

**Before the**  
**MAHARASHTRA ELECTRICITY REGULATORY COMMISSION**  
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**Case No. 202 of 2022**

**Petition for adoption of the Tariff discovered through the Competitive Bidding process held for long term procurement of 18.36 MW wind power from the wind generators whose Energy Procurement Agreements (EPAs) with MSEDCL have expired.**

Maharashtra State Electricity Distribution Company Ltd. (MSEDCL) : Petitioner

1	M/s. Shreem Electric Ltd.	}	: Respondents
2	M/s. B.S.Channabasappa and Sons.		
3	M/s. UIC Udyog Limited		
4	M/s. Bangal Beverages Pvt.Ltd.		
5	M/s. P.V.Chandran		
6	M/s. HVK International Pvt.Ltd.		
7	M/s. Siva Electric Generation Pvt.Ltd		
8	M/s. Sri Manmaya Textiles Pvt Ltd.		

**Coram**

**Sanjay Kumar, Chairperson**

**I.M. Bohari, Member**

**Mukesh Khullar, Member**

**Appearance:**

For the Petitioner : Ms. Kavita Gharat, CE (RE)  
Mr. Nikhil Meshram (Rep.)

For the Respondent : Mr. Subhasis Bhattacharya (Rep.)  
Mr. Vishal Gohil (Rep.)  
Mr. S.Joslin Singh (Rep.)

## **ORDER**

**Date: 06 January 2023**

1. Maharashtra State Electricity Distribution Company Ltd. (MSEDCL) has filed the present Petition on 12 October 2022 seeking approval for adoption of tariff for long term procurement of 18.36 MW wind power from the wind generators whose Energy Purchase Agreement (EPA) with MSEDCL have expired.

2. **MSEDCL's major prayers are as follows:**

“

a) *To admit the Petition as per the provisions of the Regulation 19 of MERC (RPO, Its Compliance and Implementation of REC Framework) Regulations, 2019.*

b) *To adopt the Tariff discovered through competitive bidding process held by MSEDCL for Procurement of 18.36 MW wind Power from Intra-state wind projects whose EPAs with MSEDCL are expired or going to expire till 31.03.2023.*

c) *To accord approval for signing of the Power Purchase Agreement with the successful bidders at the competitively discovered Tariff w.e.f from date of expiry of existing EPA/PPA/STPPA/OA or date of signing of PPA whichever is later.*

d) *To allow MSEDCL to claim such procurement for the fulfilment of RPO of MSEDCL.*  
...”

3. **MSEDCL in its Case has stated as follows:**

3.1 The Commission vide its Order dated 09 April 2019 in Case No. 50 of 2019 had directed MSEDCL to procure wind power through competitive bidding route from wind power projects under Group II, III and IV whose EPAs with MSEDCL have expired and has allowed MSEDCL to fix the ceiling rate after due diligence at their end, subject to condition that said tariff be not more than the rates approved for the short-term procurement of wind energy i.e. Rs. 2.52 per unit.

3.2 The Commission vide its Order dated 05 July 2019 in Case No. 110 of 2019 accorded its approval for deviation sought by MSEDCL in the Standard Bidding Guidelines dated 8 December 2017 for procurement of 500 MW wind power from wind generators whose EPAs have expired and directed MSEDCL to approach the Commission for adoption of final Tariff after completion of Competitive Bidding Process.

3.3 In past, MSEDCL floated (5) tenders for procurement of wind power from post expiry wind EPA projects with ceiling tariff of Rs.2.52 per unit. Despite retendering of capacities subscription was negligible and MSEDCL was able to contract only 89.25 MW. Details of the said procurement depicted in table below:

Sr.No.	Tender Type	Capacity (MW)	Tender Date	Ceiling Tariff (Rs./kWh)	Capacity of bids received (MW)	Contracted Capacity (MW)	Discovered Tariff (Rs./kWh)
1	Post Expiry	250	12.04.2018	2.52	87	81	2.51 to 2.52
2	Post Expiry	500	20.12.2018	1.97	0	0	NA
3	Post Expiry	500	04.06.2019	2.52	7	7	2.52
4	Post Expiry	200	27.12.2019	2.52	1.25	1.25	2.52
5	Post Expiry	200	11.09.2020	2.52	0	0	0

3.4 Subsequently, MSEDCL had filed the Petition (registered as Case No.21 of 2020) on 22 January 2020 under Regulation 19 of the MERC (Renewable Purchase Obligations, its Compliance for removal of difficulty and Implementation of REC Framework) Regulations, 2019 (RPO-REC Regulations 2019) seeking relaxation in penalty Clauses under the Regulation to the extent of non- fulfilment of RPO targets by FY 2022-23. Further, MSEDCL had sought increase in ceiling tariff for procurement of power from wind generators post expiry of EPA.

3.5 The Commission in its Order in Case No. 21 of 2020 dated 01 January 2021 opined that the ceiling rate shall be determined by Distribution Licensees as per its own due diligence. MSEDCL may draw a cue to cap the ceiling rate to the tariff discovered for the new wind projects in the State of Maharashtra or at national level by agencies like SECI. The competitiveness of such rate shall be dealt with by the Commission at the time of adoption of tariff.

3.6 In March 2021, during the auction for SECI's Tranche-X Wind tender, the lowest wind tariff discovered is Rs. 2.77 per unit. The ceiling tariff for MSEDCL's Wind tender for post expiry EPA needs to be less than the discovered tariff for new projects. Hence, MSEDCL decided to keep ceiling tariff as Rs. 2.65 per unit.

3.7 Considering revision in ceiling rates, MSEDCL had floated tender for procurement of 500 MW & 342 MW wind power from wind generators post expiry of EPA.

Sr.No.	Tender Type	Capacity (MW)	Tender Date	Ceiling Tariff (Rs./kWh)	Capacity of bids received (MW)	Contracted Capacity (MW)	Discovered Tariff (Rs./kWh)
1	Post Expiry	500	20.08.2021	2.65	170	157.9	2.65
2	Post Expiry	342	26.11.2021	2.65	15.85	15.85	2.65
					<b>Total</b>	<b>173.75 MW</b>	

- 3.8 The Commission vide its Order dated 16 February 2022 in Case No. 08 of 2022 and 7 June 2022 in Case No.67 of 2022 has accorded approval for procurement of 157.9 MW and 15.85 MW respectively on long term basis from wind generators at the discovered tariff rate of Rs. 2.65 per unit and allowed MSEDCL to enter into Power Purchase Agreement with the successful bidder for a period of Twelve years and the same shall be eligible towards fulfillment of MSEDCL's Non-Solar RPO targets.
- 3.9 There was balance capacity of 325 MW (500-157.9-15.85) out of 500 MW capacity of the initial tender. To tie up more power, MSEDCL on 26 November 2021 floated the tender for Procurement of 325 MW wind Power from Intra-state wind projects whose EPAs with MSEDCL are expired or going to expire till 31 March 2023, with ceiling tariff of Rs. 2.65 per unit and PPA tenure of 12 years along with the deviations approved by the Commission vide Order dated 05 July 2019 in Case No. 110 of 2019.
- 3.10 The pre-bid meeting in respect of the said tender was conducted on 20 May 2022. The last date of submission of bid was 09 June 2022 which was extended twice i.e. upto 23 June 2022 & 05 July 2022. Technical bids were opened on 07 July 2022. Eight (8) bids were received with a total cumulative capacity of 21.61 MW. All eight (8) bidders are found to be technically qualified. The discrepancies observed during the scrutiny were informed to the respective bidder on 14 July 2022, which were to be complied till 19 July 2022.
- 3.11 After the scrutiny, it is observed that all bidders are technically found qualified except M/s Siva Electric Generation Pvt. Ltd. who had applied for bid capacity of 4.5 MW but during the scrutiny it was observed that, out of 4.5 MW capacity, eligible capacity is only 1.25 MW as the remaining capacity will be expired after 31 March 2023 which overrules the condition 'Eligible project' of RfS. The details are as below:

Sr. No.	Name of Bidder	Bid capacity of the Bidder (MW)	Commissioning date	Date of expiry of EPA/STPPA/OA
1	M/s. Shreem Electric Ltd	3.66	(3.2 MW) 10-12-2008, (0.46 MW) 09-11-2001	3.2 MW-31-12-2022 & 0.46 MW-31-03-2023
2	M/s. B.S.Channabasappa And Sons	1.4	31-07-2001 & 29-12-2011	31-03-2023
3	M/s. UIC Udyog Limited	5	29-03-2007 & 31-03-2007	31-08-2022
4	M/s. Bengal beverages pvt. Ltd.	3.75	26-03-2006 & 27-03-2006	31-03-2023
5	M/s. P V Chandran	0.8	31-12-2006	31-12-2022
6	M/s. HVK International Pvt. Ltd.	1.25	22-03-2007	30-11-2022
7	M/s. Siva Electric Generation Pvt. Ltd.	4.5	A8=27-02-2006, K436=03-03-2006, K 495=29-09-2006 & G24=31-12-2005	A8=30-04-2023, K436=31-10-2023, K 495=31-10-2023 & G24=31-03-2023

8	M/s. Sri Manmaya Textiles Pvt Ltd	1.25	29-09-2006	30-09-2022
<b>TOTAL Capacity</b>		<b>21.61 MW</b>		

3.12 Accordingly, the eligible capacity against this tender was 18.36 MW, bid were received from 8 bidders. The Financial Bids of the qualified bidders were opened on 01 August 2022. The details of bidder with eligible bid capacity are given below:

<b>Sr. No.</b>	<b>Name of Bidder</b>	<b>Eligible Capacity of bidders in MW</b>	<b>Bid Rate in Rs/Unit</b>
1	M/s. Shreem Electric Ltd	3.66	2.65
2	M/s. B.S.Channabasappa And Sons	1.4	2.65
3	M/s. UIC Udyog Limited	5	2.65
4	M/s. Bengal beverages Pvt. Ltd.	3.75	2.65
5	M/s. P V Chandran	0.8	2.65
6	M/s. HVK International Pvt. Ltd.	1.25	2.65
7	M/s. Siva Electric Generation Pvt. Ltd.	1.25	2.65
8	M/s. Sri Manmaya Textiles Pvt. Ltd.	1.25	2.65
<b>Total</b>		<b>18.36 MW</b>	

3.13 As the total quoted quantum was only 18.36 MW against the 325 MW Tender Capacity, e-reverse auction was not possible for this Tender. The rate offered by successful bidders in this tender i.e. Rs. 2.65 per unit would be economical to meet the RPO target of MSEDCL and ultimately will benefit the common consumers of MSEDCL.

4. At the e-hearing through video conferencing held on 16 December 2022 the Representative of MSEDCL narrated the sequence of events of tendering process and emphasized that the discovered tariff of Rs.2.65 per unit for Wind Power (whose earlier EPAs at generic tariff has expired) is competitive and reflective of market conditions. Accordingly, MSEDCL requested the Commission to adopt such market discovered tariff.

### **Commission's Analysis and Rulings**

5. This Petition has been filed for adoption of tariff of Rs. 2.65 per unit discovered through competitive bidding for procurement of wind power from wind generators whose EPAs with MSEDCL have expired. Before conducting such competitive bidding process, MSEDCL has approached the Commission on several occasions on the issue of mode of procurement, ceiling tariff and deviation in bidding documents. Relevant Orders in these matters are summarized below:

5.1. MSEDCL through its Petition in Case No. 50 of 2019 had approached the Commission for

allowing MoU based power procurement from Wind Generators whose EPA with MSEDCL are expired. In that matter vide Order dated 9 April 2019, the Commission has directed MSEDCL to undertake such power procurement through competitive bidding only at a ceiling rate to be decided by MSEDCL after proper due diligence at their end but the same shall not be more than the rates (Rs. 2.25 – 2.52 P.U.) approved for the short-term procurement of wind energy.

- 5.2. Thereafter, MSEDCL filed Petition in Case No.110 of 2019 seeking approval for deviation in bidding guidelines on the issues of minimum installed capacity, minimum bid capacity, relaxation from Performance Bank Guarantee & Financial Closure, relaxing minimum CUF requirement and providing clarity on repowering of Wind Turbines. Considering the fact that said bidding process is to be conducted for already commissioned project whose EPA with MSEDCL has expired, the Commission vide Order dated 5 July 2019 has allowed such deviation sought by MSEDCL.
- 5.3. In Case No. 21 of 2020, amongst other issues related to other RE technologies, MSEDCL has requested to allow increase in ceiling rate for procurement from post expiry Wind power generators as its repeated bidding attempts have failed to attract Wind generators. On this issue the Commission reiterated its stand that ceiling tariff has to be decided by the Distribution Licensee after due diligence and the Commission will consider its competitiveness only at the time of tariff adoption. The Commission in that Order dated 1 January 2021 has made following suggestions on the issue of ceiling tariff:

“

*21.11. In view of above, the Commission is of the opinion that MSEDCL may conduct separate competitive bidding process for the wind projects with expired EPAs and for new projects. The Commission in various Orders has iterated that the ceiling rate shall be determine by the utilities as per its own due diligence. MSEDCL may draw a cue to cap the ceiling rate to the tariff discovered for the new wind projects in the State of Maharashtra or at national level by agencies like SECI. The Competitiveness of such rate shall be dealt with by the Commission at the time of adoption of tariff. More critical factor is providing secured payment mechanism to the generators which could be covered in the Bid document itself”*

- 5.4. Thus, after initial capping of tariff to approved tariff for short term power procurement, after considering the fact that MSEDCL’s repeated attempt of bidding did not yield fruitful results, the Commission advised MSEDCL to consider rate discovered for new wind project as ceiling tariff.
6. Considering ceiling tariff of Rs. 2.52 per unit as a reason for low response, MSEDCL has decided to increase the ceiling rate to Rs. 2.65 per unit. Prior to procurement envisaged in this

case, MSEDCL has already conducted two (2) bidding exercises based on ceiling rate of Rs. 2.65 per unit. The Commission vide its Order dated 16 February 2022 in Case No. 08 of 2022 and 7 June 2022 in Case No.67 of 2022 has accorded approval for procurement of 157.9 MW and 15.85 MW respectively on long term basis at the discovered tariff rate of Rs. 2.65 per unit.

7. Post bidding exercise in the present matter, MSEDCL has received following responses:

S. No.	Name of Bidder	Bid capacity of the Bidder (MW)	Eligible Capacity of bidders in MW	Bid Rate in Rs/Unit
1	M/s. Shreem Electric Ltd	3.66	3.66	2.65
2	M/s. B.S.Channabasappa And Sons	1.4	1.4	2.65
3	M/s. UIC Udyog Limited	5	5	2.65
4	M/s. Bengal beverages pvt. Ltd.	3.75	3.75	2.65
5	M/s. P V Chandran	0.8	0.8	2.65
6	M/s. HVK International Pvt. Ltd.	1.25	1.25	2.65
7	M/s. Siva Electric Generation Pvt. Ltd.	4.5	1.25	2.65
8	M/s. Sri Manmaya Textiles Pvt Ltd	1.25	1.25	2.65
	<b>TOTAL Capacity</b>	<b>21.61 MW</b>	<b>18.36 MW</b>	

As bids received are lower than the bid capacity of 500 MW, e-reverse auction was not undertaken, and above quoted rate thus become final.

8. The Commission notes that MSEDCL has conducted transparent bidding process after seeking approval for deviation from bidding guidelines. Further, tariff of Rs. 2.65 per unit discovered through competitive bidding process is lower than Rs. 2.69 per unit discovered by SECI in September 2021 for Tranche-XI Wind tender. Although such tariff comparison is not strictly comparable, as SECI's bidding is for new Wind Generators whereas MSEDCL's bid is for existing Wind Generators with expired EPA, but still for MSEDCL as a Distribution Licensee any of this energy would meet its non-Solar RPO and hence tariff of Rs. 2.65 per unit would be beneficial to MSEDCL to that extent. The Commission also notes that said discovered tariff is higher than Rs. 2.52 per unit discovered earlier for similar type of Wind Generators. But Wind Generators are not responding to MSEDCL's repeated bids at such lower tariff of Rs. 2.52 per unit. Under such circumstances, the Commission considers tariff of Rs. 2.65 per unit discovered through present competitive bidding process is reflective of market trends.

9. The Commission also notes that PPA tenure of 12 years has been worked out by considering useful life of Wind Turbine as 25 years, which is as per RE Tariff Regulations, and 13 years of EPA period which has expired.
10. Accordingly, in line with the mandate under Section 63 of the Electricity Act 2003, the Commission deems it fit to adopt and approve the tariff as highlighted in above para (7) for 18.36 MW cumulative Wind projects on long term basis.
11. Hence, the following Order.

### **ORDER**

1. **Case No. 202 of 2022 is allowed.**
2. **The Commission accords its approval for procurement of 18.36 MW on long term basis from wind generator as stated in Para (7) and allows MSEDCL to enter into Power Purchase Agreement with the successful bidder for a period of Twelve years.**
3. **The Wind Power procured from these projects shall be eligible towards fulfilment of Maharashtra State Electricity Distribution Co. Ltd.'s Non-Solar RPO for the respective periods.**

Sd/-  
(Mukesh Khullar)  
Member

Sd/-  
(I.M. Bohari)  
Member

Sd/-  
(Sanjay Kumar)  
Chairperson

