

**BEFORE THE GUJARAT ELECTRICITY REGULATORY COMMISSION  
GANDHINAGAR**

**FILING No:**

**PETITION No:**

**IN THE MATTER OF:**

Approval of Power Purchase Agreement signed by GUVNL for procurement of power from Bagasse Based co-generation project under Order No.03 of 2022 dated 27.06.2022 issued by Hon'ble GERC for Determination of Tariff for Procurement of Power by the Distribution Licensees and Others from Biomass based Power Projects and Bagasse based Co-generation Projects for Control Period from FY 2020-21 to FY 2022-23 in the State of Gujarat.

**PETITIONER**      Gujarat Urja Vikas Nigam Limited  
Sardar Patel Vidyut Bhavan,  
Race Course,  
Vadodara - 390 007

**PETITION UNDER SECTION 86 OF THE ELECTRICITY ACT, 2003 AND ORDER NO.03 OF 2022 ISSUED BY HON'BLE GERC FOR DETERMINATION OF TARIFF FOR PROCUREMENT OF POWER BY THE DISTRIBUTION LICENSEES AND OTHERS FROM BAGASSE BASED CO-GENERATION PROJECTS.**

**MOST RESPECTFULLY SHOWETH:**

- 1) The present Petition is being filed by the Petitioner, Gujarat Urja Vikas Nigam Limited, a company incorporated under the provisions of the Companies Act, 1956 with its registered office at Sardar Patel Vidyut Bhavan, Race Course, Vadodara. The Petitioner is a licensee and the entity undertaking bulk purchase of electricity from generating companies and other sources and bulk sale of electricity to the State Distribution Licensees.
- 2) The Government of Gujarat ("GoG") 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.

- 3) 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.
- 4) 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 Ltd. (GSECL), the transmission activity is assigned to Gujarat Energy Transmission Corporation Ltd. (GETCO) and the distribution activity is assigned to four Distribution companies viz. Uttar Gujarat Vij Company Ltd. (UGVCL), Madhya Gujarat Vij Company Ltd. (MGVCL), Dakshin Gujarat Vij Company Ltd. (DGVCL) and Paschim Gujarat Vij Company Ltd. (PGVCL). Further, the function of Bulk purchase and Bulk sale of power on behalf of the State DISCOMs is assigned to the Petitioner - Gujarat Urja Vikas Nigam Ltd. (GUVNL) as per the re-organization scheme.
- 5) The Distribution Companies 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 Gujarat Electricity Regulatory Commission (Procurement of Energy from Renewable Energy Sources) Regulations, 2010 as amended from time to time.
- 6) In accordance with the same, the Petitioner on behalf of its four Distribution Companies has been entering into Power Purchase Agreements amongst others with various Renewable Energy Generators for procurement of renewable power from time to time.
- 7) Section 3 (1) of the Electricity Act 2003 requires the Central Government to formulate National Electricity Policy in consultation with CEA & State Government for inter alia, development of renewable sources of energy. In compliance with this provision the Central Government has notified the NEP 2005 and Tariff Policy 2016 elaborating the role of Regulatory Commissions, mechanism for promotion and harnessing of renewable source of energy, time frame for implementation etc.
- 8) Sections 61 and 62 of the Electricity Act 2003 empower the State Commissions to specify the terms and conditions for the determination of tariff for generation, transmission, distribution and supply of electricity in their State. In exercise of the powers conferred under Sections 61(h), 62(1) (a) and 86(1) (e) of the Electricity Act, 2003 and all other powers enabling it in this behalf, the Gujarat Electricity Regulatory Commission has determined the tariff for procurement of power by the

Distribution Licensees and Others in Gujarat from biomass based power projects and bagasse based co-generation projects.

- 9) Clause (a), (b) & (e) of the Section 86(1) of the Electricity Act 2003 provide that the State Commission shall discharge following functions, namely:

*(a) determine the tariff for generation, supply, transmission and wheeling of electricity, wholesale, bulk or retail, as the case maybe, within the State:*

*Provided that where open access has been permitted to a category of consumers under section 42, the State Commission shall determine only the wheeling charges and surcharge thereon, if any, for the said category of consumers;*

*(b) – “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.”*

*..*

*(e) promote co-generation 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;*

*..*

- 10) The National Tariff Policy, 2016 formulated by the Ministry of Power has given specific guidance on purchase of power generated from renewable energy sources. Section 6.4(2), of the National Tariff Policy provides as under:

*“States shall endeavor to procure power from renewable energy sources through competitive bidding to keep the tariff low, except from the waste to energy plants. Procurement of power by Distribution Licensee from renewable energy sources, from Solar PV Power Projects above the notified capacity, shall be done through competitive bidding process, from the date to be notified by the Central Government. However, till such notification, any such procurement of power from renewable energy sources Projects, may be done under Section 62 of the Electricity Act, 2003.”*

- 11) Hon'ble GERC has notified GERC (Procurement of Energy from Renewable Sources Regulations, 2010) dated 17.04.2010 and thereafter 1<sup>st</sup> Amendment dated 03.03.2014, 2<sup>nd</sup> Amendment dated 20.04.2018 and 3<sup>rd</sup> Amendment Regulations dated 08.04.2022. In accordance with the same, the stipulated RPO% targets for the Obligated Entities of Gujarat are as under:

| Year    | Minimum quantum of purchase (%) from RE sources |             |                  |                                                                                           |         |
|---------|-------------------------------------------------|-------------|------------------|-------------------------------------------------------------------------------------------|---------|
|         | Wind RPO %                                      | Solar RPO % | Large Hydro HPO% | Other RPO% (Biomass, Bagasse & Bio-fuel Cogeneration, MSW and Small / Mini / Micro Hydel) | Total % |
| 2021-22 | 8.25                                            | 8.00        | -                | 0.75                                                                                      | 17.00   |
| 2022-23 | 8.25                                            | 8.00        | -                | 0.75                                                                                      | 17.00   |
| 2023-24 | 8.40                                            | 9.50        | 0.05             | 0.75                                                                                      | 18.70   |
| 2024-25 | 8.55                                            | 11.25       | 0.10             | 0.80                                                                                      | 20.70   |

In view of above, the purchase of power from Bagasse based cogeneration power plants can help in RPO compliance of GUVNL. Additionally, power from bagasse based co-generation projects will also contribute to diversify the energy mix of GUVNL. The local generation from bagasse based projects is expected to improve grid scenario of the State Grid as generation from the bagasse based plants is more predictable compared to other RE sources like Wind and Solar.

- 12) GUVNL has received requests from following Developers for signing of PPAs for procurement of power from their Bagasse based Co-generation Projects as per terms and conditions set out by Hon'ble Commission vide Order No.3 of 2022 dated 27.06.2022 for procurement of power by distribution licensees from Biomass and Bagasse based co-generation projects.

- Shree Khedut Sahakari Khand Udyog Mandli Ltd., Bardoli, Surat vide letters dated 20.04.2022, 22.07.2022 and 06.10.2022 had requested for signing of PPA for supply of 31.19 MW power during Crushing Season and 25.78 MW during Non-crushing season from their 50 MW Bagasse based co-generation project.
- Shree Kedareshver Khandsari Udyog Pvt. Ltd., Nimbhora, Kukarmunda, Tapi vide letter dated 18.09.2021, 23.11.2021, 05.07.2022, 25.07.2022, and 12.09.2022 had requested for signing of PPA for supply of 10 MW

power during Crushing Season and 0 (Zero) MW power during Non-Crushing Season from their 15 MW Bagasse based co-generation project.

- 13) GUVNL had forwarded the draft PPAs to above developers and in response Shree Kedareshver Khandsari Udyog Pvt. Ltd. had approached GUVNL for signing of PPA. Accordingly, GUVNL has signed Power Purchase Agreement (PPA) on 14<sup>th</sup> December 2022 with Shree Kedareshver Khandsari Udyog Pvt. Ltd. incorporating the relevant provisions in line with Hon'ble GERC's order dated 27.06.2022. The PPA signed with the developer is placed herewith as **Annexure – 'A'**. The salient features of PPA are as under:

- (i) As per GERC's order dated 27.06.2022, the term of the PPA has been kept as 20 years from the commercial operation date of the entire project.
- (ii) The time period available to the project developer for commissioning of the project is kept as 36 months from date of signing of PPA.
- (iii) If the project is commissioned within the control period of GERC order dated 27.06.2022, the applicable tariff shall be (i) The fixed charges of Rs.1.98/Kwh payable on the Scheduled Energy as certified in the monthly SEA by SLDC upto cumulative PLF of 60% per annum and (ii) The energy charges determined by GERC from time to time on the scheduled energy as certified in the monthly SEA by SLDC.
- (iv) In case the project is commissioned in the control period of subsequent tariff order, the applicable tariff shall be lower of applicable tariff in two control periods i.e. (i) Date of signing of PPA, (ii) Date of actual CoD.
- (v) The Power Producer shall construct the project and it's Interconnection Facilities including Plant Switchyard upto Delivery Point at its own cost. The transmission line from the Delivery Point to the sub-station of GETCO shall be constructed by GETCO. All charges and losses upto Delivery Point shall be borne by the power producer.
- (vi) The projects can meet the start-up / stand-by power requirement from the existing power supply available at the sugar factory from the power project. For energy drawn from grid for start-up / stand-by power, the power producer shall pay at HT tariff applicable for power supply at the sugar factory from time to time as determined by Hon'ble GERC.
- (vii) If the project is not commissioned by its Scheduled Commercial Operation Date except due to Force Majeure, the Power Producer shall pay to the GUVNL liquidated damages for delay at the rate of Rs.3000 (Rupees Three Thousands Only) per day per MW with a ceiling of Rs.5,00,000 (Rupees Five Lakhs only) per MW. The delay in commissioning with levy of Liquidated Damages shall be allowed for a maximum period of 365