

Before

UTTARAKHAND ELECTRICITY REGULATORY COMMISSION

Petition No.: 13 of 2020 (Suo-Motu)

In the matter of:

Time extension in scheduled commissioning date of Solar PV Plants to be developed by various developers in the State of Uttarakhand considering disruption due to lockdown on account of coronavirus (COVID-19) pandemic.

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Shri D.P. Gairola Member (Law)

Shri M.K. Jain Member (Technical)

Date of Order: June 23, 2020

This Order relates to the representations received from various Solar PV plant developers seeking time extension in the scheduled commissioning date and enhancement in tariff considering disruption on account of lockdown due to COVID-19 epidemic.

1. Background

1.1 UREDA vide its Petition dated December 12, 2018, had sought approval to extend the Control Period of the benchmark capital cost & generic tariff as determined by the Commission vide RE Regulations, 2018 for Solar PV Plants for FY 2018-19, upto March 2020 for Solar PV plants having cumulative capacity of 200 MW. In the matter, the Commission vide its Order dated February 01, 2019, extended the Control Period of the generic tariff as determined by the Commission for FY 2018-19 till June, 2020 for those plants. Accordingly, the tariff determined through competitive bidding was to be applicable only if the proposed plants got commissioned by June, 2020 otherwise the lower of the tariff determined by the Commission for the year of commissioning of the proposed plant or determined through competitive bidding would be applicable.

- 1.2 Subsequently, UREDA vide its Petition dated July 22, 2019 submitted that it had invited bids for development of Solar PV plant having cumulative capacity of 200 MW, however, bids having cumulative capacity of 148.85 MW were found eligible for the establishment of such solar plants and, accordingly, UREDA invited bids for the remaining capacity of 51.85 MW (say 52 MW). Therefore, UREDA vide the said Petition requested the Commission to extend the benchmark capital cost and generic tariff determined by the Commission for FY 2019-20 till October, 2020. In the matter, the Commission vide its Order dated September 18, 2019 accepted the request of UREDA and extended the Control Period of the benchmark capital cost and generic tariff determined for FY 2019-20 upto October, 2020 as ceiling tariff for competitive bidding purpose for the upcoming Solar PV plants having cumulative capacity of 52 MW. Accordingly, the tariff determined through competitive bidding would be applicable only if the proposed plants got commissioned by October, 2020 otherwise the lower of the tariff determined by the Commission for the year of commissioning of the proposed plant or determined through competitive bidding would be applicable.
- 1.3 Further, a Petition was also filed by M/s Akshay Urja Association for approval of tariff rate revision from 70% CFA to Non CFA tariff rate for small solar plants, which already have 25 years PPA with UPCL under the “scheme for development of Grid Interactive Rooftop and Small Solar PV Power Projects-2016” for Residential/Institutional/ Social Sector, published on September 29, 2016, under Jawaharlal Nehru National Solar Mission. In the matter, the Commission vide its Order dated September 17, 2019 directed UPCL to enter into a revised PPA with a tariff rate of Rs. 4.38/kWh as determined by the Commission for FY 2019-20 and the same shall be applicable if the plants get commissioned during FY 2019-20 otherwise the tariff determined for the year of commissioning of Solar PV plants will be applicable.
- 1.4 The Commission has received certain representations from various Solar Power plant developers regarding delay in implementation of Solar Power plants on account of COVID-19 pandemic that has affected the global supply chain across the world for the solar power projects. Further, some of the Solar Power plant developers have sought 10% tariff enhancement. The issues raised by the Solar Power plant developers have been dealt in the subsequent paragraphs of this Order.

2. Commission's view and decision

- 2.1 The Solar Power plant developers were required to setup their plants within the specific time as per respective Orders of the Commission. However, the pandemic of COVID-19 has put a halt on the development of Solar Power plants not only in the State of Uttarakhand but in the entire country. Accordingly, some of the Solar PV developers requested the Commission to extend the schedule commissioning date for their respective Solar PV plants.
- 2.2 The representations received from the Solar Power plant developers were forwarded to UREDA and UPCL for their comments. In the matter, UREDA vide its letter dated May 06, 2020 submitted that since COVID-19 has been declared a national pandemic and due to the rapid spread of COVID-19 in India as well as in the State of Uttarakhand, development of Solar PV projects is getting delayed due to restriction on the construction activities and other commercial activities. UREDA submitted that considering the current scenario, the Commission may allow the time extension till December 31, 2020 for the Solar PV plants to be commissioned by June 30, 2020 and till March 31, 2021 for the Solar PV plants to be commissioned by the end of October, 2020.

Subsequently, UREDA vide its letter dated June 10, 2020 requested the Commission to allow time extension till March 31, 2021 considering that a frequent visit of the site would be required by experts and as per State Government Order, people on arrival from/to any district needs to undergo compulsorily quarantine which may further delay the development of such plants.

- 2.3 In the matter, UPCL vide its letter dated May 29, 2020 submitted that smooth transportation of material is not possible in the country because inter-state borders are not fully opened till date. Therefore, UPCL has no objection if the time extension upto one year is permitted to these Solar Power plant developers. UPCL also submitted that it will separately approach the Commission for exemption/reduction of its Solar targets for FY 2020-21 as some of the projects will not be commissioned as per existing timelines due to COVID-19.

With regard to UPCL's request for seeking exemption/reduction of its Solar targets for FY 2020-21, the Commission directs UPCL to plan its RPO requirement

considering the change in demand-supply of electricity scenario and ensure compliance of the same as nine months are still available with UPCL to plan the same.

2.4 Solar Power plant developers requested the Commission for time extension for the development of Solar PV plants considering disruption due to COVID-19 pandemic. The Commission observes that the COVID-19 has affected the global supply chain of solar power modules. Further, in line with the decision of Central Government, the State Government has declared COVID-19 epidemic because of which all construction activities alongwith other commercial activities have been disrupted for the Solar Power plant developers. The Central and State Government are relaxing the lockdown rules and conditions in a phased manner, hence, it appears that commercial activities w.r.t. development of Solar PV plants, may take time to get normalised.

Further, with respect to time extension for such plants, MNRE vide its letter dated April 17, 2020 decided that the extension will be for the period of lockdown plus thirty days which will be a blanket extension. Here, it is worth mentioning that July to September months are monsoon season with heavy rains which disrupts work specially in hilly areas of the State of Uttarakhand which may be a hurdle in the process of development of Solar PV plants.

In this regard, reference has been made to Regulations 51 and 52 of RE Regulations, 2018, i.e. Power to remove difficulties and Power to Relax which are 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, based on the above, the Commission in exercise of its powers provided under Regulations 51 and 52, taking cognizance of the fact that the COVID-19

pandemic situation is still going on and ongoing monsoon season will last upto September, 2020 in the State of Uttarakhand specially in hilly areas, allows the Solar Power developers to develop and commission their respective plants by 31st of March, 2021 to get the tariff rates as specified in respective PPAs of the Solar Power plant developers executed with UPCL. Further, in case of any delay beyond 31st March, 2021 the lower of the tariff determined by the Commission for the year of commissioning of the proposed plant and determined through competitive bidding/PPA tariff will be applicable.

- 2.5 Some of the Solar PV plant developers requested the Commission for the tariff enhancement of 10% for their Solar Power projects considering that there is an increase in dollar exchange rate vis-à-vis INR and the availability of labour, transportation and allied services has become scarce and thereby increasing the costing of the projects.

In the matter, the Commission observed that while approving the module cost for FY 2019-20, the Commission had considered the average exchange rate of Rs. 70.735/USD which has increased to Rs. 76.216/USD as on June 19, 2020 and cost of labour as well as transportation has also increased, however, it also cannot be denied that the cost of module cost has decreased to \$ 0.185/module as on June 17, 2020 (*Source <http://pvinsights.com/>*) against average module cost of 0.241 USD/Wp as considered by the Commission in Suo-moto Order dated June 07, 2019 while determining the benchmark capital cost and levelized generic tariff for solar PV plants for FY 2019-20. Further, the Commission had considered the average SBI MCLR of 8.53% for the purpose of Interest on Loan and Interest on Working Capital in Suo-moto Order dated 07.06.2017 which has decreased substantially to 7.00% as on June 10, 2020 (*Source: <https://www.sbi.co.in/web/interest-rates/interest-rates/mclr-historical-data>*). Accordingly, there will be a saving to the Solar PV plant developers on account of decrease in module cost as well as interest rates which may compensate the increase in other costs. Moreover, the tariffs were determined through bidding process and any arbitrary enhancement of tariff would not be appropriate. Accordingly, request for 10% tariff hike on pro-rata basis for respective projects by the Solar PV developers is rejected.

3. The Commission would like to reiterate that the Solar PV plants developers selected through the competitive bidding for setting up of the Solar PV plants having cumulative capacity of

200 MW and the Solar PV plant developers who have been allowed to execute PPA with UPCL with zero CFA by the Commission vide its Order dated 17.09.2019 are required to commission their respective projects by the end of March, 2021 to get the tariff as determined through competitive bidding or as mentioned in their respective PPA, as the case may be. Further, in case of any delay beyond March 31, 2021 in the commissioning of the projects, lower of the tariff determined by the Commission for the year of commissioning of such plants or worked out through competitive bidding/tariff in PPA shall be applicable.

Ordered accordingly.

-Sd-

(M.K. Jain)
Member (Technical)

-Sd-

(D.P. Gairola)
Member (Law)