

**Before the
MAHARASHTRA ELECTRICITY REGULATORY COMMISSION
World Trade Centre, Centre No.1, 13th Floor, Cuffe Parade, Mumbai 400005
Tel. 022 22163964/65/69 Fax 22163976
Email: mercindia@merc.gov.in
Website: www.merc.gov.in**

CASE No. 323 of 2019

Petition filed by Maharashtra State Electricity Distribution Company Ltd. seeking approval for adoption of Tariff Discovered for Long Term Procurement of 5 MW Solar Power under 'Mukhyamantri Saur Krishi Vahini Yojana' from 2 to 10 MW capacity projects connected to Distribution Network under Section 63 of the Electricity Act 2003 for meeting the Solar Renewable Purchase Obligations.

Maharashtra State Electricity Distribution Company Ltd. Petitioner

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

Appearance

For the Petitioner : Smt. Kavita Gharat (Rep.)

ORDER

Date: 19 December, 2019

1. Maharashtra State Electricity Distribution Company Ltd. (**MSEDCL**) has filed the present Case on 27 November 2019 seeking approval for adoption of Tariff Discovered for Long Term Procurement of 5 MW Solar Power under 'Mukhyamantri Saur Krishi Vahini Yojana' connected to Distribution Network under Section 63 of the Electricity Act 2003 (**EA**) for meeting the Solar Renewable Purchase Obligations (**RPO**).
2. **MSEDCL's main prayers are as follows:**

a) To accord approval for adoption of tariff as mentioned in table under para 2.7 and

signing of PPA with successful bidder for 5 MW solar power as discovered through Competitive bidding conducted by MSEDCL.

- b) *To accord approval to make this power eligible for meeting the Solar RPO requirement of MSEDCL.*

3. MSEDCL in its Case has stated as follows:

3.1. The Commission vide Order dated 7 June 2019 in Case No. 64 of 2019 has accorded approval for re-tendering for balance quantity for procurement of solar power under “Mukhyamantri Saur Krishi Vahini Yojana” with 2 to 10 MW capacity projects.

3.2. In line with above, MSEDCL floated district wise 30 tenders on 31 August, 2019 for procurement of 1350 MW of Solar Power from 2 to 10 MW capacity projects to be connected to distribution network in 30 Circles.

3.3. The last date of submission of Bid was 21 September, 2019 which was initially extended to 4 October, 2019 and later to 15 October, 2019.

3.4. The only bid for one district (Baramati) was received with bidding capacity of 5 MW. The technical bid of tender was opened on 6 November 2019. The details are as below:

Sr. No.	Circle	Tender No.	Max. capacity Circlewise (MW)	Name of Bidder	Cumulative Bidding Capacity (MW)
1	Baramati	T-54	50	M/s Kiran Renewables Pvt. Ltd	5

3.5. Documents submitted by bidder were scrutinized for technical qualification and the M/s Kiran Renewables Pvt. Ltd. was found technically qualified.

3.6. In the tender documents, there is a provision that on completion of Techno-commercial bid evaluation, the said provisions stipulates that if it is found that only one bidder is eligible; opening of the financial bid of the bidder will be at the discretion of MSEDCL. Thereafter MSEDCL will take appropriate action by taking necessary approval from the Commission.

3.7. The financial bid for Baramati circle was opened on 7 November 2019. The tariff rate received in bid is Rs 3.14/unit.

3.8. MSEDCL has submitted this Case for adoption of following tariff discovered through competitive bidding process under Section 63 of the EA:

Sr.No.	Circle	Tender No.	Name of Bidder	Cumulative Bidding Capacity (MW)	Rate (Rs/kWh)
1	Baramati	T-54	M/s Kiran Renewables Pvt. Ltd	5	3.14

3.9. MSEDCL requests the Commission to allow for signing of PPA for a period of 25 years with successful bidder at the tariff discovered through competitive bidding process for procurement of 5 MW solar power under Mukhyamantri Saur Krishi Vahini Yojana.

4. At the hearing held on 5 December 2019, the representative of MSEDCL reiterated its submission.

Commission's Analysis and Rulings:

5. The Commission notes that MSEDCL through its earlier Petition in Case No. 64 of 2019 had approached before this Commission for adoption of rate discovered through competitive bidding process for 1170 MW Solar power under Mukhyamantri Saur Krishi Vahini Yojana. Rate discovered during that competitive bidding process was in the range of Rs. 3.16 to 3.30 per unit. The Commission in its Order dated 7 June, 2019 in this matter had directed MSEDCL to renegotiate the rate as these were not in consonance with the then market conditions. The relevant excerpts from that Order are reproduced below:

“26. In view of the above, rate proposed for adoption under present Petition is clearly not in accordance with recent rates discovered by MSEDCL and so adopted by this Commission by various Orders which includes the adoption of rates of Rs.3.10/unit under Mukhyamantri Saur Krishi Vahini Yojana. However, considering the importance of the Scheme and its benefit to the system and the farmers, the Commission thinks fit to direct MSEDCL to renegotiate the tariff with the bidders to bring the same in the range of tariffs as has been adopted by the Commission recently. In case the renegotiated tariffs are similar and in the range as per the adopted tariffs in Case No 277 of 2018 dated 27 November, 2018, the Commission deems the same approved and no new Petition needs to be filed.

27. Such negotiations may enable MSEDCL to procure part quantum of the tendered power from the generators who are willing to supply power at the rates which have been discovered in similar tender. This action is possible for MSEDCL as the tender for procurement is in stand alone / small capacities. This will ensure that part procurement

will commence immediately. For balance quantum if necessary, MSEDCL may take further action by re-tendering the balance/ required quantity.”

6. Accordingly, MSEDCL floated district wise 30 tenders on 31 August, 2019 to procure cumulative 1350 MW Solar Power from projects to be connected to distribution network in 30 Circles. For the said tender, MSEDCL received bid for only one district (Baramati) with bidding capacity of 5 MW by M/s Kiran Renewables Pvt. Ltd which was found to be technically qualified.
7. MSEDCL under the instant Case has sought approval for adoption of tariff for 5 MW Solar power on long term basis under ‘Mukhyamantri Saur Krishi Vahini Yojana’ at the rate of Rs. 3.14 per unit discovered through competitive bidding process.
8. The Commission notes that MSEDCL has conducted transparent process of competitive bidding for procurement of Solar power under ‘Mukhyamantri Saur Krishi Vahini Yojana’. The rate discovered for 5 MW Solar project i.e. Rs. 3.14 per unit is comparable with rate (Rs. 3.09 to 3.15 per unit) that has been adopted by this Commission through Order dated 27 November 2018 in Case No. 277 of 2018.
9. In view of the foregoing, and in line with the mandate under Section 63 of the EA, the Commission thinks it fit to adopt and hence approve Tariff of Rs 3.14 per unit for procurement of 5 MW of Solar power on long term basis (for the period of 25 years) under ‘Mukhyamantri Saur Krishi Vahini Yojana’ for meeting MSEDCL’s Solar RPO.
10. Having ruled as above, the Commission notes that even after repeated extension of bid deadline, there has been very poor response to the bidding process. As against 1350 MW, bid has been received only for 5 MW and that too by a single bidder that participated in the tender. Therefore, in the opinion of the Commission, there is a need for MSEDCL to review their bidding conditions on holistic basis, considering the overall market scenario in the country so as to attract more bidders. Ceiling rate may be one of bottlenecks causing poor response. Earlier, the Commission has directed MSEDCL to renegotiate with bidders if discovered rate is more than Rs. 3.15 per unit. Said threshold limit was considered after converting discovered rate of Rs. 2.74 per unit at STU periphery under 1000 MW bid of MSEDCL and make it applicable for energy injection at distribution voltage level by factoring transmission and distribution losses. However, in the recent past, discovered rate for utility scale Solar project have slightly increased. The Commission in its recent Order dated 4 December, 2019 in Case No. 292 of 2019 has adopted discovered rate of Rs. 2.83 per unit at STU periphery for 150 MW Solar power procurement by Tata Power Co. Ltd. Also, in the recent bids called by SECI in May 2019 for 250 MW Solar Park (Phase-1) at Dondaicha Dist. Dhule, Maharashtra, it discovered Tariff between Rs.2.87 to Rs.2.91 per unit at STU periphery, petition for adoption of these rates is yet to be filed. Considering these recent

discovered rate at STU periphery, MSEDCL may review their bidding conditions for bids to be called under 'Mukhyamantri Saur Krishi Vahini Yojana'. The Commission reiterates that the ceiling rate is to be decided by the Distribution Licensee based on its own prudence, no prior approval of the Commission is required. However, if MSEDCL is proposing any change in other bidding conditions which are in deviation with Standard Bidding Guidelines, only then MSEDCL needs to take prior approval for such deviations.

11. Hence, the following Order:

ORDER

1. **The Case No. 323 of 2019 is allowed.**
2. **The Commission accords approval for procurement of 5 MW Solar Power at rate of Rs. 3.14 per unit discovered through Competitive bidding conducted by Maharashtra State Electricity Distribution Company Ltd. for 25 Years under Mukhyamantri Saur Krishi Vahini Yojana.**
3. **The Solar power procured from this project shall be counted towards fulfilment of Maharashtra State Electricity Distribution Company Ltd. Solar RPO for the respective periods.**
4. **As suggested in para 10 above, for encouraging more participation from prospective bidders, Maharashtra State Electricity Distribution Co. Ltd. may review the bidding conditions under Mukhyamantri Saur Krishi Vahini Yojana and fix appropriate ceiling rate as per its own due diligence.**

Sd/-
(Mukesh Khullar)
Member

Sd/-
(I.M. Bohari)
Member

Sd/-
(Anand B. Kulkarni)
Chairperson


(Abhijit Deshpande)
Secretary

