

**Before the**  
**MAHARASHTRA ELECTRICITY REGULATORY COMMISSION**  
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**Case No. 310 of 2019**

Joint Case filed by MSPGCL and MSEDCL for seeking adoption of tariff rate of Rs. 2.99/unit for long term procurement of power from 50 MW Solar power plant set up at various location in Western Maharashtra under 'Mukhyamantri Saur Krishi Vaahini Yojana'

**Coram**

**Anand B. Kulkarni, Chairperson**  
**I.M. Bohari, Member**  
**Mukesh Khullar, Member**

Maharashtra State Power Generation Company Ltd. : Petitioner No.1  
Maharashtra State Electricity Distribution Co. Ltd. : Petitioner No.2

M/s. SPPPH Solar India Projects Private Limited : Respondent

**Appearance for :**

For the Petitioner No.1 : Shri. Vijay Rathod (Rep)  
For the Petitioner No.2 : Smt. Kavita Gharat (Rep)  
For the Respondent : Shri. Gathi Prakash

**ORDER**

**Date: 23 December, 2019**

1. Maharashtra State Power Generation Company Ltd. (MSPGCL) and Maharashtra State Electricity Distribution Co. Ltd. (MSEDCL) have jointly filed this Case dated 13 November, 2019 seeking approval for adoption of discovered tariff of Rs.2.99 / unit for long term procurement of power from 50 MW Solar power plant to be set up at various location in Western Maharashtra under 'Mukhyamantri Saur Krishi Vaahini Yojana'.

**2. Petitioners' main prayers are as follows:**

- a) *Approve the adoption of Tariff rate of Rs. 2.99/kWH for 50MW AC cumulative capacity grid interactive Solar PV Projects of M/s. SPPPH Solar India Projects Pvt. Ltd. at various locations in Western Maharashtra;*
- b) *Approve the deviation regarding minimum bid capacity of 2MW instead of 5MW as per Standard Bidding Document;*
- c) *Approve the deviation in "Compensation for Deemed Generation" clause in PPA & PSA for 50 MW AC cumulative capacity grid interactive Solar PV Project of M/s. SPPPH Solar India Projects Pvt. Ltd. at various location at Western Maharashtra;*
- d) *Approve the draft PPA & PSA for 50 MWAC cumulative capacity grid interactive Solar PV Project*

**3. Petitioners' have stated as follows:**

3.1 MSPGCL had undertaken the development of Solar projects by publishing tender for setting up of 50 MW AC Cumulative capacity grid interactive Solar PV Power Plant/Plants at various locations in Western Maharashtra (Ph-II-C) to supply Solar Power to Agricultural Feeders on Public Private Partnership (PPP) Model and its operation and maintenance for 25 years. MSPGCL has identified the land at various sites for development of 50MW AC cumulative Solar power projects. The land required for the following projects is to be provided by MSPGCL at a lease rent of Rs. 1 per project:

<b>Sr. No.</b>	<b>Name of the Project</b>	<b>District</b>	<b>Project Capacity in (MW)</b>
1.	Songaon, Tal. Phaltan	Satara	9
2.	Kolgaon, Tal. Shrigonda	Ahmednagar	10
3.	Akolner, Tal. Ahmednagar	Ahmednagar	4
4.	Narayan Doha, Tal. Ahmednagar	Ahmednagar	5
5.	Hivarezare, Tal. Ahmednagar	Ahmednagar	10
6.	Borgi Kh Tal.Jat	Sangali	2
7.	Salgare, Tal. Miraj	Sangali	4
8.	Dari Konnur, Tal. Jat	Sangali	6
	Total		50

3.2 In response to the tender, following two bidders have submitted their bids.

- i) M/s. Sukhbir Agro Energy Limited, Punjab
- ii) M/s. SPPPH Solar India Projects Private Limited, New Delhi.

3.3 Techno-Commercial bids of these two bidders were opened on 3 April, 2019 and both bidders were declared eligible for opening of their price bids. The price bids were opened on 15 June, 2019. The rates offered by the bidders in price bid are as follows:

<b>Name of Bidder</b>	<b>Rate in Price Bid (Rs./unit)</b>	<b>Bided Capacity</b>	<b>Status</b>
1. M/s. SPPPH Solar India Projects Private Limited	2.99	50MW	L1
2. M/s. Sukhabir Agro Energy Limited, Punjab	3.04	50MW	L2

- 3.4 A base tariff rate of Rs. 2.99/unit was fixed on the basis of the L1 price quoted in price bid by M/s. SPPPH Solar India Projects Private Limited.
- 3.5 Reverse bidding was carried out on 1 July, 2019. Both the bidders participated in reverse e-bidding however neither of the bidders quoted a lower rate in the reverse bidding. Hence, after the reverse bidding the result for this 50 MW capacity remained unchanged with the lowest price of Rs. 2.99/unit as quoted by M/s. SPPPH Solar India Projects Power Limited.
- 3.6 MSEDCL has provided consent to MSPGCL's proposal for tariff rate of Rs. 2.99/unit received for 50MW Cumulative Capacity Solar PV power plant in Western region (Ph-II-C) with connectivity at 11kV and metering at MSEDCL substation.

Justification for Tariff:

- 3.7 The Commission has already approved rates above Rs. 2.99/kWh. The land for the 50 MW AC Cumulative Solar PV Projects pertains to Govt. of Maharashtra and has been identified and will be given for the development of Solar power plants on payment of nominal lease rent of Rs.1 per project. The lands being utilized for these projects are barren, non-fertile non-agricultural, hence actual cost of these land parcels are lower than the price of normal land parcels. Considering a notional land cost of Rs.5,00,000/- per MW for comparison purpose, the tariff impact of this land cost factored over the 25 years' life of project is Rs. 0.0120/ unit. If it is added in the existing discovered tariff the final tariff comes to Rs. 3.002/kWh which is still lower than the earlier approved tariff under "Mukhyamantri Saur Krishi Vaahini Yojana" by the Commission.

Deviations in PPA & PSA:

- 3.8 The tender document for development for 50 MW AC cumulative capacity grid interactive Solar PV Projects was based on 1400 MW tender of MSEDCL (Case No. 270 of 2018) and MNRE guidelines for tariff based competitive bidding of Solar PV Power Projects dated 3 August, 2017 and its amendments.
- 3.9 MSPGCL is seeking approval for deviation in the Standard Bidding Documents with respect to MoP guidelines dated 3 August, 2017 for minimum bid capacity of 2 MW

instead of 5 MW to have local distributed generation under ‘Mukhyamantri Saur Krishi Vaahini Yojana’, the minimum bid capacity was kept as 2 MW. The Commission in its earlier Order in Case No. 131 of 2018 dated 12 June, 2018 has already approved minimum project capacity of 2 MW at single location for MSEDCL.

- 3.10 The terms and conditions mentioned in RfP document and the draft PPA are in line with the standard bidding document except for the clause for deemed generation. For compensation to SPD for loss of generation on account of Power evacuation / Grid Unavailability, the following clause was provided in the RfP document and in the draft PPA.

**“Section 10.03 Deemed Generation**

*MSPGCL may be constrained not to schedule power on account of unavailability of the Transmission Infrastructure / Grid availability or in the eventuality of Forced Outage (Back down).*

*10.3.1. Deemed Generation on account of Power evacuation / Grid Unavailability:*

*a. In any given year during the contract, if the availability of the distribution line/transmission line after inter-connection point for evacuation of power (during 8 am to 6 pm) falls below 98% i.e. the line unavailability is more than 2% i.e. 175.20 hours (2% x 365 days x 24 hours), and the power is not evacuated, for reasons not attributable to the Solar Power Generator, then the generation loss shall be compensated by MSEDCL at the 75% PPA tariff so as to offset this loss as given below:*

<b><i>Duration of Grid unavailability</i></b>	<b><i>Provision for generation Compensation</i></b>
<i>Grid unavailability in A contract year as defined in the PPA: (only period from 8 am to 6 pm to be counted):</i>	<p><i>Generation Loss = [(Average Generation per hour during the contract year) × (number of hours of grid unavailability beyond 175.20 hours i.e. 2 % during the contract year)]</i></p> <p><i>Where, Average Generation per hour during the contract year (kWh) = Total generation in the contract year (kWh) ÷ Total hours of generation in the contract year</i></p>

Though there is deviation in the above mentioned provision with respect to the provision in Standard Bidding Guideline, as the proposed projects are to be connected at 11kV/22kV bus-bar level of MSEDCL, there are issues regarding grid - availability at this voltage level and the loss of generation on account of such non-availability of grid. Thus, on the basis of

the practical observations, it was proposed to provide the compensation clause as mentioned above.

4. At the hearing held on 3 December, 2019 the representative of Petitioners (MSPGCL and MSEDCL) and the respondent ( M/s SPPPH Solar India Projects Private Limited) reiterated their submissions. M/s SPPPH Solar submitted that it supports the joint Petition filed by MSPGCL and MSEDCL.

#### **Commission's Analysis and Rulings:**

5. The Commission by its Order in Case No. 172 of 2017 dated 16 October, 2018 has approved the modalities proposed by MSPGCL for PPA and Power Supply Agreement for all the Solar projects being installed under '*Mukhyamantri Saur Krishi Vahini Yojana*' and that Petitioners' should approach the Commission jointly with deviations if any in the PPA and PSA.
6. The Commission notes that MSPGCL being an implementing agency for '*Mukhyamantri Saur Krishi Vahini Yojana*', had undertaken the development of Solar projects by publishing tender for setting up 50 MW AC Cumulative capacity grid interactive Solar PV Power Plant/Plants at various locations in Western Maharashtra (Ph-II-C) to supply Solar Power to Agricultural Feeders on PPP Model and its operation and maintenance for 25 years. In response only two bidders viz. i) M/s. Sukhbir Agro Energy Limited, Punjab and M/s. SPPPH Solar India Projects Private Limited, New Delhi submitted their bids. The Commission further notes that MSPGCL had fixed lowest price of Rs. 2.99/ unit quoted by M/s. SPPPH Solar India Projects Private Limited for carrying out reverse auction. Both the bidders participated in the process for reverse e-bidding, however they did not quote their revised bids in reverse auction. Hence MSPGCL has sought approval to the Tariff of Rs. 2.99/ unit.
7. MSPGCL has stated that the land which is being utilized for these projects are barren, non-fertile non-agricultural and the actual cost of these land parcels are lower than the price of normal land parcels. Considering the land cost of Rs. 5 lakh per MW, MSPGCL has computed tariff impact of Rs. 0.012/ unit factored over the 25 years' of life of the project. If impact of such land cost is added to the discovered tariff, the resultant tariff comes to Rs. 3.002/unit.
8. The Commission also notes that MSEDCL has given consent to the tariff of Rs. 2.99/unit received for 50MW Cumulative Capacity Solar PV power plant with connectivity at 11kV and metering at MSEDCL substation. Petitioners' through the instant Petition have approached the Commission for adoption of tariff of Rs. 2.99 /unit offered by M/s SPPPH Solar India Projects Private Limited for 50 MW to be developed under '*Mukhyamantri Saur Krishi Vahini Yojana*'.

9. MSPGCL has stated that tender document used under the instant Case was based on MSEDCL's tender for long term procurement of 1400 MW Solar Power Projects (Case No 270 of 2018) connected at 11/22 KV level to distribution substation with individual project capacity of 2 to 10 MW under the scheme "Mukhyamantri Saour Krishi Vahini Yojana" and MNRE guidelines for tariff based competitive bidding of Solar PV Power Projects dated 3 August, 2017 and its amendments. However, MSPGCL in the instant Case has sought approval for the deviation from the Standard Bidding Document for the following Clauses:

- i) Minimum bid capacity of 2 MW instead of 5 MW
- ii) Deemed generation for compensation to SPD for loss of generation on account of Power evacuation / Grid unavailability.

10. The Commission by its Order dated 12 June 2018 in Case No 131 of 2018 has accorded the approval to the deviation for minimum project capacity of 2 MW instead of 5 MW at single location. The relevant excerpts from that Order are reproduced below:

*"10. The Commission notes the contention of MSEDCL for deviation of the condition that the minimum project capacity shall be 2 MW instead of 5 MW at single location in order to encourage participation of more number of small bidders and to have locally distributed generation. This Solar power will be supplied to AG consumers in day time. As per the modality adopted for competitive bidding, for its further enhancement as envisaged under Section 63 of EA 2003, the nature and purpose of the process undertaken by MSEDCL for the benefit to the agricultural consumers and in large public interest, the Commission accepts the contentions of MSEDCL and accords its approval to the following deviation as sought by MSEDCL.*

<i>Clause</i>	<i>Clause in Guidelines</i>	<i>Deviation in Clause</i>	<i>Remark</i>
<i>Minimum Capacity of Project/Applic ability of guidelines</i>	<i>Solar PV Power Projects ('Projects'), having size of 5 MW and above</i>	<i>The minimum project capacity shall be 2 MW at single location</i>	<i>for participation of more number of small bidders, the minimum project capacity of 2 MW is allowed at single location, and for local distributed generation under 'Mukhyamantri Saour Krishi Vahini Yojana'</i>

11. Further the Commission by its Order dated 15 February, 2019 in Case No. 7 of 2019 has already ruled on the deviation from the standard bid documents for the clause relating to deemed generation for compensation to SPD for loss of generation on account of Power evacuation / Grid unavailability. The relevant excerpts from that Order are reproduced below:

*“14. Accordingly, following revisions were made in the SBD Guidelines, In case the Availability of those lines (during 8 am to 6 pm) falls below 98%, i.e. 175.20 hours/annually (2% x 365 days x 24 hours), and the power is not evacuated, for reasons not attributable to the Solar Power Generator, then the generation loss shall be compensated. (i.e. Generation compensation shall be payable, in case the availability of falls below 175.20 Hours Annually). The Commission notes that, MSEDCL considering the difficulty raised by the bidders during the pre bid meeting have relaxed the norms to 75% of the approved PPA tariff if grid availability is for less than 98% such a deviation has been done based on its own due diligence in favor of consumers, hence the Commission does not have any objection.*

12. Thus, deviation sought by MSPGCL has already been allowed by the Commission in its earlier Orders as reproduced above. Hence, the Commission is allowing these deviations in instant case also. Notwithstanding this, the Commission notes that as per Competitive Bidding Guidelines notified by the Ministry of Power, prior approval of the appropriate Commission is must for deviation in bidding document. MSPGCL has failed to comply with such mandatory requirement in present case and is now seeking post-facto approval for deviations. Although, the Commission has allowed such deviations, the Commission directs MSPGCL to ensure that in all future competitive bidding process, it should take prior approval for deviation in bidding condition from standard Bidding Guidelines/ Document before initiating bidding process.
13. The Commission notes that MSPGCL has conducted transparent process of competitive bidding for procurement of Solar power and has discovered Tariff of Rs. 2.99 per unit which is in the vicinity of the rates earlier approved by the Commission for MSEDCL (Rs. 2.99 to 3.10 per unit).
14. In view of the foregoing, under Section 63 of the EA, the Commission thinks it fit to adopt and approve the Tariff of Rs 2.99 per unit for procurement of 50 MW of Solar power on long term basis (for the period of 25 years) ) discovered by MSPGCL under ‘Mukhyamantri Saur Krishi Vahini Yojana’ for meeting MSEDCL’s Solar RPO fulfilment.
15. Hence, the following Order.

### **ORDER**

- 1. The Case No. 310 of 2019 is allowed.**
- 2. Maharashtra State Power Generation Company Ltd and Maharashtra State Electricity Distribution Co. Ltd are allowed to procure 50 MW Solar Power at the rate of Rs. 2.99 per unit discovered through Competitive bidding for 25 Years under Mukhyamantri Saur Krishi Vahini Yojana.**

3. The Solar Power procured from these projects shall be counted towards fulfilment of Maharashtra State Electricity Distribution C. Ltd.'s Solar RPO for the respective periods.

**Sd/-**  
**(Mukesh Khullar)**  
**Member**

**Sd/-**  
**(I.M. Bohari)**  
**Member**

**Sd/-**  
**(Anand B. Kulkarni)**  
**Chairperson**

