## CENTRAL ELECTRICITY REGULATORY COMMISSION **NEW DELHI**

### Petition No. 26/MP/2024

Coram: Shri Jishnu Barua, Chairperson Shri Arun Goyal, Member Shri P.K. Singh, Member

Date of Order: 27th March, 2024

#### In the matter of

Petition under section 79(1)(b) and (f) of the Electricity Act, 2003 seeking a declaration of change in law and entitlement of compensation for the change in law under the Power Purchase Agreement and for appropriate directions.

#### And

#### In the Matter Of:

Scatec India Renewables One Private Limited, **Atelier Airport Office Suites** 

Suite II-Level I, Lower ground floor Worldmark 2, Asset 8, Aerocity, NH 8, New Delhi-110037

..... Petitioner

#### **VERSUS**

### 1. Solar Energy Corporation of India Limited,

6th Floor, Plate-B, NBCC Office Block Tower-2, East Kidwai Nagar, New Delhi - 110023

### 2. GRIDCO Limited.

Janpath, Bhubaneshwar-751002, Odisha

#### 3. Ministry of New and Renewable Energy,

Atal Akshava Urja Bhawan, Pragati Vihar, New Delhi - 110003

...Respondents

### **Parties present:**

Shri Dinesh Pardasani, Advocate, SIROPL Shri Bibin Kurian, Advocate, SIROPL Shri Kaustubh Shrinarain, Advocate, SIROPL Ms. Shikha Ohri, Advocate, SECI Shri Karthik Sharma, Advocate, SECI

### ORDER

The Petitioner, Scatec India Renewables One Pvt. Ltd (SIROPL), has filed the present Petition with the following interim relief(s) and prayers:

### Interim Relief(s)

" (i) Pending the final adjudication of the present Petition, stay the Tariff Adoption Petition numbered 337/AT/2023; or

Decide this Petition along with the Tariff Adoption Petition numbered 337/AT/2023, and

- extend the date of FC (beyond the extension already available to the Petitioner due to the delay in tariff adoption) until:
  - The issue of applicability of ISTS charges is determined by this a. Hon'ble Commission; and
  - b. There is certainty on timelines for the GSS availability;

without any cost or claim of any nature whatsoever on the Applicant.

Pass any other order/direction as this Hon'ble Commission may deem fit (iii) and proper in the interest of justice."

## **Prayers**

- Declare the MoP's order dated 09.06.2023 is a 'Change in law' under the PPA and that the Petitioner will be entitled to compensation if the Project completion is delayed beyond the ISTS charges waiver period;
- B. In the alternative, if this Commission is not willing to grant Prayer A, then considering that there is a change in the fundamental position from the time of submission of the bid and there is complete uncertainty on the ISTS charges, Petitioner may be allowed to withdraw from the Project without any cost, claim or penalty of any nature whatsoever including the release of bank guarantees issued in relation to the Project and also award compensation for the cost already incurred by the Petitioner;
- C. Pass any other order/direction as this Commission may deem fit and proper in the interest of justice."

### **Submission of the Petitioner**

2. The Petitioner has mainly submitted as under:

- (a) The Petitioner is seeking a declaration that the Ministry of Power (MoP) order dated 9.6.2023 is a "Change in Law" and that the Petitioner is entitled to compensation for the "Change in Law" under the Power Purchase Agreement (PPA) and other appropriate directions.
- The Petitioner is a Specific Purpose Vehicle (SPV) incorporated by (b) Scatec India II B.V., a successful bidding entity, to enter into the PPA with the Solar Energy Corporation of India (SECI)/Respondent No. 1 for supplying wind power. Respondent No. 1 is a nodal agency designated for the implementation of the scheme of the Government of India for setting up Inter-State Transmission System (ISTS) connected wind and solar power projects.
- (c) Gridco Limited/Respondent No. 2, the Buying Utility, entered into a Power Sale Agreement (PSA) dated 9.6.2023 with Respondent No. 1 entirely on a back-to-back basis for the purchase of power. The Ministry of New and Renewable Energy (MNRE)/Respondent No. 3 is the nodal agency responsible for the promotion of grid-connected renewable energy in the country.
- (d) The Government of India, empowered by Section 3(3) of the Electricity Act, 2003 ('the Act), revised the Tariff Policy published in the Gazette of India on 28.1.2016. Subsequently, in line with this updated Policy, the MoP issued an order dated 30.9.2016, exempting ISTS charges and losses for transmitting electricity through the inter-State transmission systems generated from the solar and wind energy sources. MoP issued an order dated 23.11.2021, wherein the waiver of ISTS losses was limited to the projects that had completed the bidding process before 15.1.2021. The waiver of ISTS charges was applicable for the projects commissioned up to 30.6.2025.
- (e) On 30.11.2021, the MoP issued another order in continuation to the MoP's order dated 23.11.2021 and stated that where an entity is eligible for a waiver of the ISTS charges and is granted an extension in the Scheduled Commissioning Date (SCD) by the competent authority due to force majeure, transmission system delays caused by the transmission provider, or any other delay attributed to a government agency, then the period of SCD shall be extended and accordingly, even the period for ISTS charges shall be deemed to be extended.

- (f) On 12.1.2022, Respondent No. 1 issued a Request for Selection (RfS) for setting up 1200 MW ISTS-connected wind power projects (Tranche - XIII) as per the Guidelines for Tariff Based Competitive Bidding Process dated 8.12.2017 as amended for Procurement of Power from Grid-Connected Wind Power Projects (Guidelines) and floated the same through an e-bidding platform.
- (g) Scatec India II B.V. participated in the bidding process and submitted its bid along with an Earnest Money Deposit (EMD) of Rs. 39.78 crore and was selected as the Wind Power Developer (WPD) for developing a 300 MW wind power project (Project) out of the total awarded capacity of 600 MW.
- In terms of the RfS, the Petitioner, as an SPV, was incorporated on (h) 18.1.2023 for the specific purpose of entering into the PPA with Respondent No. 1. Subsequent to the completion of the bidding process, Respondent No. 1 initially issued an LoA dated 19.1.2023 to Scatec India II B.V. The LoA specifically stated that the LoA is being issued based on the Guidelines, subsequent amendments and clarification thereto until the last date of bid submission of the RfS.
- In terms of the LoA and RfS, a success fee of around Rs. 3.54 crore was (i) paid to Respondent No. 1 and a PBG dated 30.3.2023 of Rs. 59.67 crore was submitted to Respondent No. 1. Pursuant to the award of the Project, the Petitioner secured a government order from the Government of Karnataka and spent approximately Rs. 50 crore for acquiring the land, along with a commitment to spend up to Rs. 108 crore.
- On 17.2.2023, the Petitioner applied to CTUIL for the grant of the Stage-(j) I connectivity of the Project for Koppal- II GSS. Respondent No. 1 issued an amended LoA on 27.2.2023 in the name of Scatec India II B.V. and specifically recorded that the Petitioner is eligible to utilize the said LoA to set up a 300 MW wind project. including seeking ISTS connectivity from the CTUIL. The Petitioner subsequently applied to CTUIL for the ISTS connectivity. However, CTUIL pointed out that the LoA issued by Respondent No. 1 is in the name of Scatec India II B.V. and not in the name of the Petitioner and closed the Stage-Il connectivity application for the Petitioner. These issues were brought to the

notice of Respondent No. 1 through letters dated 24.2.2023 and 22.3.2023. A revised LoA was issued by Respondent No. 1 on 4.5.2023 in the name of the Petitioner, following which the connectivity under the GNA was sought in the name of the Petitioner. CTUIL granted in-principle

- (k) approval for connectivity at the Koppal-II GSS on 20.10.2023 to the Petitioner. A bank guarantee of Rs. 9.50 crore was submitted to CTUIL by the Petitioner on 17.11.2023. of the Final connectivity is yet to be issued by the CTUIL.
- (I) The Petitioner had considered the GSS at Kallam, Maharashtra, at the time of bidding, but considering the time taken for the finalisation of the tender process, including reverse auction, the capacity of Kallam GSS was exhausted. Consequently, the Petitioner had to apply for connectivity at an alternate site, namely, Koppal-II GSS. The site change had an adverse impact, among others, on the land acquisition cost.
- Respondent No. 2 filed a petition bearing Case No. 38/2023 under (m) Section 86 (1) (b) and (e) of the Electricity Act before the Odisha Electricity Regulatory Commission (OERC) for prior approval of the PSA claiming that the timelines of the Project are being adhered to and that the Project will be completed within the third quarter of FY 2024-25, i.e., between October 2024 and December 2024 and that accordingly the benefit of waiver of ISTS charges will be available. Under this pretext, the State Commission passed the order dated 03.06.2023, wherein the draft PSA was approved.
- (n) After issuance of the LoA, the MoP vide order dated 09.06.2023 modified the condition for the benefit of waiver of ISTS charges. Under the said order, the MoP added a new condition, namely, that waiver will be applicable only if an extension in the SCD is granted for six (6) months at a time and not more than two (2) times. This restriction on the availability of ISTS charges waiver by MoP has changed the basis of RfS of this Project and provided a condition that is contrary to the PPA.
- Based on the LoA and RfS, the Petitioner and Respondent No. 1 (o) executed a PPA dated 28.06.2023 for 25 years. The effective date for the PPA

was set as 26.06.2023. According to the PPA, the SCD must be achieved within 24 months of the effective date, which is 26.06.2025. Additionally, the tariff should have been adopted within 120 days after the effective date, which is 24.10.2023. Furthermore, a notice of at least 60 days must be given before the SCD for integration with the GSS. Further, as per the PPA, "Change in law" refers to the occurrence of enactment, amendment or repeal of any law and provides for compensation to the affected party.

- (p) In terms of the PPA, only until the delivery point, the ISTS charges and losses are to be borne by the developer and beyond the delivery point, all charges and losses are to be borne by the buying entity. Thus, in view of the MoP's order dated 23.11.2021 and the terms of the PPA, the buying entity will have to bear any ISTS losses, if applicable.
- (q) On 29.9.2023, Respondent No. 1 filed a tariff adoption petition bearing Case No. 337/AT/2023 under Section 63 of the Electricity Act before this Commission.
- (r) PFC Consulting Limited (PFCCL) was notified as a bid-process coordinator on 23.02.2023 by the MoP for the selection of a bidder for the development of Koppal-II GSS. The tender for the development of Koppal-II GSS was released on 11.05.2023. Thereafter, on 21.07.2023, an SPV, namely, Koppal II Gadag II Transmission Limited, was incorporated by PFCCL to initiate the execution of the activities. Pursuant to the tender process, Power Grid Corporation of India Limited (PGCIL) emerged as a successful bidder, and the Letter of Intent (LoI) was issued to PGCIL on 05.12.2023. On 26.12.2023, PGCIL acquired Koppal II Gadag II Transmission Limited. This date of acquisition is referred to as the "SPV transfer date," and on the same day, the Transmission Service Agreement (TSA) was executed between CTUIL and Koppal II Gadag II Transmission Limited.
- (s) Post the award of the project, Koppal II Gadag II Transmission Limited filed two applications dated 28.12.2023 before this Commission for the adoption of transmission charges under Section 63 of the Electricity Act and the other for the grant of transmission license under Section 14 and 15 of the Electricity Act.

- (t) As per the RfP for Koppal-II GSS, the scheduled completion date is 24 months from the SPV transfer date, subject to the adoption of transmission charges within six (6) months from the execution of the TSA. At present, the petitions for the adoption of transmission charges and the issuance of the transmission license are pending before this Commission. Considering if the adoption petition is decided by this Commission by June 2024 and if the GSS is completed beyond April 2026, the completion date of the Project for the Petitioner will also get extended beyond 26.06.2026 and no ISTS waiver will be available.
- (u) The Petitioner, vide its letters dated 24.8.2023, 28.8.2023 and 23.11.2023, raised these issues of delay in the overall project execution, including delays in tariff adoption, issues related to change in the GSS site resulting in uncertainty of GSS availability and other ancillary issues. The Petitioner specifically sought clarification on the matter of ISTS charges waiver. However, the Respondent No. 1 has failed to respond to any of these letters. The Petitioner on 16.01.2024, again sent a letter to Respondent No. 1, highlighting the major issues faced by the Petitioner, including the impact of the MoP's order dated 09.06.2023, uncertainty in the GSS readiness and delay in tariff adoption, etc and inter alia requested SECI to confirm/ensure that the ISTS charges will not apply to the Project even if the Project gets completed beyond 26.06.2026 or to treat the MoP's order dated 09.06.2023 as a change in the law in terms of the PPA.
- (v) Due to new restrictions on the availability of ISTS charges waiver and uncertainty on the availability of the GSS have resulted in the change of bidding conditions. It is necessary for this Commission to consider these fundamental changes before or along with the tariff adoption. Where SCD gets extended beyond 26.6.2026, Respondent Nos. 1 and 3 will have no power to waive the ISTS charges in terms of the MoP's order dated 9.6.2023. Therefore, the Petitioner will be left remediless as there will be no relief under the PPA or under government regulations to get the ISTS charges waived. This makes it impossible for the Petitioner to continue to perform its obligations under the PPA in the present circumstances. During the bidding process, there was no

restriction in the extension of the SCD of the Project and the applicability of waiver of ISTS charges. However, with this amendment through the MoP's order dated 9.6.2023, the bidding condition has been altered significantly. As a result, there is currently a great deal of uncertainty surrounding the completion and feasibility of the Project.

(w) The conjoint reading of Clauses 2.1.3, 2.1.4 and Clause 4.2.6 of the PPA shows that in case there is a change in circumstances before the adoption of the tariff, then this Commission will have to consider such changes before the tariff is adopted. Further, in terms of Clause 12.1.1 of the PPA, the term 'Change in Law' refers to the occurrence of any enactment, amendment or repeal of any law. Clause 12.2 of the PPA provides relief for 'Change in Law' and states that if a "Change in law" event occurs, the affected party will be entitled to compensation.

### Hearing dated 6.2.2024

- 3. The matter was heard on 6.2.2024. The learned counsel for the Petitioner submitted that the present Petition had been filed seeking a declaration that the Ministry of Power's Order dated 9.6.2023, which constitutes a change in the fundamental condition of the bid after the bid submission date and issuance of the Letter of Award, is a Change in Law and resultantly, the Petitioner is entitled to the compensation for the said Change in Law under the Power Purchase Agreement. Learned counsel further submitted that in the absence of a clear position on these issues, the tariff sought to be adopted would be unrealistic and unsustainable.
- 4. In response, the learned counsel for Respondent No.1, SECI, strongly opposed the request of the Petitioner to link the present Petition with the tariff adoption proceedings under Petition No. 337/AT/2023. Learned counsel submitted that the Commission, in its recent orders, has already taken the view that the tariff adoption proceedings need not be held back on the grounds of Change in Law claims. Learned counsel also pointed out that Petition No. 337/AT/2023 was filed way back in October

2023, whereas the Petitioner has chosen to file the present Petition only at the end of January 2024. Learned counsel pointed out that the PPA was executed by the Petitioner only on 28.6.2023, i.e. after the Ministry's Order dated 9.6.2023, and the alleged grounds relating to the viability of the Project cannot be a reason for delaying the adoption proceedings and therefore, the present Petition may not be tagged with Petition No. 337/AT/2023 as urged by the Petitioner. Learned counsel sought liberty to file its reply in the matter.

- 5. In response, the learned counsel for the Petitioner submitted that in the event the Petition No. 337/AT/2023 is decided prior to the present Petition, it may render the present Petition infructuous and, accordingly, urged to take up the present Petition along with Petition No.337/AT/2023.
- 6. After hearing the learned counsel for the parties, the Commission deemed it appropriate to take up the interlocutory prayer for tagging this instant Petition with Petition No. 337/AT/2023 and, accordingly, directed the Respondents to file their respective submissions on the above-limited aspect, if any.

### Reply of Respondent, SECI

- The Respondent No.1, SECI, vide its reply dated 20.2.2024, has mainly 7. submitted as under:
  - The Commission in its order dated 4.1.2024 in Petition No. 214/AT/2023, (a) has clearly held that no relief can be sought by a Respondent in a tariff adoption petition filed by SECI. SECI has not raised any Change in Law claims in Petition No. 337/AT/2023. Therefore, the tariff adoption proceedings need not be delayed for adjudication of Change in Law issues raised by the Petitioner. Article 2.1.3 of the PPA provides for the adoption of tariff by the Commission within 120 days of the effective date (The effective Date of the PPA signed with the Petitioner herein is 28.6.2023, as per Article 2.1.1 of the PPA). Any extension in Scheduled Financial Closure or Scheduled Commissioning Date

in case of issuance of requisite order after the timeline as per Article 2.1.3 will be governed by Article 2.1.4 of the PPA.

- (b) In the present case, SECI filed the tariff adoption Petition before the Commission on 29.9.2023. The said petition was admitted by this Commission on 13.12.2023, and the Respondents were permitted to file their replies within a period of two weeks. However, Scatec (the Petitioner herein) chose to file its reply to the tariff adoption petition only on 30.1.2024, after a substantial delay. Interestingly, the present Change in Law Petition was filed by the Petitioner on 25.1.2024.
- The reliance placed by the Petitioner upon the MoP's Order dated (c) 9.6.2023 is entirely misplaced. The Power Purchase Agreement (PPA) executed between the parties on 28.6.2023 clearly stipulates that all charges and losses related to the transmission of power from the project up to Delivery Point shall be borne by the WPD, and beyond the Delivery Point all charges and losses shall be borne by Buying Utilities as notified by the competent authority/regulator from time to time. The PPA provides that any delay in the commissioning of the Project beyond the applicable date of ISTS waiver/extended SCD due to reasons attributable to the Wind Power Developer, the liability of the transmission charges and losses would be to the account of the WPD.
- (d) The Petitioner must first demonstrate that the claims raised by it fall within the scope and ambit of Article 12 of the PPA dealing with Change in Law and that it qualifies for any relief thereunder. Thereafter, the Petitioner is required to demonstrate the impact on the project cost in order for this Commission to decide on the issue of Change in Law and to "provide relief". A perusal of the prayers sought by the Petitioner would demonstrate that the Petitioner has prayed for prayers in the alternate.
- (e) The PPA in consideration before the Appellate Tribunal for Electricity in the case of Green Infra Renewable Energy Ltd. Vs. RERC & Ors. (Appeal No. 251 of 2021), contained a specific stipulation (Article 12.1.3 in the Change in Law provision in the PPA therein) providing for recognition of change in law

events at the stage of tariff adoption. The PPA in the present matter does not have a specific provision to recognize the Change in Law events at the time of tariff adoption proceedings.

(f) The tariff adoption proceedings under Petition No. 337/AT/2023 need not be delayed on account of this adjudication. The PPA was executed between the Petitioner and SECI on 28.6.2023, while the MOP order was already issued on 9.6.2023. No prejudice would be caused to the Petitioner if this Commission proceeds with the tariff adoption proceedings without tagging it with adjudication of issues raised by the Petitioner in the present proceedings.

# Rejoinder of the Petitioner

- 8. The Petitioner, vide its rejoinder dated 26.2.2024, has mainly submitted as under:
  - (a) The issues raised by the Petitioner in the Petition are imperative to be adjudicated by this Commission as it has been highlighted in the Petition that there has been a substantial change in the ground realities and the tariff as sought to be adopted by this Commission in Section 63 proceeding (Petition No. 337/AT/2023) was submitted way back in the year 2022, is no longer aligned with the prevalent market conditions. During the bidding process, there was no restriction in the extension of the SCD of the Project and the applicability of waiver of ISTS charges. However, the MoP's order dated 9.6.2023 has modified and limited the benefit of waiver of ISTS charges by adding a new condition, namely, that waiver will be applicable only if an extension in the SCD is granted for six months at a time and not more than two times. Therefore, the bidding condition has been altered significantly. In this scenario where SCD gets extended beyond 26.6.2026, Respondent Nos. 1 and 3 will have no power to waive the ISTS charges in terms of the MoP's order dated 9.6.2023. Therefore, the Petitioner will be left remediless as there will be no relief under the PPA or under government regulations to get the ISTS charges waived. This makes it impossible for the Petitioner to continue to perform its obligations under the PPA in the present circumstances.

- (b) Without deciding on the issues raised in the instant Petition, if the tariff is adopted, then the timelines under the contract for the Petitioner will commence, including for financial closure. However, under these uncertainties, the Petitioner will not be in a position to get any financial closure. This will expose the Petitioner with unlimited contractual and legal consequences for no fault of the Petitioner. Accordingly, the Petitioner has sought this Commission's indulgence to adjudicate the instant matter before or along with the tariff adoption or in the alternative, considering that there is a change in the fundamental position from the time of submission of the bid and there is complete uncertainty on the ISTS charges, the Petitioner may be allowed to withdraw from the Project without any cost, claim or penalty of any nature whatsoever, including the release of bank guarantees issued in relation to the Project and also award compensation for all the cost already incurred by the Petitioner.
- (c) Change in Law needs to be considered at the time of adoption of tariff. It is a settled legal position that in case there is a Change in Law after the bidding process and before the tariff adoption stage, then such a claim for a Change in Law ought to be adjudicated before adopting the tariff as it has a direct bearing on the viability of the project. The APTEL, in the case of Green Infra Renewables Energy Ltd. v RERC & Ors., Appeal No. 251 of 2021 (Green Infra I), observed that deferring claims of Change in Law for a later date creates a whole lot of confusion for the project developers to get regulatory certainty and consequent difficulties in attaining financial closure. The APTEL, in another judgment passed in the same case of Green Infra Renewable Energy Limited & Ors. v RERC & Ors in Appeal No. 344 of 2021, dated 28.1.2022 (Green Infra II), has observed that it is the duty of the Regulatory Commission to adjudicate the claims of the Change in Law before adopting the tariff, as in the absence of clarity on such Change in Law events, the adoption proceedings will be treated incomplete and inchoate.
- (d) The Hon'ble Delhi High Court in the case of Monnet Power Company Limited & Ors. v UOI & Ors., [2017 SCC OnLine Del 7399]. In this case, the court, acknowledging the changed circumstances, granted the party the right to withdraw from the project without incurring any penalties and had observed that

the unforeseen changes, which were not contemplated earlier and were unknown to the Petitioner, would have significantly impacted the bidding process.

- (e) In the Petition for approval of PSA before OERC, Respondent No. 1 represented that the ISTS transmission charges shall not be applicable for this project and that the project will be completed in the 3<sup>rd</sup> guarter of the financial year 2024-25. The SCD for the Project has already been extended up to February 2026 with a possibility that the same may be extended beyond 26.6.2026 due to a delay in the availability of GSS and other ancillary issues. It is a matter of record that Respondent No. 1 has not refuted the said assumption in its rejoinder in the Section 63 proceeding (In Petition No. 337/AT/2023). Since the basis of approval of PSA was based on incorrect understanding and submissions, there is a need to approach the OERC and record the correct circumstances and delays accruing in the project timelines in the order.
- (f) Clause 14.5.2 of the PPA stipulates that "in the event, the WPD has any claim against the SECI in regard to the performance of any obligation of the SECI under this Agreement or enforcement of any right of the WPD against the SECI under this agreement, the same shall be subject to the ability of the SECI to enforce the corresponding obligations assumed by the Buying Utility(ies) under the Power Sale Agreement". Therefore, it is crucial for Respondent No. 2 to align with the Change in Law situation, agreeing to bear any additional financial burden due to the applicability of ISTS charges. Ultimately, Respondent No. 2, being the purchaser of power, will bear the cost, and issuing a notice to Respondent No. 2 to appear before the Commission is imperative to confirm understanding and be bound by the Commission's order.
- (g) Respondent No. 1 has alleged that seeking relief for a Change in Law is not permissible during the tariff adoption stage and relied upon the Commission's orders in Petition Nos. 214/AT/2023 and 213/AT/2023. In both these cases, the Commission has held that a separate Petition for adjudication of Change in Law claims must be filed. However, it is noteworthy that the Commission has not categorically dismissed the possibility of considering a Change in Law event through a separate petition prior to the tariff adoption

stage. Respondent No. 1 also alleged that there is no specific clause in the PPA for adjudication of Change in Law claims before the adoption of the tariff. However, irrespective of the existence of any such clause in the PPA, the APTEL in Green Infra II has held that deferring from claims of Change in Law for a later date creates a whole lot of confusion for the project developers.

- (h) The PPA is very clear on the application of the MoP orders on the present project. Clause 4.2.6 stipulates that the waiver of ISTS charges in case of extension of SCD granted (due to the force majeure, delay on the part of transmission provider or delay on the part of a government agency) will be in line with the office memorandums issued by the MoP. Further, clause 4.5.2 stipulates a similar condition for the application of MoP orders on the said project. Therefore, it cannot be stated that the reliance on the MoP orders is misplaced.
- (i) Considering the prevailing timelines of the Project, where the Petitions for the adoption of transmission charges and the issuance of the transmission license for Koppal-II GSS are also pending before this Commission, alongside a significant delay in tariff adoption, the Petitioner has reasonably anticipated a delay in the SCD. Consequently, the Petitioner sought clarification on the waiver of ISTS charges from Respondent No. 1, both prior to and subsequent to entering into the PPA, through written correspondence. Thus, if Respondent No. 1 had responded to various emails and letters by the Petitioner, then the Petitioner would not have approached this Commission for this clarity or comfort.

# Hearing dated 27.2.2024

9. During the course of the hearing, the learned counsel for the Petitioner advanced his submissions on the interim prayer, i.e. tagging of the instant Petition with Petition No. 337/AT/2023. After hearing the primary submissions of the learned counsel for the Petitioner and having observed that the matter would invoke an adjudicatory function of the Commission, the Commission deemed it appropriate to

post the matter for further hearing before coram consisting of the Hon'ble Member (Law) and accordingly, adjourned the matter.

### **Hearing dated 5.3.2024**

10. The matter was finally heard on 5.3.2024 on the aspect of the interim prayer, i.e. tagging of the instant Petition with Petition No. 337/AT/2023 and was reserved for order on the above aspect. The parties were directed to file their respective written submissions within a week, with a copy to the other side.

## Written submissions

- 11. Respondent No. 1, SECI, vide its written submissions dated 6.3.2024, has reiterated the submissions made in the reply and has mainly submitted as under:
  - (a) Petition No. 337/AT/2023 has been filed by SECI seeking the adoption of tariff in respect of the following projects:

S. No.	Name of the Successful Bidder	Bid Capacity (MW)	Tariff (Rs./kWh)	Allotted Capacity (MW)
1.	SJVN Limited	100	2.90	100
2.	Scatee India II B.V.	300	2.95	300
3.	Teq Green Power XI Private Limited (O2 Power SG Pte. Ltd.)	200	2.95	200
Total awarded capacity				600

Therefore, any delay in the tariff adoption proceedings, on account of the Petitioner, will have a consequential impact on all the aforesaid projects.

- Since SECI has not raised any Change in Law claims in Petition No. 337/AT/2023, the tariff adoption proceedings need not be delayed for adjudication of Change in Law issues raised by the Petitioner herein.
- (c) The PPA in the present case was executed between the Petitioner and SECI on 28.6.2023, while the MOP order was already issued on 9.6.2023. Therefore, no prejudice would be caused to the Petitioner if this Commission

proceeds with the tariff adoption proceedings without tagging it with adjudication of issues raised by the Petitioner in the present proceedings.

- (d) Reliance placed by the Petitioner on the order passed by the Odisha Electricity Regulatory Commission in Petition No. 38/2023 is erroneous, as the said order was passed on 3.6.2023 (before the MoP order dated 9.6.2023).
- (e) A perusal of the prayers sought by the Petitioner would demonstrate that the Petitioner has itself prayed for prayers in the alternate. Thus, the Petitioner has to first demonstrate that the claims raised by it fall within the scope and ambit of Article 12 of the PPA dealing with Change in Law and that it qualifies for any relief thereunder.
- (f) The judgments relied upon by the Petitioner are clearly distinguishable on facts and have no applicability to the present issue. In the judgment passed by the APTEL in the case of Green Infra Renewable Energy Ltd. Vs. RERC & Ors. (Appeal No. 251 of 2021), the PPA in the said case contained a specific stipulation (Article 12.1.3 in the Change in Law provision in the PPA therein) providing for recognition of Change in Law events at the stage of tariff adoption. The PPA in the present matter does not have a specific provision to recognize the Change in Law events at the time of tariff adoption proceedings. The Commission while deciding Petition No. 213/AT/2023 by an order dated 13.9.2023, also took notice of this. Furthermore, in the judgment passed by the Hon'ble Delhi High Court in the case of *Monnet Power Company Ltd. &Ors.* vs. UOI & Ors., the bidders on the basis of mere media reports of the Government of India's proposal to put a cap on the fixed charge component of power tariff, approached the Hon'ble High Court vide various Writ Petitions (please see para 26 of the judgment). The Hon'ble High Court directed the Ministry of Power to consider such Writ Petitions as a representation and take a decision on the retrospective revision of bidding conditions. In the present case, the MoP order was issued on 9.6.2023; the Petitioner proceeded to execute the PPA with SECI on 28.6.2023. Now, the Petitioner is seeking a stay/tagging of the tariff adoption proceedings initiated by SECI on 29.9.2023 by way of the present petition filed only on 25.1.2024. This cannot be permitted.

- 12. The Petitioner, vide its written submissions dated 12.3.2024, has mainly submitted as under:
  - (a) The Petitioner participated in the bidding process with the understanding that the waiver of ISTS charges would apply to the project without any limitation or restriction. However, the introduction of the above-mentioned new condition through MoP's order dated 9.6.2023 changed the fundamental basis on which bids were placed, and the project had to be carried out.
  - (b) The new MoP's order dated 9.6.2023 introduced a wave of uncertainties, particularly regarding the waiver of ISTS charges. In certain instances, despite projects being eligible for ISTS charges waiver, delays in commissioning, regardless of whether they were within the control of the developers, could jeopardize the ability of the power developers to avail of the ISTS charges waiver. Under such uncertainty, the Petitioner will not be able to get the financial closure.
  - (c) Subsequently, the Petitioner raised concerns to Respondent No. 1 regarding the applicability of the ISTS waiver if the project were to be delayed beyond the waiver period. These concerns were conveyed through two emails (i.e., dated 16.6.2023 and 22.6.2023). The Petitioner proceeded to execute the PPA on 28.6.2023, only after receiving assurance from SECI that necessary actions would be taken to address this concern.
  - (d) Even after the signing of the PPA, repeated reminders were sent to Respondent No. 1 regarding the pending issues, including the impact of the MoP's order dated 9.6.2023. However, Respondent No. 1 has not clarified this issue, and considering the impact on the overall Project, the Petitioner is forced to move the instant Petition.
  - (e) At the time of signing the PPA, the SCD for the project was in June 2025. As there was a buffer of almost 1 year, the Petitioner was of the view that despite the delays, the project might get over before the ISTS waiver period. However, as of today, due to a delay in GSS availability and tariff adoption, there is a likelihood that the project timelines may extend beyond the ISTS waiver cut-off date. As per the TSA, the SCD for GSS is 26.12.2025. Furthermore, keeping in view the

obligation of the Petitioner to give a 60-day notice before integration with the GSS, the projected/actual SCD is already February 2026. Due to this, the buffer period is reduced to merely 3-4 months for the applicability of the ISTS waiver, which may be exhausted soon, considering the uncertainties.

- (f) The APTEL vide its judgment in the case of NRSS-XXIX Transmission Limited v CERC & Ors., [2022 SCC OnLine APTEL 39], relying on the earlier Green Infra I judgment (Appeal No. 251 of 2021) has held that the Commission not disposing of the claims of Change in Law is not only contrary to the statutory duty and function but would also lead to multiplicity of ligation causing delay. The APTEL judgments had set the law with regard to consideration of the change in law along with tariff adoption if such an event had occurred before the tariff adoption. It is an incorrect understanding of Respondent No. 1 that only because there was a specific clause in those matters that the APTEL passed such judgments. The contractual agreement between the parties cannot confer any power to the Commission, which is not provided under the Electricity Act. The Commission under Section 63 and read with Section 79, has enough power to adjudicate any issue arising between the developer, SECI and the buying entity and related to the PPA. In support has relied upon the Hon'ble Supreme Court judgment in the case of Jaipur Vidyut Vitran Nigam Ltd. & Ors. v MB Power (MP) Ltd. & Ors., [2024 SC OnLine SC 26].
- (g) The Commission, in its orders in Petition Nos. 214/AT/2023 and 213/AT/2023, have held that a separate petition for adjudication of Change in Law claims must be filed. However, it is noteworthy that the Commission has not categorically dismissed the possibility of considering a Change in Law event through a separate Petition prior to the tariff adoption stage. It is imperative to mention that the facts of SBE Renewables and TP Saurya are unequivocally different from the present case, as the Petitioner has moved a separate statutory Petition under Section 79 for adjudication of its Change in Law claims.

### **Analysis and Decision**

13. We now proceed to consider the prayers of the Petitioner as regards the interlocutory prayers including the plea of tagging of the instant Petition with Petition No. 337/AT/2023 as made in the Petition. We have heard the learned counsels for the Petitioner and Respondents and have carefully perused the records. The following issues arise for our consideration:

Issue No. 1: Whether the proceedings in Petition No. 337/AT/2023 need to be stayed or decided along with the present case?

Issue No. 2: Whether any directions are required to be issued, for extension of the date of FC?

These issues have been dealt with ad seriatim in the succeeding paragraphs of this order.

Issue No. 1: Whether the proceedings in Petition No. 337/AT/2023 need to be stayed or decided along with the present case?

14. The Petitioner in the present petition has prayed for the stay of the tariff adoption petition or to decide this Petition along with Petition No. 337/AT/2023 (adoption of tariff) as interim relief(s). The Petitioner has submitted that the Petitioner, vide its various letters, raised the issues of delay in the overall project execution, including delays in tariff adoption, issues related to change in the GSS site resulting in uncertainty of the GSS availability and other ancillary issues. The Petitioner specifically sought clarification on the matter of ISTS charges waiver. However, Respondent No. 1 has failed to respond to any of those letters. The Petitioner, on 16.1.2024, again sent a letter to Respondent No. 1, highlighting the major issues faced by the Petitioner, including the impact of the MoP's order dated 9.6.2023, uncertainty in the GSS readiness and delay in tariff adoption, etc. and inter alia requested SECI to confirm/ensure that the ISTS charges will not apply to the Project even if the Project gets completed beyond 26.6.2026 or to treat the MoP's order dated 9.6.2023 as a Change in Law in terms of the PPA. Due to new restrictions on the availability of ISTS charges waiver and uncertainty on the availability of the GSS have resulted in the change of bidding conditions. It is necessary for this Commission to consider these fundamental changes before or along with the tariff adoption. The Petitioner has submitted that where SCD gets extended beyond 26.6.2026, Respondent Nos. 1,

SECI and 3, MNRE will have no power to waive the ISTS charges in terms of the MoP's order dated 9.6.2023. Therefore, the Petitioner will be left remediless as there will be no relief under the PPA or under government regulations to get the ISTS charges waived. This makes it impossible for the Petitioner to continue to perform its obligations under the PPA in the present circumstances. The Petitioner has submitted that during the bidding process, there was no restriction in the extension of the SCD of the Project and the applicability of waiver of ISTS charges. However, with this amendment through the MoP's order dated 9.6.2023, the bidding condition has been altered significantly. As a result, there is currently a great deal of uncertainty surrounding the completion and feasibility of the Project.

15. The Petitioner has further submitted that the conjoint reading of Clauses 2.1.3, 2.1.4 and Clause 4.2.6 of the PPA shows that in case there is a change in circumstances before the adoption of the tariff, then this Commission will have to consider such changes before the tariff is adopted. Further, in terms of Clause 12.1.1 of the PPA, the term 'Change in Law' refers to the occurrence of any enactment, amendment or repeal of any law. Clause 12.2 of the PPA provides relief for 'Change in Law' and states that if a "Change in Law" event occurs, the affected party will be entitled to compensation. Considering the uncertainty of GSS availability and other ancillary issues, it is expedient in the interest of justice that this Commission be pleased to stay proceedings pending under Section 63 of the Act until this Petition is adjudicated. Despite repeated communications to Respondent No. 1 regarding the pending issues of the impact of the MoP's order dated 9.6.2023, uncertainty in the GSS readiness and delay in tariff adoption, etc., Respondent No. 1 has not given any clarity on these issues and considering the impact of the overall Project, the Petitioner is forced to move the instant Petition before this Commission.

- 16. Respondent No.1, SECI, however, strongly opposed the request of the Petitioner to link the present Petition with the tariff adoption proceedings under Petition No. 337/AT/2023 and submitted that the Commission, in its recent orders, has already taken the view that the tariff adoption proceedings need not be held back on the grounds of Change in Law claims. SECI has also pointed out that Petition No. 337/AT/2023 was filed way back in October 2023, whereas the Petitioner has chosen to file the present Petition only at the end of January 2024. SECI has further pointed out that the PPA was executed by the Petitioner only on 28.6.2023, i.e. after the Ministry's Order dated 9.6.2023, and the alleged grounds relating to the viability of the Project cannot be a reason for delaying the adoption proceedings, and therefore, the present Petition may not be tagged with Petition No. 337/AT/2023 as urged by the Petitioner.
- 17. Respondent No.1, SECI, in its reply dated 20.2.2024, has submitted that the Commission, by an order dated 4.1.2024, passed in the case of Solar Energy Corporation of India Limited vs. SBE Renewables Fifteen Private Limited & Ors. (Petition No. 214/AT/2023), has clearly held that no relief can be sought by a Respondent in a tariff adoption petition filed by SECI. SECI has not raised any Change in Law claims in Petition No. 337/AT/2023. Therefore, the tariff adoption proceedings need not be delayed for adjudication of Change in Law issues raised by the Petitioner. Article 2.1.3 of the PPA provides for the adoption of tariff by the Commission within 120 days of the effective date (The effective Date of the PPA signed with Scatec is 28.6.2023, as per Article 2.1.1 of the PPA). Any extension in Scheduled Financial Closure or Scheduled Commissioning Date in case of issuance of the requisite order after the timeline as per Article 2.1.3 will be governed by Article 2.1.4 of the PPA. The reliance placed by the Petitioner upon the MoP's Order dated 9.6.2023 is entirely misplaced. The Power Purchase Agreement (PPA) executed between the parties on

28.6.2023 clearly stipulates that all charges and losses related to the transmission of power from the project up to the Delivery Point shall be borne by the WPD and beyond the Delivery Point, all charges and losses shall be borne by Buying Utilities as notified by the competent authority/regulator from time to time. Also, it is clearly specified in the PPA that any delay in commissioning of the Project beyond the applicable date of ISTS waiver/extended SCD, due to reasons attributable to the Wind Power Developer, the liability of transmission charges and losses would be to the account of the WPD.

18. We have considered the submissions of the Petitioner and Respondent, SECI. The main contention of the Petitioner is that once the tariff has been adopted in Petition No. 337/AT/2023 by the Commission and if the Project gets completed beyond 26.6.2026, the Petitioner will be left remediless as there will be no relief under the PPA or under government regulations to get the ISTS charges waived in terms of the MoP's order dated 9.6.2023. This makes it impossible for the Petitioner to continue to perform its obligations under the PPA in the present circumstances. Due to the above apprehension, the Petitioner has prayed for the stay of the tariff adoption petition or to decide the present petition along with the tariff adoption petition. To be specific, the Petitioner's contention is that the ISTS charges cannot be waived if the SCOD of the project gets extended beyond 26.6.2026, as the Petitioner would be liable to bear the same beyond 26.6.2026. Moreover, the Petitioner in the present Petition has mainly prayed to declare the MoP's order dated 9.6.2023 as a 'Change in Law' event under the PPA and has also prayed for compensation if the project completion is delayed beyond the ISTS charges waiver period. Whereas, Petition No.337/AT/2023 has been filed by the SECI, praying for the adoption of the tariff discovered in the tariff-based competitive bid process for the aggregate 600 MW capacity of the Wind Power Projects (Tranche-XIII) and approval of the trading margin. We have gone through the prayers made by the Petitioner, SECI, in the said tariff adoption petition. There is no

prayer with regard to the adjudication of Change in Law claims by SECI in Petition No. 337/AT/2023. The Commission through its various orders, has declared that no relief can be sought by a Respondent in a tariff adoption Petition, and Respondents are at liberty to approach the Commission for their Change in Law claims at a later stage after completion of the project.

- 19. In the present Petition, the Petitioner has prayed to decide the present matter along with the tariff adoption proceedings, i.e. Petition No.337/AT/2023 or stay the same. Under Section 63 of the Act, the appropriate Commission is required to adopt the tariff upon being satisfied that the transparent process of bidding in accordance with the Guidelines issued by the Central Government has been followed in the determination of such a tariff. Whereas the present Petition filed by the Petitioner pertains to the Change in Law compensation (or alternatively discharge from the obligation of setting up the Project under the PPA without any consequences) which is premised upon the presumption of the extension of the SCOD/COD of the project beyond 30.6.2026.
- 20. We also find the apprehensions of the Petitioner that its Project will not be entitled to the waiver of ISTS charges in terms of the Ministry of Power's Order dated 9.6.2023 are entirely premature. The Petitioner's apprehensions are mainly premised upon two grounds, namely, (i) delay in the adoption proceedings and (ii) uncertainty around the availability of Koppal II S/s. However, as per the Petitioner's own submissions, the delay in the adoption tariff beyond June 2024 only will adversely affect the implementation schedule of the Project by the Petitioner inasmuch as its SCD will be extended beyond 26.6.2026 and, resultantly, will not be covered by the buffer period of 1 year provided under the MoP's Order dated 9.6.2023. The threshold limit of June 2024, as indicated by the Petitioner, is yet to be triggered and to ensure

that the adoption proceedings are not delayed till such period, we are neither inclined to stay the adoption proceedings till the final adjudication of the present Petition nor tag the present Petition along with the adoption Petition. As already noted above, the scope of both proceedings is completely distinct, and even the Guidelines issued by the Ministry of Power, Govt. of India provide for time bound adoption of tariff by the Commission, failing which the developers are entitled to a corresponding extension in the SCD, which in the present case, will only add further uncertainty to the implementation schedule/SCD of the Projects. Similarly, we find that the apprehension of the Petitioner regarding the availability/readiness of the Koppal II S/s is premature. As per the Transmission Service Agreement as entered into between Koppal II Gagad II Transmission Limited (entity responsible for setting up Koppal II S/s) and CTUIL, the Scheduled Commercial Operation Date of the said S/s is 24 months from the transfer of the SPV, which works out to be 25.12.2025. Hence, even after the readiness of the said S/s, the Project of the Petitioner would have sufficient time to achieve the completion of its Project and start evacuating the power as the buffer period available for waiver of ISTS charges as per the MOP's Order is up to 30.6.2026. The submissions of the Petitioner casting the aspersions on readiness / availability of Koppal II by its SCOD and delays therein, at this stage, are merely conjectures and cannot be the ground for granting the interim reliefs as prayed for by the Petitioner.

21. The Petitioner has also strenuously relied upon the judgments of the APTEL in the Green Infra case to contend that in the said judgments, the APTEL has given a finding that deferring the Change in Law claims for a later date creates a whole lot of confusion for the Project developers and such delay not only engenders confusion among the Project developers but also impedes regulatory certainty thereby complicating efforts to secure the financial closure. However, we observe that despite

the MOP's Order having been issued on 9.6.2023 and SECI having filed adoption Petition No. 337/AT/2023 on 25.10.2023, the Petitioner moved the present Petition only on 2.2.2024 (Diary No. generation on 25.1.2024), i.e. only at the fag-end of the adoption proceedings in Petition No. 337/AT/2023. Hence, the conduct of the Petitioner itself does not support its plea of great urgency. In any case, the recognition of the Change in Law event is not an interim relief prayed for in the present Petition and, consequently, the subject matter of this order. Besides, the Petitioner having already prayed for such relief(s) under main prayers, they will be dealt with while dealing the matter on merits and as already noted above, both the grounds of possible delays/extensions of SCD of the Project as cited by the Petitioner, as on date, do not breach the buffer of one year provided under the MoP's Order dated 9.6.2023 for waiver of ISTS charges and as a result, no prejudice would be caused to the Petitioner if the Commission proceeds with the tariff adoption proceedings, without tagging it with adjudication of issues raised by the Petitioner in the present proceedings. Accordingly, the present Petition (Petition No. 26/MP/2024) would be heard independently.

### Issue No. 2: Whether any directions are required to be issued, at this stage, for extension of the date of FC?

- 22. The Petitioner has further prayed for an extension of the date of financial closure (beyond the extension already available to the Petitioner due to the delay in tariff adoption) until the applicability of ISTS charges or certainty on timelines for the GSS availability as an interim relief.
- 23. We have considered the submissions made by the Petitioner. Although the aforesaid interim prayer was not categorically pressed upon by the Petitioner during the course of the hearing, we may proceed to examine the same for the sake of completeness. As per Article 3.1. of the PPA, the Wind Power Developer, i.e. the Petitioner, is required to complete various activities, including financial closure (FC) at

its own cost and risk, within 7 months from the effective date unless such completion is affected by any force majeure event or for the activities specifically waived in writing by SECI. Further, as per Article 3.2.2 of the PPA, in case of inability of WPD to fulfil the conditions specified in Article 3.1 due to any force majeure event, the time period for fulfilment of Conditions Subsequent and Financial Closure shall be extended from the period of such force majeure. The said article also provides that any delay in the adoption of the tariff by the Appropriate Commission beyond 120 days after the effective date of the PPA shall entail a corresponding extension in the deadline stipulated in Article 3.1. Whereas Article 3.2.3 provides that any increase in the time period for completion of the Conditions Subsequent and Financial Closure due to the provisions of Article 3.2.2 shall also lead to an equal extension in the SCD. Thus, the provisions of the PPA envisage the extension in the time period for achieving the Financial Closure, without any consequences, only for two occasions – firstly, due to the occurrence of the force majeure event and secondly, due to delay in the adoption of tariff by the Appropriate Commission beyond 120 days after the effective date.

24. Against the above provisions of the PPA, we may examine the interim prayer of the Petitioner for an extension of the time period for achieving the Financial Closure until (i) the issue of applicability of ISTS charges is determined by this Commission and (ii) there is certainty on timelines for GSS availability. Insofar as the extension in the timeline for achieving the Financial Closure due to delay in the adoption of the tariff beyond 120 days from the effective date of the PPA is concerned, we do not find that the parties are in any dispute as the provisions of the PPA, as already noted above, are very clear on this aspect. However, insofar as the plea of the Petitioner for the extension in the timeline for achieving the Financial Closure till the issue of applicability of ISTS charges is determined by the Commissions is concerned, we do not find such a plea to be in accordance with the provisions of the PPA. It may be pertinent to note

that under the main prayers, the Petitioner has prayed to declare MOP's order dated 9.6.2023 as a Change in Law event under the PPA, and even if such prayer is allowed by this Commission after hearing on merits, the provisions of the PPA do not permit extension of timeline for achieving the Financial Closure on account of the Change in Law event. The Petitioner has alternatively also prayed for discharge from its obligation to implement the Project under the PPA in the event the Commission is not willing to grant the prayer of declaration of MOP's order dated 9.6.2023 as a Change in Law event. However, in our view, the obligations of the Petitioner under the PPA cannot be suspended till the Petitioner pursues two completely stark prayers before this Commission under the present Petition. In the foregoing paragraphs, we have already noted that none of the events on the basis of which the Petitioner has indicated its apprehensions regarding the delays in implementation of the Project, as on date, extend beyond the buffer period provided under the MOP's Order dated 9.6.2023 for waiver of ISTS charges. On the contrary, if the interim prayer of the Petitioner to the above effect is considered, it will further delay the implementation of the Project and its chances of completion within the buffer period provided under the MOP's Order.

25. The Petitioner has also prayed for an extension in the timeline for achieving the Financial Closure until there is certainty on timelines for the GSS availability. Admittedly, the issue of readiness or availability of Koppal II S/s has not been raised by the Petitioner as a force majeure event, and hence, we do not find any need to examine the said ground for that angle. Besides, Article 4.5.2 of the PPA already provides for extension in SCD in the event there is a delay in the grant/ operationalisation of GNA by CTUIL or there is a delay in readiness of ISTS substation at the Delivery Point, including the readiness of power evacuation and transmission infrastructure of ISTS network until the SCD of the Project subject to certain

stipulations as specified therein. However, as such there is no extension in the timeline for achieving the Financial Closure under the said article. The Petitioner has also failed to demonstrate any provisions of the PPA linking the timeline for achieving the Financial Closure with the readiness of the transmission/ evacuation system. Besides, we have already noted that as per the TSA, the SCOD of the Koppal II S/s is 25.12.2025, i.e. well within the buffer period provided under the MOP's Order for waiver of ISTS charges and that the apprehension of the Petitioner regarding its availability/readiness by such date, at this stage, are merely conjectures without any supporting material. Hence, on this count also, we are not inclined to accept the plea of the Petitioner for an extension in the timeline for achieving the Financial Closure as prayed for.

- 26. In view of the aforesaid observations, no interim reliefs, as sought by the Petitioner in Petition No. 26/MP/2024, can be allowed.
- 27. Parties are directed to complete their pleadings in the present Petition within eight weeks. The main Petition shall be listed for the hearing in due course.

Sd/-(P.K. Singh) Member

sd/-(Arun Goyal) Member

sd/-(Jishnu Barua) Chairperson