



Petition No. 1957 of 2023

BEFORE

THE UTTAR PRADESH ELECTRICITY REGULATORY COMMISSION

LUCKNOW

Date of Order: 05.04.2023

PRESENT:

Hon'ble Shri Raj Pratap Singh, Chairman

Hon'ble Shri Vinod Kumar Srivastava, Member (Law)

IN THE MATTER OF: Application seeking approval of Request for Selection (RfS) and Power Purchase Agreement (PPA) for Procurement of Power through Tariff Based Competitive Bidding Process from Grid Connected Solar power plants connected to selected segregated agriculture feeder of distribution substation cumulative capacity of 150MW for Sale of Power to UPPCL at various locations in the state of Uttar Pradesh through RESCO Mode under feeder Level solarization of PM KUSUM component-C2 scheme.

Uttar Pradesh New & Renewable Energy Development Agency (UPNEDA),
Vibhuti Khand, Gomti Nagar, Lucknow – 226010

U.P. Power Corporation Ltd. (UPPCL),
Shakti Bhawan, 14-Ashok Marg, Lucknow-226001

..... **Petitioner(s)**

The following were present:

1. Sh. Ashish Asthana, C.E.(PPA), UPPCL
2. Sh. Rakesh Agarwal, S.P.O-II, UPNEDA

ORDER

(Date of Hearing 21.03.2023)

1. The Petitioner(s) by way of instant Petition seeking approval of Request for Selection (RfS) and PPA for procurement of power from Grid connected solar power plants through Tariff Based Competitive Bidding Process from plants connected to selected segregated agriculture feeder of distribution substation for cumulative capacity of 150MW and sale of power to UPPCL through RESCO model under feeder level solarization of PM KUSUM scheme.
2. The Prayers of the Petitioner are as below:



- a) Issue necessary orders for approval of Bid Documents namely the Request for Selection (RfS) and Power Purchase Agreement (PPA)
- b) Condone any inadvertent, omissions/errors/shortcomings.
- c) Pass Suitable order as deemed fit.

Brief of the Case:

3. The Petitioner has mainly submitted in the Petition as under:

- a) Ministry of New and Renewable Energy (MNRE) has issued a new scheme- "Pradhan Mantri Kisan Urja Suraksha evam Utthan Mahabhiyan Yojna" (i.e., PM KUSUM) for farmers with the following components:
 - i) Component-A: Setting up of decentralized ground/tilt mounted grid connected solar or other renewable energy-based power plant of capacity 0.5 MW to 2 MW.
 - ii) Component-B: Installation of standalone solar agriculture pumps.
 - iii) **Component-C: Solarisation of Grid connected agriculture pump.**
- b) In continuation of the PM KUSUM Scheme dated 22.07.2019, MNRE has issued guidelines for implementation of feeder level solarization under Component-C of PM-KUSUM Scheme on dated 04.12.2020 which provides the terms & conditions for Inviting Expression of Interest (EOI)/Tariff based competitive Bidding and Model PPA document for installation of Decentralized Ground/tilt Mounted Grid Connected Solar or other Renewable Energy based Power Plants.
- c) The objective of Component-C of PM-KUSUM Scheme is to provide reliable day-time solar power for irrigation, the agriculture feeders have already been separated and the same solarised under the scheme. This will lead to lowering the cost both in terms of capital cost and cost of power. Feeders having major load for agriculture may also be considered for solarisation under the scheme. Solar power plants of capacity that can cater to the requirement of assessed annual power for agriculture feeder can be installed either through CAPEX mode or RESCO model.
- d) Renewable Energy Power Plant (REPP) will be preferably installed within 5 km radius of the sub-stations to avoid high cost of sub-transmission lines and reduce transmission losses.
- e) For installation of feeder level solar power plants through RESCO model, the project developers will be selected based on lowest tariff offered for supply of power for a period of 25 years. The developer will get Central Financial Assistance @ 30% of the estimated cost of installation of solar



power plant i.e., Rs. 1.05 Cr/MW (30% of Rs. 3.5 Cr/MW). Further, under U.P. Solar Energy Policy-2022, for solarization of segregated Agriculture feeders will be promoted as per the guidelines issued under PM-KUSUM Scheme Component (C2) wherein State Government will provide maximum Viability Gap Funding (VGF) of Rs. 50 lakh/MW in addition to subsidy being provided by Central Government.

- f) UPNEDA have issued office order vide no 6221/UPNEDA-SE-PM KUSUM component-C2/2022 dated 03.02.2023 for disbursal of Viability Gap Funding (VGF) to RESCO developer @Rs 50 Lakhs/MW in addition to 30% CFA.
 - g) Further, as per Clause- 5.1 of the Solar Policy 2022, UPPCL through its Discoms will purchase the solar power generated under Component-C of KUSUM scheme and Solar Rooftop Systems. UPPCL/Discoms will purchase the solar power generated by the utility scale solar power projects/parks as per Renewable Purchase Obligation (RPO) determined by the UPERC and in view of the commercial interest of the Corporation.
 - h) UPPCL vide its letter dated 16.02.2023 has directed to UPNEDA for implementation of feeder level solarization under Component-C2 of PM-KUSUM Scheme.
 - i) UPPCL on behalf of Discoms have provided list of 33/11 kV distribution substations with agriculture feeder of cumulative proposed capacity 150MW for setting up of Grid connected solar power plant under Feeder level solarization.
4. On 06.03.2023, UPPCL filed its additional affidavit wherein UPPCL has proposed to amend the clauses in RfS as per MNRE O.M dated 24.02.2023.

Records of Proceedings:

5. During the hearing proceedings dated 21.03.2023, Sh. Rakesh Agarwal on behalf of UPNEDA submitted that instant Petition is filed for seeking approval of TBCB documents (i.e., draft RfS & PPA) for procurement of 150MW solar based power under component C2 of MNRE's KUSUM scheme. On specific query of the Commission, Sh. Agarwal responded that ceiling tariff has not been mentioned in the bidding documents and there is no deviation from the applicable MNRE's guidelines under the KUSUM Scheme. Further, he submitted that vide additional submission filed on 06.03.2023 they sought amendments in the proposed RfS in terms of MNRE O.M dated 24.02.2023.

Commission's View



6. Pursuant to the MNRE's Guidelines dated 22.07.2019 for implementation of PM-KUSUM Scheme, on 04.12.2020 MNRE issued Guidelines for implementation of Feeder level solarization under component-C of the PM KUSUM scheme. The relevant extract of the guidelines dated 04.12.2020 is as under:

"2. Implementation Methodology

The Distribution Company (DISCOM)/Power Department will be the implementing agency for feeder level solarisation in their respective areas. However, state Government may appoint any other expert agency to help DISCOM for tendering and other related activities of installation of solar power plant for feeder level solarisation.

Where agriculture feeders have already been separated the feeders may be solarised under the scheme. This will lead to lower costs both in terms of lower capital cost and cost of power.

Feeders having major load for agriculture may also be considered for solarisation under the Scheme. The requirement 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 or RESCO mode, which will supply solar power to that feeder.

For example, a feeder having annual power requirement of say 10 lakh units, the power can be supplied by solar power plant of capacity around 600 kW with CUF of 19%. Higher or lower CUF, depending upon the average solar insolation available in the areas, may be considered for assessing solar power capacity.

Feeder level solar power plant may be installed to cater to the requirement of power for a single feeder or for multiple agriculture feeders emanating from a distribution sub-station (DSS) to feed power at 11 kV or at the higher voltage level side of the DSS depending upon on factors like availability of land, technical feasibility, etc., and there is no cap of the capacity of solar power plant for feeder level solarisation.

The DISCOMs may identify land near DSS, get ownership of land or its lease rights, provide connectivity at DSS and lay sub-transmission line between DSS and solar power plant.

7. It is observed from the documents placed on record that UPPCL has identified 148 number of distribution substation for respective procurement of power capacity varying between 1MW to 2MW aggregating to 150MW of solar power to be procured under component C of the PM KUSUM scheme.



8. Further, MNRE vide O.M dated 24.02.2023 regarding implementation of Feeder Level Solarisation (FLS) under Component-C of PM-KUSUM Scheme advised Discoms to allow eligible participants under Component-A to also participate under FLS of Component-C for achieving the Scheme objectives. The relevant extracts of the said MNRE O.M dated 24.02.2023 is reproduced as under:

"There could be situations where for particular distribution substations, the solar power plants can be installed either under component-A or under FLS of Component-C of the PM-KUSUM Scheme. In such situation, the DISCOMs would prefer to install solar power plant under Component-C as there is a provision for CFA in this component. Therefore, DISCOMs are advised that while bidding for installation of solar power plants under FLS of Component C, the qualification requirements may be kept at par with the guidelines issued by Ministry for Component-A and allowing all the eligible participants under Component-A to also participate under FLS of Component-C. This will facilitate achieving the Scheme objectives of making the Annadata as Urjadata and increasing the income of farmers."

9. The Commission being of the view that solarization of segregated agriculture feeder would help the UPPCL in achieving better load demand management and power purchase cost optimization and there being no deviation in the bidding documents as confirmed by the representative of UPNEDA, the Commission approves the proposed RFS documents, and its amendments as annexed to this Order.

The Petition stands disposed of in terms of the above.

(Vinod Kumar Srivastava)
Member

(Raj Pratap Singh)
Chairman

Place: Lucknow
Dated: 05.02.2023
04



S. No.	Clause No.	Existing Clause proposed in RfS Document	Amended Clause Proposed in RfS Document
1.	SECTION – IV QUALIFYING REQUIREMENTS FOR BIDDERS	<p>3.1 GENERAL 1.1. The Bidder should have any of the following legal status:</p> <p>a) Body incorporated in India under the Companies Act 1956 or Companies Act, 2013 as applicable including any amendment thereto; OR</p> <p>b) Limited Liability Companies (LLC) shall be eligible. Further, if such Limited Liability Companies are selected as successful Bidders, they will have to register as a Company under the Indian Companies Act, 2013, before signing of PPA, keeping the original shareholding of LLC unchanged. In case the LLC fails to incorporate as an Indian Company before signing of PPA or is not able to sign the PPA with UPPCL, Project allocated will be cancelled.</p> <p>Note: Limited Liability Companies (LLC) shall be eligible only which are formed by Companies.</p> <p>c) Limited Liability Partnership (LLPs) are not eligible for participation.</p> <p>As per MNRE OM no. 32/54/2018-SPV Division dated 24.02.2023, Individual Farmers/group of farmers/co-operatives/panchayats/Farmer Producers Organisation (FPO)/Water User associations (WUA) are eligible to participate in the tariff based competitive Bidding under Feeder Level Solarisation of component- C2 scheme.</p>	<p>3.1 GENERAL 1.1. The Bidder should have any of the following legal status:</p> <p>a) Body incorporated in India under the Companies Act 1956 or Companies Act, 2013 as applicable including any amendment thereto; OR</p> <p>b) Limited Liability Companies (LLC) shall be eligible. Further, if such Limited Liability Companies are selected as successful Bidders, they will have to register as a Company under the Indian Companies Act, 2013, before signing of PPA, keeping the original shareholding of LLC unchanged. In case the LLC fails to incorporate as an Indian Company before signing of PPA or is not able to sign the PPA with UPPCL, Project allocated will be cancelled.</p> <p>Note: Limited Liability Companies (LLC) shall be eligible only which are formed by Companies.</p> <p>c) Limited Liability Partnership (LLPs) are not eligible for participation.</p> <p>As per MNRE OM no. 32/54/2018-SPV Division dated 24.02.2023, Individual Farmers/group of farmers/co-operatives/panchayats/Farmer Producers Organisation (FPO)/Water User associations (WUA) are eligible to participate in the tariff based competitive Bidding under Feeder Level Solarisation of component- C2 scheme.</p>
	SECTION-IV QUALIFYING REQUIREMENTS	<p>3.2 Qualification Requirement 3.2.1 Technical Criteria Bidder shall have experience of supply, installation commissioning and O&M of grid</p>	<p>3.2 Qualification Requirement 3.2.1 Technical Criteria Bidder shall have experience of supply, installation commissioning and O&M of grid connected solar power</p>



S. No.	Clause No.	Existing Clause proposed in RfS Document	Amended Clause Proposed in RfS Document
	FOR BIDDERS	<p>connected solar power plants of total cumulative capacity of 1MWp during the last three years in India with any govt. or private organization in India.</p> <p>In case of JV, all the partners of the JV shall collectively meet this technical criterion.</p>	<p>plants of total cumulative capacity of 1MWp during the last three years in India with any govt. or private organization in India.</p> <p>In case of JV, all the partners of the JV shall collectively meet this technical criterion.</p> <p>No technical experience required for individual Farmers/group of farmers/co-operative/ panchayats/Farmer Producers Organisation (FPO) /Water User association (WUA) bidders.</p>
	<u>SECTION-IV</u> QUALIFYING REQUIREMENTS FOR BIDDERS	<p>3.2.2 FINANCIAL ELEGIBILITY CRITERIA: Following financial eligibility criteria (net-worth OR turnover) shall be met by Bidder or Lead member of consortium/joint venture, based on audited annual financial statements.</p> <p>i) Annual Turnover: During the last three financial years (FY 2019-20, 2020-21 and 2021-22), the bidder should have average annual turnover of Rs. 2 Cr per MW of the capacity quoted.</p> <p>ii) Net-Worth of the Bidder or Lead member, in case of Consortium/ JV, During the last three financial years (FY 2019-20, 2020-21 and 2021-22), the Bidder should have positive net worth and minimum of Rs. 1 Cr per MW of capacity quoted in any one year.</p>	<p>3.2.2 FINANCIAL ELEGIBILITY CRITERIA: Following financial eligibility criteria (net-worth OR turnover) shall be met by Bidder or Lead member of Bidder, in case of consortium/joint venture, based on audited annual financial statements.</p> <p>i) Annual Turnover: During the last three financial years (FY 2019-20, 2020-21 and 2021-22), the bidder should have average annual turnover of Rs. 2 Cr per MW of the capacity quoted.</p> <p>ii) Net-Worth of the Bidder or Lead member, in case of Consortium/ JV, During the last three financial years (FY 2019-20, 2020-21 and 2021-22), the Bidder should have positive net worth and minimum of Rs. 1 Cr per MW of capacity quoted in any one year.</p> <p>No financial eligibility criteria required for Individual Farmers/group of farmers/co-operative/ panchayats/Farmer Producers Organisation (FPO) /Water User associations (WUA) bidders.</p>

