been followed while purchasing this power.
- e) That, on the due date of EMD submission, i.e. 14.10.2019, two bidders namely M/s NVVN and M/s PTC submitted EMD amounting to Rs. 54,900,000/- . It is pertinent to point out that since April 2018, HPPC has floated the tender four times to purchase short term solar power to meet solar RPO and only one or two bidders have participated in the tenders, as can be seen from the table below: -

SN	NIT No.	Quantum	Duration	SCPP aproval	Bids submitted by
1	NIT No. 72 dated 11.4.2018	630 MW (1000 Mus)	1.6.2018 to 30.9.2018	15.5.2018 (45th meeting)	M/s PTC India for 200 MW from 1.6.2018 to 30.9.2018
2	NIT No. 73 dated 30.7.2018	798 MW (2031 Mus)	1.9.2018 to 31.3.2019	27.7.2018 (47th meeting)	M/s PTC India for 200 MW from 1.9.2018 to 31.3.2019 Tata Power Trading Company Ltd. for 150MW from 1.9.2018 to 31.3.2019
3	NIT No. 75 dated 3.12.2018	394 MW (1700 Mus)	1.4.2019 to 31.3.2020	6.10.2018 (48th meeting)	NVVN for 200 MW
4	NIT No. 79 dated 29.7.2019	300 MW (1320 Mus)	1.9.2019 to 31.8.2020	Agenda under approval for placing before SCPP in the ensuing meeting.	PTC furnished EMD but later withdrew tender before bid submission date

Considering the past scenario, it was felt that extending the bid further, may not result in better participation but will result in loss of time as power was supposed to be purchased for the period from 1.11.2019 to 31.10.2020. Therefore, it was decided to open the technical bids of the two firms on the scheduled date and time and not to extend the bid.

- f) That, on the scheduled date of technical bid opening i.e. 15.10.2019, it was found that only single bidder M/s PTC has submitted the bid offering 300 MW solar power from 6.00 Hrs to 18.00 Hrs from 1.11.2019 to 31.10.2020. The source of power is “pooled solar source of ESCOMs of Karnataka”.
- g) That, the second bidder, M/s NVVN vide its e-mail dated 15.10.2019 subsequently informed that their source backed off at the last moment for giving them the authorization for participation, as such, they are not able to participate in Tender.
- h) That, the financial bid of M/s PTC India ltd. was opened on the scheduled date and time i.e. 18.10.2019 whereby M/s PTC India ltd. has offered 300 MW solar power tariff @ Rs.

5.40/kWh fixed for a year at Haryana periphery from 6.00 to 18.00 hrs from 01.11.2019 to 31.10.2020.

- i) That, as there was provision of reverse-auction in the NIT, but M/s PTC was the sole bidder, therefore, there was no reason for the firm to reduce the tariff in the e-reverse auction. To reduce the tariff, M/s PTC was requested to offer their best quote.
- j) That, M/s PTC in its Letter ref. no. PTC/MTFG/HPPC/3594 dated 19.11.2019 intimated that PKCL has revised the price to Rs. 5.10/kWh for sale of power to HPPC from Nov, 2019 to 31.10.2020.
- k) That, SCPP in its 55th meeting held on 25.11.2019 considered the proposal and finally in its meeting held on 13.3.2020 approved the purchase of 300 MW solar power @ Rs. 5.10/kWh fixed for a year at Haryana periphery from 6.00 Hrs. to 18.00 Hrs. for a year from the date of issue of LOI.
- l) Regarding reasonability of rate offered by PTC, the following is submitted:
- i) In order to meet solar RPO, this office had floated various tenders, however, the purchase of solar power on short term basis could not materialize on account of poor response and high offered prices not aligned with the market. The gist of earlier NITs floated by HPPC is detailed below:

SNo	NIT No.	Quantum	Duration	Bids submitted by	Source of Power	Tariff discovered in Rs./kWh	Remarks
1	NIT No. 72 dated 11.4.2018	630 MW (1000 Mus)	1.6.2018 to 30.9.2018	M/s PTC India for 200 MW from 1.6.2018 to 30.9.2018	Andhra Pradesh PCC	5.18	NIT dropped as tariff found not aligned to the market
2	NIT No. 73 dated 30.7.2018	798 MW (2031 Mus)	1.9.2018 to 31.3.2019	M/s PTC India for 200 MW from 1.9.2018 to 31.3.2019	Andhra Pradesh PCC	5.18	
				Tata Power Trading Company Ltd. for 150MW from 1.9.2018 to 31.3.2019	PSPCL	8	
3	NIT No. 75 dated 3.12.2018	394 MW (1700 Mus)	1.4.2019 to 31.3.2020	NVVN for 200 MW	Andhra Pradesh PCC	Rs. 6.10/kwh from 1.4.2019 to 31.8.2019 and Rs. 5.95/kwh from 1.9.2019 to 31.10.2019	
4	NIT No. 79 dated 29.7.2019	300 MW (1320 Mus)	1.9.2019 to 31.8.2020	PTC furnished EMD but later withdrew tender before bid submission date			No bid received on the last date of bid submission i.e 26.8.2019

It is evident that the offered rates in the past are in the range of Rs 5.18 to Rs. 8.00 kWh.

ii) The other option available with HPPC is to purchase solar REC to meet shortfall in solar RPO. REC clearing rate in the Indian Energy Exchange (IEX) during the previous months is as under:

Year Month	Buy Bids (REC)	Sell Bids (REC)	Cleared Volume (REC)	Cleared Price (Rs/REC)	
2019	April	3,61,606	1,42,148	62,853	2,000
	May	6,14,170	1,69,438	1,34,688	2,000
	June	5,00,995	1,20,044	92,093	2,000
	July	4,24,546	1,35,029	1,04,760	2,000
	August	4,52,334	74,731	56,809	2,100
	September	6,30,421	72,780	58,919	2,250
	October	6,59,128	59,944	59,944	2,400
	November	4,72,255	36,801	36,801	2,400
	December	6,72,090	41,204	41,204	2,400
2020	January	10,52,954	39,413	39,413	2,400
	February	10,94,700	10,14,459	9,84,157	2,400
	March	213,710	39,299	39,299	2,400
	April	38,176	15,991	15,991	2,400

From the above, it is clear that the purchase of REC is being traded at Rs. 2.40/kWh. In case the RECs are purchased, the impact shall be to the tune of Rs 2.40 per unit without any physical delivery of power.

iii) That, the maximum variable cost at which the power has been scheduled during FY 2019-20 is tabulated below:-

Month	Source	Total Variable cost (in Rs.)
Apr-19	JPL CLP	3.541
May-19	Auriya	3.629
Jun-19	Aravali	3.688
Jul-19	Aravali	3.688
Aug-19	RGTPP Khedar	3.694
Sep-19	Aravali	3.759
Oct-19	Auriya	3.760
Nov-19	Aravali	3.678
Dec-19	PTPS 7	3.799
Jan-20	PTPS 7	3.799
Feb-20	DCRTPP	3.734
Mar-20	Unchahar	3.630

The variable cost of power scheduled during the FY 2019-20 is in the range of Rs. 3.541/KWh to Rs. 3.799/KWh. PTC offer @ Rs. 5.10/kWh minus REC price @ Rs. 2.40/kWh i.e. Rs. 2.70/kWh can replace the power being scheduled from the plant having maximum variable cost. Thus, purchase of solar power @ Rs. 5.10/KWh instead of REC is a better option.

iv) Apart from the cost of power, approximately Rs. 0.68 per kWh shall attribute to the transmission of electricity from Karnataka to Haryana State periphery. As per terms of NIT, the power is to be delivered at Haryana periphery, as such, the transmission cost is to be borne by the supplier.

v) HERC in its ARR Order dated 1.6.2020 has allowed average variable cost of energy for FY 2020-21 as Rs. 2.88/kWh against the variable cost of Rs. 2.78/kWh for FY 2019-20.

vi) Considering the REC benefit and cost attributed to transmission, the effective price of power offered by PTC shall be Rs. 2.02 per kWh (i.e. Rs.5.10/- minus Rs.2.40/- minus Rs.0.68/-) whereas the variable cost has been allowed at Rs. 2.88 per kWh for FY 2020-21 by the Commission.

vii) The offer of PTC was valid upto 15.1.2020, which was got extended upto 15.3.2020 and further upto 30.6.2020. Now, on the request of PTC, Power Company of Karnataka Ltd., vide their email dated 18.6.2020 has intimated that:-

“This is to inform that the extension of bid validity upto 30.6.2020 is for the power supply period 1.11.2019 upto 31.10.2020 in accordance with bid conditions. For the supply period beyond 31.10.2020, approval will be conveyed after concurrence from the competent authority.”

j) That in view of the above, following prayer has been made:

- i) To approve the source for procurement of 300 MW solar power through PTC on short term basis, from 6.00 hrs to 18.00 hrs, from 1.7.2020 to 30.6.2021 @ Rs. 5.10/kWh i.e. at a tariff discovered through transparent process of competitive bidding (NIT-81) under Section 63 of the Electricity Act, 2003, to meet the solar RPO targets, may be considered.
- ii) and allow HPPC to issue LOI for purchase of 300 MW solar power @ Rs. 5.10/kWh initially from 6.00 hrs to 18.00 hrs, from 1.7.2020 to 31.10.2020 and for further period beyond 31.10.2020 for a year, with the mutual consent of both the parties.
- iii) 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 24th July, 2020 as scheduled., through virtual court with the help of Vidyo App. Shri Vikas Kadian, Xen, HPPC, explained the proposal in detail. The Petitioner submitted that considering the REC benefit and cost attributed to transmission, the effective price of power offered by PTC shall be Rs. 2.02 per kWh (i.e. Rs. 5.10/- minus Rs. 2.40/- minus Rs. 0.68/-) whereas the variable cost has been allowed at Rs. 2.88 per kWh for FY 2020-21 by the Commission. On a query raised by the Commission, petitioner clarified that the offer of PTC was valid upto 30.06.2020. However, petitioner was confident that after grant of approval by the Commission, they will be able to get the validity of the offer extended beyond 30.06.2020. The Petitioner further submitted that although the prayer was made for approving the source for procurement of 300 MW Solar power from 01.07.2020 to 30.06.2021, but the petitioner now proposes to undertake the procurement only upto 31.10.2020.

Commission's Analysis and Order

4. The Commission observes that DISCOMs have 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 DISCOMs have been mandated to comply with the Solar RPO target of 2542 MUs for the FY 2020-21. As against this, DISCOMs have tied up to procure 600 MUs only.
5. In view of the above, after considering the matter in great detail, the Commission grants approval to procure 300 MW on short term basis upto 31.10.2020. This approval is further subject to the condition that the purchase decision shall be taken by the petitioner keeping in view floor price of REC and marginal cost of power which can be substituted with solar power so purchased.
6. The Petition is disposed of accordingly.

This order is signed, dated and issued by the Haryana Electricity Regulatory Commission on 24.07.2020.

Date: 24.07.2020
Place: Panchkula

(Naresh Sardana)
Member

(Pravindra Singh Chauhan)
Member

(D.S. Dhesi)
Chairman