

**BEFORE THE GUJARAT ELECTRICITY REGULATORY COMMISSION
GANDHINAGAR**

FILING No:

PETITION No:

IN THE MATTER OF:

Approval of Power Purchase Agreement (PPA) signed by Gujarat Urja Vikas Nigam Limited (GUVNL) with NTPC Renewable Energy Limited (NREL) under the bilateral mode for procurement of 500 MW Power from Solar PV Project to be set-up in NREL's RE Park at Khavda.

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

Versus

RESPONDENT **NTPC Renewable Energy Limited**
NTPC Bhawan, SCOPE Complex,
7, Institutional Area, Lodhi Road,
New Delhi-110 003

PETITION UNDER SECTION 86(1) (b) OF THE ELECTRICITY ACT, 2003 FOR APPROVAL OF POWER PURCHASE AGREEMENT (PPA) SIGNED BY GUJARAT URJA VIKAS NIGAM LIMITED (GUVNL) WITH NTPC RENEWABLE ENERGY LIMITED (NREL) UNDER THE BILATERAL MODE FOR PROCUREMENT OF 500 MW POWER FROM SOLAR PV PROJECT TO BE SET-UP IN NREL'S RE PARK AT KHAVDA.

MOST RESPECTFULLY SHOWETH:

- 1) The present Petition is being filed by the Petitioner, Gujarat Urja Vikas Nigam Limited (GUVNL), a company incorporated under the provisions of



the Companies Act, 1956 with its registered office at Sardar Patel Vidyut Bhavan, Race Course, Vadodara. The Petitioner is a licensee and the entity undertaking bulk purchase of electricity from generating companies and other sources and bulk sale of electricity to the State Distribution Licensees.

- 2) The Government of Gujarat ("GoG") has notified the Gujarat Electricity Industry (Reorganization and Regulation) Act 2003 in May 2003 for the reorganization of the entire power sector in the State of Gujarat.
- 3) Pursuant to the Gujarat Electricity Industry Reorganization and Comprehensive Transfer Scheme, 2003 notified under the Gujarat Electricity Industry (Reorganization and Regulation) Act 2003, erstwhile Gujarat Electricity Board has been reorganised and its functions have been vested in different entities.
- 4) 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 on behalf of the State DISCOMs is assigned to the Petitioner - Gujarat Urja Vikas Nigam Ltd. (GUVNL) as per the re-organization scheme.
- 5) 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 Gujarat Electricity Regulatory Commission (Procurement of Energy from Renewable Energy Sources) Regulations, 2010 as amended from time to time.
- 6) In accordance with the same, the Petitioner on behalf of its four Distribution Companies has been entering into Power Purchase Agreements amongst



others with various Renewable Energy Generators for procurement of renewable power from time to time.

- 7) Section 3 (1) of the Electricity Act 2003 requires the Central Government to formulate National Electricity Policy in consultation with CEA & State Government for inter alia, development of renewable sources of energy. In compliance with this provision the Central Government has notified the NEP 2005 and Tariff Policy 2016 elaborating the role of Regulatory Commissions, mechanism for promotion and harnessing of renewable source of energy, time frame for implementation etc.
- 8) Clause (b) of the Section 86(1) of the Electricity Act 2003 provide 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.”*
- 9) NTPC Renewable Energy Limited (NREL) is a wholly owned subsidiary of NTPC Green Energy Limited (NGEL), while NGEL is subsidiary of NTPC Limited (NTPC) with minority stake held by outside investors. NREL, a company incorporated under the provisions of the Companies Act, 2013 with its registered office at NTPC Bhawan, SCOPE Complex, 7, Institutional Area, Lodhi Road, New Delhi-110003, is engaged in Renewable Power Generation activity. The Government of Gujarat has allocated 9500 Ha land to NREL for development of 4750 MW capacity RE Park near the Khavda village of Kutch District.
- 10) NREL vide their Letter dated 12.04.2023 (**Annexure-A**) had submitted a techno-commercial proposal to GUVNL for supply of 500 MW Power from their solar power plant to be set up at Khavda RE Park at the tariff of Rs.2.78/kWh at ISTS ex-bus basis at generator end for 25 years at declared Capacity Utilization Factor (CUF) of 30%. NREL also submitted draft PPA (**Annexure-B**) through e-mail dated 13.04.2023.



- 11) GUVNL requested NREL vide letter dated 24.04.2023 (**Annexure-C**) to confirm that key provision of PPA shall be as per GUVNL's standard PPA prepared based on TBCB Guidelines and deviations approved by GERC, tariff shall be subject to approval of GERC under Section 62 of Electricity Act 2003.
- 12) NREL vide letter dated 04.05.2023 (**Annexure-D**) had submitted point wise reply to GUVNL's letter wherein they had stated that tariff shall be adopted by CERC, Change in law shall be as per MoP rules and other provisions shall be as per their standard bilateral PPA accepted by other DISCOMs.
- 13) GUVNL through letter dated 06.05.2023 (**Annexure-E**) had again requested NREL to consider that Tariff shall be adopted by appropriate commission and the key provision of PPA shall be as per GUVNL's standard PPA prepared based on TBCB Guidelines and deviations approved by GERC, considering that NREL has previously signed PPA with such terms and conditions under TBCB for Phase-XVII tender for GSECL's Park in Khavda.
- 14) In reply, NREL vide letter dated 20.05.2023 (**Annexure-F**) has stated that NREL's offered tariff of Rs.2.78 per unit is lower than the tariff of Rs.2.89 per unit they won in the GUVNL's Khavda Tender. They have confirmed that adoption of tariff shall be arranged by GUVNL from GERC. They have further stated that proposal is intended to finalize under bilateral mode hence key bid provisions shall be as per their submitted draft PPA as accepted by other state's DISCOMs under bilateral PPAs.
- 15) Considering that NREL has previously signed PPA with GUVNL for Khavda tender with standard terms and conditions of GUVNL's PPA under TBCB, the matter was put up before the GUVNL's Board for deliberation and decision in the matter of procurement of power from NREL. Based on Board's approval, GUVNL vide letter dated 08.06.2023 (**Annexure-G**) has given 'in-principle' approval to NREL subject to condition that the key provision of PPA shall be as per GUVNL's standard PPA, considering that NREL has already previously signed PPA with such terms and conditions under TBCB and asked NREL's confirmation for the same.

