

Before the
MAHARASHTRA ELECTRICITY REGULATORY COMMISSION
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Case No. 131 of 2018

In the matter of

Petition of MSEDCL for seeking approval for deviation in bidding document from MoP guidelines for long term procurement of Solar Power under “Mukhyamantri Saour Krishi Vahini Yojana” with 2 to 10 MW capacity projects connected to distribution network with total quantum of 1000 MW through competitive bidding (E- reverse auction); under Section 19 of MERC (RPO, Its Compliance and Implementation of REC Framework) Regulations, 2016

Coram

Shri. Anand B. Kulkarni, Chairperson
Shri Mukesh Khullar, Member

Maharashtra State Electricity Distribution Company Limited (MSEDCL)..... Petitioner

Appearance

| | |
|-----------------------------|--|
| For MSEDCL | : Shri Satish Chavan(Rep) |
| For MSPGCL | : Shri S.B.Soni.(Rep) |
| For MEDA | : Shri. Manoj Pise.(Rep) |
| For Consumer Representative | : Dr. Ashok Pendse TBIA |
| | : Shri Shantanu Dixit, Prayas Energy Group, Pune |

ORDER

Date: 12 June, 2018

1. Maharashtra State Electricity Distribution Co. Ltd (MSEDCL) Plot No G-9, 5th Floor, Prakashgad, Station Road, Bandra (East), Mumbai - 400 051, has filed a Petition on 27 April, 2018 for seeking approval for deviation in bidding document from MoP guidelines for long term procurement of Solar Power under “ Mukhyamantri Saour Krishi Vahini Yojana” with 2 to 10 MW capacity projects connected to distribution network with total quantum of 1000 MW through competitive bidding (E- reverse auction); under Section 19

of MERC (RPO, Its Compliance and Implementation of REC Framework) Regulations, 2016

2. The main prayers of MSEDCL are as under-

- a) *To accord approval for initiation of taluka/circle wise competitive bidding process for procurement Solar power under 'Mukhyamantri Saour Krishi Vahini Yojana' from Solar power projects connected at 11/22 KV level to distribution substation with individual project capacity of 2 to 10 MW through competitive bidding upto 10 MW in taluka and 50 MW circle wise.*
- b) *To accord approval for increase in maximum capacity limit from 10 MW to 20 MW for particular taluka and 50 MW to upto 100 MW for that circle depending on tariff discovered in the bidding process with sole discretion of MSEDCL.*
- c) *To accord approval for deviation in standard bidding guidelines and allow to incorporate this deviation in the bid document (RfS) and PPA.*
- d) *To allow to consider this power procurement to fulfill MSEDCL's RPO requirement under the provisions of the Regulation 19 of MERC (RPO, Its Compliance and Implementation of REC Framework) Regulations, 2016.*
- e) *To consider the submission made by the Petitioner and consider the same positively while deciding the Petition as well as for further actions;*
- f) *To pass any other order/relief as the Hon'ble Commission may deem fit and appropriate under the circumstances of the case and in the interest of justice;*
- g) *To condone any error/omission and to give opportunity to rectify the same;*
- h) *To permit the Petitioner to make further submissions, addition and alteration to this Petition as may be necessary from time to time.*

3. MSEDCL in its Petition has stated as follows:

(a) Ministry of Power (MoP), vide its Notification dated 3 August,2017 has issued guidelines under Section 63 of the Electricity Act (EA),2003 for Tariff- based Competitive Bidding for long-term procurement of 5 MW and above from grid-connected Solar PV Power Projects. The guidelines are applicable for the individual Solar project having 5 MW and above capacity.

Mukhyamantri Saour Krishi Vahini Yojana:-

(b) The Government of Maharashtra (GoM) vide Government Resolution (G.R) dated 14 June, 2017 has issued Policy under "MukhyamantriSaourKrishiVahiniYojana" to supply the power to Agricultural (AG) Consumers during day time by installation of Solar Projects on PPP basis by Maharashtra State Power Generation Company Limited (MSPGCL).

(c) The GoM vide G.R. dated 17 March, 2018 modified the earlier G.R dated 14 June, 2017 of "Mukhyamantri Saour Krishi Vahini Yojana". Accordingly, the GoM has appointed MSEDCL as implementation agency in addition to MSPGCL for flexibility and speedy implementation of scheme for giving day time power to AG consumers.

Procurement of Long term 1000 MW Solar power under "Mukhyamantri Saour Krishi Vahini Yojana" through competitive bidding:

(d) As around 20 circles (218 Taluka) out of 44 circles of MSEDCL is having predominant day time Agriculture load. The day time AG load of these circles can be catered through procurement of Solar Power from grid connected Solar Power Plants under this scheme and also helpful for fulfillment of the Solar RPO target. MSEDCL is in cumulative short fall of 2050 MUs Solar RPO obligation upto March 2017.

(e) As such, MSEDCL is willing to procure Solar Power on long term basis under 'Mukhyamantri Saour Krishi Vahini Yojana' with 2 to 10 MW capacity projects connected to distribution network(11 KV/22 KV level) with total quantum of 1000 MW or more through competitive bidding to supply power during day time to AG consumers and to mitigate MSEDCL's RPO requirement.

(f) Competitive bidding will be done circle wise as under:

- a) The Taluka wise maximum capacity to be installed of that circle 10 MW (Cumulative).
- b) The Circle wise maximum capacity to be installed is 50 MW (Cumulative).
- c) The individual project capacity shall be 2 to 10 MW connected at 11/22 KV level.
- d) Circle wise competitive bidding will be done with ceiling rate of Rs. 3.30/- per unit.

The maximum capacity limit may be increased depending on the tariff discovered in the bidding process with sole discretion of MSEDCL from 10 MW to upto 20MW for the particular taluka and from 50 MW to upto 100 MW for that Circle at the sole discretion of MSEDCL from the remaining bidders.

(g) The benefits of this procurement from Solar Projects connected at MSEDCL's substations on 11 kV/22 kV are as under:

- a) The day time AG load can be catered through Solar Power generated in that area.
- b) The generated power will be consumed at local level for agriculture consumers hence, the losses corresponding to this load, which is now being drawn from EHV to distribution network, will get reduced (present STU loss 3.29 % and willing losses of 33 KV are 6 % for FY 2017-18).
- c) It will give load relief to upward power system and infrastructure requirement will be reduced.
- d) The Solar power from these projects will be counted for MSEDCL's Solar RPO target mitigation.

(h) Competitive bidding will be done circle wise with ceiling rate of Rs.3.30/- Per unit. The power will be procured at the taluka/circle-wise rate discovered through tariff based Competitive bidding.

(i) In the proposed Request for Selection (RfS) the delivery point is at 11/22 KV busbar level of distribution substation with minimum bid capacity of 2 MW. Hence, considering STU loss (3.29 % for FY 2017-18) and wheeling loss of 33 KV (6%), the ceiling rate of Rs. 3.30/- per unit is fixed.

(j) Tender documents for the same will be prepared as per MoP guidelines for Solar Power procurement through competitive bidding with deviations in minimum bid capacity from 5 MW to 2 MW only.

(k) The only deviation in the draft bidding document as compared the MoP guidelines proposed is as under:

| Clause | Clause in Guidelines | Deviation in Clause | Remark |
|---|---|---|---|
| Minimum Capacity of Project/Applicability of guidelines | Solar PV Power Projects ('Projects'), having size of 5 MW and above | The minimum project capacity shall be 2 MW at single location | To participate more number of small bidders, the minimum project capacity is deviated 2 MW at single location, and to have local distributed generation under 'Mukhyamantri Saour Krishi Vahini Yojana' |

(l) As per the provision mentioned in MoP guidelines at clause no. 3.1 (b), procurer shall inform the initiation of bidding process to the Commission. Therefore MSEDCL is hereby filing this petition before the Commission for necessary approval to the deviations.

(m) The Commission in its order dated 6 December, 2017 in Case No. 157 of 2017; in the matter of seeking approval of Long/Medium/Short term procurement of Renewable Energy (RE) through Competitive Bidding has ruled that MSEDCL shall come before the Commission through specific Petition prior to the bidding process only if MSEDCL requires any deviation with respect to the bidding documents.

(n) MSEDCL have already requested for necessary approval to the deviations in the draft bidding document, as per clause no. 3.1 (b) of MoP guidelines dated 3 August,2017 vide Case No.191 of 2017.

(o) MSEDCL is initiating tendering process in anticipation of the Commission's approval and will approach to the Commission for adoption of tariff offered under Section 63 of the EA, 2003 after completion of bidding process.

4. The proceedings of the hearing held on 9 June, 2018 are summarized as follows:
- A. MSEDCL stated that:
- (a) GoM vide G.R. dated 17 March, 2018 modified the earlier G.R dated 14 June, 2017 of "Mukhyamantri Saour Krishi Vahini Yojana". Accordingly, the GoM has appointed MSEDCL as implementation agency in addition to MSPGCL for flexibility and speedy implementation of scheme for giving day time power to AG consumers.
- (b) MSEDCL is seeking approval for deviation in the SBD with respect to MoP guidelines dated 3 August, 2017 for proposed 2 MW capacity instead of minimum bid capacity of 5 MW. These Solar Power Project will be connected at 11/22 KV busbar level of distribution substation and ceiling rate for the Competitive bidding is kept Rs 3.30 per unit.
- B. Shri Ashok Pendse, TBIA is supporting the scheme. However MSEDCL shall ensure that the rates discovered in the bid shall be below Rs 3 per unit in the consumer's interest and as per latest market trend.
- C. Prayas Energy Group, Pune stated that:
- (a) Shri Shantanu Dixit on behalf of Prayas supporting the scheme which is in turn be beneficial to Agricultural consumers in the State. He said that while implementing the scheme through Competitive Bidding, MSEDCL shall ensure that the ceiling rate shall be inclusive all administrative cost. Also the selection of the feeders shall be done as per the load requirement to ensure 8 hours day time power to Agricultural consumers. He also stated that MSEDCL shall ensure that all these data to be available on its's Website and shall be updated accordingly.
5. Prayas Energy Group, Pune via its mail dated 11 June, 2018 submitted comments/suggestions as follows:
- (a) Firstly, Prayas Energy Group strongly supports the Chief Minister's Solar Agriculture Feeder Scheme and welcome MSEDCL's initiative to procure 1000 MW of solar power under this scheme. Reverse bidding with a pre-defined ceiling rate is the right way forward for competitive and cost-effective selection of projects under this scheme.
- (b) Prayas Group hope for quick implementation of the projects since it will be really beneficial not only to the farmers and agriculture sector broadly, but will also save the DISCOM and the State Government significant amounts of cross subsidy and direct subsidy costs.
- (c) MSEDCL should ensure that taulka level solar power procurement should match load at selected agriculture feeders.
- (d) It is requested to the Commission to direct MSEDCL to supply at least 8 hours of continuous daytime power to the farmers covered under this scheme.
- (e) Data for feeders where this scheme is implemented should be made public. This should include details such as load on the feeder, metering status and actual meter

data, no of consumers connected, name of the developer, details of concessions granted, if any, tariff discovered, PPA signed and annual data on metering and payments to the developer etc. Such data should be submitted as a part of the regular ARR filings.

- (f) Prayas Group is agreeing with MSEDCL's prayers with regard to the requested change in the solar bidding guidelines for these projects as well as their project sizes/limits as requested for each project/taluka/circle.
- (g) Considering all these aspects, Prayas Energy Group would like to strongly endorse the proposal under this petition since it is not only in the interest of the agriculture sector as well as MSEDCL, but also for its non-agriculture consumers and broadly for the state of Maharashtra.

Commission's Analysis and Rulings

- 6. Under the present Petition, MSEDCL is seeking approval for deviations in standard bidding documents (Rfs) issued by MoP dated 3 August, 2017 for tariff based competitive bidding process for long term procurement of 1000 MW Solar Power for AG feeders and to consider this power for fulfillment of RPO targets set out by Commission.**
- 7. The Commission notes that under the scheme "Mukhyamantri Saour Krishi Vahini Yojana"; GoM vide modified G.R. dated 17 March, 2018 has appointed MSEDCL as implementation agency in addition to MSPGCL for flexibility and speedy implementation of the scheme for giving day time power to AG consumers. In accordance with this resolution, MSEDCL is willing to procure Solar Power on long term with 2 to 10 MW capacity projects connected to distribution network (11 KV/22 KV level) to supply power during day time to AG consumers.**
- 8. The Commission in its Order dated 6 December, 2017 in Case No. 157 of 2017 had permitted MSEDCL to procure Wind, Solar and Bagasse based cogeneration RE power on Short Term, Medium term and Long term basis at the rate discovered through Tariff based Competitive Bidding (e-reverse auction). Further the Commission in that Order dated 6 December, 2017 had also ruled that MSEDCL shall come before the Commission through specific Petition prior to the competitive bidding process, only if MSEDCL requires any deviation with respect to the bidding documents.**
- 9. Clause no. 3.1 (b) of MoP Guidelines for Tariff Based Competitive Bidding Process for Procurement of Power from Grid Connected Solar PV Power Projects dated 3 August, 2017 states that procurer shall inform the initiation of bidding process to the Commission. Accordingly MSEDCL has approached the Commission for seeking approval for deviations in the standard bidding documents (Rfs) with respect to the MoP guidelines dated 3 August, 2017. In view of that, the Commission accords approval for initialization of the process for long term procurement of 1000 MW Solar Power Projects connected at 11/22 KV level to distribution substation with individual project capacity of 2 to 10 MW through competitive bidding upto 10 MW in taluka**

and 50 MW circle wise under the scheme “Mukhyamantri Saour Krishi Vahini Yojana”. The Commission also accords approval for increase in maximum capacity limit from 10 MW to 20 MW for particular taluka and 50 MW to upto 100 MW, (though it does not pertain to the deviation w.r.t. the MoP Guidelines dated 3 August, 2017) for that circle depending on tariff discovered in the bidding process.

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.

| Clause | Clause in Guidelines | Deviation in Clause | Remark |
|---|---|---|---|
| Minimum Capacity of Project/Applicability of guidelines | Solar PV Power Projects ('Projects'), having size of 5 MW and above | The minimum project capacity shall be 2 MW at single location | To participate more number of small bidders, the minimum project capacity is deviated 2 MW at single location, and to have local distributed generation under 'Mukhyamantri Saour Krishi Vahini Yojana' |

11. MSEDCL stated that it is in cumulative short fall of 2050 MUs under Solar RPO obligation upto March 2017. In view of that the Commission accords approval to consider the proposed Solar Power generation to count towards fulfillment of its RPO for the respective periods.
12. In view of above, the Commission accords approval to standard bidding documents (Rfs) & Power Purchase Agreement (PPA) with deviations under the present Case. MSEDCL may proceed ahead with the bidding process. However, specific Petition shall have to be separately filed by MSEDCL after bidding process is completed for adoption of tariff as is mandated under Section 63 of EA 2003.

The Petition of Maharashtra State Electricity Distribution Co. Ltd. in Case No.131 of 2018 stands disposed of accordingly.

Sd/-
(Mukesh Khullar)
Member

Sd/-
(Anand B. Kulkarni)
Chairperson


(Dr. Rajendra Ambekar)
I/e Secretary

