

Rajasthan Electricity Regulatory Commission, Jaipur

Petition No. RERC 2140/2023

Petition filed for extension of power purchase agreements (PPAs) of 12 Generators in terms of RERC (Terms & Conditions of Tariff determination from Renewable Energy Sources) Regulations, 2020.

Coram:

Dr. B.N. Sharma,	Chairman
Shri Hemant Kumar Jain,	Member
Dr. Rajesh Sharma,	Member

Petitioner: Rajasthan Urja Vikas Nigam Ltd

Respondents: Ghodawat Realty Pvt. Ltd. & Ors.

Date of hearing: 25.07.2023, 12.09.2023

Present : Sh. Sandeep Pathak, Advocate for Petitioner

Sh. Ravi Chirania, Advocate for Respondents no. 1, 2,3,4,5 & 8

Order Date:

20.09.2023

Order

1. Petitioner Rajasthan Urja Vikas Nigam Limited ('RUVNL') is a company incorporated under Companies Act, 2013 having its registered office at Jaipur. The Petitioner has filed this petition under Regulation 10 of the RERC (Terms and Conditions for determination of Tariff from Renewable energy sources) Regulations, 2020 for the extension of Power Purchase agreements (PPAs) of 12 Generators.

2. The Respondents referred to in the cause title are generating companies having PPA with the petitioner for supplying power generated in their wind power plants.
3. Petitioner in its petition and during hearing(s) mainly made following submissions:
 - 3.1 The Petitioner has submitted that the PPAs have been executed for a specified period with the 12 generators situated in different parts of the State of Rajasthan. The period of PPAs has expired/is expiring soon and therefore, in term of Regulation 10 of RERC (Terms & Conditions of Tariff Determination from Renewable Energy Sources) Regulations, 2020, request for approval of extension of period of PPAs has been submitted by the Generators. Their intension for extension of the PPAs has been communicated to the Petitioner by Generators themselves and vide various letters issued by Rajasthan Renewable Energy Corporation Limited.
 - 3.2 The Petitioner also submitted that the Generators have further conveyed their consent by different letters to the Petitioner stating inter-alia that they are agreeable for extension of PPAs on the tariff of Rs.2.44/KWh (lowest tariff discovered through tariff based competitive bidding process by SECI) at which the Commission has already approved extension of PPAs of various Wind Generators in the past vide its order dated 04.01.2023 in petition no. RERC/1961/2021.
 - 3.3 It is the submission of the Petitioner that as per the provisions of the PPAs, the period can be extended up to 5/10 years, if the parties so decide mutually, subject to approval by the Commission.
 - 3.4 The Petitioner further submitted that the Commission issued directions vide its order dated 23.12.2021 in Petition No. 1939 of 2021 as under: -

"Accordingly, Discoms are directed make all out efforts to meet their total RPO backlog accumulated till date along with the respective year targets as have been given to them by the Commission up to FY 2023-24"

3.5 The Petitioner also submitted that considering the overall facts and taking note of the expiry of period of PPAs, the Board of Directors of RUVNL in the meeting of Board of Directors held on different dates i.e. 08.02.2023, 28.03.2023 and 09.06.2023, decided that PPAs in respect of aforesaid generators may be extended and approval may be obtained from the Commission.

3.6 The Petitioner further submitted that as per RE Tariff Regulations of 2020, Petitioner is entitled to consider procuring power from RE Projects during the extended period of respective PPAs. Regulation 10 of Regulations of 2020 is reproduced as under:

"10.1 The Distribution Licensee(s) at their own discretion may procure power from Renewable Energy Projects during extended period considering the following aspects:

a) Overall Energy Requirement and Energy Availability from various sources;

b) To meet the RPO targets for the year;

c) Tariff for procurement of power from such projects (equivalent to the latest tariff discovered through competitive bidding for relevant technology):

Provided that for any renewable energy technology, if the latest tariff discovered through competitive bidding is not available, the Commission will determine the tariff on case to case basis, only if the Distribution Licensee(s) is willing to procure power from such project during extended period

10.2 For procurement of power from such projects, the Distribution Licensees may enter into an Agreement with Renewable Energy Project Developer during extended period at mutually agreed terms, to be approved by the Commission."

3.7 The Petitioner further submitted that for achieving RPO targets, it will be in the interest of the Petitioner as well as the Generators if the PPAs are extended at the tariff of Rs.2.44/KWh (lowest tariff discovered through tariff based

competitive bidding process by SECI) at which the Commission has already approved extension of PPAs for various Wind Generators in the past.

3.8 The Petitioner also submitted that wind Generators have accepted the aforesaid rate and therefore the PPAs are now proposed to be extended for the period of 5 years as mentioned below:

S. No.	Name of Company	Capacity (MW)	Date PPA Signed	Date of Expiry of PPA (i.e. 20 years from COD)	Proposed Extension (Period to be extended)
1	Ghodawat Reality Pvt. Ltd.	3.6	19.03.2003	28.03.2023	Up to 5 years (i.e. 29.03.2023 to 28.03.2028)
2	Ghodawat Energy Pvt. Ltd	2.5	19.03.2003	30.03.2023	Up to 5 years (i.e. 31.03.2023 to 30.03.2028)
3	Ghodawat Energy Pvt. Ltd	3.6	19.03.2003	28.03.23	Up to 5 years (i.e. 29.03.2023 to 28.03.2028)
4	Ghodawat Wind Energy Pvt. Ltd	1.25	19.03.2003	30.03.2023	Up to 5 years (i.e. 31.03.2023 to 30.03.2028)
5	Ghodawat Power Pvt. Ltd	1.25	19.03.2003	30.03.2023	Up to 5 years (i.e. 31.03.2023 to 30.03.2028)

6	Bhoruka Power Corporation Ltd.	2.1	19.03.2003	30.03.2023	Up to 5 years (i.e. 31.03.2023 to 30.03.2028)
7	Essgee real estate developers Pvt. Ltd.	1.25	17.09.2003	29.09.2023	Up to 5 years (i.e. 30.09.2023 to 29.09.2028)
8	D. J. Malpani	5.0	19.03.2003	29.03.2023	Up to 5 years (i.e. 30.03.2023 to 29.03.2028)
9	RSMML-II	4.9	19.07.2002	25.06.2022	Up to 5 years (i.e. 26.06.2022 to 25.06.2027)
10	Suzlon Gujarat Wind Park Ltd.	1.0	19.03.2003	24.04.2023	Up to 5 years (i.e. 25.04.2023 to 24.04.2028)
11	Transport Corporation Of India Ltd	2.5	05.07.2003	15.06.2023	Up to 5 years (i.e. 16.06.2023 to 15.06.2028)
12	Cooper Foundary Pvt. Ltd.	1.25	19.03.2003	29.03.2023	Up to 5 years (i.e. 30.03.2023 to 29.03.2028)

3.9 The petitioner further submitted that Rajasthan Discoms currently have a shortfall in meeting the RPO targets set by the Commission. The details of RPO compliance of Discoms over the year is as under:

Year	Total Energy (MU) Excluding Hydel Energy from 2017-18	Wind		Biomass		Solar		Total	
		Target (%)	Ach. (%)	Target (%)	Ach. (%)	Target (%)	Ach. (%)	Target (%)	Ach. (%)
2014-15	67423.22	6.80	5.60	0.70	0.41	1.50	0.69	9.00	6.71
2015-16	69395.20	7.30	6.27	0.90	0.35	2.00	0.96	10.20	7.58
2016-17	69221.16	7.80	7.41	1.10	0.40	2.50	1.17	11.40	8.98
2017-18	67915.42	8.20	7.22	1.30	0.52	4.75	2.89	14.25	10.62
2018-19	74422.91	8.00	7.40	0.60	0.48	4.75	4.38	13.35	12.26
2019-20	73096.19	8.30	7.42	0.70	0.54	6.00	6.04	15.00	13.99
2020-21	78369.93	8.60	6.28	0.80	0.53	7.25	6.03	16.65	12.84
2021-22	84153.14	8.90	6.68	0.90	0.46	8.50	7.11	18.48	14.25
2022-23 (Prov.)	94578.20	9.10	5.59	1.0	0.42	9.50	7.46	19.95	13.47

3.10 The Petitioner in the Petition, has prayed to:

- i. Approve the extension of Power Purchase Agreements of the Generators.
- ii. Condone any error/omission and to give opportunity to rectify the same.
- iii. Permit the Petitioner to make further submissions, additions and alternations to this Petition as may be necessary from time to time.

4. Respondent No. 1 (Ghodawat Realty Pvt. Ltd.), Respondent No. 2(M/s Ghodawat Energy Private Limited), Repondent No.3 (M/s Ghodawat Energy Private Limited), Respondent No. 4(Ghodawat Wind Energy Pvt. Ltd), Respondent No. 5(Ghodawat Power Pvt. Ltd.) and Respondent No. 8(D.J. Malpani) in their reply has mainly submitted as under:

4.1 The Respondents submitted that the term of PPAs was to expire on 31.03.2023

and the Petitioner has considered the request of the answering respondents for extension of term of PPA at the lowest determined tariff i.e. Rs. 2.44 per unit which was determined through competitive bidding in the SECI project.

4.2 The Respondents further submitted that its consent to the petitioner to the effect that it has consented for extension of PPA at the tariff of Rs. 2.44/KWH (Lowest tariff discovered through tariff based competitive bidding process by SECI). The Commission has already approved the extension of PPAs of various Wind Generators vide its order dated 04.01.2023 the petition no. 1961/2021.

4.3 The Respondents also submitted that as per the Regulation 10 of Tariff Regulation of 2020 and the PPA , the period can be extended up to 5/10 years. In the case of the respondents no. 1,2,3,4,5 & 8 , the Petitioner had to extend the term of the PPA up to five years; however, in the case of the Respondent no. 9 , the petitioner is extending the PPA up to 10 years. Noticing and considering this fact the Respondents no.1, 2, 3 4, 5 & 8 have also submitted a fresh letter for extension of the term of the PPA up to 10 years which may also be considered by the Commission while deciding the matter.

4.4 Respondent no. 9 RSMML in its reply dated 20.07.2023 has submitted that the period of extension mentioned in the draft supplementary PPA submitted by the petitioner with instant petition , is from 06.09.2021 to 05.09.2026 which is not correct. The correct period of extension for the said PPA of RSMML wind power plant is 26.06.2022 to 25.06.2027 as mentioned in the petition. So it is to be corrected by the petitioner in draft supplementary PPA.

Commission's View

5. Commission has considered the submissions, replies, rejoinders and oral arguments made on behalf of the Petitioner and Respondents.
6. The Petitioner has mainly prayed to approve the extension of PPAs signed

between the petitioner Discoms and the Respondent Power Generators. The initial period of the PPAs are either completed or near completion. Petitioner also submitted that all the RE generators have submitted their consent for extension of PPAs. The extension has been sought under regulation 10 of the RERC RE Tariff Regulations 2020.

7. Regulation 10 of the RERC RE Tariff Regulations 2020 is reproduced as under:

"10 Procurement of Power from Renewable Energy Projects during Extended Period

10.1 The Distribution Licensee(s) at their own discretion may procure power from Renewable Energy Projects during extended period considering the following aspects:

- a) Overall Energy Requirement and Energy Availability from various sources*
- b) To meet the RPO targets for the year;*
- c) Tariff for procurement of power from such projects (equivalent to the latest tariff discovered through competitive bidding for relevant technology.*

Provided that for any renewable energy technology, if the latest tariff discovered through competitive bidding is not available, the Commission will determine the tariff on case to case basis, only if the Distribution Licensee(s) is willing to procure power from such project during extended period.

10.2 For procurement of power from such projects, the Distribution Licensees may enter into an agreement with Renewable Energy Project Developer during extended period at mutually agreed terms, to be approved by the Commission."

8. In view of above regulation, the Commission observes that Distribution Licensee may procure power from the Renewable Energy projects at its discretion however, before doing so it may have to consider three aspects, in respect of :

- a. the overall Energy requirement and energy availability from various sources,

- b. to meet RPO targets for the year and
- c. Tariff for such procurement is to be equivalent to the latest tariff discovered through competitive bidding for relevant technology.

However, for this extension, the Distribution licensee has to enter into an agreement with Renewable Energy Project developer during the extended period at mutually agreed terms, to be approved by the Commission.

9. The Commission has also noted the RPO compliance status submitted by the Discoms, as under :

Year	Total Energy (MU) Excluding Hydel Energy from 2017-18	Wind		Biomass		Solar		Total	
		Target (%)	Ach. (%)	Target (%)	Ach. (%)	Target (%)	Ach. (%)	Target (%)	Ach. (%)
2014-15	67423.22	6.80	5.60	0.70	0.41	1.50	0.69	9.00	6.71
2015-16	69395.20	7.30	6.27	0.90	0.35	2.00	0.96	10.20	7.58
2016-17	69221.16	7.80	7.41	1.10	0.40	2.50	1.17	11.40	8.98
2017-18	67915.42	8.20	7.22	1.30	0.52	4.75	2.89	14.25	10.62
2018-19	74422.91	8.00	7.40	0.60	0.48	4.75	4.38	13.35	12.26
2019-20	73096.19	8.30	7.42	0.70	0.54	6.00	6.04	15.00	13.99
2020-21	78369.93	8.60	6.28	0.80	0.53	7.25	6.03	16.65	12.84
2021-22	84153.14	8.90	6.68	0.90	0.46	8.50	7.11	18.48	14.25
2022-23 (Prov.)	94578.20	9.10	5.59	1.0	0.42	9.50	7.46	19.95	13.47

10. By going through the status above, the Commission observes that the Discoms have also to meet their shortfall in RPO targets of the earlier years, and RPO

targets fixed for them for FY 2022-23 and 2023-24 are even higher. It is also observed that the Commission had directed the Discoms vide its order dated 23.12.2021, to make all efforts to meet their total RPO and backlog accumulated till date, along with the respective year targets given to them.

11. The Commission also observes that all the respondents have given their consent to extend the PPAs at the tariff of Rs. 2.44 per KWh.
12. The Commission further observes that the PPA of respondent no. 9 RSMML has scope of extension of further 10 years after completion of initial period of 20 years. Some other respondents have also prayed to extend their PPA by further 10 years, though the petitioner has proposed for extension of five years for all the 12 respondents vide its submission in para 14 of its petition.
13. Regarding the request of some of the respondents for the extension of their PPAs for ten years, it is observed that the RERC RE Tariff Regulations 2020 define the extended period of a Renewable Energy Power plant as under:

"2.1 (l) "Extended Period" means the tariff period of a Renewable EnergyPower Plant after the expiry of Power Purchase Agreement;"

The said Regulations further define the useful life for wind power projects as 25 years as under :

"2.1 (mm) Useful Life" in relation to a Unit of a generating station shall mean the following duration from the date of commercial operation (COD) of such generation facility, namely:

*(a) Wind energy power project - 25 years
....."*

14. The issue has already been addressed by the Commission in its order dated 04.01.2023 wherein the Commission, in similar type of matter, held that the PPAs may only be extended by five years matching with the useful life of wind power plants. The Commission have no reason to take different view on the

issue in instant petition.

15. The Commission, considering the above, is of the considered view that the PPAs may only be extended to match with the useful life of wind power plants as specified in the RE Tariff Regulations 2020 . It is also observed that all the Plants of respondents have completed/to be completed 20 years period from the date of their respective CODs. Thus, the PPAs of the respondents can be extended only by five years. In view of this the Commission is not inclined to accept the request of some of the Respondents for the extension of 10 years in the PPAs.
16. The Commission further observes that the tariff of Rs.2.44/kWh as proposed by the Petitioner for the extended period of the PPAs and agreed by the respondents, is the lowest tariff discovered through Tariff Based Competitive Bidding Process conducted by SECI for wind power plants. Therefore, the Commission is satisfied that the mutually agreed tariff for the five (5) years extension period of the PPAs, is reasonable for the procurement of power by RUVNL.
17. The Commission also perused the draft supplementary PPAs annexed with petition and directs that these would stand modified to the extent of tariff and duration of extension allowed in this order. The petitioner is also directed to look into the objection raised by the respondent no. 9 RSMML vide its reply dated 20.07.2023 regarding change in date of extension keeping in view that the PPA shall be extended by five (5) years from the date of expiry of its PPA. The Commission would also like to note that in case of any inconsistency between the PPAs and the RERC Regulations, the latter shall prevail.
18. In view of the above, the Commission orders as follow:

- (a) The PPAs of the Respondents shall be extended by five (5)

years from the date of expiry of their respective PPAs.

(b) The tariff for the extended period shall be at Rs 2.44/kWh as mutually agreed by the petitioner and the respondents.

(c) Petitioner and Respondents may enter into the Supplementary PPAs to extend their earlier PPAs in terms of (a) & (b) above.

19. The petition is disposed of in the above terms.

(Dr. Rajesh Sharma)

Member

(Hemant Kumar Jain)

Member

(Dr. B. N. Sharma)

Chairman