

**KERALA STATE ELECTRICITY REGULATORY COMMISSION
THIRUVANANTHAPURAM**

Present : **Shri. Preman Dinaraj, Chairman;**
: **Adv. A.J.Wilson, Member(Law)**

OP No. 39/2020

In the matter of : Petition **filed by KSEBLtd**, for adoption of Tariff for the procurement of 200 MW Solar Power from ground mounted solar power plants, discovered through tariff based competitive e – bidding on all India basis

Petitioner : Kerala State Electricity Board Limited (KSEBLtd.),
VydyuthiBhavanam, Pattom P.O – 695 004

Respondents : 1. M/s NTPC Ltd,
Engineering Office Complex Annexe,
Sector -24, Noida, Gautam Budh Nagar
District,

2. M/s TATA Power Company Ltd,
34 Sant Tukaram Road, Carnac Bunder,
Mumbai – 400 069

Date of Hearing : 15.12.2020

Order dated 18 .12.2020

1. The petitioner, Kerala State Electricity Board Limited (KSEBLtd.) filed a petition on 25.11.2020, praying that '*this Commission may adopt the Tariff @ Rs. 2.97 per unit for the procurement of 90 MW of solar power from M/s NTPC Ltd. and also for 110 MW of solar power from M/s Tata Power Company Ltd., discovered through competitive bidding process as approved by this Commission*'.
2. The summary of the petition is as follows: -
 - 1) The Commission granted approval to KSEBLtd., vide Order dated 19.11.2018 in OP. No. 56/2018, for inviting bids on reverse e-bidding process for procuring 200 MW solar power; based on the 'Guidelines for Tariff based Competitive Bidding Process for procurement from Grid

connected Solar PV Projects', notified by Ministry of Power, Government of India, on 3.08.2017 and the amendment thereof dated 14.06.2018.

- 2) Based on this, KSEBLtd, floated an e-tender through the DEEP portal of MSTC, from the solar generators of Kerala, with a benchmark rate of Rs. 3/50 per kWh, on 14.12.2018. In the absence of proper response from the bidders, retender was done with the approval of the Commission, on 02.03.2019, with certain modifications in the tender conditions. But, only one bid for 10 MW solar power from a firm was received. In view of the lack of response to this tender, KSEB Ltd. Cancelled this tender.
- 3) Thereafter on 14.10.2019 KSEB Ltd. filed another petition and the Commission vide its Order dated 22.10.2019, directed KSEB Ltd. to incorporate the amendments made by MNRE, Gol in the standard bidding documents. KSEBLtd. resubmitted the petition on 06.03.2020 which was registered as OP No 09/2020. Hearing on the petition was held on 09.06.2020 and the Commission directed KSEB Ltd. to revise the bidding documents as per the comments given by the Commission. The revised bidding documents were submitted by KSEB Ltd. on 30.07.2020.
- 4) The Commission, after examining the original petition dated 14.10.2019, revised bidding documents dated 06.03.2020, the modified bidding documents dated 30.07.2020 and the deliberations held on the subject petition during the hearing; disposed of the petition OP No 09/ 2020, vide the Order dated 25.08.2020, as follows: -

(1) Grant approval to KSEB Ltd for inviting bids on reverse e-bidding for procuring 200 MW solar power from solar PV plants through competitive bidding route on all India basis, with a preference of 10% requisitioned quantum to plants to be setup within the State of Kerala.

(2) Approve the modified bidding documents RfS and draft PPA submitted by KSEB Ltd on 30.07.2020, after incorporating the modifications detailed.

(3) A copy of the tendered documents including RfS and PPA be submitted to the Commission within 30 days of publishing of tender.

(4) Immediately after the completion of the bid process, KSEB Ltd shall submit a petition complete in all respects for the adoption of tariff.

- 5) Based on the above order, KSEB Ltd. floated the tender inviting bids on reverse e-bidding, for procuring 200 MW solar power from solar PV plants through competitive bidding route on all India basis. The said tender had a provision to give preference of 10% of the requisitioned quantum to plants to

be setup within the State of Kerala. This tender was floated through the DEEP portal of MSTC on 18.09.2020, with the last date as 09.10.2020, which was later revised to 16.10.2020. Pre bid meeting was held on 23.09.2020. Based on the queries raised during the pre-bid meeting, KSEB Ltd issued a corrigendum dated 06.10.2020, modifying the definition 33, clauses 13.3, 13.4, 4.9.3, 12.1.1(5), 13.5.1, and 13.5.2 of the draft PPA, and also Format 10 and clause 1.17 of the RfS documents.

- 6) KSEBLtd. submitted to the Commission on 29.10.2020, the copy of the tender documents (RfS& PPA) with the corrigendum issued on 06.10.2020, in response to the direction mentioned in Para 4(3) above.
 - 7) Non-financial bids of the tender were opened on 20.10.2020 and only two bidders submitted the bids; viz. M/s NTPC for 90 MW and M/s Tata Power Company for 200 MW. There was no participation from any bidder from Kerala. The evaluation committee reviewed the offers and the documents on 04.11.2020, and recommended for opening of the financial bid at 11 AM on 12.11.2020 and the e- reverse auction from 1 PM to 3 PM on the same day.
 - 8) The discovered price after the e-reverse bid was:
 - i) NTPC Ltd - 90 MW @ Rs. 2.97/ kWh; and
 - ii) Tata Power Company - 200 MW @ Rs. 2.98/ kWh.

After the L-1 price matching in the portal, the final allotted quantum and the price are as follows:

 - i) NTPC Ltd - 90 MW @ Rs. 2.97/ kWh; and
 - ii) Tata Power Company Ltd. - 110 MW @ Rs. 2.97/ kWh.
 - 9) The history of the bid, bid sheet and the price comparative sheet were also submitted as *Annexure I* to the Petition. 'Certification of conformity of the bid process', which was certified by the Bid Evaluation Committee and enclosed as *Annexure III* to the petition.
 - 10) KSEB Ltd has submitted this petition for adoption of the above tariff of Rs. 2.97/ kWh for the 200 MW (90+110) of solar power, under Section 63 of the Act by the Commission.
3. The Commission admitted the petition as OP No. 39/2020. Hearing on the petition was held on 15.12.2020, through Video conference mode. The hearing was attended by the following representatives of the Petitioner and the Respondents:

- (i) KSEB Ltd. : Sri K.G.P. Nampoothiri, EE;
- (ii) NTPC Ltd.: Sri. Rajpal Singh, Sri. Manish Kumar Malaviya & Adv. Venkitesh;
- (iii) TATA Power Ltd.: Sri. Ranade Rahul, Head of Business Development.

4. During the hearing, the following issues were discussed and clarified:

- (1) The 90 MW solar plant of NTPC will be located in the existing vacant land in the station premises of the 'ANTA Gas based Power Station', Baran, Rajasthan. The CUF of the plant will be between 24.47% (min.) & 27.47% (max.).
- (2) The plant of TATA Power will be located at Bikaner, Rajasthan and will be part of a solar plant to be established in the land to be procured by the company. The CUF of the plant will be between 25.11% (min.) & 28.11% (max.).
- (3) It shall be the responsibility of the respective generators to obtain Long-Term Access (LTA) for the power being generated under this tender. This condition shall be included in the PPA.
- (4) KSEB Ltd shall include in the PPAs specific clauses regarding the waiver of Transmission charges and Transmission losses for the power transmitted under this tender, as per the order dated 5.08.2020 in File No. 23/12/2016-R&R of the Ministry of Power, Government of India.
- (5) KSEB Ltd. submitted that there are no significant changes in the RfS and the PPA documents, from the approval given by the Commission in the Order dated 25.08.2020.
- (6) KSEB Ltd. further submitted that the rate obtained in this tender is reasonable, considering the size of the plant and the tender conditions. Being a public tender, it was open to every generator to participate and was done transparently through the e-bid platform of the Gol. Further, plants having benefits of economies of scale (> 1000 MW capacity plants) may deliver power at lower prices.

5. The Commission has carefully considered KSEB Ltd.'s petition, submissions and clarifications tendered during the public hearing and all the related documents and noticed the following:

- (1) KSEB Ltd has filed the present petition for the adoption of tariff for the procurement of 200 MW solar power obtained through the tariff based

competitive bidding on all India basis under Section 63 of the Electricity Act, 2003.

- (2) The Tender process was carried out as per the approved bidding process and the tender documents were provisionally approved by the Commission, vide Order dated 25.08.2020.
- (3) The e- reverse bid process was conducted through the 'National e-bidding portal for long term solar power procurement under DEEP portal of MSTC'.
- (4) KSEBLtd. has submitted to the Commission the final tender documents on 29.10.2020, as per the direction mentioned in Para 2.4(3) above, i.e. within 30 days of issuance of the final tender conditions on 06.10.2020.
- (5) There were two bidders (*minimum required to go ahead with the tender as per clause 8.6 of the guidelines dated 3.08.2017*) in the bidding process.
- (6) The price matching was done exactly at the Unit price of L1 (Rs. 2.97/ kWh).
- (7) The evaluation committee constituted by KSEB Ltd certified that, 'the tender has been conducted according to the provisions of the RfS document and as notified in Para 8 of MNRE guidelines issued on 3.08.2017 and subsequent amendments'.
- (8) The CUF quoted by the bidders for both the plants are well above the bid requirements.
- (9) KSEBLtd. has started this procurement process in 2018 and two tenders were abandoned due to lack of participation and high price. It is a fact that KSEBLtd.is yet to meet its RPO and more quantum of solar and renewable energy is required to be purchase if it is to meet its RPO.
- (10) Considering the difficulty in obtaining sufficient land and in environmental and forest clearance, the chances of establishing large capacity solar plants within the State will be difficult.
- (11) As per Section 63 of the Electricity Act, 2003; *'the Appropriate Commission shall adopt the tariff if such tariff has been determined through transparent process of bidding, in accordance with the guidelines issued by the Central Government'*.
- (12) Considering that the tariff has been discovered through a transparent bidding process in accordance with the guidelines of the Government of India and the tender documents as approved by the Commission, the rate

discovered is considered reasonable and the tariff under this petition can be considered for adoption under Section 63 of the Electricity Act, 2003.

Analysis and Orders of the Commission:

6. In view of the foregoing facts, deliberations and clarifications given during the hearing, the earlier orders of this Commission in the matter and the provisions of the Electricity Act, 2003; the Commission hereby orders the following: -

- (1) The Tariff of Rs. 2.97 per unit (kWh) for the procurement of 90 MW of solar power from M/s NTPC Ltd. and 110 MW of solar power from M/s Tata Power Company Ltd.; discovered by KSEB Ltd. through the competitive bidding process as per the bidding guidelines notified by the Central Government is adopted under Section 63 of the Electricity Act, 2003.
- (2) KSEB Ltd shall finalize and initial the PPAs with the two successful bidders for their respective quantum of power and file them before this Commission for its formal approval under Section 86 (1) (b) of the Electricity Act, 2003. The formal approval of the PPAs by this Commission is a condition precedent and the PPAs shall come into effect only after this.

The petition is disposed off.

Sd/-

Adv. A.J. Wilson
Member

Sd/-

Preman Dinaraj
Chairman

Approved for issue

C R Satheeshchandran
Secretary (i/c)