



Petition No. 1699 of 2021

**BEFORE
THE UTTAR PRADESH ELECTRICITY REGULATORY COMMISSION
LUCKNOW**

Date of Order: 06.08. 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 Seeking approval of this Hon'ble Commission for entering into a power procurement arrangement by way of a Power Purchase Agreement for the purposes of procuring solar power from the 65 MW Kalpi Solar PV Power Project, District Jalaun, Uttar Pradesh being developed by Bundelkhand Saur Urja Limited.

Uttar Pradesh Power Corporation Limited
Shakti Bhawan, 14 Ashok Marg, Lucknow – 226 001

..... **Petitioner**

AND

Bundelkhand Saur Urja Limited
TC-43/V, Vibhuti Khand,
Gomti Nagar, Lucknow- 226010, Uttar Pradesh

Uttar Pradesh New & Renewable Energy
Development Agency (UPNEDA)
Vibhuti Khand, Gomti Nagar, Lucknow – 226 010

NHPC Limited, NHPC Office Complex,
Sector-33, Faridabad - 121003 (Haryana)

..... **Respondent**

The following were present:

1. Shri. Amit Kapur, Counsel, BSUL
2. Shri Akshat Jain, Counsel, BSUL,
3. Shri Raghav Malhotra, Counsel, BSUL
4. Shri Amitav Singh
5. Shri. Deepak Raizada, CE, PPA – Renewable, UPPCL
6. Shri. Divyanshu Bhatt, Counsel, UPPCL
7. Shri. M. G. Gokhale, NHPC Limited



Order
(Date of Hearing: 03.08.2021)

1. The last hearing in the matter was held on 15.06.2021 and the Commission vide its Order dated 23.06.2021 allowed the Respondent (BSUL) 2 weeks' time to file reply in the matter and the Petitioner one week time in filing rejoinder to it. BSUL has filed its reply dated 20.07.21.

The matter came for the hearing today.

2. During the proceedings of the hearing, Sh. Amit Kapur, Counsel of the Respondent, BSUL submitted that the BSUL was formed pursuant to the decision taken by the Uttar Pradesh State Government in Cabinet meeting held on 27.06.2013. BSUL is a joint venture company between NHPC and UPNEDA with the objective to plan, promote and organize an integrated and efficient development of 50 MW Solar Power Project at Village – Parasan, Tehsil-Kalpi, District – Jalaun in Uttar Pradesh.
3. The Counsel further submitted that on 27.08.2014, GoUP conveyed approval granted by Governor of UP for the Project. In terms thereof, the weighted average levelized tariff of Case-1 bidding (i.e., Rs. 5.416 per unit) was less than NHPC's proposal to supply power at tariff determined by Ld. Central Electricity Regulatory Commission ("Ld. CERC") for FY 2013-14 (i.e., Rs. 7.87 per unit) for a period of 25 years. Approval was granted for payment of the difference between these two rates (computed to be Rs. 18.53 Crores annually) to be granted as subsidy by GoUP in terms of the Solar Policy, 2013 with 4 directives (a) Subsidy amount shall be accounted towards RE promotion by the state (b) PPA shall be for a term of 25 years (c) Annual provision shall be made in UP Budget for the subsidy (d) Tariff for supply from the solar project shall be finalized with UPERC approval. The Counsel also argued that Section 63 has not made Sections 62 of the Electricity Act, 03 redundant.
4. Therefore, the Counsel submitted that the relaxation of the applicable Regulation 24 read with Schedule II, Clause (E)(ii) of the CRE Regulations in order to approve the procurement of power from the Project of BSUL is in the interest of the Discoms and consequently to the consumers in the State of Uttar Pradesh. It is because the power from the Project is being proposed to be procured @levelized tariff of Rs. 3.02 per unit which the lowest tariff that has been discovered in the past years from the competitive bidding conducted by UPNEDA.
5. The Commission agreed to the Counsel's argument that Section 62 of Electricity Act, 03 has not become redundant but then the tariff is determined by the Commission. The Commission also appreciated Counsel' argument that the renewable power is required and UPPCL has to fulfil its RPO obligation, however, the solar power market being competitive and dynamic these days owing to several taxes/ duties being proposed / concessions being granted by the Govt, the tariff rates of Rs. 5.416 per unit or Rs. 7.87 per unit at 2013-14 level have little relevance



in the matter to compare with proposed tariff of Rs. 3.02 per unit. Further, in the recent bid conducted by UPNEDA for 275 MW in Jaluan and other districts, the levelized tariff @ Rs. 2.68 per unit for 25 years has been discovered.

6. The Counsel of BSUL requested for 1 week time in filing additional reply in the matter in view of latest discovered tariff of Rs. 2.68 per unit for 25 years.
7. The Commission granted 1 week time in filing the reply to the Respondent. Once the reply is received in the matter by the Respondent, the Commission through a separate notice will intimate the next date of hearing in the matter.

(Vinod Kumar Srivastava)
Member

(Kaushal Kishore Sharma)
Member

(Raj Pratap Singh)
Chairman

Place: Lucknow

Dated: 06.08.2021

