



Petition No. 1695/2021

BEFORE

THE UTTAR PRADESH ELECTRICITY REGULATORY COMMISSION

LUCKNOW

Date of Order: 15.07.2021

PRESENT:

Hon'ble Shri Raj Pratap Singh, Chairman
Hon'ble Shri Kaushal Kishore Sharma, Member
Hon'ble Shri Vinod Kumar Srivastava, Member (Law)

IN THE MATTER OF: Adoption of Tariff obtained through competitive bidding process for procurement of Slop based power for a period of 10 years and approval of PPAs signed by UPPCL with:

1. M/s Avadh Sugar & Energy Ltd. Unit: Hargaon for 3.5 MW on date 14.12.2020
2. M/s Avadh Sugar & Energy Ltd. Unit: Seohara for 2 MW on date 14.12.2020
3. M/s Balarampur Chini Mills Limited. Unit: Gularia for 3.5 MW on date 23.12.2020
4. M/s Dalmia Bharat Sugar and Industries Limited. Distillery Unit: Jawaharpur for 2 MW on date 30.12.2020
5. M/s DCM Shriram Limited. Distillery Unit: Ajbapur for 4 MW on date 31.12.2020
6. M/s Dwarikesh Sugar Industries Limited. Unit: Dwarikesh Nagar for 2 MW on date 28.12.2020
7. M/s Gobind Sugar Mills Limited for 2 MW on date 24.12.2020
8. M/s The Seksaria Biswan Sugar Factory Limited for 2 MW on date 31.12.2020.

1. Uttar Pradesh Power Corporation Ltd.
14-Ashok Marg, Shakti Bhawan, Lucknow-226001

..... **Petitioner**

Vs

1. M/s Avadh Sugar & Energy Ltd., Unit Hargaon,
P.O Hargaon, District Sitapur, Uttar Pradesh- 261121



2. M/s Avadh Sugar & Energy Ltd., Unit Seohara
P.O Hargaon, District Sitapur, Uttar Pradesh- 261121.
3. M/s Balrampur Chini Mills Limited, Unit: Gularia
FMC FORTUNA, 2nd Floor,
234/3A, A.J.C. Bose Road, Kolkata- 700020
4. M/s Dalmia Bharat Sugar and Industries Limited, Unit - Jawaharpur
Dalmiapuram, Dist. Tiruchirapalli, Tamil Nadu-621651
5. M/s DCM Shriram Limited, Unit: Ajbapur
DCM Shriram Ltd., 2nd Floor (West Wing),
Worldmark 1, Aerocity, New Delhi- 110037
6. M/s Dwarikesh Sugar Industries Limited, Unit: Dwarikesh Nagar
Dwarikesh Nagar, P.O. Medpura Sultan,
Dist.- Bijnor, Uttar Pradesh- 246762
7. M/s Gobind Sugar Mills Limited,
Birla Mill Complex, P.O. Birla Lines, GT Road,
Near Clock Tower, Kamla Nagar, Delhi- 110007
8. M/s The Seksaria Biswan Sugar Factory Limited
Seksaria Chambers, 5th Floor,
139, Nagindas Master Road, Fort, Mumbai-400001

.....Respondents

In the Presence of:

1. Shri Dharmendra Roy
2. Shri Niraj Mishra
3. Shri Sachida Nand Mishra
4. Shri Sandeep Agarwal, Gularia Chini Mills.
5. Shri Altaf Mansoor, Counsel, Respondent no. 1, 2, & 4
6. Shri Mohit, Consultant, UPPCL
7. Shri Baljinder Singh, Seksaria Biswan Sugar Factory Limited
8. Shri Pankaj Chaturvedi
9. Shri Kanwar Pal Malik

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(Date of Hearing 15.06.2021)

1. The Petitioner, UPPCL has filed this Petition under section 86(1)(b) and 86(1)(e) of the Electricity Act, 2003 for adoption of Tariff discovered through competitive bidding process for procurement of 20 \pm 25% MW Slop based power for the period of 10 years and approval of PPAs executed by UPPCL with Respondents.
2. The prayers in this Petition are as follows:
 - a) take the Petition on record;
 - b) adopt the Tariff of the bidders under section 63 of the Act;
 - c) approve the PPAs;
 - d) condone any inadvertent omissions/errors/shortcomings and permit the Petitioner to add/ change/ modify/ alter this filing and make further submissions as may be required at a future date; and
 - e) pass such other order(s) or direction(s) that may be deemed fit and proper in the facts and circumstances of the case.

Background:

3. The Commission vide its order dated 30th April 2019 in Petition No. 1416/2019, in the matter of purchase of Bagasse +Spent wash (mix fuel) by UPPCL, had directed UPPCL to conduct bidding for procurement of slop-based power from various generators. UPPCL drafted the model bidding documents for procurement of slop-based power and filed Petition No. 1550/2020 for the approval of the same.
4. The Commission vide its Order dated 20.05.2020 directed UPPCL to host the bidding documents on UPPCL website after giving public notice in the newspapers so that all the concerned generators may also submit their comments to UPPCL. UPPCL was also directed to prepare revised bidding documents after comprehensively analyzing all the received comments and submit the revised bidding documents before the Commission along with the Statement of Reason (SOR).
5. UPPCL hosted the draft bidding documents for procurement of slop-based power on UPPCL website after giving Public Notice in Newspapers on 20.05.2020. After analyzing the comments provided by the various generators, UPPCL proposed changes with respect to the scheduled delivery date in draft bidding documents before the Commission. The Commission approved the Model bidding documents for procurement of Slop based power for long-term vide its order dated 17.07.2020 in Petition No. 1550 and IA No. 1562 and IA No. 1 & 2 of 2020 with decisions on the issues; Fuel Mix, Fulfilment of RPO,



Minimum Bid Quantum, Merit Order Dispatch, Total Requisition Capacity and Scheduled Delivery Date.

6. The relevant extracts of the said order dated 17.07.2020 are as under:

"11. (a) Fuel Mix: Therefore, Commission, keeping in view of the above, allows fuel mix with maximum 40% bagasse with slop.

(b) Fulfilment of RPO obligation by UPPCL through purchase of slop-based power: Therefore, the contention of UPPCL, that it can fulfil its RPO obligation through slop-based power procurement, cannot be accepted.

(c) Minimum Bid Quantum: Commission, keeping in view (i) competitive bidding is being invited by UPPCL who have earlier tied up minimum two MW from renewable energy source through PPA/PSA and (ii) sufficient no. of bids would be available at two MW as minimum bid quantum for fair competition among bidders and (iii) optimization of transaction cost, finds minimum bid quantum of two MW as appropriate.

(d) Merit Order Dispatch: Commission is of the view that renewable energy being cheaper than the conventional, should any way be scheduled in Merit Order Dispatch except in the case of grid security and safety which has the highest priority and prerogative of State Load Dispatch Centre.

(e) Total Requisition Capacity: Commission is of the view that UPPCL has invited bid for 20 MW (+/- 25%) keeping in view its power requirement.

(f) Scheduled Delivery Date: UPPCL has proposed different schedule delivery date(s) keeping in view the gestation period of new projects, under construction projects and compliance of earlier orders of the Commission. Commission is of the view that these are commercial arrangements and shall be agreed to by and between the parties."

7. UPPCL, accordingly incorporated the following in RfP document with respect to Scheduled Commercial Operation date. The relevant extract of the RfP is reproduced below:

"1.2.4 The brief responsibility of the Successful bidder shall be to supply power as given below to UPPCL as per the terms and conditions specified below:

S.N	Scope	Details
1	Type of the Project	Power Project
2	Source of the Fuel	Slop

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3	<i>Location of the Project</i>	<i>Uttar Pradesh</i>
4	<i>Contract period</i>	<i>10 years</i>
5	<i>Requisitioned installed capacity</i>	<i>20 MW (\pm 25%)</i>
6	<i>Minimum Capacity</i>	<i>2 MW</i>
7	<i>Ceiling Tariff for Bidding (Rs./kWh)</i>	<i>Rs. 2.899 per unit (50% of the tariff to be treated as variable cost)</i>
8	<i>Scheduled Delivery Date</i>	<i>1. 12 months from date of approval of PPA by UPERC for new projects 2. by 31.3.2021 for under construction Projects. 3. From the date of approval by UPERC of executed PPA for already commissioned projects 4. In case of the bidders already injecting power to the grid in compliance with UPERC order dated 02.12.2019 of Petition No. 1503 & 1504 of 2019 shall be the actual date of injection.</i>
9	<i>Delivery Point</i>	<i>Interconnection point as defined in Section 2.</i>
10	<i>Applicable Charges</i>	<i>All Charges including SLDC charges, or any other charges as may be applicable shall be borne by bidder.</i>
11	<i>Arranging Transmission access</i>	<i>Bidder shall be responsible for arranging transmission access.</i>

8. UPPCL issued RFP No. 13-2020/UPPCL/Competitive Bid/Slop and corresponding PPA on 14.08.2020 which were made available on <https://etender.up.nic.in/>. The amended bidding documents were submitted before the UPERC vide letter No. 361/CE/PPA-R dated 18.08.2020 in compliance to the Commission's Order dated 17.07.2020 in Petition No. 1550/2020.

9. The last date for bid submission on e-tender portal was 15.09.2020. A pre-bid meeting was held on 28.08.2020 and the clarifications to the pre-bid queries were provided and the soft copies of such clarifications were uploaded on the e-tender portal. Further, UPPCL has submitted that total of eight bids were



received till the last date of bid submission. According to the categories made in RFP based on Scheduled Delivery Date, Bids from the following eight bidders were received:

Category as per Scheduled Delivery Date		Bidder Names	Quoted COD
1. 12 months from date of approval of PPA by the Commission for new projects	1	M/s. The Seksariya Biswan Sugar Factory Ltd., (Sitapur)	25.05.2021
2. by 31.3.2021 for under construction Projects.		NIL	
3. From the date of approval by the Commission of executed PPA for already commissioned projects	1	M/s. Avadh Sugar & Energy Limited (Hargaon)	20.09.2020
	2	M/s. Avadh Sugar & Energy Limited (Seohara)	30.09.2020
	3	M/s. Balrampur Chini Mills Limited (Gularia)	12.01.2021
	4	M/s. Gobind Sugar Mills Ltd	31.10.2020
4. In case of the bidders already injecting power to the grid in compliance with the Commission's order dated 02.12.2019 of Petition No. 1503 & 1504 of 2019 shall be the actual date of injection	1	M/s. Dalmia Bharat Sugar & Industries Limited	17.05.2020
	2	M/s. DCM Shriram Limited, Distillery Unit: Ajbapur	16.12.2019
	3	M/s. Dwarikesh Sugar Industries Limited	30.09.2020

10. UPPCL opened the technical bid on 16.09.2020 and evaluation of the same was carried out based on section 4 of RFP. All the bidders were found technically qualified. The financial bids of the technically qualified bidders were opened on 13.10.2020 to supply a total 21 MW. The details of financial bids are as follows:



Sl. No.	Bidder Rank	Bidder Company Name	Capacity offered	Quoted Levelized Tariff (Rs. /kWh)
1.	L1	M/s. Balrampur Chini Mills Ltd (Gularia)	3.5 MW	2.798
2.	L2	M/s. Avadh Sugar & Energy Ltd (Seohara)	2 MW	2.82
3.	L2	M/s. Avadh Sugar & Energy Ltd (Hargaon)	3.5 MW	2.82
4.	L3	M/s. Dwarikesh Sugar Industries Ltd	2 MW	2.86
5.	L4	M/s. Dalmia Bharat Sugar & Industries Ltd	2 MW	2.862
6.	L5	M/s. DCM Shriram Ltd, Distillery Unit: Ajbapur	4 MW	2.869
7.	L6	M/s. Gobind Sugar Mills Ltd.	2 MW	2.87
8.	L7	M/s. The Seksaria Biswan Sugar Factory Ltd., Biswan (Sitapur)	2 MW	2.88
		Total capacity	21 MW	

11. The above eight financial bids were found admissible in terms of Section 4 i.e., 'Bid Evaluation Method' of the RfP. In accordance with the provisions of RfP, the 'L2', 'L3', 'L4', 'L5', 'L6' and 'L7' bidders were invited to match the 'L1 bidder'. The 'L2', 'L3', 'L4', 'L5', 'L6' and 'L7' bidders consequently agreed to match the bid of 'L1'. Based on the technical and financial evaluation of bids received, M/s. Balrampur Chini Mills Limited (Gularia), M/s. Avadh Sugar & Energy Limited (Seohara), M/s. Avadh Sugar & Energy Limited (Hargaon), M/s. Dwarikesh Sugar Industries Limited, M/s. Dalmia Bharat Sugar and Industries Limited, M/s. DCM Shriram Limited, Distillery Unit: Ajbapur, M/s. Gobind Sugar Mills Ltd and M/s. Seksaria Biswan Sugar Factory Ltd., Biswan (Sitapur) were issued the Letter of Intent (LoI) by UPPCL on 18.11.2020 subject to submission of the Contract Performance Guarantee (CPG).

12. Thereafter respective PPAs aggregating to 21 MW were executed in the following manner:



Sl. No.	Bidder Company Name	Capacity Accepted	PPA Date
1.	M/s. Balrampur Chini Mills Ltd. (Gularia)	3.5 MW	23.12.2020
2.	M/s. Avadh Sugar & Energy Ltd. (Seohara)	2 MW	14.12.2020
3.	M/s. Avadh Sugar & Energy Ltd. (Hargaon)	3.5 MW	14.12.2020
4.	M/s. Dwarikesh Sugar Industries Ltd.	2 MW	28.12.2020
5.	M/s. Dalmia Bharat Sugar & Industries Ltd	2 MW	30.12.2020
6.	M/s. DCM Shriram Ltd, Distillery Unit: Ajbapur	4 MW	31.12.2020
7.	M/s. Gobind Sugar Mills Ltd.	2 MW	24.12.2020
8.	M/s. The Seksariya Biswan Sugar Factory Ltd., Biswan (Sitapur)	2 MW	31.12.2020
	Total Capacity	21 MW	

13. The Commission vide its order dated 02.12.2019 in Petition no. 1504/2019 (M/s. Dalmia Bharat Sugar & Industries Ltd and M/s. DCM Shriram Ltd. Vs UPPCL), and 1503/2019 (M/s Dwarikesh Sugar Industries Ltd. Vs UPPCL) allowed the injection of mix fuel based power into the grid. The relevant extract of the said order is as under:

"4. Considering the above and keeping in view compliance of environmental norms by these plants, the Commission directs UPPCL to complete the bidding process by January 2020. The Petitioner is also allowed to inject power into the grid subject to the condition that they shall give an undertaking that (i) they shall participate in the bidding process initiated by UPPCL not above tariff of Rs. 2.899 per unit as agreed by them during hearing and that (ii) payment shall be released by UPPCL after tariff discovery in competitive bidding."

14. Further, M/s Avadh Sugar & Energy Limited (Hargaon) and M/s Avadh Sugar & Energy Limited (Seohara) approached this Commission to allow injection of power from their respective Slop-based power generation projects, vide Petitions No. 1620/2020 and 1619/2020 respectively. The Commission vide its Order dated 18.01.2021 in Petition No. 1620/2020 and 1619/2020 gave the following directions:

"The Commission heard the parties at length and observed that the Commission vide order dated 02.12.2019 in Petition No. 1504/2019 has



allowed slop-based power plant to inject the power into the grid considering the compliance of environmental norms by slop-based power plant, subject to the condition plant undertakes that (i) they shall participate in the bidding process initiated by UPPCL not above tariff of Rs. 2.899/unit and (ii) payment shall be released by UPPCL after tariff discovery in competitive bidding. The Commission noted that the Petitioner has participated in the competitive bidding process and has undertaken to supply 3.5 MW of power to the respondent. The Petitioner has also undertaken that payment may be released post adoption of tariff and it would abide by terms and conditions of the PPA and tariff adoption by the commission post competitive bidding process be it Rs. 2.899/unit or such lower tariff as discovered during bidding process. Therefore, the conditions of the Order dated 02.12.2019 in Petition No. 1504/2019 are met. Hence, the Commission directs UPPCL to allow the Petitioner to inject slop-based power into the grid. However, the payment shall be released by UPPCL after adoption of tariff and approval of the PPA by the Commission."

Record of Proceedings:

15. During the hearing dated 15.6.2021, the Commission asked the parties whether there is any deviation from the approved RfP, the parties responded that there is no deviation from the approved RfP. Further, the representative of UPPCL, Sh. Mohit, Consultant, submitted that out of the 8 bidders, three are already injecting power to the grid.

Commission's view:

16. The tariff is to be adopted by the Commission under section 63 of the Electricity Act, 2003, which reads as under:

"63. Determination of tariff by bidding process- Notwithstanding anything contained in section 62, the Appropriate Commission shall adopt the tariff if such tariff has been determined through transparent process of bidding in accordance with the guidelines issued by the Central Government".

17. The Commission has gone through the documents available on record and finds that the bids were invited on <https://etender.up.nic.in/> and parties have confirmed that provisions of RfP bidding document as approved by the Commission were followed in conducting the bid process and selection of the



bidders. Therefore, after hearing the parties and considering the submission made during the hearing and documents placed on record, the Commission adopts the levelized tariff of Rs. 2.798 per kWh for a period of 10 years, and approves the PPAs listed at para 12 above, under section 63 of the Electricity Act, 2003.

The Petition is accordingly disposed of in terms of the above.

(Vinod Kumar Srivastava)
Member

(Kaushal Kishore Sharma)
Member

(Raj Pratap Singh)
Chairman

Place: Lucknow

Dated: 15.07.2021