

**F. No. 238/78/2017-Wind
Ministry of New and Renewable Energy
Government of India**

**Block No. 14, CGO Complex
Lodhi Raod, New Delhi – 110043
Dated: 14th October 2020**

To,

**Shri J N Swain
Managing Director
Solar Energy Corporation of India (SECI)
1st Floor, D-3, A Wing, Religare Building
District Centre, Saket, New Delhi – 110017**

Subject: Guidelines for Tariff Based Competitive Bidding Process for procurement of power from Grid Connected Wind Solar Hybrid Projects – Reg.

Sir,

The Government has issued Wind-Solar Hybrid Policy on 14.05.2018 which was with the objective to provide a framework for promotion of large grid connected wind-solar PV hybrid system for optimal and efficient utilization of transmission infrastructure and land, reducing the variability in renewable power generation and achieving better grid stability.

2. Subsequently, a scheme for setting-up of 2500 MW wind-solar hybrid power projects was sanctioned on 25.05.2018 for procurement of hybrid power at a tariff discovered through transparent process of bidding by Solar Energy Corporation of India (SECI). The wind solar hybrid projects of 1440 MW capacity have been awarded by SECI till date, under the above scheme.

3. As a step toward ensuring availability of renewable energy to DISCOMs at competitive rates, I am directed to issue the Guidelines for procurement of Wind- Solar Hybrid power through Tariff Based Competitive Bidding Process (annex). These Guidelines would be applicable for wind solar hybrid bids, till notification of unified Guidelines. The brief of these Guidelines is as under:

- i. **The objective** is to provide a framework for procurement of electricity from ISTS Grid Connected Wind-Solar Hybrid Power Projects (hereafter termed as 'Hybrid Power Project') through a transparent process of bidding.
- ii. **Capacity limits:** Individual minimum size of project allowed is 50 MW at one site and a single bidder cannot bid for less than 50 MW. Further, the rated power capacity of one resource (wind or solar) shall be at least 33% of the total contracted capacity.
- iii. **The arrangement for implementation shall be as under:**
 - a. SECI will be the nodal agency for implementation of these Guidelines.
 - b. The selection of the Hybrid Power Projects will be through a transparent e-bidding process followed by e-reverse auction.
 - c. The solar and wind projects may be located at same or different locations.
 - d. Storage may be added to the Hybrid power project

- e. The power procured from the project may be used for fulfilment of solar RPO and non-solar RPO in the proportion of rated capacity of solar and wind power in the plant respectively.
 - f. Unless explicitly specified in these Guidelines, the provisions of these Guidelines shall be binding on the Procurer and SECI.
 - g. The Intermediary Procurer, i.e. SECI, shall enter into a Power Purchase Agreement (PPA) with the Hybrid Power Generator(s) and also enter into a Power Sale Agreement (PSA) with the distribution licensee(s) / consumer(s). The PSA shall contain the relevant provisions of the PPA on a back to back basis. In case SECI is not able to enter into a PSA to sell power from projects awarded to distribution licensee(s) or bulk consumers within six months from issue of letter of award, those projects would be cancelled.
 - h. The duration of the PPA period should not be less than 25 years from the Scheduled Commissioning Date (SCD).
 - i. SECI may charge a trading margin of seven paise/kWh from the Buying entity / Procurer for purchase and sale of the hybrid power.
 - j. The bidders may avail fiscal and financial incentives available for such projects as per prevailing conditions and Rules, and the same may be disclosed by the SECI in the Request for Selection (RfS) document.
 - iv. **The Guidelines** for transparent bidding process, as required under Section 63 of the Electricity Act, 2003, are enclosed at annex.
 - v. **Role of SECI:** SECI will be the nodal agency for implementation. In accordance with these Guidelines, SECI will conduct e-bidding process, followed by e-reverse auction for eligible bidders and develop a suitable mechanism for monitoring the performance/ commissioning of the Projects.
 - vi. **Role of State Nodal Agencies (SNAs):** The State Nodal Agencies appointed by respective State Governments will provide necessary support to facilitate the required approvals and sanctions in a time bound manner so as to achieve commissioning of the projects within the scheduled timeline.
 - vii. **Power to remove Difficulties:** If any difficulty arises in giving effect to any provision of these Guidelines or interpretation of the Guidelines or modification to the Guidelines, Ministry of New & Renewable Energy is empowered to do the same, with the approval of Minister, New & Renewable Energy. The decision in this regard shall be binding on all the parties concerned.
4. This issues with the approval of the Competent Authority.

Yours faithfully



(Dr. Rahul Rawat)
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Copy for information to:

1. Secretary, Ministry of Power, Shram Shakti Bhawan, Rafi Marg, New Delhi - 110001
2. Chairman, Central Electricity Authority (CEA), Sewa Bhawan, R K Puram, New Delhi - 110066
3. Chairman & Managing Director, PGCIL, Gurgaon
4. Principal Director of Audit, Scientific Audit – II, DGACR Building, IP Estate, New Delhi - 110002
5. All State / UT Energy/Power/New & Renewable Energy Secretaries
6. Secretary, CERC/SERCs
7. All State Nodal Agencies
8. All Discoms

Internal Distribution:

1. PS to Hon'ble Minister
2. Sr. PPS to Secretary
3. All Group Heads/Advisors, MNRE
4. Director, NIC to upload the Guidelines on MNRE website
5. Sanction Folder



Guidelines for Tariff Based Competitive Bidding Process for procurement of power from Grid Connected Wind Solar Hybrid Projects

1. BACKGROUND

1.1. It has been established that combining different sources of renewable energy reduces their individual variability and gives better output. It also results in more efficient utilization of transmission infrastructure and land resource. It is common knowledge that wind is better during morning and evening or night, complementing solar energy which peaks during day time. Hybrid projects backed by storage facility can further enhance the quality of RE power.

1.2. MNRE issued Wind-Solar Hybrid Policy on 14.05.2018 (and issued amendment on 11.10.2018) with the objective to provide a framework for promotion of large grid connected wind-solar PV hybrid system for optimal and efficient utilization of transmission infrastructure and land, reducing the variability in renewable power generation and achieving better grid stability.

1.3. Subsequently, a scheme for setting-up of 2500 MW wind-solar hybrid power projects was sanctioned on 25.05.2018 for procurement of hybrid power at a tariff discovered through transparent process of bidding by Solar Energy Corporation of India (SECI). Under the above scheme, Wind Solar hybrid projects of 1440 MW capacity have been awarded by SECI.

1.4. Section 63 of Electricity Act, 2003 promotes the competition in electricity sector and provides for adoption of the tariff by the Appropriate Commission if the same has been determined through transparent process of bidding in accordance with the guidelines issued by the Central Government. The National Tariff Policy notified on 28 January 2016 also encourages the procurement of renewable power through competitive bidding to discover market based tariff. These Guidelines will provide framework for transparent bidding process, as required under Section 63 of the Electricity Act, 2003.

1.5. SECI will be the nodal agency for implementation of these Guidelines. SECI will conduct e-bidding process followed by e-reverse auction for eligible bidders in accordance with the guidelines and also develop a suitable mechanism for commissioning and performance monitoring of projects.

2. OBJECTIVES OF GUIDELINES

2.1. The specific objectives of these Guidelines are as follows:

- a. To promote competitive procurement of electricity from grid connected wind solar hybrid power projects (hereafter termed as 'Hybrid Power Project'), by distribution licensees, to protect consumer interests;
- b. To facilitate transparency and fairness in procurement processes / and to provide for a framework for an Intermediary Procurer as an Aggregator/Trader for the inter-state sale-purchase of long term power.
- c. To provide a risk-sharing framework between various stakeholders, involved in the wind solar hybrid power procurement, thereby encouraging investments, enhanced bankability of the Projects and profitability for the investors.

3. APPLICABILITY OF GUIDELINES

3.1. These Guidelines are being issued under the provisions of Section 63 of the Electricity Act, 2003 for long-term procurement of electricity through competitive bidding process, by Procurer(s), from Hybrid Power Projects having individual size of 50 MW and above at one site with minimum bid capacity of 50 MW, subject to the condition that the rated power capacity of one resource (wind or solar) shall be at least 33% of the total contracted capacity.

3.2. The solar and wind projects of the hybrid project may be located at same or different locations. The minimum capacity to be injected at each injection point shall be 50 MW.

3.3. Storage may be added to the hybrid power project:

- a. to reduce the variability of output power from wind solar hybrid project;
- b. providing higher energy output for a given capacity (bid/ sanctioned capacity) at delivery point, by installing additional capacity of wind and solar power in a wind solar hybrid project;
- c. to ensure availability of firm power for a particular period.

3.4. Unless explicitly specified in these Guidelines, the provisions of these Guidelines shall be binding on the Procurer and Intermediary Procurer. The process to be adopted in event of any deviation proposed from these Guidelines is specified in Clause 23 of these Guidelines.

3.5. The power procured from the project may be used for fulfilment of solar and non-solar RPO in the proportion of rated capacity of solar and wind power in the plant respectively.

4. EXPLANATION / DEFINITION:

a. **Procurer(s):** The term 'Procurer(s)', as the context may require, shall mean the distribution licensee(s), or an Intermediary procurer.

b. **Intermediary Procurer**

- i. An intermediary, between the distribution licensee(s) and the Hybrid Power Generator(s) (HPG) is required to aggregate hybrid power to be purchased from different generators and sell it to the distribution licensee(s)/ customer(s), or to enhance the credit profile. The 'Intermediary Procurer' shall buy power from the Hybrid Power Generator(s) and sell the same to one or more distribution licensees and shall carry out the bidding as per provisions of these Guidelines. Solar Energy Corporation of India Ltd. (SECI) will be intermediary procurer under these Guidelines.
- ii. The Intermediary Procurer shall enter into a Power Purchase Agreement (PPA) with the Hybrid Power Generator(s) and also enter into a Power Sale Agreement (PSA) with the distribution licensee(s) / consumer(s). The PSA shall contain the relevant provisions of the PPA on a back to back basis. The Intermediary Procurer may charge trading margin of seven paise/ kWh from the Buying entity / Procurer for purchase and sale of such power.
- iii. As long as the Intermediary Procurer follows these Guidelines for procurement of hybrid power, the distribution licensee(s) shall be deemed to have followed these Guidelines for procurement of hybrid power.