

**BEFORE THE GUJARAT ELECTRICITY REGULATORY COMMISSION
GANDHINAGAR**

Petition No. 2126 of 2022.

In the Matter of:

Petition under Section 63 read with 86 (1) (b) and other applicable provisions of the Electricity Act, 2003 seeking for adoption of tariff discovered under tariff based competitive bidding process conducted by PGVCL vide RfS No. PGVCL/Project/DSM/PM-KUSUM-C-FLS/TN-02 dated 16.02.2022 for Solar Power plant of 1.206 MW on 11 KV feeder through RESCO model as a pilot project for solarization of various 11 KV Feeders in PGVCL for implementation of Feeder Level solarization under KUSUM Scheme of Government of India.

Petitioner : Paschim Gujarat Vij Company Limited

Represented By : Mr. J. J. Gandhi and Ms. Dhrupal Bhatt

CORAM:

**Anil Mukim, Chairman
Mehul M. Gandhi, Member
S. R. Pandey, Member**

Date: 22/08/2022.

ORDER

1. This Petition has been filed by the Petitioner Paschim Gujarat Vij Company Limited (PGVCL), under Section 63 read with 86(1)(b) of the Electricity Act 2003 *interalia* seeking following prayers:
 - (a) *To admit the present petition.*
 - (b) *To adopt the tariff discovered under tariff based competitive bidding process for the Feeder level solarization conducted by PGVCL vide RfS No. PGVCL/Project/DSM/PM-KUSUM-C-FLS/TN-02 dated 16.02.2022 as a pilot project;*
 - (c) *To approve the Draft Power Purchase Agreement to be executed with the*

successful bidder;

(d) To allow further submissions, prayers, additions and alterations to this Petition as may be necessary from time to time;

(e) To pass any other Order as the Commission may deem fit and appropriate under the circumstances of the case to avoid further delay and in the interest of justice.

2. Facts mentioned in the Petition are detailed below:

2.1. Government of Gujarat notified Gujarat Electricity Industry (Reorganization and Regulation) Act, 2003 in May, 2003 for reorganization of the entire power sector in the State of Gujarat. Pursuant to this, the Gujarat Electricity Industry Reorganization and Comprehensive Transfer Scheme, 2003 has been notified under the Gujarat Electricity Industry (Reorganization and Regulation) Act, 2003, whereby, erstwhile Gujarat Electricity Board was reorganized and its functions have been vested in different entities.

2.2. The activities of Generation, Transmission, Distribution, Bulk power purchase and supply undertaken by erstwhile Gujarat Electricity Board have been entrusted to separate seven functional entities. The generation activity is assigned to Gujarat State Electricity Corporation Limited (GSECL), transmission activity is assigned to Gujarat Energy Transmission Corporation Limited (GETCO), and the distribution activity is assigned to four distribution companies viz. Uttar Gujarat Vij Company Limited (UGVCL), Madhya Gujarat Vij Company Limited (MGVCL), Dakshin Gujarat Vij Company Limited (DGVCL) and Paschim Gujarat Vij Company Limited (PGVCL). Further, the function of bulk purchase and bulk sale of power is assigned to the Petitioner, Gujarat Urja Vikas Nigam Limited, as per the re-organization scheme.

2.3. Distribution companies are mandated to procure power from Renewable Energy Sources as per the provision of Section 86(1)(e) of the Electricity Act, 2003 and in terms of the GERC (Procurement of Energy from Renewable Energy Sources) Regulations, 2010 as amended from time to time.

2.4. Section 63 of the Electricity Act, 2003 provides that 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.

Also, as per Section 86 (1) of the Electricity Act, 2003, the Commission to regulate electricity purchase and procurement process of distribution licensees including the price at which electricity shall be procured from the generating companies or licensees or from other sources through agreements for purchase of power for distribution and supply within the State.

2.5. It is stated that the Ministry of Power (MoP), Government of India vide notification dated 22.07.2019 has published the “Guidelines of Implementation of Pradhan Mantri Kisan Urja Suraksha evem Utthan Mahabhiyan (PM KUSUM) Scheme for installation of solar pumps and grid connected solar power plants covering three components as under:

- (a) Component A: Decentralized Ground mounted Grid Connected Renewable Energy (RE) based Power Plants of individual plant size up to 2 MW.
- (b) Component B: Installation of standalone Solar Powered Agriculture Pump sets
- (c) Component C: Solarization of Grid-connected Agriculture Pumps

Subsequently Government of Gujarat vide Notification dated 11.12.2020, 19.06.2020 & 06.11.2020 has issued Government GR for implementation of PM - KUSUM Schemes under component A, B & C.

2.6. It is submitted that the Petitioner has been implementing the PM KUSUM schemes in its license area. Subsequently, the Ministry of New and Renewable Energy (MNRE), Government of India vide Office Memorandum No. 32/645/2017 – SPV Division dated 04.12.2020 has issued Guidelines for implementation of Feeder Level Solarization under Component-C of PM-KUSUM Scheme.

2.7. The highlights about Guidelines dated 04.12.2020 in brief are as under:

- (a) Under the scheme, agriculture feeders already segregated or feeders having major agriculture load may be solarized using installation of grid connected solar power plant to cater the annual power requirement of feeder(s).
- (b) The requirements of total annual power for an agriculture feeder will be assessed and a solar power plant of capacity that can cater to the requirement of annual power for that agriculture feeder can be installed either through CAPEX mode /RESCO mode, which will supply solar power to that feeder.

- (c) Feeder level solar power plant may be installed to cater to the requirement of power for a single feeder or multiple agriculture feeders emanating from a Distribution Substation (DSS) to feed power at 11 KV or at the higher voltage level side of the DSS depending upon the factors like availability of land, technical feasibility etc.
- (d) As per the guidelines, the cost of solar plant is benchmarked at Rs. 3.5 Cr./MW, for the purpose of providing Capital Financial Assistance (CFA). Under the scheme, solarisation of agricultural pump sets of any capacity is allowed, however in case of pumps capacity above 7.5 HP, the CFA will be limited to solar capacity for 7.5 HP Pumps.
- (e) The solar capacity requirement for catering Agricultural Pump sets load (with ceiling limit of 7.5 HP Pump sets) on the feeder for feeder level solarization shall be worked out considering fixed CUF of 19% i.e., no degradation permitted. The annual CUF will be calculated every year from 1st April of the year (COD for first year) to 31st March next year.

2.8. It is submitted that under the above scheme, MNRE, Government of India vide letter no. 32/54/2018-SPV Division dated 17.03.2021 has sanctioned the 500 Nos. of Quantity of existing Agriculture Pump sets for State owned DISCOMS (Gujarat Urja Vikas Nigam Limited) to be solarized. Subsequent to this, GUVNL vide letter dated 08.02.2022 has conveyed the Petitioner to invite tariff based competitive bid for a single power plant under one of the 66 KV Sub-station having solar plant capacity of around 1 MW as a pilot project covering multiple agriculture feeders catered from the substation and having around minimum 90% agriculture consumers with contracted load up to 7.5 HP as per the scheme's guideline.

2.9. Pursuant to the aforesaid guidelines, the Petitioner has invited Request for Selection (RFS) for setting up of Solar Power Project under RESCO model. The Petitioner has conducted the tendering process and invited Bids through Public Notice in two national Newspapers for Design, survey, supply, installation, testing, commissioning, operation & maintenance for 25 years (unless extended beyond 25 years by both the parties on mutual agreement) from COD of grid connected feeder level solar power plant having capacity of 1.206 MW, its associated 11KV line to

connect the plant with concerned substation and RMS of solar power plant through RESCO model for solarization of various 11KV feeders of 66 Chitravad Substation in the Petitioner's license area, as per MNRE guideline for PM-KUSUM scheme - Component C (feeder level solarization) dated 10.02.2022.

2.10. The details of Plant capacity and cost of RFS as per MNRE Guidelines is as under:

Sr. No.	Name of Circle	Name of Sub-division	Name of Substation 66 KV/11 KV	Name of Ag Feeder	Estimated Solar Plant capacity for annual consumption up to 7.5 HP (considering 19% CUF) (MW)	No. of Ag. Connections	Total Consumption up to 7.5 HP eligible for CFA (KWH)	Estimated Project cost for as per MNRE's guideline (i.e., @Rs. 3.5 Ce per MW) (Rs. In Cr.)	PBG@ Rs. 5 Lakh per MW (Rs. In Lakh)
1	Rajkot Rural	Jam Kandorna 2	Chitravads/s	BARAD IA	0.861	404	1433242	3.014	4.306
2				MOJ KHIJADIYA	0.214	197	356897	0.750	1.072
3				KHODIYAR	0.130	83	216795	0.456	0.651
TOTAL					1.206	684	2006934	4.220	6.029

2.11. It is submitted that bids were called for on Reverse e-auction basis with the Upper ceiling / maximum allowable levelized tariff of Rs. 2.40 per unit. The Upper ceiling of Rs. 2.40 per unit was fixed considering the tariff mechanism indicated in State Government's GR dated 11.12.2020 for PM -KUSUM Component - A and change in GST rate and upward market trend of Solar Modules, BoS etc.

2.12. It is submitted that the basis of evaluation of the bids was the levelized tariff for 25 years in Rupees per KWh quoted in the price schedule. Further, all the costs, distribution losses up to the delivery point including applicable taxes (including GST and Cess as applicable), duties, etc. pertaining to design, survey, supply, installation, testing, commissioning, operation & maintenance of grid connected solar power plant, its associated 11 kV line to connect the plant with concerned substation and RMS of solar power plant, shall be inclusive in the price bid quoted by bidders for the purpose of comparison and evaluation. Bidders are required to quote the tariff on firm price end cost with GST & Cess as applicable basis and no price variation on any account shall be considered.

2.13. It is submitted that the tender documents (viz. RFS and PPA) of above-mentioned

tender were published on the website of Petitioner for downloading the copy of the tender documents for participation in e-bidding procedure including e-reverse auction. Further, a Pre-bid meeting was held on 25.02.2022 at PGVCL, Corporate Office Rajkot wherein key bid parameters, provisions of RFS documents & timelines were discussed. Moreover, during the meeting, the Petitioner addressed the queries raised by the prospective bidders and subsequently made some of the acceptable changes in the tender documents (RFS) pursuant to discussions with bidders. All the tender documents of the Petitioner including Addendums are also filed with Petition. The last date of bid submission in the tendering process initially was on 09.03.2022 which was extended up to 28.03.2022 with a view to receive good participation. The Petitioner received online & physical bids from 01 bidder. The technical bid opening was held on 05.04.2022. The Petitioner had constituted Bid Evaluation Committee and process the bid which was technically qualified.

2.14. In accordance with the technical evolution report, the Financial Bid of the technically qualified bidder was opened on 11.04.2022 on e-bidding portal in presence of the Bid Evaluation Committee. As per terms and conditions of RFS, negotiation was undertaken with the bidder on 19.04.2022. However, the qualified bidder vide letter dated 21.4.2022 shown its inability regarding negotiation in the tariff.

2.15. The e-report generated at the n-code portal is also filed with the Petition. Following price was discovered at the closure of e-reverse auction held on n-code portal:

Sr. No.	Name of Bidder	Levelized Tariff for 25 years including applicable taxes including GST duties etc. Rs per Kwh.
01.	JJ PV Solar Pvt. Limited	2.40

2.16. It is submitted that the Petitioner has issued Letter of Intent (LOI) on 07.05.2022 to the bidder mentioned in the table above at the tariff quoted by them for 1.206 MW plant capacity as per terms and conditions of tender (RFS). The quoted tariff is with ceiling tariff mentioned in the Government GR.

2.17. It is submitted that the present Petition is filed by the Petitioner seeking for adoption of tariff discovered under tariff based competitive bidding process by the Commission and upon adoption of discovered levelized tariff, milestones and timeline will be followed and PPA will be signed with above successful bidder. A

copy of draft Power Purchase Agreement is also filed with the present petition.

- 2.18. In view of the above and in accordance with Section 63 read with 86 (1) (b) of the Electricity Act, the Petitioner has filed this Petition for adoption of tariff discovered under tariff Competitive Bidding Process for Feeder Level solar power plant 1.206 MW through RESCO model as a pilot project for solarization of 11 KV Agricultural feeders of Chitravad 66 KV Sub-station in PGVCL.
3. The matter was kept for hearing on 02.08.2022. During the hearing, Mr. J. J. Gandhi, appearing on behalf of the Petitioner PGVCL, reiterated the facts of the Petition as stated at para 2 above.
 - 3.1. It is submitted that the Petitioner issued 'Notice Inviting Tender' (public notice) in two newspaper for inviting bids vide RfS No. PGVCL/Project/DSM/PM-KUSUM-C-FLS/TN-02 dated 16.02.2022 under tariff Competitive Bidding Process for solar power plant capacity of 1.206 MW on 11 KV feeder through RESCO model as a pilot project for solarization of 11 KV Agricultural feeders of 66 KV Chitravad Sub-station in PGVCL for implementation of Feeder Level Solarization under PM KUSUM Scheme Component C of Government of India as per MNRE guidelines.
 - 3.2. It is submitted that as per MNRE guidelines for feeder level solarization, the requirement of total annual power for an agriculture feeder(s) is to be assessed and a solar power plant of capacity that can cater to the requirement of annual power for that agriculture feeder(s) can be installed. Accordingly, as a Pilot project, the Petitioner assessed the power requirements for three agriculture feeders emanating from 66 KV Chiravad sub-station and worked out the capacity of Solar Plant as 1.206 MW for which bidding process was undertaken.
 - 3.3. It is further submitted that in first round the Petitioner did not receive any bid. Thereafter, in second round only single bid was received and at end of e-reverse auction the tariff discovered is Rs. 2.40 per unit. It is further submitted that this being Pilot project the same is also monitored by the Central Government. In response regarding capital cost of Solar PV project, it is submitted that the same is Rs. 3.50 crore per MW, which is as estimated by MNRE, Government of India.
4. We have considered the submissions made by the Petitioner. The Petitioner has filed the present Petition under Section 63 read with Section 86(1)(b) of the