

Rajasthan Electricity Regulatory Commission, Jaipur

Petition No. RERC/2237/2024

Petition filed under Regulation 10 of RERC (Terms and Conditions for determination of tariff from Renewable Energy Sources) Regulations 2020 for extension of Power purchase agreements of wind power Generators for a period of 5 years.

Coram:

Shri Hemant Kumar Jain, Member (In Chair)

Dr. Rajesh Sharma, Member

Petitioner: Rajasthan Urja Vikas & IT Service Limited

Respondents: 1. M/s Lahoti Overseas Limited
2. NuPower Renewables Pvt. Ltd.
3. Sun n Sand Hotels Pvt. Limited
4. Prem Cables Pvt. Limited

Date of hearing: 23.07.2024, 22.08.2024, 08.10.2024

Present : Sh. Shashwat Purohit, Advocate for the Petitioner.
Sh. Ravi Chirania, Advocate for Respondent No.1
Ms. Mano Tiwari, Advocate for Respondent No. 2
Sh. S. R. Jain, Representative for Respondent No. 4

Order Date:

22.10.2024

Order

1. Rajasthan Urja Vikas & IT service limited (hereinafter also referred as "Petitioner" or "RUVITL"), which was earlier known as Rajasthan Urja Vikas Nigam Limited, is a company incorporated under Companies Act 2013 which is engaged in the procurement of power from different sources and distributing it to the consumer through the distribution licensees as per their respective jurisdictions.
2. The Respondents referred in clause title are wind power generators having PPA with the petitioner for supplying power generated in their wind power plants.
3. **The Petitioner in its petition and during hearing(s) mainly made following submissions:**
 - 3.1 The Petitioner submitted that it has been authorized to procure power on behalf of the distribution licensees which includes power to enter into Power Purchase Agreement ("PPA") with the power producers. The Petitioner has also been authorized to file the present petition for extension of existing PPA's on behalf of the distribution licensees.
 - 3.2 The Petitioner further submitted that there are 4 wind power generators which have completed their initial term period of 20 years as per their respective PPAs with the Discoms. As per the existing terms and conditions of the PPAs with the above- mentioned generators, the period of PPA can be extended up to a period of 5 years. The details of the generators are as below:

S. N	Name of the Firm	Capacity (in MW)	PPA duration (20 years)	Last tariff
1.	Lahoti overseas Pvt. Ltd.	1.25	19.03.2003 to 29.03.2023	5.7135/kwh

2.	NuPower Renewables Pvt. Ltd.	4.2	17.09.2003 to 28.09.2023	5.7135/kwh
3.	Sun n Sand Hotel Pvt. Ltd.	6.25	05.07.2003 to 01.08.2023	3.92/kwh
4.	Prem Cables Pvt. Ltd.	0.60	24.10.2003 to 28.09.2023	3.92/kwh

3.3 The Petitioner also submitted that it is pertinent to mention that Rajasthan Discoms currently have a shortfall in meeting the RPO targets set by RERC. Further, as per Hon'ble Commission's order dated 09.10.2020:

"....Commission directs Discoms to make up the shortfall in the next three years by buying renewable energy which is now available in plenty through reverse bidding as being done now"

The details of RPO compliance of Discoms over the years is as under:

RAJASTHAN URJA VIKAS AND IT SERVICES LIMITED						
RPO INFORMATION DURING THE FY 2010-11(From JAN-11) TO 2023-24(PROVISIONAL)						
Year	Total Energy(MU) excluding Hydel Energy from 2017-18	Wind				
		Target		Achievement		Diff (3-5)
		MU	%	MU	%	MU
1	2	3	4	5	6	7
2010-11 (From Jan-March)	13783.45	930.38	6.75	344.27	2.50	586.11
2011-12	50076.74	2253.45	4.50	2290.17	4.57	-36.72
2012-13	55311.48	2820.89	5.10	2996.19	5.42	-175.31
2013-14	59092.86	3368.29	5.70	3498.80	5.92	-130.50
2014-15	67423.22	4584.78	6.80	3778.17	5.60	806.61
2015-16	69395.20	5085.85	7.30	4347.98	6.27	717.87
2016-17	69221.16	5399.25	7.80	5131.36	7.41	267.90

2017-18	67915.42	5569.06	8.20	4903.34	7.22	665.72
2018-19	74422.91	5953.83	8.00	5508.02	7.40	445.82
2019-20	73483.09	6099.10	8.30	5524.91	7.52	574.18
2020-21	78742.58	6771.86	8.60	5023.41	6.38	1748.45
2021-22	84506.63	7521.09	8.90	5732.43	6.78	1788.66
2022-23	95014.48	8646.32	9.10	5433.47	5.72	3212.85
2023-24 (Prov.)	101986.02	9586.69	9.40	6024.33	5.91	3562.36
Total	960375.4	74570.84		60536.84		14034.00

- 3.4 The Petitioner further submitted that the clause 3 of the PPA of the Respondents permits the extension of PPA for further period of 5 years. Clause 3.1 of the PPA is reproduced herein for ready reference-

"Term of the agreement shall be twenty (20) years from COD (Commercial operation date). COD means the date on which generator synchronizes the wind energy generator of the power plant with the grid system."

"On the expiry of twenty (20) years' of initial term, this Agreement may be extended for further five (5) years with mutual consent among RVPN Jd Discom and LOL-WPD / SEL. The agreement shall be considered for revision/ extension at least 180 days prior to the expiry of 20 years term".

- 3.5 The Petitioner also submitted that the Board of Directors of Petitioner in its 58th meeting held on 18.09.2023 accorded approval to extend the PPAs of Respondent No. 1 for a period of 5 years at the lowest tariff of Rs. 2.44/kWh discovered by SECI through competitive bidding process conducted on 13.02.2018 for the selection of developers to setup wind plant anywhere in India under STS-WIND-TRANCHE III.
- 3.6 The petitioner further submitted that the Board of Directors of RUVNL in its 60th meeting held on 15.03.2024, accorded approval to extend the PPAs of Respondents No. 2, 3 and 4 for a period of 5 years at the lowest tariff of Rs. 2.44/kWh discovered by SECI through competitive bidding process conducted on 13.02.2018 for the selection of developers to setup wind plant anywhere in India under ISTS-WIND-TRANCHE III. Further, the Respondents have already submitted their request for extension of PPA for a further period of 5 years at the tariff determined at Rs. 2.44/- per unit.

3.7 The petitioner further submitted that as per RERC (Terms and Conditions for Tariff determination from Renewable Energy Sources) Regulations 2020, the petitioner can consider procuring power from RE projects during extended period of their respective PPAs. The relevant clause is reproduced below for reference:

"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."

3.8 The petitioner also submitted that the Commission has already approved extension of PPAs of various Wind Generator in the past vide its order dated 20.09.2023 & 04.01.2023 in petition no. 2140/2023 & 1961/2021 respectively, at the lowest tariff of Rs. 2.44/kWh discovered by SECI through competitive bidding process conducted on 13.02.2018 for the selection of developers to setup wind plant anywhere in India under ISTS-WIND-TRANCHE III.

3.9 The Petitioner in the Petition, has prayed to:

- i. accept and allow the present Petition;
- ii. extend the period of the PPAs of Respondents for a period of 5 years from the date of expiry of the initial term at the lowest tariff of Rs. 2.44/kWh.
- iii. condone any error/omission and to give opportunity to rectify the same;
- iv. permit the Petitioner to make further submissions, additions and alterations to this Petition as maybe necessary from time to time;
- v. pass any other order as the Hon'ble Commission may deem appropriate in favour of the Petitioners.

4. Reply filed by Respondent No.1 (Lahoti Overseas Limited) on dtd.30.08.2024.

- 4.1 The petitioner and the Respondent no. 1 entered into PPA which was executed on 19.03.2003 for 1.5 MW wind power plant at the tariff of Rs. 5.7135/kwh. The PPA was signed for a period of 20 years i.e. valid upto 29.03.2023.
- 4.2 The Respondent no. 1 submitted that the Board of Directors of the petitioner in its 58th meeting held on 19.03.2023 accorded the approval to extend the PPA of the respondent no.1 for a period of 5 years at the lowest tariff of Rs. 2.44 per unit discovered by SECI through competitive bidding process.
- 4.3 Respondent no. 1 further submitted that he has already submitted the acceptance to the petitioner for extension of PPA for further period of 5 years; therefore, the Respondent no. 1 has no objection to the prayer as made by the petitioner in the present petition.
- 4.4 Respondent no. 1 further submitted that this Commission earlier has also approved the extension of PPAs of various wind generators at the lowest

tariff of Rs. 2.44 per kWh discovered by SECI through competitive bidding process. In view of the above submission, the petition may kindly be allowed and the tariff be approved and further the petitioner may be directed to sign the supplementary PPA.

Reply filed by Respondent No.2 (Nu Power Renewables Pvt. Ltd.) on dtd.11.07.2024.

- 4.5 The Respondent No. 2 submitted that he owns and operates a 4.2 MW wind Power project commissioned on 29.09.2003 and the PPA for the said project was signed for 20 years and as per terms and conditions of the PPA for the said project, it can be extended up to 5 years after expiry of 20 years.
- 4.6 Respondent no. 2 also submitted that in view of this clause the Respondent no. 2 requested RUVNITL for extension of PPA and the same has been accorded by the Board of RUVNITL for a further 5 years at the tariff of 2.44/Kwh.
- 4.7 Respondent no. 2 further submitted that he agrees with all averments and submission made by the Petitioner in this petition and pray to the Commission to kindly accept and allow the petition filed by RUVITL.

Reply filed by Respondent No.3 (Sun and Sand Hotels Pvt. Limited) on dtd. 21.08.2024.

- 4.8 Respondent no. 3 submitted that he owns and operates a wind power project with a capacity of 6.25 MW commissioned on August 2, 2003. The PPA for this project was originally signed for a period of 20 years, starting from July 5, 2003, with the last tariff @ Rs. 3.92/KWh.

- 4.9 Respondent no. 3 further submitted that over the past year, they have faced significant challenges in maintaining the operational feasibility of their wind turbine generators (WTGs) due to the offered tariff of Rs. 2.44/KWh. The substantial reduction in tariff has made it economically unfeasible to continue operating the WTGs at the current terms. Despite their efforts to seek an extension under the new tariff, the costs associated with re-operationalizing the WTGs under the revised tariff have proven to be prohibitive.
- 4.10 Respondent no. 3 also submitted that due to these circumstances, and the fact that their WTGs have been non-operational for a considerable period while awaiting confirmation on the extension, they find it impractical to proceed with the PPA extension under the current tariff conditions.
- 4.11 Respondent no. 3 also submitted that they have requested that their application for the extension of the PPA be withdrawn, as they no longer wish to extend the PPA for additional years under the offered terms.

Reply filed by Respondent No.4 (Prem Cables Pvt. Limited) on dtd.17.08.2024.

- 4.12 Respondent no. 4 submitted that he owns 0.6 MW wind Power Plant commissioned in 2003 and 95% RE Power generated from the said plant was captively Consumed by the Respondent No. 4 in its own factory premises situated at Pipalia Kanal.
- 4.13 Respondent no. 4 also submitted that remaining 5% Power of the said plant was being supplied to JdVVNL under PPA mode as per the WBA & PPA signed in 2003 and same has been expired during Oct 2023.

- 4.14 Respondent no. 4 submitted that Management of respondent didn't find any suitable clause to extend the PPA, therefore management of respondent no 4 i.e. Prem Cables have decided not to extend the PPA to supply 5% power from the said plant to JdVVNL, and to consume 100% of Power generated from the said plant for self-consumption under Open Access Regulations 2016 .
- 4.15 Respondent no. 4 prayed that he is consuming 600kW wind Power (100% of Power) for their self-consumption (Captive Use) and not willing to enter into PPA with JdVVNL to supply 5% Power for further period. Therefore, it is requested to allow the Respondent no 4 to withdraw from this petition with regard to extension of PPA for further 5 years.

Commission Views:

5. Commission has considered the submissions, replies, and oral arguments made on behalf of the Petitioner and Respondents.
6. The Petitioner has mainly prayed to approve the extension of power purchase agreements signed between the petitioner Discom and the Respondent wind Power Generators under regulation 10 of the RERC (Terms and Conditions for Tariff determination from Renewable Energy Sources) Regulations, 2020 and in respect of Clause 3.1 of their respective PPAs. The initial period of the PPAs of said Generators was for 20 years which has been completed.
7. Before proceeding further, it is appropriate to refer Regulation 10 of the RERC RE Tariff Regulations 2020 which 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. The Commission observes that learned counsel on behalf of the Petitioner submitted that the Rajasthan Discoms currently have a shortfall in meeting the RPO target set by the Commission. The Petitioner has also referred the Commission's order dtd. 09.10.2020 wherein Discoms have been directed as under:

"...Commission directs Discoms to make up the shortfall in the next three years by buying renewable energy which is now available in plenty through reverse bidding as being done now"

9. The Commission also observes that in its recent order dtd. 20.09.2023 & 04.01.2023 in petition no. 2140/2023 & 1961/2021 respectively, the Commission has allowed the extension of similar expired PPAs of wind power generators at the rate of 2.44/kwh for 5 Years with mutual consent in view to meet their total RPO targets as specified by the Commission. It is pertinent to cite the relevant paras of the Commission's order dtd. 20.09.2023 as under:

"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

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.

.....

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.

10. In view of the Commission , it is also pertinent to cite the RPO compliance status of the petitioner , which is as under:

RAJASTHAN URJA VIKAS AND IT SERVICES LIMITED						
RPO INFORMATION DURING THE FY 2010-11(From JAN-11) TO 2023-24(PROVISIONAL)						
Year	Total Energy(M U) excluding Hydel Energy from 2017-18	Wind				
		Target		Achievement		Diff (3-5)
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2016-17	69221.16	5399.25	7.80	5131.36	7.41	267.90
2017-18	67915.42	5569.06	8.20	4903.34	7.22	665.72
2018-19	74422.91	5953.83	8.00	5508.02	7.40	445.82
2019-20	73483.09	6099.10	8.30	5524.91	7.52	574.18
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2022-23	95014.48	8646.32	9.10	5433.47	5.72	3212.85
2023-24 (Prov.)	101986.02	9586.69	9.40	6024.33	5.91	3562.36
Total	960375.4	74570.84		60536.84		14034.00

11. By going through the status above, it is clear that there is shortfall on the part of Discoms in achievement of RPO targets set by the Commission against Wind for the FY 2022-2023 and FY2023-24 and approval of the instant purchase of wind power will definitely help the Discoms to fulfill their RPO targets. The Commission also notes that the Discoms vide its order dated 23.12.2021 have been directed to make all the efforts to meet their total RPO and backlog accumulated till date, along with the respective year targets given to them.

12. The Commission further observes that Board of RUVITL in its 58th Meeting has accorded approval for extension of term of the PPAs of Respondent No.1 for a period of 5 years at lowest tariff of Rs.2.44/Kwh through tariff based competitive bidding conducted on 13.02.2018 for the selection of developers to set up wind plant anywhere in India under ISTS- Wind-Tranche III. Further, the same approval for extension of PPAs was also accorded to Respondents, 2, 3 & 4 in the 60th meeting of Board of RUVITL.
13. While going through the material placed on records, the Commission observes that Respondent No. 3 (Sun and Sand Hotel Private Ltd.) and Respondent No. 4 (Prem Cables Private Ltd.) have filed the application to withdraw their consent for extension of PPAs and they no longer wish to extend the PPAs under the offered terms. Further, during the course of hearing on dated 22.08.2024, the Petitioner also submitted that Respondent No. 3 and Respondent No. 4 have declined to accept the proposal of the Petitioner.
14. The Commission also observes that PPAs of the Respondents have a provision to extend the agreement for further five (5) years with mutual consent on the expiry of twenty years of initial terms. This relevant provision has been provided under clause 3.1 of the PPAs. The same is reproduced as under:

"Term of the agreement shall be twenty (20) years from COD (Commercial operation date). COD means the date on which generator synchronizes the wind energy generator of the power plant with the grid system."

"On the expiry of twenty (20) years' of initial term, this Agreement may be extended for further five (5) years with mutual consent among parties. The agreement shall be considered for revision/ extension at least 180 days prior to the expiry of 20 years term".

15. In view of the foregoing discussion, the Commission is of the considered view that the PPAs of respondent no. 1 and 2 may be extended to match the useful life of the wind power plant as specified in the RE Tariff Regulations 2020 i.e. 25 years from the date of COD at the rate of Rs 2.44/kwh with mutual agreed terms between petitioner and respondents.
16. In view of the above, the Commission orders as follow:
- a. The PPAs of the Respondent no. 1 (M/s Lahoti Overseas Ltd) and 2 (NuPower Renewables Pvt Ltd) shall be extended by five (5) years from the date of expiry of their respective PPAs or for total period of twenty five (25) years from the COD, whichever occurs earlier.
 - b. The tariff for the extended period shall be at Rs 2.44/kWh as mutually agreed by the petitioner and the respondent no.1 and 2.
 - c. Petitioner and Respondent no. 1 & 2 may enter into the Supplementary PPAs to extend their earlier PPAs in terms of (a) & (b) above.
17. The petition is disposed of in above terms.

(Dr. Rajesh Sharma)
Member

(Hemant Kumar Jain)
Member