Bihar Electricity Regulatory Commission

VidyutBhawan-II, J.L.NehruMarg, Patna 800 021

Case No. 13/2021

In the matter of:

Petition under Section 63 and 86 1 (b) of the Electricity Act 2003 to seek Adoption of Tariff and Regulatory approval for Procurement of 250 MW solar power from grid connected ground mounted solar power plant to be set up in the state of Bihar on long term basis and approval of the draft power purchase agreement to be signed between the DISCOM's and the successful bidder/s.

And

In the matter of:

Bihar Renewable Energy Development Agency (BREDA)

.....Petitioner

Quoram:

Shishir Sinha
S.C Chourasia
Member

Appearance:

1.	Sh. Arun Kumar Sinha, Director (Tech.)				
2.	Sh. Abhijeet Kumar, C.E (PMC)				
3.	Sh. Rajeev Kumar Singh, ESE (PMC)	On behalf of BSPHCL			
4.	Sh. Anupam Kumar, EEE (PMC)				
5.	Sh. Amit Kumar, AEE (PMC)				
6.	Sh. Jayant Kumar Dubey, ESE (Comm.)	On behalf of NBPDCL			
7.	Smt. ManjuKumari, AEE (Comm.)				
8.	Sh. Purushottam Prasad, ESE (Comm.)	On behalf of SBPDCL			
9.	Sh. Alok Kumar, Director				
10.	Sh. KhageshChoudhary, Project Director	On behalf of BREDA			
11.	Sh. AbhishekSengupta, Project Director				
12.	Sh. Ajeetkumarkaushal, Asst. Director				

13.	Smt. Shilpa Gupta, Asst. Director	
14.	Sh. Pankaj Kumar Pandey, Project Manager	
15.	Md. Anish Ahmed, Project Manager	
16.	Sh. Dinesh Kumar Singh, A.G.M	On behalf of SJVN
17.	Sh. H.B Sahay, Principal Consultant	Ltd.
18.	Sh. Prince Kumar Mishra, Advocate	On behalf of AVAADA Energy

Date of hearings: -02.11.2021, 23.11.21, 26.11.21, 30.11.21 & 14.01.2022

ORDER

Date: 21.01.2022

1. Introduction:

1.1 The instant petition is being filed by BREDA for adoption of tariff and approval on procurement of 250 MW solar power from grid connected ground mounted solar power plants to be set up in the state of Bihar on long term basis. (i.e. 25 years) by successful biddersin order to meet the Renewal Purchase Obligation (RPO) mandated by the Bihar Electricity Regulatory Commission (BERC). The petition was registered as case no. 13/2021.

Further, Petitionerhas filed interlocutory application (I.A) dated 09.12.2021 and 17.12.2021 requesting to schedule an early hearing on the above said procurement.

- **Submission of the Petitioner:** The upshot of the submissions of the petitioner in its written petitions and advanced during the hearing are as under:
- 2.1 BREDA on 18.12.2020 had invited bids through e-tendering process of International Competitive Bidding from the bidders for setting up of 250 MW grid connected ground mounted solar PV projects in the state of Bihar for procurement of power.
- 2.2 It has been submitted that the Bihar Electricity Regulatory Commission (BERC) in exercise of powers conferred u/s 86 (1) (e) of the Electricity

Act, 2003 has set following RPO trajectory up to FY 2021-22 for the obligated entities of State of Bihar:-

Long Term	FY 2019-20	FY 2020-21	FY 2021-22
trajectory			
Non-Solar	6.75%	7.5%	9.00%
Solar	4.75%	6.75%	8.00%
Total	11.5%	14.25%	17.00%

- 2.3 Further, Bihar State Power Holding Company Ltd. (BSPHCL) vide its letter dated 24.02.2020 had consented on the procurement of Solar Power generated from the solar power plants to be set up under the 250 MW RE block on rates approved by BERC to meet its RPO target (Solar).
- 2.4 It is further submitted that the instant solar power procurement will enable the Bihar DISCOM's to effectively meet their RPO targets, through procurement of solar power instead of relying on purchase of Solar Renewable Energy Certificates (RECs) and therefore is more beneficial for the public interest and the interest for the consumers.
- 2.5 Further, in aforesaid bid four bidders have participated namely M/s SJVN Ltd., M/s NTPC Ltd., M/s Avaada Energy Pvt. Ltd. & M/s Sukhbir Agro Energy Ltd.

The technical bids were opened on date 09.04.2021 and it was evaluated that all four of the above bidders fulfilled the minimum technical eligibility criteria and qualified for Financial Bid.

2.6 The financial bids were opened on date 09.06.2021 for evaluation of the four bidders who were qualified in technical evaluation. The prices quoted by bidders are as under:

Name of Bidder	Quoted Capacity in MW	Quoted Tariff including all taxes, duties & charges in Rs/kWh	Rank
M/s SJVN Ltd.	200	3.11	L1

M/s NTPC Ltd.	150	3.48	L2
M/s Avaada Energy Pvt. Ltd.	100	3.49	L3
M/s Sukhbir Agro Energy Ltd.	25	3.50	L4

2.7 Further after financial evaluation, the e-RA (e-Reverse Auction) was conducted on 13.08.2021 for above mentioned bidders and after finalization of e-RA process the following tariff rates were discovered:

Name of Bidder	Quoted Capacity in MW	Quoted Tariff e-RA in Rs/kWh	Rank
M/s SJVN Ltd.	200	3.11	L1
M/s Avaada Energy Pvt. Ltd.	100	3.20	L2
M/s Sukhbir Agro Energy Ltd.	25	3.36	L3
M/s NTPC Ltd.	150	3.48	L4

- 2.8 It is submitted that the instant solar power procurement will enable the Bihar DISCOM's to effectively meet their RPO targets through procurement of solar power instead of relying on purchase of Solar Renewable Energy Certificates (RECs) and there is more beneficial for the public interest and the interest for the consumers.
- 2.9 It is also pertinent to mention that as Government of India order vide letter no. 283/3/2018-GRID SOLAR, dated 09.03.2021 had notified that BCD (Basic Custom Duty) on solar modules and solar cells will be imposed at the rate of 40% and 25% respectively by 01.04.2022 which is likely to inflate the tariff rates further.

Hence, it is likely that the discovered tariff rates in future tenders of the State are mostly to be on higher side.

2.10 BREDA has further submitted that, considering the huge time consumed for the bidding process of Megawatt scale, RE tenders along with the apprehension of escalated future tariff rates and the intention of fulfillment of solar installation targets, BREDA in its capacity of State

Nodal Agency had recommended and requested BSPHCL (procurer) for their consent on 200 MW of power purchase to be proposed at 3.11 Rs./kWh and 100 MW power purchase may be done at 3.20 Rs./kWh subject to confirmation received by BSPHCL and approval from BERC on purchase of 300 MW of solar power (RE) instead of currently proposed 250 MW.

- 2.11 In consideration of the aforesaid, petitioner requested before the Commission to adopt the tariff, accord its Regulatory approval on above proposed procurement including the price at which procurement is to be done and approve the draft PPA to be signed between the DISCOM's and the successful bidders for either of the cases:
 - i) Approve purchase of 300 MW of Solar Power Purchase on long term Basis for 25 years and accordingly grant its regulatory approval for 200 MW of power at 3.11 Rs./kWh and 100 MW of power purchase may be done at 3.20 Rs./kWh subject to confirmation received on purchase of 300 MW of solar power from Procurer/BSPHCL.

Or,

- ii) Approve purchase of 250 MW of Solar Power Purchase on long term Basis for 25 years and accordingly grant its regulatory approval for 200 MW of power at 3.11 Rs./kWh and 50 MW of power purchase may be done at 3.20 Rs./kWh.
- iii) Pass such order as the Hon'ble commission deems fit and proper.

3. Hearing:

- 3.1 The Commission heard the case on 02.11.2021 on the point of admission during which the representatives of the petitioner BREDA, Discoms, BSPHCL and M/s SJVN Ltd. were present. The Commission has admitted the petition with following queries to be replied positively before 16.11.2021:
 - i) While conducting the bidding process for this instant solar power, the Nodal Agency BREDA has deviated certain provisions of

Guidelines for Tariff Based Competitive Bidding Process for Procurement of Power from Grid Connected Solar PV Power Projects issued by Ministry of Power, Govt. of India on 3rd August, 2017 as amended from time to time.

Further, Clause 3.1.1 (c) of the said guidelines mandates prior approval of Appropriate Commission for deviations, if any, in the draft RFS, draft PPA, draft PSA (if applicable) from these Guidelines and/ or SBDs, in accordance with the process described in Clause 18 of these Guidelines. However, in the instant case no approval for such deviations has been obtained. A list of such deviations was shared with the representatives of petitioner BREDA by the Commission. It was also made clear to the petitioner by the Commission that the list of deviations was an illustrative only and not exhaustive one. Therefore, the petitioner shall re-examine the RFP & PPA and list out all the left out deviations, if any, from the aforesaid guidelines of Govt. of India and submit pointwise justification of such deviations to Commission.

- ii) In RFP Corrigendum Notice-04, BREDA has provided reference of MNRE OM dated 09.03.2021 regarding imposition of Basic custom Duty (BCD) w.e.f from 01.04.2022 on solar modules & cells and bidders/ SPDs in the instant case have factored it on quoted tariff. Petitioner was directed to provide detail calculation of its impact in the quoted tariff and quantify in terms of paisa/ kwh.
- iii) Schedule 8 of the Power Purchase Agreement (PPA) Document indicates that the successful SPDs shall pay BREDA INR Rs. 1,00,000/ MW (One lac/ MW) towards one time registration of solar power projects. Petitioner was directed to provide detailed calculation of this amount of Rs. 1,00,000/ MW which is to be given to Bihar Renewable Energy Development Fund and whether it is as per the clause 19 of the Bihar RE Policy 2017.

iv) Petitioner in the instant petition has submitted that the discovered tariff for M/s SJVN Ltd. (L1) is Rs. 3.11/kwh for 200 MW and for M/s Avaada Energy Pvt. Ltd. (L2) is Rs. 3.20/ kwh for 100 MW. Further, total quantum specified in the RFP (tender document) is 250 MW. Petitioner shall justify how 300 MW allotted in place of 250 MW as specified in the bidding documents.

Further, M/s SJVN Ltd. which is L1, has submitted letter dated 26.10.2021, requesting to install balance 50 MW on the same tariff i.eRs. 3.11/kwh to provide cheaper electricity to the consumers of Bihar. Petitioner is directed to communicate the said proposal of M/s SJVN (L1) with the Bidder L2 i.e M/s Avaada Energy Pvt. Ltd. for their consent/comment for installation of balance solar power of 50 MW on the rate of L1.

- v) Discoms in its reply dated 27.10.2021 in case no. 26/2020 has revised its consent from 250 MW to 200 MW for BREDA in view of price quoted by bidder L2 (M/s Avaada Energy Pvt. Ltd.), as said tariff is higher than the ceiling tariff band (Rs. 3.05 to Rs. 3.15/kwh) as provided by Commission in case no. 21/2019, Justify.
- vi) Petitioner was directed to justify the instant procurement proposal of 250 MW solar power is required for the DISCOMS and Whether the instant Individual discovered tariff rates that are proposed to be procured for DISCOMS are reasonable and cost effective?
- vii) As per the guidelines, Petitioner has not submitted the "Certificate on the Conformity of the Bid Process". Petitioner was directed to submit the same.

In response to the above, petitioner BREDA has submitted reply by its letter dated 16.11.2021. Further, the Commission again heard the instant petition on 23.11.2021, 26.11.2021, 30.11.2021 and fixes the date for final hearing on 04.02.2022 and directed to submit the queries which arose during the hearings.

In compliance of BERC order, petitioner BREDA has submitted its reply by its letter dated 25.11.2021 and 29.11.2021. However, petitioner has further filed interlocutory application (I.A) dated 09.12.2021 and 17.12.2021 respectively requesting to schedule an early hearing before 04.02.2022 on the above said procurement. BSPHCL has also submitted its request for early hearing dated 12.01.2022.

In view of above request, Commission finally heard the matter on 14.01.2022 and after detail discussions and deliberation on the issues, the hearing was concluded and the order was reserved.

4. Commission's analysis:

- 4.1 The instant petition u/s 63 and 86(1)(b) of the Electricity Act, 2003 read with Regulation 10.2.8 of BERC (Power Purchase and Procurement Process of Licensee) Regulations, 2018 and BERC (Renewable Purchase Obligation, its Compliance and REC Framework Implementation) (3rd Amendment) Regulations, 2018 has been filed by BREDA seeking adoption of tariff, regulatory approval for procurement of 250 MW solar power from grid connected ground mounted solar power plant to be set up in the state of Bihar on long term basis and approval of the draft Power Purchase Agreement (PPA) to be signed between Discoms and the successful bidders.
- 4.2 Commission as per the BERC (Renewable Purchase Obligation, its Compliance and REC Framework Implementation) Regulations, 2010 as amended from time to time, long term RPO trajectory for Bihar up to 2021-22 has been specified in pursuance to the various letters of the MNRE and in exercise of powers u/s 86(1)(e) of the Electricity Act, 2003. The current trajectory has been mentioned in the para 2.2 of this order as submitted by the petitioner.
- 4.3 As regard to the requirement of 250 MWp of solar power to Discoms for 25 years, the commission has taken cognizance of the Multi Year Tariff (MYT) filed by the Discoms for the control period of FY 2022-23 to FY 2024-25 wherein they calculated combined energy consumption (net of

Hydro) & solar RPO targets for both the Discoms considering RPO trajectory of current level i.e FY 2021-22, as Commission has not yet specified the RPO trajectory beyond FY 2021-22 and there shall be shortage of solar power against the solar RPO requirements for the FY 2022-23 to FY 2024-25.

In view of above, it is pertinent to mention that the above shortage of solar power even on the current level of RPO trajectory, which shall be increased further in view of considering the Government of India target of 450 GW upto FY 2030 of power from renewable energy sources.

Therefore, the Commission finds that, the procurement of 250 MWp ground mounted solar PV power by the petitioner to fulfill Discoms solar RPO seems to be required.

- 4.4 Further, the Commission observes that BREDA has been designated as Nodal Agency for the development of RE Projects except for small hydro projects in Bihar. Bihar Policy for Promotion of New and Renewable Energy Sources, 2017 in which the key objective is to attract private sector participation including foreign players in solar energy sector by providing conducive environment for setting up grid connected as well as decentralized renewable energy projects.
- 4.5 Accordingly, BREDA had invited above said RFP from the prospective grid connected ground mounted solar PV plant developers for setting up of 250 MW of ground mounted Solar PV plant capacities in the state of Bihar on Built, Own and Operate (BOO) basis with a provision that 100% of off-take of generated electricity will be ensured by Discoms.
- 4.6 In response to the aforesaid RFP, two successful bidders i.e. M/s SJVN Ltd. quoting Rs. 3.11/ Kwh for 200 MW and M/s Avaada Energy Pvt. Ltd. quoting Rs. 3.20/ Kwh for 100 MW emerged as L1 and L2 respectively.

Further, Commission feels that since total quantum specified in the RFP (tender document) is 250 MW, hence after bidding it shall not be changed to 300 MW because Commission is of the view that it may restrict adequate level of competition and detrimental to the interest of the prospective bidders.

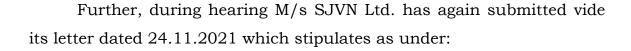
Further, petitioner in its petition has submitted that M/s SJVN Ltd. which is L1, has submitted letter dated 26.10.2021, requested to install balance 50 MW on the same tariff i.eRs. 3.11/kwh to provide cheaper electricity to the consumers of Bihar. In view of this, petitioner was directed to communicate the said proposal of M/s SJVN (L1) with the Bidder L2 i.e M/s Avaada Energy Pvt. Ltd. for their consent/comment for installation of balance solar power of 50 MW on the rate of L1. In compliance of order of Commission, BREDA has submitted that M/s Avaada Energy Pvt. Ltd. (L2 bidder) has agreed for price match to L1 i.eRs. 3.11/kwhfor installation of balance solar power of 50 MW through its letter dated 08.11.2021.

4.7 Further, In RFP Corrigendum Notice-04 petitioner BREDA has stipulated as under:

".....

......BREDA would like to bring it to the notice of bidders that MNRE OM vide No. 283/3/2018-GRID SOLAR dated 09.03.2021 has directed that all RE implementing agencies and other stakeholders to take a note of above trajectory and to include provisions in their bid documents so that bidders take the trajectory into a account while quoting tariff, in all bids where the last date of bid submission is subsequent to this OM. In all such bids, the imposition of BCD as per above trajectory shall not be considered as change in law......"

Further, BREDA in compliance of Commission order dated 02.11.2021 has submitted that M/s Avaada Energy Pvt. Ltd. (L2) offered price of Rs. 3.11/kWh is comprising of applicable BCD and M/s SJVN Ltd. has not consider the applicable BCD in their detailed calculation of tariff quoted i.e. Rs. 3.11/kWh and actual value may vary at the time of execution of the project.



"......we will not claim any extra cost on account of implementation of Basic Custom Duty (BCD) which is effective w.e.f 01.04.2022 and our tariff of Rs. 3.11/Kwh will remain same for 200 MW capacity....."

In view of above, Commission is in the view that all bidders/ SPDs in the said RFP in instant case have factored it in quoted tariff and hence they will not be given benefit change in law in future on account of imposition of BCD.

4.8 Further, with regards to discovered tariff in the instant procurement, Commission observes that the discovered tariff in the instant case is lower than the APPC of Discoms (SBPDCL & NBPDCL) for FY 2021-22.

Commission further observes that the discovered tariff of Rs. 3.11/Kwh is in the tariff band of Rs. 3.05 to Rs. 3.15/kwh, as decided by Commission in case no. 21/2019, hence in view of above, the discovered tariff may be adopted.

4.9 Further, While conducting the bidding process for instant solar power, the Nodal Agency BREDA has deviated from certain provisions of "Guidelines for Tariff Based Competitive Bidding Process for Procurement of Power from Grid Connected Solar PV Power Projects" issued by Ministry of Power, Govt. of India on 3rd August, 2017 as amended from time to time as noted below:

S.N	As per Bid Document floated by BREDA	As	per	"Gu	idelin	es for	Tariff	Based
		Cor	npeti	tive	Bide	ding	Process	for
		pro	curer	nent	of	Powe	r from	Grid
		Cor	nect	ed Sol	ar PV	Power	Project"	

1. **PPA (Article 14):** Off take constraints due to Backdown:Solar Power Producer shall be eligible for a Minimum Generation Compensation, from the Procurer, in the manner detailed below:

Duration of Backdown	Provision for Generation Compensation
Hours of Backdown	Minimum Generation Compensation = 50% of [(Average Generation
during a monthly	per hour during the month) × (number of backdown hours during the
billing cycle.	month) × PPA Tariff]
	Where, Average Generation per hour during the month (kWh) = Total generation in the month (kWh) ÷ Total hours of generation in the month.

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5.5.2. Off take constraints due to Backdown: Solar Power Producer shall be eligible for a Minimum Generation Compensation, from the Procurer, in the manner detailed below:

Duration of <u>Backdown</u>	Provision for Generation Compensation
Hours of Backdown during a monthly billing cycle.	Minimum Generation Compensation = 100% of [(Average Generation per hour during the month) × (number of backdown hours during the month) × PPA Tariff]
(Marie 1)	Where, Average Generation per hour during the month (kWh) = Total generation in the month (kWh) + Total hours of generation in the month.

BREDA Justification: BREDA has accepted above deviation and agrees for necessary corrections in the draft PPA to be signed between the Power Seller and the Procurer.

2. Petitioner BREDA further gives reference of old regulations of BERC as well as CERC in the different paras of PPAs.

BREDA Justification: BREDA has accepted and agrees for necessary corrections in the draft PPA to be signed between the Power Seller and the Procurer.

4.10 The provision relating to seeking approval of the Commission is clearly specified in the clause 3.1.1(a) & (b) & (c) of the guidelines which is reproduced below:-

"3.1.1 Bid Documentation:

- a) Prepare the bid documents in accordance with these Guidelines and Standard Bidding Documents (SBDs) [consisting of Model Request for Selection (RfS) Document, Model Power Purchase Agreement and Model Power Sale Agreement], notified by the Central Government, except as provided in sub clause (c) below.
- b) Inform the Appropriate Commission about the initiation of the bidding process.
- c) Seek approval of the Appropriate Commission for deviations, if any, in the draft RfS draft PPA, draft PSA (if applicable) from these

Guidelines and/ or SBDs, in accordance with the process described in Clause 18 of these Guidelines.

- i) However, till the time the SBDsare notified by the Central Government, for purpose of clarity, if the Procurer while preparing the draft RfS, draft PPA, draft PSA and other Project agreements provides detailed provisions that are consistent with the Guidelines, such detailing will not be considered as deviations from these Guidelines even though such details are not provided in the Guidelines.
- ii) Further, in case of an ongoing bidding process, if the bids have already been submitted by bidders prior to the notification of these Guidelinesand/or SBDs, then if there are any deviations between these Guidelines and/or the SBDs and the proposed RfS, PPA, PSA (if applicable), the RfS, PPA and the PSA shall prevail.

....."

4.11 The respondent BREDA, admitting its lapse for not seeking prior approval on the deviations from the Commission, submitted that it was an inadvertent mistake on their part. Commission is of the view that the deviations may have potential to restrict adequate level of competition if such deviations were detrimental to the interest of the prospective bidders. The BREDA has categorically stated that the instant deviations have no adverse impact on the fair competition of bidding process and agrees for necessary corrections in the draft PPA to be signed between the Power Seller and the Procurer. The Commission, taking a pragmatic view of the submissions made by BREDA, accords post-facto approval of the deviations with direction to re-examine the PPA and list out all the left out errors, if any, and make relevant changes in the draft PPA before execution.

- 4.12 As per the guidelines and in compliance of Commission order dated 23.11.2021; petitioner has submitted the "Certificate on the Conformity of the Bid Process" in prescribed format.
- 4.13 Further, BREDA had invited above said RFP from the prospective grid connected ground mounted solar PV plant developers for setting up of 250 MW of ground mounted Solar PV plant capacities with the consent of Bihar State Power Holding Company Ltd. (BSPHCL) vide its letter dated 24.02.2020 on the procurement of Solar Power generated from the solar power plants to be set up on rates approved by BERC to meet its RPO target (Solar).

However, BSPHCL in its reply dated 27.10.2021 in case no. 26/2020 has submitted that they revised its consent from 250 MW to 200 MW for BREDA in view of price quoted by bidder L2 (M/s Avaada Energy Pvt. Ltd.), as the tariff of L2 is higher than the ceiling tariff band (Rs. 3.05 to Rs. 3.15/ kwh) as approved by Commission in case no. 21/2019.

Further, in compliance of BERC order dated 02.11.2021, BREDA has submitted that M/s Avaada Energy Pvt. Ltd. (L2 bidder) has agreed for price match to L1 i.eRs. 3.11/kwhfor installation of balance solar power of 50 MW through its letter dated 08.11.2021.

In view of above, BSPHCL was directed to submit consent for 250 MW in its order dated 26.11.2021 before 30.11.2021 but the representatives of BSPHCL requested more time to revisit the matter and decision on their consent. Further, BSPHCL has finally submitted its consent before the Commission vide its letter dated 12.01.2022, which stipulates as under:

"...... it is to submit that BSPHCL on behalf of both DISCOMs has decided to procure only 200 MW solar power at the L-I tariff of Rs. 3.11/unit of M/s SJVNL as selected by BREDA after the final e-RA process subject to approval by BERC.....

5. Order:

Considering the facts, figures & circumstances mentioned above, Commission directs the following:

- i) Approves Power Purchase Agreement (PPA) with the direction to reexamine the PPA and list out all the left out errors, if any, and make relevant changes in the draft PPA before execution.
- ii) Approves purchase of 200 MW of Solar Power Purchase on long term Basis for 25 years at discovered tariff of 3.11 Rs./kWh of M/s SJVNL Ltd. (L1).

The petition is hereby disposed off with the above mentioned observations & directions.

Sd/-(S.C.Chaurasia) Member Sd/-(Shishir Sinha) Chairman