

**BEFORE THE GUJARAT ELECTRICITY REGULATORY COMMISSION  
GANDHINAGAR**

**Petition No. 1978 of 2021.**

**In the Matter of:**

**Petition under Section 86 read with Section 63 of the Electricity Act 2003 for approval of deviations from the Ministry of Power guidelines dated 30.01.2019 for procurement of electricity for medium term from power stations set up on finance, own & operate basis.**

Petitioner : Gujarat Urja Vikas Nigam Limited (GUVNL)  
Represented By : Shri K. P. Jangid and Shri Sanjay Mathur

**CORAM:**

**Mehul M. Gandhi, Member  
S. R. Pandey, Member**

**Date: 16/06/2021.**

**DAILY ORDER**

1. The present matter was heard on 15.06.2021 through virtual hearing.
2. Shri K. P. Jangid, General Manager (Comm.) appearing on behalf of the Petitioner Gujarat Urja Vikas Nigam Limited submitted that the present Petition has been filed under Section 86 read with Section 63 of the Electricity Act, 2003 for approval of certain deviations from the Standard Model Bidding Documents in accordance with the Guidelines notified by Ministry of Power under Section 63 for procurement of electricity for medium term from power stations set up on Finance, Own and operate basis.
  - 2.1. He further submitted that the Ministry of Power, Government of India has issued Model Bidding Documents in which the Petitioner intends to make certain deviations in order to ensure commercial clarity with regard to contractual provisions and to

safeguard the interest of the Petitioner and consumers at large. Accordingly, the Petitioner has prepared draft bidding documents based on Model Bidding Documents incorporating certain deviations/modifications in order to bring certainty and clarity amongst the prospective bidders including allocation of risks, regulatory aspects and aligning contractual terms in accordance with prevailing scenario in power sector so as to avoid future disputes or cost implication on the Petitioner.

- 2.2. He submitted that the Commission is empowered under Section 86(1)(b) of the Electricity Act, 2003 to regulate the power procurement of the distribution licensees, including (i) the procurement process, (ii) the price at which electricity shall be purchased and (iii) agreement for purchase of power and such power supply to the distribution licensees of the State by the generating company or the licensees or other sources.
- 2.3. He submitted that out of the total capacity tied up by the Petitioner, capacity of gas based power stations is 2645 MW. However, considering high price of gas/RLNG and less availability, the Petitioner in order to optimise power procurement cost is desirous of procuring 1000 MW power under medium term basis. Accordingly, prior to filing the present Petition, an advertisement of 'Notice Inviting Tender' was issued by the Petitioner including draft bidding documents for the same and comments/suggestions from prospective bidders were sought.
- 2.4. He also submitted that the Petitioner is seeking deviations/modifications from the Model bidding documents for simplification of commercial aspects in respect to (i) Delivery Point, (ii) Financial Capacity i.e. Net worth criteria for Pre-qualification, (iii) Acceptance or Rejection of any Bid/Application, (iv) Extension of Contract period, (v) Transmission Charges, Losses & Open Access, (vi) Payment Security Mechanism, (vii) Clauses 17.2 (d), 17.4 (a), 17.7.1 (b), 17.10 of Force Majeure, (viii) Change in Law, (ix) Dispute Resolution, (x) Non-availability as a consequences of Shortage of Fuel, (xi) Indexation/escalation of Fixed Charge as per WPI etc. in order to optimize the overall cost of power procurement and explained them in brief.

3. On a query from the Commission that the Petitioner has given Notice inviting tender on 06.04.2021 whereas the Commission has passed the Tariff Orders of its subsidiary distribution licensees on 31.03.2021, wherein the Commission has decided and approved the quantum of power including under short term but there is prayer in the Petition regarding approval of 1000 MW quantum proposed to be procured by the Petitioner through bidding for period of 23 months. He submitted that the Commission has approved quantum of power to be procured through short term in the said Tariff Orders and since the quantum of 1000 MW proposed to be procured by the Petitioner through bidding for period of 23 months is qua gas based capacity of 2645 MW and short term quantum duly approved by the Commission. He submitted that rather than inviting bids under short term power procurement every three months, according to the Petitioner inviting bids through medium term when prevailing tariff is competitive, seems to be prudent. Referring to para 2.1 & 3 of the Petition, he submitted that it is clearly brought out that out of 18,453 MW capacity tied up from conventional sources as on 30.04.2021 the gas based capacity is 2645 MW to meet the peak power demand, operating gas based stations is necessary but presently the availability of cheaper gas is meagre and international market prices of RPLNG being very high, such gas based capacity cannot be fully utilised on account of high generation cost and therefore, with the objective of optimization of power purchase cost, the Petitioner is intending to procure power through competitive bidding process on medium term basis. He also submitted that the power procurement proposed by the Petitioner is with intent to reduce the power procurement cost of the subsidiary distribution licensees as per directives of the Commission and ensuring reliable and cheaper power for medium term period for the distribution licensees and its ultimate consumers. It is also submitted that in any case the Petitioner will decide depending on the tariff received through e-reverse auction and which is also subject to approval by the Commission. Hence, according to the Petitioner the quantum proposed to be procured is against the already approved quantum by the Commission.
4. In regard to requirement of approval of quantum in terms of the guidelines notified by the Commission for procurement of power by the distribution licensees and requirement of issuing public notice for inviting comments/suggestions/objections

from the public/stakeholders, he submitted that although there is no clear mention regarding approval of quantum in the Petition but the Commission has already approved the quantum in case of gas based generating stations as well as through short term procurement in its Tariff Orders and qua that, the Petitioner desires the proposed power procurement to meet out its demand at cheaper and reliable power. Moreover, the Commission has in its various Orders directed the Petitioner to optimise the power procurement cost. However, he submitted that the Petitioner will file additional submissions on affidavit on above aspects within a day or two and requested the Commission to keep the matter for hearing thereafter.

5. We have considered the submissions made by the Petitioner and grant liberty to the Petitioner to file additional submissions on affidavit on above aspects on or before 17.06.2021. We also direct the Petitioner to file the detailed justification for deviations sought by it for each deviation.
6. The next date of hearing will be on 18.06.2021 at 3:30 P.M.
7. We order accordingly.

**Sd/-**  
**[S. R. Pandey]**  
**Member**

**Sd/-**  
**[Mehul M. Gandhi]**  
**Member**

Place: Gandhinagar.

Date: 16/06/2021.