

**Before**

**UTTARAKHAND ELECTRICITY REGULATORY COMMISSION**

**Petition No.: 30 of 2019**

**In the matter of:**

Petition to extend the Control Period of the benchmark capital cost and generic tariff as declared by the Commission vide Order dated 07.06.2019, upto October, 2020 for upcoming Solar PV Power Plants (cumulative capacity of 52 MW).

**In the matter of:**

Uttarakhand Renewable Energy Development Agency ... Petitioner

**AND**

**In the matter of:**

Uttarakhand Power Corporation Ltd. ... Respondent

**CORAM**

**Shri D.P. Gairola      Member (Law)**

**Shri M.K.Jain        Member (Technical)**

**Date of Hearing: September 09, 2019**

**Date of Order: September 18, 2019**

This Order relates to the Petition filed by Uttarakhand Renewable Energy Development Agency (hereinafter referred to as "UREDA" or "Petitioner") under the provisions of Regulation 9, 10 and 54 of the UERC (Conduct of Business) Regulation 2014 and Regulations 11, 12, 51 and 52 of the UERC (Tariff And Other Terms for Supply of Electricity from Non-conventional and Renewable Energy Sources and non-fossil based Co-generation stations) Regulations, 2018 (hereinafter referred to as "RE Regulations, 2018"), to extend the Control Period of benchmark capital cost & generic tariff as determined by the Commission for solar energy based power projects vide its Order dated 07.06.2019 for FY 2019-20, upto October, 2020

for upcoming Solar PV Power Plants (cumulative capacity 52 MW).

## **1. Background & Submission**

- 1.1 The Petitioner has filed the present Petition dated 22.07.2019 seeking approval to extend the control period of the benchmark capital cost & generic tariff as determined by the Commission vide Order dated 07.06.2019 for solar energy based power projects for FY 2019-20, upto October 2020 for upcoming Solar PV Power Plants (cumulative capacity of 52 MW).
- 1.2 The Petitioner submitted that the Government of Uttarakhand has issued Uttarakhand Solar Energy Policy, 2013 on 27.06.2013 and amendment thereto on 26.09.2018. Solar energy based power projects are proposed to be setup under four categories in the Solar Energy Policy, 2013 one of which is reserved for State Discom, i.e. Uttarakhand Power Corporation Limited (UPCL), for meeting its Renewable Purchase Obligation (RPO) wherein the solar power projects are selected through the tariff based competitive bidding process. Further, as per the said policy, the solar energy projects upto 5 MW shall be allotted only in the hilly areas of the State and shall be reserved for the permanent residents of the State of Uttarakhand.
- 1.3 The Petitioner submitted that UPCL had requested UREDA for arrangement of 200 MW Solar Power in accordance with the provisions of Solar Energy Policy, 2013 to achieve the Renewable Purchase Obligation as specified by the Commission from time to time.
- 1.4 The Petitioner submitted that based on the request of UPCL and provisions of Solar Energy Policy, 2013 as amended from time to time, UREDA had prepared the Request for Proposal (RfP) for selection of Developer(s) for setting of 200 MW cumulative capacity Grid Connected Solar PV Power Plants in the Hilly region of Uttarakhand and the selection of the developers is proposed to be done through the tariff based competitive bidding process.
- 1.5 The Petitioner submitted that the tariff declared by the Commission for FY 2018-19 had been taken as base rate for the reverse tariff bidding in RfP. Further, the Petitioner had requested the Commission for extension of benchmark capital cost and generic tariff for FY 2018-19 upto March, 2020. The Commission taking cognizance of various facts allowed UREDA extension of benchmark capital cost and generic tariff for FY 2018-19 upto June,

2020 for upcoming Solar PV power plants (cumulative capacity of 200 MW) vide Order dated 01.02.2019.

- 1.6 The Petitioner submitted that total 237 nos. (184.35 MW) of proposals/bids were received on E-tender Portal. After scrutiny of these proposals, only 208 nos. (148.85 MW) of bids were found eligible which have been approved by the Project Approval Committee. Remaining 29 nos. (35.50 MW) bids were found ineligible according to the RfP conditions and Solar Energy Policy, 2013 and rejected by the Project Approval Committee. Hence, the total aggregate capacity 51.15 MW (say 52 MW) is left over from RfP of 200 MW. In this regard, Project Approval Committee vide letter no. 805 dated 17.07.2019 directed UREDA to republish the left over capacity 52 MW at the earliest.
- 1.7 UREDA published the left over aggregate capacity of 52 MW on 22.07.2019. The projects could be allotted to successful bidders in October, 2019. Further, the Government of Uttarakhand, vide amendment no. 1050 dated 01.10.2015 defined the time schedule for completing the Solar PV plants to be 12 months from the date of allotment. Therefore, the selected developers may commission their projects by October, 2020.
- 1.8 Accordingly, UREDA requested the Commission to allow the extension of Control Period of the benchmark capital cost & generic tariff as determined by the Commission vide Order dated 07.06.2019 for the Solar PV Plants commissioned during FY 2019-20 upto October, 2020 for upcoming Solar PV Power Plants (cumulative capacity of 52 MW).

## **2. Respondent's submissions**

- 2.1. The Commission had forwarded the copy of the Petition to UPCL for its comments, if any, in the matter. UPCL vide their letter dated 27.08.2019 submitted its reply to the Commission which were forwarded to the Petitioner for counter reply. The Petitioner vide its letter dated 05.09.2019 submitted its rejoinder. The Commission has dealt with the reply and rejoinder of the parties in the subsequent paragraphs.
- 2.2. UPCL vide its letter dated 27.08.2019 submitted that UREDA had invited bids for 52 MW Solar Plants in FY 2019-20 and UREDA has sufficient time to finalise the bidding process to award installation of solar plants. Accordingly, the selected bidders will also have sufficient time to install the plant. There is sufficient time to develop the Solar PV plant within the ambit of Order dated 07.06.2019.

UREDA vide its rejoinder dated 05.09.2019 submitted that RfP for the upcoming Solar PV plants having cumulative capacity of 52 MW was issued on 22.07.2019 and selection process of the successful developers for the establishment of the Solar PV plants involves various activities such as Pre-bidding meeting, scrutiny of Non-Financial Bids and publication of shortlisted bidders, opening of Financial Bids and publication of selected bidders etc., which requires time. Further, the Government of Uttarakhand, vide amendment no. 1050 dated 01.10.2015 has defined the time schedule for completing the Solar PV plants to be 12 months from the date of allotment. UREDA will be able to issue allotment letters in the month of October, 2019, therefore, as per aforesaid letter, selected developers may commission their plants by October, 2020.

- 2.3. UPCL submitted that the Commission determines the levelised tariff for Solar power plants every year. By extending control period of tariff of FY 2019-20 to FY 2020-21, the very purpose of the competitive reverse bidding would get defeated. There is up-gradation of Solar PV module technology and over the period of time Solar PV module of lesser size has been able to generate same power with less requirement of land. Hence, extending the control period of the benchmark capital cost is neither in the interest of the consumer nor is in favour of UPCL. Further, Solar plants are having mix of indigenous and imported solar PV modules because in order to be effective, Solar generator may also restore to use of various mix of indigenous and imported modules. The relief sought by the Petitioner in Order dated 07.06.2019 is only for a special category and this cannot be permitted as the Order can be modified either wholly or not.

### **3. Commission's Views & Decisions**

- 3.1. UREDA has filed the present Petition before the Commission under Regulation 51 and 52 of RE Regulations, 2018 to extend the control period of benchmark capital cost & generic tariff as determined by the Commission vide Order dated 07.06.2019, upto October, 2020 for upcoming Solar PV Power Plants (cumulative capacity of 52 MW).
- 3.2. The Commission conducted a hearing on the merit of the Petitions on 09.09.2019. The Commission heard both the parties and carefully considered their written submissions. The Commission has critically analysed contentions of the Petitioner and the Respondent in the matter. After examining the relevant material available on records, issues raised by

the Petitioner have been dealt in the subsequent paragraphs of this Order.

- 3.3. With regard to the Control Period, Regulation 11 of RE Regulations, 2018 specifies as follows:

***“11. Control Period or Review Period***

*(1) The Control Period or Review Period under these Regulations shall be of five years, of which the first year shall be the financial year 2018-19.*

***Provided that the benchmark capital cost of Solar PV, Canal Bank & Canal Top Solar PV, Solar Thermal, Municipal Solid Waste based power projects, Refuse Derived Fuel based power projects and Grid interactive Roof Top and Small Solar PV projects may be reviewed annually by the Commission.***

*Provided further that the tariff determined as per these Regulations for the RE projects commissioned during the Control Period, shall continue to be applicable for the entire Tariff Period.”*

***(Emphasis added)***

The Commission vide its Order dated 07.06.2019 has determined the benchmark capital cost & generic tariff for solar energy based power plants applicable for FY 2019-20 which may be reviewed annually by the Commission.

- 3.4. As far as UPCL's comments on the module cost, combination of imported and indigenous panels are concerned, the Commission is of the view that these issues relate to the determination of the benchmark capital cost and generic tariff. UPCL may bring these issues before the Commission at the time of review of benchmark capital cost and generic tariff for solar energy based power plants for FY 2020-21 alongwith the supporting documents.
- 3.5. Further, UPCL has submitted that the relief sought by the Petitioner in Order dated 07.06.2019 is only for a special category and such relief cannot be permitted.

In the matter, it is to be noted that the Commission vide its Order dated 07.06.2019 has provided the generic tariff for the solar energy based power projects commissioned or proposed to be commissioned in FY 2019-20. In the present case, allotment letters (LoA) are proposed to be issued in the month of October, 2019 and as per Solar Energy Policy, 2013, schedule completion time for the solar PV projects is twelve months from the issue

of LoA. Accordingly, successful bidders may commission their plants by October, 2020. Further, it is to be noted that whenever tariff based bids are invited, a ceiling rate is to be mentioned in the RfP, so that the interested developers may quote the price accordingly. However, at present it is not possible to determine the generic tariff applicable for FY 2020-21 due to non availability of sufficient information.

Considering the above, the Commission exercises its power provided under regulation 51 and 52, i.e. Power to remove difficulties and Power to relax which is reproduced hereunder:

***“51. Power to Remove Difficulties***

*If any difficulty arises in giving effect to these regulations, the Commission may, of its own motion or otherwise, by an order and after giving a reasonable opportunity to those likely to be affected by such order, make such provisions, not inconsistent with these regulations, as may appear to be necessary for removing the difficulty.*

***52. Power to Relax***

*The Commission, for reasons to be recorded in writing, may vary any of the provisions of these regulations on its own motion or on an application made before it by an interested person.”*

Accordingly, in the present case, the Commission as a one-time exception allows extension of benchmark capital cost and generic tariff for FY 2019-20 upto October 2020 for upcoming Solar PV Power Plants (cumulative capacity of 52 MW) beyond which no further extension shall be allowed for whatsoever reason and the approved tariff applicable on the day of commissioning of the plant or tariff quoted by the selected bidders whichever is lower shall be applicable. However, both UREDA and the selected developers are advised to expedite the allotment and commissioning process so that the plants may be commissioned in advance of October 2020.

- 3.6. Further, the Commission has observed that the Petitioner vide its RfP dated 22.07.2019 had provided ceiling tariff of Rs. 4.73/kWh which was amended to Rs. 4.49/kWh vide corrigendum dated 23.07.2019 based on the Commission Order dated 07.06.2019 in the matter of review of benchmark capital cost and generic tariff for Solar Energy based projects. In this regard, it is to be noted that tariff related matters comes under the regime of the Commission and the Petitioner has issued the RfP dated 22.07.2019 and

its corrigendum dated 23.07.2019 which contains tariff related matter also without the prior approval of the Commission. In the matter the Commission expresses its displeasure in the approach adopted by the UREDA, as discussed above, and cautions them to follow the laid down principles and procedures while dealing such matters in future.

3.7. Ordered accordingly.

**(M.K. Jain)**  
**Member (Technical)**

**(D.P. Gairola)**  
**Member (Law)**