

BEFORE THE GUJARAT ELECTRICITY REGULATORY COMMISSION

GANDHINAGAR

Filing No:

Case No:

IN THE MATTER OF

Petition under Section 86 (1) (b) & (e) of the Electricity Act, 2003 and other applicable provisions of the Electricity Act, 2003 for procurement of power under the GoG “Policy for development of Small Scale Distributed Solar Projects - 2019”

PETITIONER

Gujarat Urja Vikas Nigam Limited
Sardar Patel Vidyut Bhavan
Race Course,
Vadodara - 390 007

AND


CO-PETITIONERS

1. Madhya Gujarat Vij Company Ltd (MGVCL)
Vadodara
2. Uttar Gujarat Vij Company Ltd (UGVCL)
Mehsana
3. Paschim Gujarat Vij Company Ltd (PGVCL)
Rajkot
4. Dakshin Gujarat Vij Company Ltd (DGVCL)
Surat

Petition under Section 86 (1) (b) & (e) of the Electricity Act, 2003 and other applicable provisions of the Electricity Act, 2003 for procurement of power under the GoG “Policy for development of Small Scale Distributed Solar Projects - 2019”

MOST RESPECTFULLY SHOWETH:

- 1) The erstwhile Gujarat Electricity Board has been unbundled in seven functional entities under the Gujarat Electricity Industry Reorganization and Comprehensive Transfer Scheme, 2003 notified under the Gujarat Electricity Industry (Reorganization and Regulation) Act 2003. The activities of Generation, Transmission, Distribution,



Bulk power purchase and supply undertaken by erstwhile Gujarat Electricity Board has been entrusted to separate seven functional entities. The generation activity is assigned to Gujarat State Electricity Corporation Ltd. (GSECL), the transmission activity is assigned to Gujarat Energy Transmission Corporation Ltd. (GETCO) and the distribution activity is assigned to four Distribution companies viz. Uttar Gujarat Vij Company Ltd. (UGVCL), Madhya Gujarat Vij Company Ltd. (MGVCL), Dakshin Gujarat Vij Company Ltd. (DGVCL) and Paschim Gujarat Vij Company Ltd. (PGVCL). Further, the function of bulk purchase and bulk sale of power is assigned to Gujarat Urja Vikas Nigam Ltd. (GUVNL) as per the re-organization scheme. Accordingly, on behalf of four subsidiary Distribution Companies, the activity of bulk purchase and bulk sale of power is carried out by Gujarat Urja Vikas Nigam Ltd. (GUVNL).

- 2) The Distribution Companies are mandated to procure power from Renewable Energy Sources as per the provisions of Section 86 (1) (e) of the Electricity Act, 2003 and in terms of GERC (Procurement of Energy from Renewable Energy Sources) Regulations as amended from time to time.
- 3) In accordance with the same, the Petitioner on behalf of its four Distribution Companies viz. Uttar Gujarat Vij Company Ltd. (UGVCL), Madhya Gujarat Vij Company Ltd. (MGVCL), Dakshin Gujarat Vij Company Ltd. (DGVCL) and Paschim Gujarat Vij Company Ltd. (PGVCL) has been entering into Power Purchase Agreements with various Renewable Energy Generators for procurement of power from time to time.
- 4) Section 86 (1) (b) of the Electricity Act 2003 provides that the State Commission shall discharge following functions, namely -

“(b) regulate electricity purchase and procurement process of distribution licensees including the price at which electricity shall be procured from the generating companies or licensees or from other sources through

agreements for purchase of power for distribution and supply within the State.”

- 5) Further, Section 86 (1) (e) of the Electricity Act 2003 provides that the State Commission shall discharge following functions for promotion of renewable energy, namely

“(e) promote cogeneration and generation of electricity from renewable sources of energy by providing suitable measures for connectivity with the grid and sale of electricity to any person, and also specify, for purchase of electricity from such sources, a percentage of the total consumption of electricity in the area of a distribution licensee.”

- 6) Promotion of competition in the electricity industry in India is one of the key objectives of the Electricity Act 2003. The power purchase costs constitute the largest cost element for Distribution Licensees. Competitive procurement of electricity by the Distribution Licensees is expected to reduce the overall cost of procurement of power and lead to reduction in prices of electricity and in significant benefits for consumers.

- 7) Section 61 and 62 of the Electricity Act 2003 empowers the State Commissions to specify the terms and conditions for determination of tariff for generation, transmission, distribution and supply of electricity in their State. In order to promote further competition, Section 63 of the Electricity Act 2003 provides the State Commission to adopt such tariffs which have been determined through a transparent process of Competitive Bidding. Section 63 of the Electricity Act 2003 provides as under:-

“Notwithstanding anything contained in Section 62, the Appropriate Commission shall adopt the tariff if such tariff has been determined through transparent process

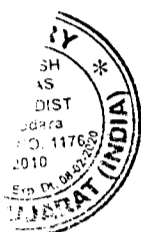


of bidding in accordance with the guidelines issued by the Central Govt.”

- 8) The National Tariff Policy, 2016 formulated by the Ministry of Power has given specific guidance on purchase of power generated from renewable energy sources. As per Section 6.4(2),

“States shall endeavor to procure power from Renewable Energy sources through Competitive Bidding to keep the tariff low, except from the waste to energy plants. Procurement of power by Distribution Licensee from renewable energy sources, from Solar PV Power Projects above the notified capacity, shall be done through Competitive Bidding Process, from the date to be notified by the Central Government. However, till such notification, any such procurement of power from Renewable Energy sources Projects, may be done under Section 62 of the Electricity Act, 2003.”

- 9) Earlier, Distribution Licensees were procuring power from RE Projects at the feed-in-tariffs determined by Hon’ble Commission from time to time. However, Hon’ble Commission vide letter dated 18.03.2017 (Annexure A) observed that as per provisions of National Tariff Policy, procurement from Renewable Energy projects by Distribution Licensees is recommended through Competitive Bidding to keep the tariff low. Further, it was observed by Hon’ble Commission that the Government of India and various other State Governments have initiated Competitive Bidding Process in which the discovered tariff has shown substantial reduction. This is also in public interest as the tariff to the end consumer would be lower as compared to procurement at the preferential tariff determined.
- 10) Hon’ble Commission through aforementioned letter directed the Distribution Licensees to procure electricity from the wind and solar power projects through Competitive Bidding Process under Section 63 of the Act or by following the Competitive Bidding Process followed



by SECI / MNRE etc. It was further directed by Hon'ble Commission that the tariff determined by the Hon'ble Commission in the respective category of renewable energy will act as ceiling tariff and the Distribution Licensees may approach the Hon'ble Commission for adoption of the tariff discovered through such Competitive Bidding Process.



- 11) Ministry of Power has published “Guidelines for Tariff Based Competitive Bidding Process for Procurement of Power from Grid Connected Solar PV Power Projects” dated 03.08.2017 (**Annexure B**)
- 12) The Competitive Bidding Guidelines are not applicable for Intra State Projects below 5 MW Solar PV Projects.
- 13) Referring to the Guidelines for procurement of power Solar Projects through Competitive Bidding and being not applicable to Intra State Projects below 5 MW Solar PV Projects, Ministry of New and Renewable Energy vide letter dated 13.04.2018 (**Annexure C**) has opined that States / Union Territories can consider procuring power from Solar PV Projects of less than 5 MW capacity as prescribed in MoP's Guidelines through feed-in-tariff determined by SERCs.
- 14) In light of the fact that the feed-in-tariffs determined by Hon'ble Commission being way too high as compared to the tariffs discovered through Competitive Bidding Process, it is not envisaged to procure solar power at the feed-in-tariff. Therefore, Government of Gujarat vide GR No. SLR/11/2019/51/B1 (**Annexure D**) has notified “Policy for development of Small Scale Distributed Solar Projects - 2019” to facilitate development of Small Scale Distributed Solar Projects with size 0.5 MW and above but upto 4 MW in the Distribution Network of Licensees of Gujarat State with an aim to promote small scale distributed solar projects and at the same time the rate of power purchase is proposed at reasonable level.
- 15) In accordance with the Govt. of Gujarat's “Policy for development of Small Scale Distributed Solar Projects - 2019”, any individual,

company or body corporate or association or body of individuals, co-operative society of individuals / farmers whether incorporated or not, or artificial juridical person shall be eligible for setting up Small Scale Solar Projects exclusively for the purpose of sale to Obligated Entities i.e. Distribution Licensees for fulfillment of RPO of such Obligated Entities.



16) Further, the Obligated Entities shall buy Solar Power under Govt. of Gujarat's "Policy for development of Small Scale Distributed Solar Projects - 2019" for meeting their RPO.

17) Furthermore, the tariff applicable under the Govt. of Gujarat's "Policy for development of Small Scale Distributed Solar Projects - 2019", shall be as per following mechanism:

- i. The tariff contracted in the Competitive Bidding Process conducted by GUVNL at which PPAs are signed for procurement of Solar Power from projects located outside Solar Park prevailing as on 31st March (computed based on simple average of such tariff discovered and contracted over six months ending on 31st March) of any given year *with an addition of Rs. 0.20* per unit shall be the applicable tariff at which the PPAs shall be signed during the immediately succeeding period of April to September by Obligated Entities with these Solar Projects under this policy and similarly the contracted tariff prevailing as on 30th September of any given year (computed based on simple average of such tariff discovered and contracted over six months ending on 30th September) *with an addition of Rs. 0.20* per unit shall be the applicable tariff for PPAs to be signed during the immediately succeeding period of October to March.
- ii. However, the above mechanism of applicable tariff shall be subject to approval of Hon'ble Commission. The Obligated Entities shall take one time approval of Hon'ble Commission.

iii. The Rs. 0.20 per unit addition in tariff is allowed for Rs.0.12 per unit for saving in transmission loss as power will be injected in distribution grid and Rs.0.08 per unit is to compensate for expensive land cost, higher capital investment and maintenance cost due to small size of projects.

iv. The above mentioned tariff shall be applicable for a PPA term of 25 years from Commercial Operation Date of the Projects.

18) In the above background, Hon'ble Commission is humbly requested to approve the mechanism of applicable tariff for purchase of power under the GoG "Policy for development of Small Scale Distributed Solar Projects - 2019" as per para 17 (i) above.

PRAYER:

19) It is therefore respectfully prayed that this Hon'ble Commission may be pleased to:

a) Admit this Petition.

b) Approve the mechanism of applicable tariff for purchase of power under the GoG "Policy for development of Small Scale Distributed Solar Projects - 2019" as stated in para 17 (i) of this Petition.

c) The Petitioner craves relief of the Hon'ble Commission to allow further submissions, prayers, additions and alterations to this Petition as may be necessary from time to time.

d) Pass any other Order as this Hon'ble Commission may deem just and proper in the circumstances of the case.

J. D. Dave

**GUJARAT URJA VIKAS NIGAM LIMITED
PETITIONER**

Date: 08/03/2019
Place: Vadodara



DECLARATION

Declaration that subject matter of the Petition has not been raised by the Petitioner before any other Competent Forum and that no other Competent Forum is currently seized of the matter or has passed any order in relation thereto except as mentioned above.



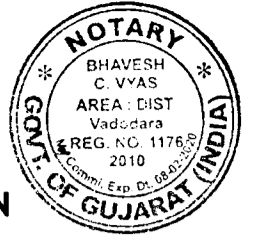
[Handwritten Signature]

**PETITIONER
GUJARAT URJA VIKAS NIGAM LIMITED**

Date: 08/03/2019
Place: Vadodara



Regd. No: 234
Date: 08/03/2019



BEFORE THE GUJARAT ELECTRICITY REGULATORY COMMISSION
GANDHINAGAR

Filing No:
Case No:

IN THE MATTER OF

Petition under Section 86 (1) (b) & (e) of the Electricity Act, 2003 and other applicable provisions of the Electricity Act, 2003 for procurement of power under the GoG "Policy for development of Small Scale Distributed Solar Projects - 2019"

PETITIONER

Gujarat Urja Vikas Nigam Limited
Sardar Patel Vidyut Bhavan,
Race Course,
Vadodara - 390 007

AFFIDAVIT

I, Girija Dave, daughter of Jagdish Dave, aged about 33 years, resident of Vadodara do hereby solemnly affirm and state as under:

1. I am the I/c Dy. Chief Accounts Officer working in Gujarat Urja Vikas Nigam Limited and am well conversant with the facts of the case and able to swear to the present Affidavit.
2. I, on behalf of the Petitioner, Gujarat Urja Vikas Nigam Limited have gone through the contents of the accompanying Petition and say that the contents stated therein are based on the records of the Petitioner maintained in the normal course of business

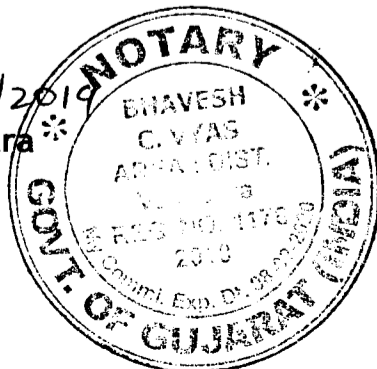
VERIFICATION:

I, the Petitioner above named do hereby verify that the contents of my above Affidavit are true to my knowledge, no part of it is false and nothing material has been concealed therefrom.

Identified before me.

Girija Dave
Gujarat Urja Vikas Nigam Limited
PETITIONER

Date: 08/03/2019
Place: Vadodara



Solemnly Affirmed / Declared
Sworn Before me by.....

Girija Dave
9
BHAVESH C. VYAS
NOTARY (Govt. of Gujarat)
8.3.19