

Before the
MAHARASHTRA ELECTRICITY REGULATORY COMMISSION
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Case No. 105 of 2021

Case filed by M/s Eon Kharadi Infrastructure Private Limited seeking for approval of Power Procurement Plan, Power Purchase Agreement and Adoption of Tariff determined through transparent bidding process for a Short-Term procurement of power for one year starting from 1 November, 2021 to 30 October, 2022 for 7 MW for its IT and ITES SEZ at Kharadi, Pune (SEZ Phase I)

Coram

**Sanjay Kumar, Chairperson
I.M.Bohari, Member
Mukesh Khullar, Member**

M/s Eon Kharadi Infrastructure Private Limited: - Petitioner
Kreate Energy (I) Pvt. Ltd.: - Impleaded Respondent

Appearance

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

ORDER

Date:13 October, 2021

1. M/s Eon Kharadi Infrastructure Private Limited (**EON**) has filed the Petition on 8 September, 2021 under Section 86(1)(b) read with Section 63 of the Electricity Act, 2003 (**EA**) seeking approval of Power Procurement Plan, Power Purchase Agreement (**PPA**) and adoption of Tariff determined through transparent bidding process for Short-Term procurement of power for one year starting from 1 November, 2021 to 31 October, 2022 for 7 MW for its IT and ITES SEZ at Survey No.77, MIDC Knowledge Park, Kharadi, Pune (SEZ Phase I)

2. **EON's main prayers are as under:**

- 2.1. *Approve the Power Procurement Plan to continue short-term power procurement till 31st October, 2022;*
- 2.2. *Approve the PPA signed between the Petitioner and Kreate Energy and adopt the tariff of Rs. 3.95/kWh discovered through competitive bidding for procurement of 7 MW RTC as Base Load for a period of one year from 1st November, 2021 to 31st October, 2022;*

3. **EON in its Petitions has stated as follows:**

- 3.1 EON Kharadi has been notified as the Developer of the SEZ by the Ministry of Commerce & Industry (Department of Commerce) vide Notification No. S.O. 1631(E) dated 28 September, 2006, and are developing Information Technology and Information Technology Enabled Services (IT & ITES SEZ) at Survey no. 77, MIDC Knowledge Park, Kharadi, Pune, Maharashtra, India.
- 3.2 The Commission, vide its Order in Case No 67 of 2020 dated 5 June, 2020 had taken on record EON Kharadi as a deemed Distribution Licensee and notified the specific conditions of Distribution Licensee on 15 June 2021.
- 3.3 The Commission vide its combined Order in Case No 171 of 2020 and in Case No 172 of 2020 dated 15 September, 2020 had approved the Power Procurement plan for SEZ Phase I for 2 years as follows:

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 Hrs from Monday to Friday excluding national and other holidays)	9	10
Total Load in MW	16	18

- 3.4 Further, in the same Order dated 15 September 2020, the Commission has adopted and approved short-term power procurement rates for SEZ Phase-I for the period of 1 October, 2020 to 30 September, 2021 as follows:

Type of Load	Name of generator	Source	Price (Rs/ kWh)
Base Load 7 MW	Kreate Energy	Generator / Utility in ER/WR	3.97
Peak Load 9 MW	GMR	DB Power Ltd	4.34

- 3.5 EON had entered into PPAs with the successful bidders for the period from 1 October, 2020 to 30 September, 2021. The actual power supply commenced from 6 November, 2020 with mutual understanding between all the concerned parties without any liability on either side under this agreement. Further, both parties have agreed to terminate such

PPAs on 31 October, 2021 i.e., five days earlier than the original contract period (of one year).

- 3.6 Due to the prevailing pandemic situation, EON's power demand did not reach the peak load and the PPA with GMR Energy Trading Limited (**GMR**), which was approved by the Commission in its Order dated 15 September, 2020, was never brought into force.
- 3.7 Further, even today, there is uncertainty regarding the COVID pandemic and there is no clarity regarding when and how the load will increase. Hence, considering all the above facts, EON has decided to continue short-term power procurement for one more year, i.e., for the period from 1 November, 2021 to 31 October, 2022. It is requested to approve the Plan to continue short-term power procurement till 31 October, 2022.
- 3.8 EON undertook Short-term power procurement through competitive bidding route under Section 63 of the EA, 2003 for Base Load of 7 MW (00:00 Hrs to 24:00 Hrs) for 1 year starting from 1 November, 2021 to 31 October, 2022 in accordance with the e-Tendering and e-Reverse Auction process, as per provisions of the 'Guidelines for Short-term Procurement of Power by Distribution Licensees Through Tariff Based Bidding Process' (Standard Bidding Guidelines) issued by Ministry of Power (**MoP**), Government of India (**GoI**) dated 30 March, 2016 . EON has issued a Public Notice in the Hindustan Times (Delhi) and Times of India (Pune) on 26 July, 2021 for procurement of power as per the Standard Bidding Guidelines.
- 3.9 Request for Proposal (**RFP**) was floated on Discovery of Efficient Electricity Price (**DEEP**) Portal on 26 July, 2021 and the bid submission date was extended from 9 August, 2021 to 12 August, 2021 via corrigendum No 1, 2 and 3 on the request of the prospective bidder(s) and in the interest of better participation in the bid and due to server shifting of DEEP Portal.
- 3.10 Four interested generators / traders submitted the bids on DEEP Portal on 12 August, 2021 for base load of 7 MW. All of them found eligible. The Initial Price Offer received from the interested Bidders is as follows:

Price Header	Maharashtra State Electricity Distribution Co. Ltd.	Kreate Energy (I) Pvt. Ltd.	GMR Energy Trading Ltd	Arunachal Pradesh Power Corp. Pvt. Ltd.
Bid Qty-MW	7	7	7	7
Bid Price-Rs/unit	5.36	3.99	4.49	4.39
Min.Order Qty-MW	7	7	7	7

- 3.11 The E-RA carried out on 20 August 2021. 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.)	Hiranmaye Energy Limited	3.95

3.12 EON has issued the Letter of Award (LoA) dated 23 August, 2021 to Kreate Energy and Kreate Energy has conveyed its acceptance to LoA.

3.13 EON has signed the PPA with Kreate Energy for Base Load. The process of the execution of PPA's was completed on 2 September, 2021.

3.14 As per the Standard Bidding Guidelines, Petition for approval of PPA and adoption of tariff is being filed within 2 days of signing of the PPA. It is requested to the Commission to adopt the competitively discovered tariff of Rs. 3.95/kWh for Base Load for a period of one year i.e. from 1 November, 2021 to 31 October, 2022 and approve the PPA executed between EON and Kreate Energy for Base Load.

4. At the time of E-hearing dated 24 September, 2021 EON reiterated its submission mentioned in the Petition. Kreate Energy is not having any submission in the Petition.

Commission's Analysis and Ruling

5. The Commission has recognized EON Kharadi Phase I as a Deemed Distribution Licensee vide its Order in Case No 67 of 2020 dated 5 June, 2020 and has notified the specific conditions of Distribution Licensee on 15 June, 2021.

6. The Commission vide its combined Order dated 15 September, 2020 in Case No 171 of 2020 (SEZ Phase I) and in Case No 172 of 2020 (SEZ Phase II) has adopted the tariff under Section 63 of EA 2003 for SEZ phase-I from 1 October, 2020 to 30 September ,2021 as follows:

Type of Load	Name of generator	Price offered in Rs/ kWh
Base Load 7 Mw	Kreate Energy	3.97
Peak Load 9 MW	GMR	4.34

7. However, as mentioned by EON, PPA with GMR was never brought into force due to prevailing pandemic situation which has resulted into lower consumer demand. Further, with consent of both parties, base load PPA with M/s Kreate Energy is made effective for the period of 6 November, 2020 to 31 October ,2021.

8. Now, as base load PPA is expiring on 31 October 2021, through the present Petition, EON has sought approval for the following:

a) Short term Power Procurement Plan

- b) Adoption of Tariff and approval of PPA for short term Power for the tenure of 1 November 2021 to 31 October 2022.

The Commission's ruling on above issues is given in subsequent paragraphs.

9. Issue A: Short Term Power Procurement Plan

- 9.1. The Commission vide its Order dated 15 September, 2020 has approved the Power Procurement plan for SEZ Phase I for 2 years as follows:

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 Hrs from Monday to Friday excluding national and other holidays)	9	10
Total Load in MW	16	18

- 9.2. EON in its Petition has stated that due to prevailing pandemic conditions, the majority of IT/ITes employees are working from home and EON's power demand did not reach the peak load as was contemplated by EON and approved by the Commission in its Order dated 15 September 2020. There is still an uncertainty regarding the COVID pandemic and no clarity about the increase in demand and hence EON has decided to continue short-term power procurement for one more year from 1 November 2021 to 31 October 2022 and requested the Commission to approve the Plan to continue short-term power procurement.
- 9.3. In this regard, the Commission notes that in its Order dated 15 September, 2020 while approving power procurement plan, it has made following observations:

“8.2.

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....”

Thus, after considering impact of COVID-19 pandemic situation on demand of EON SEZ, the Commission approved power procurement plan for 2 years i.e. FY 2020-21 and FY 2021-22 and directed EON to submit power procurement plan for balance 3 years of the Control Period i.e. FY 2022-23 to FY 2024-25 by October 2021.

- 9.4. However, instead of submitting balance three years power procurement plan, EON through present Petition has requested for allowing short term power procurement till October 2022. It is also important to note that as against 18 MW (8 MW – base load and 10 MW – peak load) approved for FY 2021-22, EON has requested for continuing short term power procurement of only 7 MW for meeting base load. In this regard, the Commission notes that recorded consumer demand is much lower than that was projected by EON and approved by the Commission in its Order dated 15 September, 2020. Thus, impact of COVID-19 pandemic on consumer demand in IT & ITeS SEZ is much more than that was envisaged. The Commission notes that EON as a distribution Licensee is having limited area of supply and hence would be in a better position to assess and project its demand. Therefore, the Commission is inclined to accept the lower projections of demand as submitted by EON and the uncertainty element about the timing and quantum of increase in demand. The Commission is thus allowing EON to continue to meet its power requirement from short term PPA till October 2022.
- 9.5. Accordingly, the Commission allows EON to procure 7 MW power through short term PPAs to meet its load requirement till October 2022. At the same time, EON should start preparing its medium-term power procurement plan and submit the same to the Commission for approval well in advance i.e. before July 2022.

10. Issue B: Adoption of Tariff and approval of PPA for short term Power for the tenure of 1 November 2021 to 31 October 2022.

- 10.1. The Commission notes that EON has undertaken procurement of Short-Term power of 7 MW for the period of 1 November, 2021 to 31 October, 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.
- 10.2. 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 26 July 2021 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.

- 10.3. Last date for submission of bid was 9 August, 2021 which was further extended to 12 August, 2021 on the request of the prospective bidder(s). After extending the bid submission deadline, 4 bidders participated for Base load procurement of 7 MW.
- 10.4. Post E-Reverse Auction process conducted on 20 August 2021, rate of Rs. 3.95/kWh has been discovered as lowest rate for SEZ Phase-I. The Commission notes that the rate discovered by EON through competitive bidding process i.e. Rs. 3.95 /kWh is lower than EON's existing power procurement rate of Rs. 3.97/kWh which is expiring in October 2021.
- 10.5. On the issue of rate discovered through competitive bidding, the Commission notes that in recent past it has adopted following Short Term power procurement rates for various SEZ based Distribution Licensees:

Sr No	Particulars	Quantum (MW)	Adopted Rate (Rs/ kWh)
1	Laxmipati Balaji Supply Chain Management Ltd (Case No 211 of 2020)	1MW (RTC)	Rs 4.48 / kWh at Distribution periphery
2	Jawaharlal Nehru Port Trust (Case No 5 of 2021)	2MW (RTC)	Rs 3.60 / kWh at Distribution periphery
3	KRC DISCOMs (Mindspace Business Parks Pvt. Ltd.; Gigaplex Estate Pvt. Ltd.; KRC Infrastructure and Projects Pvt. Ltd.) (Case No 69 of 2021)	5 MW; 4.5 MW and 3 MW (RTC)	Rs 3.18 / kWh at STU periphery
4	Nidar Utilities Panvel LLP (Case No 94 of 2021)	2.60 MW (RTC)	Rs 3.59 / kWh at STU periphery

- 10.6. 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 (distribution periphery) though a little higher is generally reflective of current market rate.
- 10.7. 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.
- 10.8. 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 for the period of one year from 1 November 2021 to 31 October, 2021

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.)	Hiranmaye Energy Limited	3.95

10.9. The Commission also notes that PPAs signed with Kreate Energy is 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 table in para 10.9. EON shall submit copies of final PPAs for records of the Commission.

11. Hence, following Order.

ORDER

1. Case No 105 of 2021 is allowed.
2. Short term Power procurement plan for FY 2021-22 is approved as stated in para 9.5 above.
3. Under Section 63 of the Electricity Act, 2003, the Commission adopts Short Term Power Procurement for the period of 1 November, 2021 to 31 October, 2022 by M/s Eon Kharadi Infrastructure Private Limited for its SEZ Phase I as stated in para 10.8 above.
4. Accordingly, PPAs signed with Kreate Energy (I) Pvt. Ltd is approved. M/s Eon Kharadi Infrastructure Private Limited, to submit copies of Final PPAs to the Commission for records.

Sd/-
(Mukesh Khullar)
Member

Sd/-
(I.M. Bohari)
Member

Sd/-
(Sanjay Kumar)
Chairperson


 (Abhijit Deshpande)
 Secretary

