

Before the
MAHARASHTRA ELECTRICITY REGULATORY COMMISSION
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Case No. 9 of 2022

Petition seeking approval for adoption of tariff discovered for long term procurement of 12.5 MW solar power under Component A of ‘Pradhan Mantri Kisan Urja Suraksha Evam Uthhan Mahabhiyan’ (PM-KUSUM) under Section 63 of the Electricity Act, 2003.

M/s Maharashtra State Electricity Distribution Company Ltd. (MSEDCL) : Petitioner

- 1 M/s. Amit Electrical & Sons
- 2 M/s. Purushottam Profiles Pvt. Ltd.
- 3 Grampanchayat Mirajgaon
- 4 M/s. Shantinath Bricks
- 5 M/s. Sudarshan Elect Engg Works
- 6 M/s. Shri.DurgeshMaru

} : Respondents

Coram

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

Appearance:

For the Petitioner :	Ms. Kavita Gharat, CE (RE)
For the Respondent :	Mr. Kedar Patil
	Mr. Amar Sawang
	Mrs.Sunita Khetmalas
	Mr. Kushal Gangwal
	Mr. Durgesh Maru

ORDER

Date: 16 February 2022

1. Maharashtra State Electricity Distribution Company Ltd. (MSEDCL) has filed the present Petition on 20 December 2021 seeking approval for adoption of tariff for long term procurement of 12.5 MW solar power under Component A of 'Pradhan Mantri Kisan Urja Suraksha Evam Uthhan Mahabhiyan' (PM-KUSUM) through competitive bidding. Projects under this scheme are of 0.5 to 2 MW capacity and are connected to distribution network. Further, such procurement is eligible for meeting the Solar RPO requirement of MSEDCL.
2. **MSEDCL's main prayers are as follows:**
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 - A. *To admit the Petition as per the provisions under Section 63 of the Electricity Act (EA), 2003.*
 - B. *To accord approval for adoption of tariff as mentioned in table under para 3.5 and signing of PPA with successful bidder for 12.5MW solar power as discovered through Competitive bidding and the same to be made eligible for meeting the Solar RPO requirement of MSEDCL.*
 - C. *To accord approval to the RfS and PPA document floated.*”
3. **MSEDCL in its Case has stated as follows:**
 - 31 The Government of India on 08 February 2019 launched PM KUSUM Scheme and issued guidelines on 22 July 2019 for implementation of decentralized solar projects with capacity 0.5 to 2 MW under Component-A. Guidelines dated 22 July 2019 provides for standard PPA document.
 - 32 MNRE on 13 January 2021 had sanctioned 500 MW capacity for MSEDCL under Component-A for FY 2020-21.
 - 33 As per MNRE guidelines and standard PPA documents, MSEDCL floated tender for long term procurement of 500 MW solar power with ceiling rate of Rs. 3.05 per unit through competitive bidding (E-reverse auction) under KUSUM Component-A through www.mahadiscom.in web portal on 01 June 2021.
 - 34 The pre-bid meeting was conducted on 08 June 2021. In pre-bid meeting many bidders requested to increase ceiling tariff under PM KUSUM component-A scheme being project of small capacity i.e. 0.5 MW to 2MW only.

- 35 As per MNRE guidelines dated 22 July 2019, MSEDCL is liable to receive Procurement Based Incentive (PBI) @ Rs. 0.40 per unit purchased or Rs. 6.6 lakh per MW of capacity installed, whichever is less, for a period of five years from COD.
- 36 MSEDCL decided to share its PBI with the bidders in view of PM-KUSUM scheme's motive i.e. to support farmers and also to increase participation in the tender. Accordingly, the ceiling tariff was increased from Rs 3.05 per unit to Rs 3.10 per unit under PM KUSUM component-A scheme.
- 37 MSEDCL vide its letter dated 20 August 2021 in compliance with the MoP's Competitive bidding guidelines informed the Commission regarding floating of these tenders. The last date of submission of Bid was 30 July 2021.
- 38 Total 6 bids were received with total cumulative bidding capacity of 12.5 MW. The technical bids were opened on 12 August 2021. Details are depicted in table below:

Sr. No.	Tender No.	Name of Bidder	Tender Capacity (MW)	Bid capacity
1	T-32	Amit Electricals	500	1
2		Purshotam Profiles		8 (4x2MW)
3		SarpanchMirajgaon		1
4		Shantinath Bricks		0.5
5		Sudarshan Electricals		1
6		Shri DurgeshMaru		1
		Total	500	12.5

- 39 All bids got technically qualified. The financial bids were opened on 18 October 2021. The rates quoted by the bidders are as below:

Sr. No.	Name of Bidder	Capacity per location (MW)	Tariff rate (Rs. P.U.)
1	Amit Electricals	1	3.10
2	Purshotam Profiles	8 (4x2MW)	3.09
3	Sarpanch Mirajgaon	1	3.10
4	Shantinath Bricks	0.5	3.05
5	Sudarshan Electricals	1	3.10
6	ShriDurgesh Maru	1	3.10
	Total	12.5	

3.10 MSEDCL requested for adoption of above Tariff for 12.5 MW solar power discovered through competitive bidding process under Section 63 of the Electricity Act, 2003.

4. **In reply to data gaps raised by the Commission, MSEDCL provided following details vide email dated 19 January 2022:**

5.1 MSEDCL is in cumulative shortfall of 4219 MU for meeting Solar RPO targets and 9504 MU for meeting Non-Solar RPO targets, upto FY 2020-21. MSEDCL contracted and commissioned capacity as on 12.01.2021 is as below:

Sr. No.	Source	Contracted Capacity in MW	Commissioned Capacity in MW
1	Wind	3440	2717
2	Bagasse based Co-generation	2635	2369
3	Biomass	125	125
4	Small Hydro	327	312
5	Solar	3928	2503
	Solar (MSKVY)	1440	396
	Total Solar	5118	2899
6	Municipal Solid waste	4	4
TOTAL		11899	8425

To meet the RPO target, RE power procurement tenders are being floated

5.2 Details of substation to which these projects will be connected are provided in table below:

Sr. No.	Name of Bidder	Capacity per location MW	Name of Substation
1	M/s. Amit Electrical & Sons	1	Nagral
2	M/s Purushottam Profiles Pvt Ltd	8	1) Sadegaon. 2) Pimplagaon. 3) Darwha Rd. 4) Walgaon
3	Grampanchayat Mirajgaon	1	Mirajgaon
4	M/s. Shantinath Bricks	0.5	Takali Kumbhkarn
5	M/s. Sudarshan Elect Engg Works	1	Jintur MIDC
6	Shri Durgesh maru	1	Sayane Mhada

There are no evacuation constraints in the above sub-stations.

5.3 MSEDCL has adopted the MNRE's model PPA without taking any deviation.

5. At the e-hearing through video conferencing held on 21 January 2022, the Representatives of the MSEDCL presented the background of the PM-KUSUM scheme, its modalities, tendering process followed and requested the Commission for adoption of tariff discovered through competitive bidding process.

Commission's Analysis and Rulings

6. MSEDCL has filed this Petition for adoption of tariff discovered for 12.5 MW Solar project under PM-KUSUM Component-A scheme through competitive bidding process under Section 63 of the Electricity Act, 2003.
7. The Commission notes that under KUSUM-A, Solar PV project of 0.5 to 2 MW capacity is to be setup by farmers/ group of farmers/ cooperatives/ panchayats/ Farmer Producer Organisations & Water User associations. Option of independent developer setting up such a project by taking land from the framers on lease agreement is also available under this scheme. MNRE has sanctioned 500 MW capacity under KUSUM-A scheme for MSEDCL. Under this scheme, MSEDCL is eligible for procurement-based incentive of Rs. 0.40 P.U. or Rs. 6.6 lakh per MW of installed capacity, whichever is less, for a period of 5 years from CoD of the project.
8. Accordingly, MSEDCL has floated a tender for procurement of 500 MW Solar power under PM-KUSUM Component-A wherein 0.5 to 2 MW of solar projects are to be setup and connected to 11 or 22 kV level in MSEDCL's substation. MSEDCL has fixed ceiling rate of Rs. 3.10/kWh for this bid. Further, MSEDCL has used model PPA provided by MNRE for bidding purpose without any deviation. Last date for bid submission was 30 July 2021. In response 6 bids of cumulative capacity of 12.5 MW were received which were found technically qualified and hence their financial bids were opened on 18 October 2021. As bid of only 12.5 MW were received as against tender for 500 MW, reverse auction was not undertaken.
9. Accordingly, after competitive bidding process, MSEDCL has received following tariff:

Sr. No.	Name of Bidder	Capacity per location (MW)	Tariff rate (Rs. P.U.)
1	Amit Electricals	1	3.10
2	Purshotam Profiles	8 (4x2MW)	3.09
3	Sarpanch Mirajgaon	1	3.10
4	Shantinath Bricks	0.5	3.05
5	Sudarshan Electricals	1	3.10
6	ShriDurgesh Maru	1	3.10
	Total	12.5	

Above discovered rate is comparable to the recently adopted rate of Rs. 3.05 P.U. (for 2 to 10 MW projects) under Mukhyamantri Saur Krishi Vahini Yojana vide Order dated 3 December 2021 in Case No. 141 of 2021. Further, under PM-KUSUM Component-A scheme, MSEDCL will get procurement-based incentive (Rs. 0.40 P.U. or Rs. 6.6 lakh per MW of installed capacity, whichever is less) from MNRE for first 5 years from CoD of the project. Therefore, tariff discovered in present bidding process is reflective of current market trends and the impact on the tariff to the consumers will be offset to the extent of PBI.

10. Accordingly, in line with the mandate under Section 63 of the Electricity Act 2003, the Commission deems it fit to adopt and approve tariff as highlighted in above para 9 for 12.5 MW Cumulative Solar projects on long term basis (for the period of 25 years) under PM-KUSUM Component-A scheme.
11. The Commission notes that MSEDCL in prayer 'c' has requested for approval of RfS and PPA document floated during this bidding process. The Commission notes that MSEDCL has stated that it has not deviated from standard document and PPA provided by MNRE under PM-KUSUM Scheme. As there is no deviation from standard documents, the Commission approves the same.
12. Having ruled as above, the Commission notes that as against 500 MW capacity allocated by MNRE, only 12.5 MW bids have been received. Considering benefit under PM-KUSUM scheme MSEDCL needs to take extra efforts to provide adequate publicity to the scheme so that more and more bids will be received.
13. Hence, the following Order.

ORDER

1. **Case No. 09 of 2022 is allowed.**
2. **The Commission accords its approval for procurement of 12.5 MW on long term basis from solar generator as stated in Para 9 and allows MSEDCL to enter into Power Purchase Agreement with the successful bidders for a period of Twenty-five years.**
3. **The Solar Power procured from these projects shall be eligible towards fulfilment of Maharashtra State Electricity Distribution Co. Ltd.'s Solar RPO for the respective periods.**

Sd/-
(Mukesh Khullar)
Member

Sd/-
(I.M. Bohari)
Member

Sd/-
(Sanjay Kumar)
Chairperson


(Abhijit Deshpande)
Secretary

