

**BEFORE THE GUJARAT ELECTRICITY REGULATORY COMMISSION
GANDHINAGAR**

FILING No:

PETITION No:

IN THE MATTER OF:

Approval of Power Purchase Agreement executed between Shree Narmada Khand Udyog Sahakari Mandli Limited and GUVNL for procurement of 15 MW power during crushing season and 0 MW power during non-crushing season from their 30 MW 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 – 390 007. 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 1st Amendment dated 03.03.2014, 2nd Amendment dated 20.04.2018 and 3rd 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 co-generation 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 had received request from Shree Narmada Khand Udyog Sahakari Mandli Limited vide letter dated 03.05.2023 for signing of PPA for procurement of 15 MW power from their 30 MW Bagasse based co-generation project to be set up at Dharikheda, P.O. Timbi, Ta. Rajpipla (Nandod), Dist. Narmada.
- 13) The control period of order dated 27.06.2022 has expired on 31.03.2023. However, in the order, the Hon'ble Commission has decided the following in relation to the Scheduled Commercial Operation Date of the Projects.

“Further, we are of the view that to promote the renewable energy available from biomass/bagasse co-generation projects if any project developers approach the distribution licensees and the distribution licensees may consider the proposal and enter into the PPA with project developer with the provisions that the SCOD of

