

Before the
MAHARASHTRA ELECTRICITY REGULATORY COMMISSION
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Case No. 8 of 2023 and IA No 6 of 2023

Case of Laxmipati Balaji Supply Chain Management Limited seeking consent for executing Power purchase agreement and Adoption of Tariff determined through transparent bidding process for procurement of power for one year starting from 1 February, 2023 to 31 January, 2024 up to 1 MW (RTC) for its Sector Specific SEZ and IT SEZ at Village Sai, Taluka Panvel, Dist. Raigad, Maharashtra

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

Laxmipati Balaji Supply Chain Management Limited

.....Petitioner

Appearance

For Petitioner: -

Shri. Palaniappan M (Rep.)

ORDER

Date:- 6 February, 2023

1. Laxmipati Balaji Supply Chain Management Limited(**LBSCML**) has filed this Petition on 4 January, 2023 under Section 86(1) (b) read with Section 63 of the Electricity Act, 2003 (**EA, 2003**) seeking consent for executing Power Purchase Agreement (**PPA**) and adoption of Tariff determined through transparent bidding process for procurement of Short-Term power up to 1 MW for one year starting from 1 February 2023 to 31 January 2024 for its Sector Specific SEZ and IT SEZ at Village Sai, Taluka Panvel, Dist. Raigad, Maharashtra.
2. **LBSCML's main prayers are as under:**

a. Approve the Power Procurement Plan to continue short-term power procurement till 31st January, 2024;

- b. Adopt the tariff of Rs. 5.20/kWh discovered through competitive bidding for procurement of up to 1 MW RTC, for a period of one year from 1st February, 2023 to 31st January, 2024;*
- c. Provide consent for execution of the PPA between the Petitioner and Manikaran Power Limited for procurement of up to 1 MW RTC, for a period of one year from 1st February, 2023 to 31st January, 2024;*
3. LBSCML has filed IA No 6 of 2023 for urgent hearing on 13 January, 2023 as the power flow is expected to start from 1 February, 2023
4. **LBSCML in its Petition has stated as follows:**
- 4.1 The Commission, vide its Order in Case No 275 of 2018 dated 17 December, 2018 declared LBSCML as a deemed Distribution Licensee and has notified (Specific Conditions of Distribution Licence applicable to Laxmipati Balaji Supply Chain Management Ltd. for FTWZ and IT/ITES SEZ at Village Sai, Taluka Panvel, and Dist. Raigad) Regulations, 2019 dated 27 February, 2019.
- 4.2 The Commission vide its Order in Case No. 6 of 2022 dated 6 February, 2022 has adopted the rate of Rs. 4.65 per unit for supply of 1 MW power (0.5 MW Base Load RTC and 0.5 MW peak load from 9.00 to 23.00 Hrs except Sundays and Public holidays) and has approved the short-term PPA of LBSCML with Manikaran Power Limited (**MPL**) for the period of 1 year from 1 February, 2022 to 31 January, 2023.
- 4.3 Given the present uncertainty regarding the COVID pandemic, there is no clarity regarding when and how the load will increase. Hence, LBSCML has decided to continue Short-Term Power Procurement for one more year, i.e., for the period from 1 February, 2023 to 31 January, 2024 and requested the Commission to approve the Plan to continue Short-Term Power Procurement till 31 January, 2024.
- 4.4 Accordingly, LBSCML has undertaken the process for Short-Term Power Procurement and floated tender on national e-bidding web portal (**DEEP**) on 29 November, 2022 for Short-Term Power Procurement up to 1MW RTC at Maharashtra State Transmission Periphery for the period starting from 1 February, 2023 to 31 January, 2024 without any deviations through its authorized representative PFC Consulting Limited in accordance with the Clause 3.1 of the Standard Bidding Guidelines. Tender notice was published in 'The Free Press Journal' and 'Navshakti' on 1 December, 2022 in line with the Standard Bidding Guidelines.
- 4.5 Subsequently, Corrigenda 1 and 2 of the RFP have been published on 4 December, 2022 and 8 December, 2022 for extension of Bid Submission Date and incorporation of Modification in RFP based on query from Bidder.

- 4.6 LBSCML has followed the guidelines for Short-Term (i.e. for a period of more than one day to one year) 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 in the entire bid process.
- 4.7 In response to the tender, only one generator/ trader submitted the bid offer. The bid was evaluated technically by the Standing Committee formed for the purpose of evaluation of bid as mandated in Para 7.2 of Standard Bidding Guidelines.
- 4.8 There is no change in the Initial Price Offer (**IPO**) and the price discovered after e-Reverse Auction dated 16 December, 2022. Details of the same are as below

Name of the Bidder	Quantity Offered	Source of Power	Offered and Discovered Price (Rs/ kWh)
Manikaran Power Limited (MPL)	1 MW	Birla Carbon India Private Limited	5.40

- 4.9 Thus, the final bid price discovered after e-RA was Rs. 5.40 per unit offered by MPL.
- 4.10 Considering that the existing bilateral contract with MPL is at tariff of Rs. 4.65 per unit, LBSCML vide letter dated 16 December 2022 informed MPL that the rate of Rs. 5.40 per unit was on the higher side and not feasible for LBSCML, as it would increase the retail supply tariff to the consumers. LBSCML requested MPL to lower the offer so that LBSCML could proceed with the PPA. In response, MPL submitted its revised offer as Rs. 5.20 per unit vide its letter dated 20 December 2022.
- 4.11 As the revised price offered by MPL is competitive and in line with current market trends, the Standing Committee recommended to issue a Letter of Award (**LoA**) to MPL. LBSCML issued LoA to MPL vide its letter dated 24 December, 2022 and MPL accepted the offer vide letter dated 29 December, 2022.
- 4.12 LBSCML has requested the Commission to give consent for signing Power Purchase Agreement (**PPA**) with MPL.
- 4.13 It is requested to adopt the tariff of Rs 5.20 per unit at STU periphery discovered through competitive and transparent bid process for purchase of Short-Term power for the period of one year from 1 February, 2023 to 31 January, 2024 under Section 63 of EA, 2003 and to give consent to sign PPA with MPL.
5. At the time of E-hearing held on 11 January 2022 LBSCML reiterated its submission mentioned in the Petition. In reply to the query relating to rebidding, Petitioner stated that as the discovered rates is in line with the present market rates and the power flow is expected from 1 February, 2023, it has approached the Commission for adoption of tariff without going for re-bidding.

Commission's Analysis and Ruling

6. The Commission has taken on record the Deemed Distribution Licensee status of LBSCML vide its Order in Case No 275 of 2018 dated 17 December 2018 for the Sector Specific SEZ and Information Technology (IT) SEZ being developed by Arshiya Limited at Village Sai, Taluka Panvel, Dist. Raigad, Maharashtra. The Commission has notified specific conditions of licences Regulations applicable to LBSCML on 27 February 2019.
7. The Commission vide its Order in Case No 6 of 2022 dated 6 February, 2022 has adopted the rate of Rs. 4.65 per unit for supply of 1 MW power and has approved the Short-Term PPA of LBSCML with MPL for the period of 1 year from 1 February, 2022 to 31 January, 2023.
8. Now, as PPA is expiring on 31 January 2023, through the present Petition, LBSCML has sought approval for the following:
 - a. Short term Power Procurement Plan
 - b. Adoption of Tariff and consent for signing PPA for short term Power for the period from 1 February 2023 to 31 January 2024.

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

9. Issue I: - Short term Power Procurement Plan:

- 9.1 LBSCML in the present Petition has stated that till date it has no clarity about the projected demand due to present uncertainty regarding COVID pandemic and therefore decided to continue the Short-Term Power procurement of 1 MW for one more year. Hence requested the Commission to approve this Short-Term Power procurement plan from 1 February, 2023 to 31 January, 2024.
- 9.2 The Commission has cross examined the projections with respect to the Multi Year Tariff Petition filed by LBSCML in Case No 220 of 2022 and found the projections in consonance with the same.
- 9.3 Further, the Commission is of opinion that, LBSCML as a Distribution Licensee would be in a better position to project its demand considering the load demand portfolios of the consumers in its limited area of supply. Therefore, the Commission is inclined to accept the projection of LBSCML and thus allowing LBSCML to continue to meet its power requirement of 1 MW through Short- Term PPA for one more year starting from 1 February, 2023 to 31 January, 2024.
- 9.4 The Commission will be approving sales projection of LBSCML for FY 2023-24 and FY 2024-25 in its MYT Order in Case No. 220 of 2022.

10. Issue II: - Adoption of Tariff and approval of PPA for short term Power for the period from 1 February, 2023 to 31 January, 2024.

10.1 The Commission notes that LBSCML has undertaken procurement of Short-Term Power of 1 MW for the period of 1 February 2023 to 31 January 2024 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 LBSCML has initiated the power procurement process through DEEP Portal as per Standard Bidding Guidelines issued by the MoP dated 30 March 2016 on 29 November, 2022. The Commission finds that LBSCML has also published Notice on 1 December, 2022 in ‘The Free Press Journal’ and ‘Navshakti’ for giving publicity to bids. Further, in accordance with Clause 3.1 of the Standard Bidding Guidelines, LBSCML has appointed PFCCL as the Authorised Representative to conduct the e-bidding for Short Term Power Procurement.

10.3 The Commission notes that single bidder has participated and was qualified in the bidding process and subsequently in the e-Reverse Auction process. Post E-Reverse Auction dated 1 December 2022, rate of Rs. 5.40 per unit at Maharashtra State Transmission periphery was discovered from the single bidder MPL.

10.4 The Commission notes that Para 7.1 of the Competitive Bidding Guidelines (Short Term Power Procurement) dated 30 March, 2016 notified by the Government of India under Section 63 of the EA, 2003, stipulates following remedy in case of single bidder:

“To ensure competitiveness, the minimum number of Bidders should be at least two for each requisition. If the number of Bidders responding to the RfP is less than two, and Procurer still wants to continue with the selection process, the selection of that single Bidder may be done with the consent of the Appropriate Commission.”

(Emphasis added)

Above clause empowers the Commission to approve power procurement from single bidder after ensuring the competitiveness of quoted tariff.

10.5 The Commission notes that LBSCML has carried out negotiations with the successful bidder, MPL and negotiated the price at Rs 5.20 per unit. Thus, the rate was reduced from Rs 5.40 per unit to Rs 5.20 per unit.

10.6 In order to test the competitiveness of tariff discovered by LBSCML in present bidding process, the Commission compared it with recently adopted tariff for SEZ based distribution licensees which are tabulated below:

Sr No	Particulars	Period	Quantum in MW	Average tariff (Rs per unit)
1	Eon Kharadi Infra Pvt. Ltd. (SEZ Phase I) (Case No 34 of 2022)	1.03.2022 to 28.02.2023	6 MW RTC	5.05
2	Jawaharlal Nehru Port Trust Ltd (Case No 90 of 2022)	1.07.2022 to 30.06.2023	1 MW RTC	5.02
3	KRC Discoms (Case No 177 of 2022 dated 28 October 2022)	01.11.2022 to 31.10.2023	8 MW RTC	6.35

4	KRC Discoms (Case No 177 of 2022 dated 28 October 2022)	01.11.2022 to 28.02.2023	4 MW Peak	7.95
8	Nidar Utilities Panvel LLP (Case No 218 of 2022)	1.02.2023 to 31.01.2024	3 MW RTC	5.00

10.7 The Commission also notes that recent discovered rates on DEEP Portal for Maharashtra Discoms is in the range of Rs. 6.40 to 6.76 per unit.

10.8 The Commission notes that present negotiated rate of Rs 5.20 per unit at Maharashtra State Transmission periphery is far more than the existing power procurement rate of Rs 4.65 per unit at Distribution periphery of LBSCML. However, same is lower than current market rate being discovered in bidding process.

10.9 The Commission notes that LBSCML has carried out the process of procurement of Short-Term Power in accordance with Competitive Bidding Guidelines. The discovered and further negotiated rate of Rs 5.20 per unit could not be compared with the recently adopted rate of Rs 5.00 per unit in Case of NUPLLP as same was based on RE source with availability link to such RE source whereas in the present Petition rate is for thermal power source on RTC basis. Further, it is observed that the weighted average price on Indian Energy Exchange (IEX) is in the range of Rs 8 to Rs 9 per unit. Therefore, in comparison the present market conditions, the discovered and further negotiated rate of Rs 5.20 per unit seems to be market reflective.

10.10 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.

10.11 In view of the foregoing, the Commission notes that Power Procurement rate discovered by LBSCML fulfils mandates and requirements for adoption as set out in Section 63 of the EA, 2003. Accordingly, the Commission adopts the Power Procurement rate of Rs. 5.20 per unit for supply of 1 MW power (0.5 MW Base Load RTC and 0.5 MW peak load from 9.00 to 23.00 Hrs except Sundays and Public holidays) for the period of 1 year from 1 February 2023 to 31 January 2024.

10.12 The Commission notes that LBSCML issued LoA to MPL vide its letter dated 24 December 2022 which was accepted by MPL vide its letter dated 29 December 2022. Accordingly, the Commission give consent for executing PPA with MPL for procurement of Short -Term power up to 1 MW as per the MoP Guidelines dated 31 March, 2016 and its amendment dated 23 February, 2022. LBSCML shall submit copy of final PPA for records of the Commission.

11. Hence following Order:

ORDER

1. Case No 8 of 2023 is allowed.

2. Under Section 63 of the Electricity Act, 2003, the Commission adopts Short Term Power Procurement for the period of 1 February 2023 to 31 January 2024 by Laxmipati Balaji Supply Chain Management Limited for its Sector Specific SEZ and IT SEZ at Village Sai, Taluka Panvel, Dist. Raigad, Maharashtra as stated in para 10.11 above.
3. Laxmipati Balaji Supply Chain Management Limited, to submit copy of Final PPA to the Commission for records.

Sd/-
(Mukesh Khullar)
Member

Sd/-
(I.M. Bohari)
Member

Sd/-
(Sanjay Kumar)
Chairperson

