

**BEFORE THE GUJARAT ELECTRICITY REGULATORY COMMISSION
GANDHINAGAR**

Petition No. 2013 of 2021

In the matter of:

Petition under Section 86(1)(b) and(e) of the Electricity Act 2003 for approval of power procurement and execution of Power Purchase Agreement(s) for procurement of power from Solar Projects to be established by GSECL under the Government of Gujarat's Scheme notified vide G.R No: JMN-3919-259-A1 dated 07.03.2019 for allocation of government wasteland in the vicinity of existing GETCO sub-stations to the PSUs operating under Energy & Petrochemicals Department.

Petitioner : Gujarat Urja Vikas Nigam Limited

Represented by : Ms. Girija Dave
V/s.

Respondent No. 1 : Gujarat State Electricity Corporation Limited

Represented By : Ms. Kalpana Chadderwala, Mr. Dinkar M. Jethva, Mr. Nitin B. Kansara, Mr. Y. A. Pathak and Mr. T. M. Patel

Respondent No. 2 : Madhya Gujarat Vij Company Limited

Represented By : Nobody was present.

Respondent No. 3 : Uttar Gujarat Vij Company Limited

Represented By : Nobody was present.

Respondent No. 4 : Paschim Gujarat Vij Company Limited

Represented By : Nobody was present.

Respondent No. 5 : Dakshin Gujarat Vij Company Limited

Represented By : Mr. P. M. Patel

CORAM:

**Mehul M. Gandhi, Member
S. R. Pandey, Member**

Date: 19/07/2023

ORDER

1. The present Petition has been filed for approval of power procurement and execution of draft Power Purchase Agreement(s) PPA for procurement of power from Solar Projects to be set up by the Respondent GSECL under the Government of Gujarat's Scheme notified vide G.R. No: JMN-3919-259-A1 dated 07.03.2019 for allocation of government wasteland in the vicinity of existing GETCO sub-stations to the PSUs operating under Energy & Petrochemicals Department, Government of Gujarat.
2. The facts mentioned in the Petition briefly stated as under:
 - 2.1. It is submitted that the Government of Gujarat has notified the Gujarat Electricity Industry (Reorganization and Regulation) Act 2003 in May 2003 for the reorganization of the entire power sector in the State of Gujarat.
 - 2.2. It is submitted that pursuant to the Gujarat Electricity Industry Reorganization and Comprehensive Transfer Scheme, 2003 notified under the Gujarat Electricity Industry (Reorganization and Regulation) Act 2003, erstwhile Gujarat Electricity Board has been reorganised and its functions have been vested in different entities.
 - 2.3. It is submitted that the activities of Generation, Transmission, Distribution, Bulk power purchase and supply undertaken by erstwhile Gujarat Electricity Board has been entrusted to separate seven functional entities. The generation activity is assigned to Gujarat State Electricity Corporation Limited (GSECL), the 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 (GUVNL) as per the re-organization scheme.

- 2.4. It is submitted that the Distribution licensees are mandated to procure power from Renewable Energy Sources as per the provisions of Section 86 (1) (e) of the Electricity Act, 2003 and in terms of GERC (Procurement of Energy from Renewable Energy Sources) Regulations as amended from time to time.
- 2.5. In accordance with the above provisions and in order to meet the Renewable Power Purchase Obligation (RPO) of the Distribution Companies as notified by the Commission for different year, the Petitioner on behalf of its four State Distribution Companies has been entering into Power Purchase Agreements (PPAs) with various Renewable Energy Generators (Wind, Solar, Others) for Procurement of Renewable Power from time to time.
- 2.6. Section 86 (1) (b) of the Electricity Act 2003 provides that the State Commission while discharging its other functions also 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.
- 2.7. Further, Section 86 (1) (e) of the Electricity Act 2003 provides that the State Commission shall promote cogeneration and generation of electricity from renewable sources of energy by providing suitable measures for connectivity with the grid and sale of electricity to any person, and also specify, for purchase of electricity from such sources, a percentage of the total consumption of electricity in the area of a distribution licensee.
- 2.8. It is submitted that Revenue Department, Government of Gujarat vide G.R. No: JMN-3919-259-A1 dated 07.03.2019 has notified a Scheme for allocation of government wasteland to PSUs operating under Energy and Petrochemicals

Department, Government of Gujarat for development of Solar Projects at the token lease rate of Rs. 1/- per hectare for a period of 30 years. The key objective of the Scheme is to entail the benefit of cheaper power to the end consumers of the State by means of optimal utilization of resources viz. Government waste-land and existing transmission infrastructure network created by GETCO having spare capacity for evacuation of power.

- 2.9. It is submitted that pursuant to above GR of Revenue Department, Energy and Petrochemicals Department vide G.R. No. SLR/11/2019/675/B1 dated 16.08.2019 has further resolved that the Respondent Gujarat State Electricity Corporation Limited (GSECL) shall develop 2500 MW solar capacity under the above Scheme in the coming years at an estimated project cost of Rs. 4 Crores/ MW out of which 50% amount would be extended by the State Government as capital subsidy to the Respondent GSECL.
- 2.10. Considering the impact of land availability at token rate of Re. 1 / hectare and grant of capital subsidy by the State Government equivalent to 50% of the project cost, it is envisaged that the resultant tariffs of the Solar Projects proposed to be set up by GSECL under the aforesaid Scheme shall be most competitive and almost half as compared to the market tariffs discovered under the Competitive Bidding Process.
- 2.11. In view of above, considering the increasing trend of RPO (especially solar RPO) being notified by the Commission and in view of the aforesaid Scheme facilitating land allotment at token rate of Rs. 1/hectare and 50% capital subsidy by the State Government, the Petitioner GUVNL vide letter dated 20.06.2020 conveyed "In-Principle" Approval to GSECL for purchase of power on cost-plus basis from Solar Projects to be developed on government waste-land in the vicinity of GETCO's sub-stations through Competitive Bidding under the Revenue Department, GoG's GR dated 07.03.2019 and Energy & Petrochemicals Department, GoG's GR dated 16.08.2019 subject to the

approval of the Commission (GERC) and subject to approval of capital grant by the State Government to the GSECL.

- 2.12. The Respondent GSECL in co-ordination with GETCO is identified & shortlisted land Survey Nos. of GETCO Sub-Station(s) across the State of Gujarat i.e. existing and under-construction Sub-Stations. Thereafter, preliminary survey is being carried out considering various parameters viz. land availability, evacuation feasibility, distance from GETCO Sub-Station, land pattern, etc. for shortlisting potential sites that could be utilized for setting up Solar PV Projects under the aforesaid Scheme.
- 2.13. It is submitted that subsequently, land applications are being made by the Respondent GSECL before the concerned Authorities of Revenue Dept., Govt. of Gujarat and Land Allotment Orders are obtained from the concerned District Collector(s).
- 2.14. It is submitted that after physical possession of land by GSECL and technical evacuation feasibility for the site, the Respondent GSECL is undertaking transparent Competitive Bidding Process for selection of EPC Contractor by availing e-tendering / e-procurement services through online web-based portal *www.nprocure.com* which facilitates and manages e-tendering and e-auctions published by the Government of Gujarat.
- 2.15. It is submitted that the Respondent GSECL has informed to the Petitioner GUVNL regarding completion of five tenders and issuance of Letter of Intents (LoIs) for design, engineering, supply & procurement, construction, O&M of Solar Projects under the aforesaid Scheme. The Solar Projects (each of 20–50 MW size) aggregating to 540 MW capacity are under execution and the resultant tariffs arrived after taking into consideration 50% capital subsidy to be provided by State Govt. and considering 12% RoE the tariff may be less than Rs. 1.50/unit for the Solar Projects under implementation.