BEFORE THE GUJARAT ELECTRICITY REGULATORY COMMISSION

GANDHINAGAR

Petition No. 1906 of 2020

In the matter of:

Petition under Section 63 read with Section 86 (1) (b) of the Electricity Act, 2003 seeking adoption of tariff discovered under Competitive Bidding process for procurement of power from 700 MW Solar PV Projects to be set up in 1000 MW Dholera Solar Park in Gujarat through RFS dated 18.03.2020 (Phase IX).

Petitioner:	Gujarat Urja Vikas Nigam Limited Sardar Patel Vidyut Bhavan, Race Course Circle, Vadodara 390 007.
Represented by :	Ms. Sailaja Vachhrajani, Shri Parthik Joshi and Shri Kandarp Mistry

CORAM:

Shri Anand Kumar, Chairman
Shri Mehul M. Gandhi, Member
Shri S. R. Pandey, Member

Date: 01.01.2021

DAILY ORDER

1. The matter was listed for hearing on 29.12.2020 through virtual hearing by Video Conferencing on account of prevailing COVID 19 pandemic The Petitioner was intimated regarding the said date of hearing through intimation letter and the scanned copy of same was also forwarded on its email IDs. The link for virtual hearing was also provided to the Petitioner on its email IDs.

2. Heard Ms. Sailaja Vachhrajani for the Petitioner GUVNL. She submitted that the present Petition is filed by the Petitioner for adoption of tariff discovered under the transparent competitive bidding process conducted by the Petitioner through

RFS No. GUVNL/700MW/Solar (Phase IX) dated 18.03.2020 as per the stipulation made under the MoP competitive bidding guidelines for procurement of Solar Power from 700 MW Solar PV Projects to be set up in 1000 MW Dholera Solar Park.

2.1. She submitted that the aforesaid competitive bidding process was carried out by the Petitioner on behalf of its four subsidiaries distribution companies by conducting tendering process followed by e-reverse auction for procurement of 700 MW Solar power through competitive bidding process from 700 MW Solar PV projects to be set up in 1000 MW Dholera Solar Park.

2.2. She further submitted that the tendering process conducted by the Petitioner is third round of competitive bidding for procurement of Solar power from the Solar PV projects to be set up at 1000 MW Dholera Solar Park. Earlier, the Petitioner had floated two separate tenders through RfS No. GUVNL/1000 MW/ Solar (Phase-V) dated 16.01.2019 for 1000 MW capacity and thereafter, RfS No. GUVNL/750 MW/Solar (Phase-VII) dated 24.06.2019 for 750 MW capacity for procurement of Solar Power Projects from the bidders. In first round of bidding process for 1000 MW capacity, the said tender was undersubscribed and the Petitioner had received online bids from 2 bidders viz. Tata Power Renewable Energy Limited offering 250 MW capacity and Gujarat Industries Power Company Limited offering capacity of 50 MW, totaling to 300 MW against the tendered capacity of 1000 MW. In the said bidding process, Tata Power Renewable Energy Limited was selected as successful bidder at the discovered tariff of Rs. 2.75 per unit and the same was adopted by the Commission. Thereafter, in second bidding process for the said Solar Park, the Petitioner received only single bid from Tata Power Renewable Energy Limited for 50 MW capacity wherein the bidder, Tata Power Renewable Energy Limited quoted the tariff of Rs. 2.75 per unit. The Commission has approved and adopted the tariff discovered in these two bidding rounds vide its Order dated 23.10.2019 in Petition No. 1818 of 2019. Thus, the interest shown by the bidders to set up the Solar projects at Dholera Solar Park in earlier bidding processes conducted by the Petitioner was quite less as can be seen above wherein against 1000 MW capacity offered in first round, the Petitioner received bids for 300 MW capacity only from two bidders and in second round of bidding, the Petitioner received single bid for 50 MW capacity against tender for 750 MW capacity. Accordingly, the Petitioner was able to tie-up only 300 MW capacity in the previous two rounds of bidding and therefore, in the present round of bidding process, the Petitioner has invited bids for the balance capacity of 700 MW remaining at Dholera Solar Park.

2.3. She further submitted that availability of land for setting up solar projects in the State of Gujarat is becoming difficult. Further, it is preferable to utilize waste land for setting up solar projects and accordingly, Dholera Solar Park is conceived on account of availability of large waste land equivalent for setting up 5000 MW Solar power projects as a part of achieving target of 175 GW renewable energy projects of Government of India. The site at Dholera Solar Park remains water logged for almost nine months during a year, silty with clay and such wet soil makes it difficult to construct sustainable & strong foundations requiring additional measures for structures and modules. Further, the site gets flooded often due to low lying land surrounded by rivers and coastal area near the Gulf of Cambay. The depth of ground water is also about 1.5-2.5 meters having high chlorides and sulphates in water and surrounding environment on account of coastal area which entails high corrosion effects and further adds to costs and risks involved, requiring superior quality of Design, quality of materials and processes. Therefore, the cost to set up the Solar Power Projects at Dholera Solar Park is higher than the Solar Power Projects set up at another place.

2.4. She submitted that in the previous rounds of competitive bidding carried out by the Petitioner, it emerged that the interest shown by the bidders to set up solar projects at Dholera Solar Park is quite less whereas; Ministry of Power, Government of India desires to develop Dholera as Special Investment Region (SIR) and also interested to develop Dholera Solar Park where 5000 MW Solar capacity installation is estimated. However, 1000 MW Solar capacity was planned to be set up under the competitive bidding process carried out by the Petitioner and in earlier bidding processes carried out by the Petitioner, only 300 MW capacity has been tied up by the Petitioner.

2.5. The tariff discovered under earlier competitive bidding process was Rs. 2.75 per unit and only one bidder viz. Tata Power Renewable Energy Limited has been selected. Moreover, since the interest shown by the bidders was quite low in previous rounds of competitive bidding undertaken by the Petitioner, a meeting was held to identify the reasons for the less interest shown by the bidders and how to overcome the same since Government of India is desirous to develop Dholera as Special Investment Region (SIR). In the said meeting, the representative of SECI, DIPP, GPCL and GUVNL were present and elaborate discussions regarding the low response from the bidders on the bids invited for setting up Solar Power Project at Dholera Solar Park were held. It was noted that the reasons for less response from the bidders is due to geographical and geotechnical conditions of Dholera Solar Park with respect to land, water logging and climate conditions, which leads to requirement of higher capital cost of the Solar project as compared to the capital cost requirement for solar projects to be set up at other places. As per the discussions held, SECI estimated that the ceiling tariff of Rs. 2.75 per unit is quite low which impediments the response from bidders and the same is required to be higher tariff. She submitted that SECI has worked out and proposed the tariff of Rs. 3.06 per unit and the same was verified by GUVNL from its end and ultimately came to the conclusion that the tariff of Rs. 2.92 per unit seems reasonable for Dholera Solar Park. As the response from the bidders was quite less in earlier two rounds of bidding process and in order to have competition amongst the bidders, the Petitioner had worked out the tariff with consideration of geographical & geotechnical conditions for solar projects to be set up at Dholera Park at maximum of Rs. 2.92 per unit. Therefore, the Petitioner has in the bidding documents provided a ceiling tariff of Rs. 2.92 per unit for better participation and competition in the bidding process.

2.6. She also submitted that the tariff quotes received in the present bidding process were in July-2020, since the extension of bidding was necessitated from March-2020 on account of imposition of country wide lock down due to COVID-19 pandemic. In the present bidding process, bids were received from 7 bidders offering aggregate capacity of 1300 MW and technical bids were opened on 4.08.2020. Technical Evaluation of the bids was carried by the Evaluation

Committee constituted by the Petitioner and 5 bidders were qualified. The financial bids were opened on 13.08.2020 on e-bidding portal as per the terms and conditions of the tender and e-reverse auction for allocating 700 MW capacity out of 1000 MW quoted capacity for which bids were received was conducted by the Petitioner on e-bidding portal. The price discovered under the aforesaid bidding process and successful bidders with quoted capacity and allocated capacity is stated below:

Sr. No.	**Name of Bidder**	**Rs. / Unit**	**Quoted Capacity (MW)**	**Allocated Capacity (MW)**
01.	Vena Energy Renewables Urja Pvt. Limited	2.78	100	100
02.	The Tata Power Company Limited	2.78	100	100
03.	ReNew Solar Power Pvt. Limited	2.79	200	200
04.	SJVN Limited	2.80	100	100
05.	TEQ Green Power Private Limited	2.81	500	200

2.7. The Petitioner has issued Letter of Award (LoAs) on 09.10.2020 to the bidders as stated in the above Table at the corresponding tariff quoted by them and allocated capacity. She further summitted that in case of M/s. TEQ Green Power Pvt. Limited, there is a partial capacity allocation of 200 MW as against their quoted capacity of 500 MW since only 200 MW capacity remained after allocation to other four bidders at lower tariff. She further submitted that as per the terms and conditions of the tender, the PPAs are to be signed with above successful bidders within 90 days from the issuance of LoAs.

2.8. She submitted that the Petitioner has concluded the above tender wherein tariff discovered in ranging from Rs. 2.78 per unit to Rs. 2.81 per unit for the 700 MW allocated capacity after the Petitioner had advertised tender notices for giving wide publicity and followed transparent electronic e-reverse bidding process. She submitted that as the bidding process was carried out by the Petitioner under Section 63 of the Electricity Act, 2003 and PPAs to be signed by the Petitioner with successful bidders needs to be approved by the Commission under Section 86 (1) (b) of the Electricity Act, 2003 alongwith adoption of the tariff discovered in transparent bidding process carried out by the Petitioner the present petition filed by the Petitioner and the same may be allowed.

3. During the hearing, the Commission raised the following queries to the representative of the Petitioner:

(i) When the discovered tariff under earlier rounds of bidding process carried out by the Petitioner for Dholera Solar Power Park was Rs. 2.75 per unit what are the reasons for fixing ceiling tariff of Rs. 2.92 per unit.?

(ii) Further, in light of the recent tariff discovered under the competitive bidding carried out by the Petitioner for procurement of 500 MW Solar power from project developer is Rs. 1.99 per unit and Rs. 2.00 per unit, what is course of action?

(iii) What is the breakup of Rs. 2.92 per unit tariff worked out by the Petitioner while deciding the ceiling tariff? What is the breakup of the tariff proposed by the SECI as per the meeting held with DIPP, GUVNL, GPCL and SECI.?

(iv) Ministry of Power issued a letter dated 05.03.2020 as advisory to the SECI, NTPC and DISCOMs not to specify ceiling tariff in the competitive bidding process, then why the ceiling tariff was specified by the Petitioner in the bidding documents? Is it not against the competition amongst the bidders?

(v) What are the charges recovered by the GPCL for allocation of land in the Dholera Solar Park to the bidders and O&M charges on year-to-year basis levied to the project developer and what is the impact of these charges on tariff?

(vi) Whether sample soil investigation at Dholera Park was carried out by the GPCL and if yes, a copy of the Soil Report be submitted.

4. In response to the aforesaid queries, Ms. Sailaja Vachhrajani submitted that as such Park based Solar projects are expensive compared to Non-Park based Solar projects. She submitted that earlier rounds of bidding failed in evincing interest

amongst bidders on account of ceiling of Rs. 2.75 per unit and the Petitioner was able to tie up only 300 MW out of 1000 MW. In order to assess the reasons, meetings were held amongst SECI, DIPP, GPCL and Petitioner, wherein it emerged that tariff of Rs. 2.75 per unit was low and therefore, feasible & tenable solution needed to be worked out. She pointed out that the e-reverse auction itself demonstrates that competition took place whereby tariff quotes in range of Rs. 2.78 – 2.81 per unit are discovered qua the ceiling tariff of Rs. 2.92 per unit. The tariff discovery in the present bidding is only slightly higher than Rs. 2.75 per unit discovered in earlier rounds of bidding for Dholera Solar Park.

4.1. She while reiterating the relevant submissions stated above, submitted that the capital cost for solar projects to be set up at Dholera Solar Park is not comparable with the Solar Power Projects set up at other places in the State, where there are no geographical & geotechnical challenges like Dholera Solar Park. She submitted that the project developers are required to pay the upfront cost of land of about Rs. 13.88 lakhs per MW and also pay O&M cost of Rs. 4 lakhs/MW/year which is escalated at the rate of 5% per year. Further, the present tender for 700 MW capacity for Dholera Solar Park was originally floated on 18.03.2020 but due to lockdown the same was extended and bidding was carried out on 13.08.2020. At that time, the discovered tariff in the tenders of the SECI and other entities was quite above Rs. 1.99 to Rs. 2.00 per unit. However, it is recently that the discovered tariff is of Rs. 1.99 per unit and Rs. 2.00 per unit in the bidding process carried out by the Petitioner in December 2020. Therefore, the said tariff was not discovered at the time of bidding process for 700 MW carried out by the Petitioner. She further submitted that as far as letter dated 05.03.2020 issued by the Ministry of Power is concerned, the same is advisory in nature and not as part of the Competitive Bidding Guidelines issued by the Ministry of Power.

4.2. On a query from the Commission that ultimately tariff higher than recently discovered tariff in range of Rs. 1.99 per unit is to be borne by consumers at large and therefore, the Petitioner needs to specifically convey their willingness in the present situation. She requested that the Commission may provide time up to

10.01.2020 to file submissions on the aforesaid various issues for appraisal of the Commission for adoption of tariff and to allow the Petition.

5. We have considered the submissions made by the Petitioner. As the Petitioner sought time to file its detailed comprehensive submissions, let the same may be filed on or before 10.01.2020 with necessary documents and special reasons to satisfy the Commission on the aforesaid issues. Further, we also clarify that as regards the clause of approval of the Commission for adoption of tariff within 60 days as stated in the bidding guidelines, the coram of the Commission was constituted on 01.12.2020 only. Therefore, the time for approval of the adoption of tariff would start from the 01.12.2020 only. Moreover, we direct the Petitioner not to take any further actions in the present matter till further orders from the Commission.

6. The next date of hearing if necessary, will be intimated separately, else for orders.

7. We order accordingly.

Sd/-	**Sd/-**	**Sd/-**
[S.R. PANDEY]	**[M. M. GANDHI]**	**[ANAND KUMAR]**
Member	**Member**	**Chairman**

Place: Gandhinagar.

Date: 01.01.2021