

Before the
MAHARASHTRA ELECTRICITY REGULATORY COMMISSION
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Case No. 171 of 2020 and 172 of 2020

In the matter of

(Case No. 171 of 2020)

Case filed by M/s Eon Kharadi Infrastructure Private Limited seeking approval of Power Procurement Plan for 2 years, Power Purchase Agreement and Adoption of Tariff for Short-Term procurement of power for one year starting from 01 October, 2020 to 30 September, 2021 for its IT and ITES SEZ at Survey No.77, MIDC Knowledge Park, Kharadi, Pune (SEZ Phase I)

M/s Eon Kharadi Infrastructure Private LimitedPetitioner

Vs

GMR Energy Trading LimitedImpleaded Respondent No. 1

Kreate Energy (I) Pvt. Ltd. Impleaded Respondent No. 2

(Case No. 172 of 2020)

Case filed by M/s Eon Kharadi Infrastructure Private Limited seeking approval of Power Procurement Plan for 2 years, Power Purchase Agreement and Adoption of Tariff for Short-Term procurement of power for one year starting from 01 October, 2020 to 30 September, 2021 for its IT and ITES SEZ at Survey No.72, Kharadi, Pune (SEZ Phase II)

M/s Eon Kharadi Infrastructure Private LimitedPetitioner

Vs

Manikiran Power LimitedImpleaded Respondent No. 1

GMR Energy Trading LimitedImpleaded Respondent No. 2

Coram

I.M.Bohari, Member
Mukesh Khullar, Member

Appearance in Case No. 171 and 172 of 2020

For Petitioner: - Shri Palaniappan M(Rep)
For Respondents: - None

COMMON ORDER

Date:- 15 September, 2020

1. M/s Eon Kharadi Infrastructure Private Limited (**EON**) has filed these Petitions on 13 August, 2020 under section 86(1)(b) read with Section 63 of the Electricity Act, 2003 (**EA**) seeking approval of Power Procurement Plan for FY 2020-21 and FY 2021-22, Power Purchase Agreement (**PPA**) and Adoption of Tariff determined through transparent bidding process for Short-Term procurement of power for one year starting from 01 October, 2020 to 30 September, 2021 for its IT and ITeS SEZs i.e. SEZ Phase I and SEZ Phase II, both having separate Distribution Licence, located at Kharadi, Pune.
2. Since the reliefs sought and submissions made by EON in these Petitions are similar in nature, the Commission is disposing of these two Cases through the present common Order.
3. **EON's main prayers are as under:**

In Case No. 171 of 2020 (SEZ Phase I):

- a) Approve the Power Procurement Plan for FY 2020-21 and FY 2021-22;*
- b) Allow sale of surplus power via bilateral mode or through Power Exchange in case any situation arises where power requirement is less than the contracted power;*
- c) Approve the PPA signed between the Petitioner and KREATE ENERGY and adopt the tariff of Rs. 3.97/kWh discovered through competitive bidding for procurement of 7 MW RTC as Base Load for a period of one year from 1st October 2020 to 30th September 2021;*
- d) Approve the PPA signed between the Petitioner and GMR and adopt the tariff of Rs. 4.34/kWh discovered through competitive bidding for procurement of 9 MW from 0800 hrs to 2300 hrs (Monday to Friday except national and other holidays) for a period of one year from 1st October 2020 to 30th September 2021;*
- e) Approve the Hot Standby arrangement at a cost of Rs. 250 / kVA as Fixed Charges per month and Rs. 4.50/ unit as Energy Charges;*

In Case No. 172 of 2020 (SEZ Phase II), except prayer 'c' and 'd' reproduced below all other prayers are identical:

- c) Approve the PPA signed between the Petitioner and MPL and adopt the tariff of Rs. 3.97/kWh discovered through competitive bidding for procurement of 3 MW RTC as Base Load for a period of one year from 1st October 2020 to 30th September 2021;*

d) Approve the PPA signed between the Petitioner and GMR and adopt the tariff of Rs. 4.34/kWh discovered through competitive bidding for procurement of 3 MW from 0800 hrs to 2300 hrs (Monday to Friday except national and other holidays) for a period of one year from 1st October 2020 to 30th September 2021;

4. EON in its Petitions has stated as follows:

4.1 EON is a Company incorporated under the provisions of the Companies Act, 1956, having its registered office at Tech Park One, Tower E, S.No. 191/A/2A/1/2, Yerwada, Pune, Maharashtra.

4.2 EON has been notified as the Developer of the SEZ by the Ministry of Commerce & Industry (Department of Commerce) vide its Notification dated 28 September 2006 (for SEZ Phase I) and vide Notification dated 31 March 2017 (for SEZ Phase II), and are developing Information Technology and Information Technology Enabled Services (IT & ITES SEZs) at Kharadi, Pune, Maharashtra. It has started its operations from 2015.

4.3 The Commission, vide its common Order in Case No 67 and 68 of 2020 dated 5 June, 2020 declared EON Kharadi as a deemed Distribution Licensee and directed as under :

“13.Considering EON’s proposal in this regard, the Commission directs EON to file its Petitions for PPA approval and adoption of Tariff, discovered through competitive bidding in accordance with the Central Government’s Guidelines, under Section 63 of the EA by 31 August, 2020 as per the timelines proposed by EON in present Petitions.”

4.4 The current load in EON’s License Area of SEZ Phase I is in the range of 16 MW and in the license area of SEZ Phase II is in the range of 6MW. EON has considered these as a current load based on the peak load during the previous Financial Year i.e. FY 2019-20. Details of the same are as below:

Current Occupancy and Load in the License Area(SEZ Phase I)

Cluster	Current Occupancy in %	Current Loading in MW
Cluster A	60%	3.07
Cluster B	70%	3.74
Cluster C	90%	4.57
Cluster D	90%	4.57
Cluster E	90%	1.00
Total	74%	16.09

Current Occupancy and Load in the License Area (SEZ Phase II)

Particulars	Current Occupancy in %	Current Loading in MW
Tower A	70%	3.5
Tower B	35%	2.5

- 4.5 The present load in the License Areas is greatly affected on account of the situation and scenario caused due to outbreak of COVID -19. There is uncertainty on resumption of trade and commerce back to its normalcy. Most of the offices of the IT and ITeS specific companies located in the Licence Area are not working with its normal capacity as maximum of their employees are working from home, and it is not certain when the situation will return to normal. Due to uncertainty of the timeline in resumption of normal trade and commerce, EON feels it appropriate to give some more time to study and monitor the power load and consumption pattern of its consumer in coming days and will have better clarity of power demand in the License Area for the remaining years of the control period i.e. FY 2022-23 to FY 2024-25 and file a Multi-Year Tariff petition for the Control Period. It is requested therefore to allow filing a petition for power procurement of remaining period of Control period at the appropriate time.
- 4.6 Therefore, considering load data of FY 19-20, EON has projected the demand for Short-term Power Procurement for the period from 01 October 2020 to 30 September 2021 as follows:

Load Projects in MW FY 2020-21 & FY 2021-22 (SEZ Phase I)

Particulars	FY 2020-21	FY 2021-22
Base Load in MW (00:00 Hrs to 24:00 Hrs)	7	8
Peak Load in MW (08:00 Hrs to 23:00 hours from Monday to Friday, excluding national and other holidays)	9	10
Total Load in MW	16	18

Load Projects in MW FY 2020-21 & FY 2021-22 (SEZ Phase II)

Particulars	FY 2020-21	FY 2021-22
Base Load in MW (00:00 Hrs to 24:00 Hrs)	3	4
Peak Load in MW (08:00 Hrs to 23:00 hours from Monday to Friday, excluding national and other holidays)	3	4
Total Load in MW	6	8

- 4.7 Pursuant to the directions given by the Commission, EON had undertaken Short-term Power Procurement separately for Phase I and Phase II SEZ through competitive bidding route under Section 63 of the EA for the above stated Base Load and Peak Load for one year from 01 October, 2020 to 30 September, 2021 in accordance with the e-Tendering and e-Reverse Auction (**E-RA**) process, as per provisions of the 'Guidelines for Short-term Procurement of Power by Distribution Licensees through Tariff Based Bidding Process' issued by Ministry of Power (**MoP**), Government of India (**GoI**) dated 30 March, 2016.

- 4.8 EON had issued a Public Notices in the Hindustan Times (Delhi) and Times of India (Pune) on 24 June 2020 for procurement of power in line with the e-Tendering and e-Reverse Auction process as per the Standard Bidding Guidelines.
- 4.9 The Request for Proposals (**RfP**) for procurement of power from 01 October, 2020 to 30 September 2021 was issued through the Discovery of Efficient Electricity Price (**DEEP**) Portal on the website www.mstcecommerce.com in accordance with the Standard Bidding Guidelines, without any deviations on 24 June 2020.
- 4.10 In accordance with Clause 3.1 of the Standard Bidding Guidelines, EON has appointed PFC Consulting Limited (**PFCCL**) as the Authorised Representative to conduct the e-bidding for Short Term Power Procurement.
- 4.11 As per the RfP the date of submission of bid was fixed as 29 June 2020. However, many prospective bidders have requested for extension of date for submission of bid. Considering the request of the prospective bidder(s) and in the interest of better participation in the bids, date of submission of bid was extended from 29 June 2020 to 6 July 2020 and accordingly Corrigendum-1 was issued on 26 June 2020 by EON through PFCCL.
- 4.12 Clarifications sought by the prospective bidders during the tender process and clarification thereof were issued by way of Corrigendum-2 by EON on 01 July 2020 through PFCCL.
- 4.13 Five interested generators / traders submitted the bids for base load and four bidders for peak load in Case of SEZ Phase I, whereas four interested generators / traders submitted the bids for base load and three bidders for peak load in Case of SEZ Phase II on DEEP Portal on 6 July 2020
- 4.14 The bids were technically evaluated by the Standing Committee, which was comprised of one external member as per the Standard Bidding Guidelines and after examining the bid documents, the Standing Committee technically qualified the bids on 13 July, 2020 for SEZ Phase I and SEZ Phase II. The necessary recommendation was forwarded to PFCCL for opening the price bids and conducting the E-RA.
- 4.15 The Initial Price Offer received from the interested Bidders for SEZ Phase I is as follows:

Sr No	Name of the Bidder	Base Load			Peak Load		
		Bid Qty in MW	Bid Price-Rs/unit	Min. Order Qty-MW	Bid Qty in MW	Bid Price-Rs/unit	Min. Order Qty-MW
1	GMR Energy Trading Limited/126539	7	4.64	7	9	4.84	9
2	Maharashtra State Electricity Distribution Company	7	4.99	7	9	5.50	9

Sr No	Name of the Bidder	Base Load			Peak Load		
		Bid Qty in MW	Bid Price-Rs/unit	Min. Order Qty-MW	Bid Qty in MW	Bid Price-Rs/unit	Min. Order Qty-MW
	Limited/74545						
3	Manikaran Power Limited/102094	7	4.50	7	9		9
4	GMR Energy Trading Limited/126545	7	4.60	7	9	4.80	9
5	Kreate Energy (I) Pvt. Ltd. (formerly known as Mittal Processors Pvt. Ltd.)/75253	7	4.39	7	9	4.39	9

And for SEZ Phase II is as follows:

Sr No	Name of the Bidder	Base Load			Peak Load		
		Bid Qty in MW	Bid Price-Rs/unit	Min. Order Qty-MW	Bid Qty in MW	Bid Price-Rs/unit	Min. Order Qty-MW
1	GMR Energy Trading Limited/116270	3	4.64	3	3	4.84	3
2	Maharashtra State Electricity Distribution Company Limited/74545	3	4.99	3	3	5.50	3
3	Manikaran Power Limited/74144	3	4.50	3	3		3
4	GMR Energy Trading Limited/132261	3	4.60	3	3	4.80	3

4.16 The E-RA for SEZ Phase I was carried out on 13 July 2020 and the final price bid was discovered in the said E-RA process. Final discovered price of bidders is as below:

Type of Load	Name of the Bidder	Source	Price offered in Rs/kWh
Base Load 7 MW	Kreate Energy (I) Pvt. Ltd. (Formerly Known as Mittal Processors Pvt. Ltd.)	Generator / Utility in ER/WR	3.97
Peak Load 9 MW	GMR Energy Trading Limited	DB Power Limited (DBPL)	4.34

4.17 Kreate Energy (I) Pvt. Ltd. (**Kreate Energy**) and GMR Energy Trading Limited (**GMRETL**) emerged as lowest Bidder (L1) for Base Load and Peak load respectively in Case of SEZ Phase I and the prices discovered were in line with current market trends and the Standing Committee recommended to issue a Letter of Award (**LoA**) to Kreate Energy and GMRETL for Base Load and Peak Load respectively.

4.18 The E-RA for SEZ Phase II was carried out on 16 July 2020 and following final price were discovered in the E-RA process:

Type of Load	Name of the Bidder	Source	Price offered in Rs/kWh
Base Load 3MW	Manikaran Power Limited	Sai Wardha Power Generation Limited	4.13

Peak Load 3 MW	GMR Energy Trading Limited	DB Power Limited (DBPL)	4.79
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- 4.19 As the price discovered was higher as compared to the price discovered for Phase I on 13 July 2020, therefore, in the interest of the consumers of SEZ Phase II, the Standing Committee requested the L1 Bidders to match the price which was discovered for supply of power to the consumers of SEZ Phase I.
- 4.20 After rounds of discussions, finally both the Bidders i.e. Manikaran Power Limited (**MPL**) and GMRETL agreed to match the price which was discovered for SEZ Phase I i.e. Rs. 3.97 / kWh for Base Load RTC and Rs. 4.34 / kWh for Peak Load and communicated their revised bid price matching the price which was discovered for SEZ Phase I. Thereafter, the Standing Committee recommended to issue a Letter of Award (LoA) to MPL and GMRETL for Base Load and Peak Load respectively
- 4.21 EON has issued the LoA dated 15 July 2020 to Kreate Energy and GMRETL for SEZ Phase I and to MPL and GMRETL for SEZ Phase II dated 27 July 2020.
- 4.22 Kreate Energy and GMRETL have conveyed their acceptance to LoA vide letters dated 20 July, 2020 and 15 July, 2020 for SEZ Phase I. MPL and GMRETL have conveyed their acceptance to LoA vide letters dated 29 July 2020 and 27 July 2020 respectively for SEZ Phase II.
- 4.23 EON has signed the PPA with Kreate Energy dated 13 August 2020 for Base Load of 7 MW and with GMRETL dated 6 August 2020 for Peak Load of 9 MW for SEZ Phase I. For SEZ Phase II, EON has signed PPA with MPL dated 13 August 2020 for Base Load 3 MW and with GMRETL dated 6 August 2020 and Peak Load of 3 MW
- 4.24 The Commission is requested to adopt the competitively discovered tariff of Rs. 3.97/kWh for Base Load and Rs. 4.34/kWh for Peak Load for a period of one year i.e. from 01 October 2020 to 30 September 2021. It is also requested to approve PPA signed with successful bidders.
- 4.25 EON has estimated the power demand to the best of its experience, knowledge and data available on record, there could still be possibility of having certain surplus power available with it during certain times of the day/night; therefore, it is requested to allow EON to sell the surplus power either by way of bilateral mode or through Power Exchanges etc. in a situation where power requirement is less than the power scheduled under the Open Access and/or option of backing down the generator is not a cost effective measures at the end of the Licensee. This will ensure that the consumers of EON are not unnecessarily burdened because of the uncertain circumstances caused because of the present uncertain situation.
- 4.26 EON has developed a sector specific SEZ meant exclusively for IT and ITES companies and as per SEZ Act, 2005, and it has to supply 24x7 power supply inside the

SEZ. In compliance and fulfilling of the said requirement, it requested generators / traders for Hot Standby arrangement. However, no response was received. In such a situation, EON has evaluated the Hot Standby arrangement between MSEDCL and other distribution companies and also looked for other options for the said arrangement viz. Hot Standby through Diesel Generator (DG) Set.

- 4.27 After evaluating various available options, it is coming out that the option of having a Hot Standby Arrangement from the existing DG Set of Parent Division, which was kept for 24 X 7 power supply in the event of exigency, in the License Area is not only commercial more viable and beneficial than the other available options but also there will be an additional benefit of catering to the customers in the License Area in the event of any breakdown in the wires. The summary of price offered by the Parent Division of the Petitioner for Hot Standby facility for the period of 01 October 2020 to 30 September 2021 is as follows:

Sl.	Fixed Charges (Rs. per KVA per month)	Energy Charges (Rs/kWh)
1	250	4.50

- 4.28 EON has carried out the comparison of Hot Standby arrangement of the other entities with the Hot Standby arrangement of the said DG Set. As far as impact on price of various available options are concerned, the Hot Standby as DG Set is adding only Rs. 0.67 / kWh for SEZ Phase I as compared to impact of Hot Standby from other entities, which is much higher and ranging between Rs. 1.11/kWh to Rs. 1.62/kWh.

Comparison of Hot Standby from different Sources

Particulars	Rs. per kVA	Impact on Distribution Licensee in Rs/kWh (Phase I)
Hot Standby Charges similar to Mumbai Licensee(s)	600	1.62
Fixed Charges by MSEDCL as approved under Case No. 322 of 2019	411	1.11
Diesel Generator Set - Parent	250	0.67

- 4.29 The Commission has already permitted deemed Distribution Licensees like SEZs to source standby power from Diesel Generator Set as long as it is financially beneficial according to its Order in Case No 322 of 2019 dated 30 March 2020. Relevant extract of the same is as follows:

“2.17.10 The Commission notes the submission of the SEZs and MSEDCL. There is no legal mandate on SEZ for the Standby arrangement. In the ordinary course, in pursuance of its obligations under Section 33 of the EA, 2003, MSLDC would have been expected to ask the Distribution Licensees including SEZ’s to curtail its load to match the reduced availability of its contracted Generator. SEZs are at liberty to source stand-by power through a Diesel Generator Set or a separate arrangement with any other Generator or entity which it considers to be more financially beneficial

to it. Therefore, the Commission does not see any reason to apply the standby charges on SEZs.”

- 4.30 In view of the above facts and circumstances, EON has requested the Commission to approve the Hot Standby arrangement at a cost of Rs 250/kVA as Fixed Charges per month and Rs. 4.50/kWh as Energy Charges.
5. At the time of E-hearing dated 4 September 2020, Eon reiterated its submission mentioned in the Petition. Kreate Energy and GMRETL vide their mails dated 27 August 2020 conveyed that they are not having any submission in the Petition.

Commission’s Analysis and Ruling

6. The Commission notes that Deemed Distribution Licensee status of EON has been taken on record by it vide common Order in Case No 67 and 68 of 2020 dated 5 June, 2020 for IT& ITeS SEZ located at Survey no. 77, MIDC Knowledge Park (SEZ Phase I) and Survey no. 72 (SEZ Phase II) Kharadi, Pune, Maharashtra. Process of issuing specific conditions of license to these SEZs is in progress. In the meantime, EON has proposed to start its operation as a Distribution Licensee from 1 October 2020.
7. Accordingly, through present Petitions, EON has sought approval for the following:
- a) Power Procurement Plan for 2 years.
 - b) Adoption of Tariff and approval of PPA for short term Power for the tenure of 1 October 2020 to 30 September 2021.
 - c) Stand-by supply agreement.

The Commission’s ruling on above issues is give in subsequent paragraphs.

8. A: Power Procurement Plan

- 8.1 The Commission notes that under the MERC (Multi Year Tariff) Regulations, 2019, Distribution Licensee is required to file power procurement plan for 5 years of Control Period i.e. FY 2020-21 to FY 2024-25. However, in the present Petition, EON has filed power procurement plan only for 2 years i.e. FY 2020-21 to FY 2021-22 and requested the Commission to allow filing of power procurement for balance period of FY 2022-23 to FY 2024-25 at later date.
- 8.2 While justifying the request for approval of 2 years’ power procurement plan, EON has stated that its present load in the License Areas is greatly affected on account of outbreak of COVID -19. Most of the offices of the IT and ITeS specific companies located in the Licence areas are not working with its normal capacity as maximum of their employees are working from home, and it is not certain when the situation will

return to normal. Due to such uncertainty it has submitted power procurement plan of only 2 years.

The Commission notes the justification submitted by EON. Considering IT and ITeS nature of SEZ and ability of employees of IT companies to undertake their work from homes, spread of Covid-19 has impacted load / consumption in SEZ area. Due to present uncertainty of Covid-19 circumstances, the Commission accepts the submissions of EON for considering the power procurement plan for a period of 2 years and allows EON to file the power procurement plan for the balance 3 years once situation gets stabilized. The said plan shall be submitted, in any case, before 30 September 2021.

8.3 The Commission also notes that at present consumers in License area of SEZ Phase I and Phase II, are being supplied by MSEDCL through 22 kV Dedicated Distribution feeders originating from MSEDCL Magarpatta Substation. Current occupancy in SEZ Phase I is 74% and the current catered load is 16.09 MW and that for SEZ Phase II it is 55% and 6 MW respectively.

8.4 Accordingly, in its 2-year power procurement plan, EON has used load data of FY 2019-20 for projecting demand for FY 2020-21 and FY 2021-22. As such projection is based actual load data of FY 2019-20, the Commission approves the same. Accordingly, approved power procurement plan for SEZ Phase I and Phase II is as follows:

Approved Power Procurement Plan for SEZ Phase I

Particulars	FY 2020-21	FY 2021-22
Base Load in MW (00:00 Hrs to 24:00 Hrs)	7	8
Peak Load in MW (08:00 Hrs to 23:00 hours from Monday to Friday, excluding national and other holidays)	9	10
Total Load in MW	16	18

Approved Power Procurement Plan for SEZ Phase II

Particulars	FY 2020-21	FY 2021-22
Base Load in MW (00:00 Hrs to 24:00 Hrs)	3	4
Peak Load in MW (08:00 Hrs to 23:00 hours from Monday to Friday, excluding national and other holidays)	3	4
Total Load in MW	6	8

9. B: Adoption of Tariff and approval of PPA for short term Power for the tenure of 1 October 2020 to 30 September 2021.

- 9.1 The Commission notes that based on projected load / power procurement plan for FY 2020-21 and FY 2021-22, EON has undertaken procurement of Short Term power for the period of 1 October 2020 to 30 September 2021 as per competitive bidding guidelines notified by the Central Government under Section 63 of the EA, 2003 without taking any deviation in bidding conditions.
- 9.2 The Commission notes that EON has initiated the power procurement process through DEEP Portal as per Standard Bidding Guidelines issued by the MoP dated 30 March, 2016. The Commission finds that EON has also published Notice on 24 June 2020 in Hindustan Times Delhi Edition and Times of India, Pune Edition for giving publicity to bids. Further, in accordance with Clause 3.1 of the Standard Bidding Guidelines, EON has appointed PFCCL as the Authorised Representative to conduct the e-bidding for Short Term Power Procurement.
- 9.3 Last date for submission of bid was 29 June, 2020 which was further extended to 6 July, 2020 at the request of GMRETL and Manikaran Power Limited who requested for more time for submitting the requisite documents referred in the RFP. After extending the bid submission deadline, 5 bidders participated for Base load procurement and 4 bidders participated for peak load procurement in Case of SEZ Phase I and in Case of SEZ Phase II, 4 bidders participated for Base load procurement and 3 bidders participated for peak load procurement.
- 9.4 Post E-Reverse Auction process conducted on 13 July 2020, rate of Rs. 3.97/kWh for base load and Rs. 4.34/kWh for peak load has been discovered as lowest rate for SEZ Phase-I. However, E-Reverse Auction conducted on 16 July 2020 for SEZ Phase-II shown slightly higher rates and hence EON has negotiated with lowest bidders and requested them to match rate discovered for SEZ Phase-I. Lowest Bidders have agreed to such rate and hence SEZ Phase-II also have the same rate of its base and peak power requirement.
- 9.5 The Commission notes that EON has carried out the process of procurement of Short Term Power in accordance with Competitive Bidding Guidelines. Further, discovered rate of EON is at 22 kV interconnection point i.e. inclusive of transmission losses, transmission charges and MSLDC charges and if these charges are added to the recently discovered rate for one year tenure at Maharashtra Periphery then it will be comparable to the price discovered by EON in present bidding process.
- 9.6 Section 63 of the EA mandates the Commission to adopt the tariff if such tariff has been determined through transparent process of bidding in accordance with the guidelines issued by the Central Government.
- 9.7 In view of the foregoing, the Commission notes that Power Procurement rate discovered by EON fulfils mandates and requirements for adoption as set out in Section 63 of the EA, 2003. Accordingly, the Commission adopts following Power Procurement rate for

SEZ Phase I and SEZ Phase II for the period of one year from 01 October, 2020 to 30 September, 2021:

For SEZ Phase I:

Type of Load	Name of the Bidder	Source	Price offered in Rs/kWh
Base Load 7 MW	Kreate Energy (I) Pvt. Ltd. (Formerly Known as Mittal Processors Pvt. Ltd.)	Generator / Utility in ER/WR	3.97
Peak Load 9 MW	GMR Energy Trading Limited	DB Power Limited (DBPL)	4.34

For SEZ Phase II:

Type of Load	Name of the Bidder	Source	Price offered in Rs/kWh
Base Load 3MW	Manikaran Power Limited	Sai Wardha Power Generation Limited	3.97
Peak Load 3 MW	GMR Energy Trading Limited	DB Power Limited (DBPL)	4.34

9.8 The Commission also notes that PPAs signed with successful bidders are in line with Standard Bidding documents issued by MoP. Accordingly, the Commission approves PPAs signed with above successful bidders at the rate and for the quantum mentioned in above tables in para 9.8. EON shall submit copies of final PPAs for records of the Commission.

9.9 The Commission also notes that EON has requested for allowing sale of surplus power in situations where power requirement is less than the power scheduled from the Generators. The Commission allows the same and directs EON to optimise on power procurement cost by resorting to sale of surplus power if situation so arises.

10. C: Stand-by Supply Agreement:

10.1 EON is seeking approval for Stand-by agreement with its parent Company for supplying hot stand-by through DG sets installed in SEZ areas at Rs 4.86/- kWh as variable charge and Rs 250/ KVA as a fixed charge. EON has projected that this would impact the consumers by around Rs 0.67/ kWh. EON has contended that this is cheapest available source of stand-by supply.

10.2 The Commission notes that while proposing such stand-by agreement, EON has referred to Commission's Order dated 30 March 2020 in Case No.322 of 2020 (MSEDCL's MYT Tariff Order). It is important to note that said ruling of the Commission is against MSEDCL's prayer for imposing stand-by charges on SEZs. Relevant part of the said Tariff Order is reproduced below:

*“2.17.10The Commission notes the submission of the SEZs and MSEDCL. There is no legal mandate on SEZ for the Standby arrangement. In the ordinary course, in pursuance of its obligations under Section 33 of the EA, 2003, MSLDC would have been expected to ask the Distribution Licensees including SEZ’s to curtail its load to match the reduced availability of its contracted Generator. **SEZs are at liberty to source stand-by power through a Diesel Generator Set or a separate arrangement with any other Generator or entity which it considers to be more financially beneficial to it. Therefore, the Commission does not see any reason to apply the standby charges on SEZs.**”*

Therefore, while rejecting MSEDCL’s proposal of imposing any stand-by charges on SEZs, the Commission provides two options to SEZs viz. continue to source stand-by power through DG sets installed in SEZ areas or enter into separate arrangement with any other entity which is financially more beneficial. Nowhere in this ruling, the Commission has directed SEZs to enter into separate agreement with its parent companies for DG sets which are already provided and being used in SEZ area. Separate agreement suggested in above ruling is with any other entity, which also if it is beneficial than existing arrangement i.e. DG sets.

10.3 The Commission notes that SEZ installs DG set for fulfilling mandatory condition of SEZ Rules relating to giving 24x7 uninterrupted power supply to its consumers and normally is a part of civil and electrical infrastructure and under the scope of Developer. Thus, the cost of the DG set is the sunk cost for any SEZ. During the hearing, EON submitted that consumer would not have any impact as present charges being paid by them for use of electricity from DG set to developer during shutdown of grid power, same charges would now be factored in this stand-by agreement and will be loaded in to ARR. The Commission does not agree with such justification as proposed agreement also includes fixed charge of Rs. 250/kVA. Therefore, even without using any electricity from DG set, consumers would be subjected to fixed charges arising out of such agreement. Further, quantum of Stand-by power to be contracted has not been specified in the proposal. Therefore, the Commission is not inclined to approve separate agreement between EON and its parent company for supplying stand-by power through existing DG set at additional charges.

10.4 Further, in case of similarly placed deemed SEZ Licenses like Mindspace Business Parks Private Limited (MBPPL), Gigaplex Estate Pvt Ltd (Gigaplex) and KRC Infrastructure and Projects Pvt Ltd (KRC), such expenses are not reflecting in their Annual Revenue Requirement (ARR) even though these are also using DG sets for stand-by power requirements.

Therefore, the Commission rejects EON’s proposal of contracting through a separate agreement with its parent company for stand-by supply from DG sets, which are installed as mandated under SEZ Act, at additional charges. EON shall use such DG sets for its stand-by requirement without loading any additional expenses in ARR of electricity distribution business.

11. Hence following Order

COMMON ORDER

1. Case No 171 of 2020 and Case No 171 of 2020 are partly allowed.
2. Power procurement plan for FY 2020-21 and FY 2021-22 is approved as stated in para 8.4 above.
3. Under Section 63 of the Electricity Act, 2003, the Commission adopts Short Term Power Procurement for the period of 1 October, 2020 to 30 September, 2021 by M/s Eon Kharadi Infrastructure Private Limited for its SEZ Phase I and Phase II as stated in para 9.7 above.
4. Accordingly, PPAs signed with successful bidders are approved. M/s Eon Kharadi Infrastructure Private Limited, to submit copies of Final PPAs to the Commission for records.
5. The Commission rejects the proposal to sign separate agreement with parent company for stand-by supply at additional charges from DG sets which have to be installed compulsorily as per mandate under SEZ Act. M/s Eon Kharadi Infrastructure Private Limited shall use such DG sets for its stand-by requirement without loading any additional expenses in ARR of electricity distribution business.

Sd/-
(Mukesh Khullar)
Member

Sd/-
(I.M. Bohari)
Member

