

TAMIL NADU ELECTRICITY REGULATORY COMMISSION
(Constituted under section 82 (1) of the Electricity Act, 2003)
(Central Act 36 of 2003)

PRESENT:-

Thiru S.Akshayakumar Chairman

Thiru G.Rajagopal Member

and

Dr.T.Prabhakara Rao Member

P.P.A.P.No.2 of 2017

Tamil Nadu Generation and Distribution
Corporation Limited
Represented by the Chief Engineer /
Non-Conventional Energy Sources
144, Anna Salai
Chennai – 600 002.

... Petitioner
(Thiru M.Gopinathan
Standing Counsel for TANGEDCO)

Vs.

Nil

... Respondent

Dates of hearing: 24-02-2017 and 25-04-2017

Date of Order: 13-06-2017

The P.P.A.P.No.2 of 2017 came up for final hearing on 25-04-2017. The Commission upon perusal of the Petition and connected records and after hearing the submissions of the Petitioner hereby makes the following:

ORDER

1. Prayer of the Petitioner in P.P.A.P.No.2 of 2017:-

The prayer of the Petitioner in the above P.P.A.P.No.2 of 2017 is to approve for adopting the tariff of Rs.4.50 per unit offered by M/s. GRT & Sons and M/s.GRT Firm through reverse bidding process (e-tender) in respect of their proposed solar

power plants of 10 MW each against solar tender specification CE/NCES/OT.No.1/2016-17 and to pass such further or other orders as the Commission may deem fit and proper in the facts and circumstances of the case and thus render justice.

2. Facts of the Case:-

The petition is being filed seeking approval for adoption of tariff of Rs.4.50 per unit offered by M/s. GRT & Sons and M/s.GRT Firm through reverse bidding process (e-tender) in respect of their proposed solar power plants of 10 MW each, against solar tender specification CE/NCES/OT.No.1/2016-17 for the agreement period of 25 years.

3. Contentions of the Petitioner in P.P.A.P.No.2 of 2017:-

3.1. The Commission has fixed RPO targets of 2.5% and 5% for the year 2016-17 and 2017-18 respectively to the distribution licensee. Based on the RPO targets, TANGEDCO requires approximately 1560 MW and 3275 MW for the year 2016-17 and 2017-18 respectively. 1600 MW of solar power plants are expected to be commissioned for the year 2016-17 and hence TANGEDCO requires approximately 1675 MW of solar power to meet the RPO target of 5% for the year 2017-18.

3.2. In order to meet RPO targets, a petition in M.P.No.13 of 2016 has been filed before the Commission seeking permission for procurement upto 500 MW of solar power by TANGEDCO from the private developers through reverse bidding process with a bench mark rate of Rs.5.10 as fixed by the Commission in Order No.2 dated 28-03-2016 and to approve the tender specification evolved by the TANGEDCO in

line with the draft guidelines for "Tariff Based Competitive Bidding Process for Grid Connected Solar PV Power Projects", issued by the Central Government.

3.3. The Commission has accorded approval for the procurement of 500 MW of solar power under reverse bidding process through e-bidding and accords in principle approval for the draft tender document and draft PPA vide Order dated 29.08.2016. The Commission in its order dated 29.08.2016 in M.P.No.13 of 2016 has issued the following directions to TANGEDCO:-

- (i) TANGEDCO shall publish the notice inviting tender in atleast two daily newspapers, in English and Tamil, having wide circulation and host in the website. Clarifications/revised bidding documents shall be uploaded in TANGEDCO's website after the pre bid meeting and minimum 15 days time granted for submission of bids. Model Power Purchase Agreement may also be amended based on inputs received from the parties and uploaded in TANGEDCO's website.
- (ii) Bidding shall be conducted in a transparent manner. Evaluation of the bids shall be undertaken with a proper committee in place before the bidding process.
- (iii) Notwithstanding the above, if the number of qualified bidders is less than two, the petitioner shall seek approval from the Commission to continue with the bidding process.
- (iv) TANGEDCO shall seek approval for procurement of solar power on the basis of tariffs determined in the bidding process.

3.4. Based on the approval of the Commission, tender has been floated for the procurement of 500 MW of solar power through e-bidding on 20.10.2016. As per the tender schedule, techno commercial bids and price bids were opened on 18.11.2016 and 25.11.2016 respectively.

3.5. The following 20 bidders were participated in the e-bidding process for the establishment of solar power plants in Tamil Nadu for a combined capacity of 122 MW.

Sl. No.	Company Name	Capacity in MW	Location
1	M/s.Adhiev India (P) Ltd.	5	Iluppaikulam Village, Kamuthi Taluk, Ramanad District
2	M/s.Anish Solar Systems Pvt. Ltd.	2	Kottaimedu Village, Kamuthi Taluk, Ramand District.
3	M/s. CR Garments	2	Nadanthai North Village, Aravakurichi Taluk, Karur District.
4	M/s.Dev International	1	Kanurpudur Village, Avinashi Taluk, Tirupur District.
5	M/s.Fab Colours	10	Nadanthai North Village, Aravakurichi Taluk, Karur District.
6	M/s.GRT Firm	10	Mathippanoor Village, Tirumangalam Taluk, Madurai District.
7	M/s.GRT Sons	10	Mathippanoor Village, Tirumangalam Taluk, Madurai District.
8	M/s.MAG and Company	2	Nadanthai North Village, Aravakurichi Taluk, Karur District.
9	M/s.Kondass Automation Private Limited	1	Chinnakallipatti, Mettupalayam Taluk, Coimbatore District.
10	M/s.Nazca Business Solutions	5	Panchapatti Village, Krishnarayapuram Taluk, Karur District.
11	M/s.Orbit Textile Mills Pvt. Ltd.	4	Chinthamanipatti Village, Krishnarayapuram Taluk, Karur District.
12	M/s.Sparktra Power (P) Ltd.	1	Pavali Village, Virudhunagar Taluk & District
13	M/s.Sivajothi Spinning Mills Pvt. Ltd.	5	Manmangalam Village & Taluk, Karur District
14	M/s.Sukhbir Agro Energy Limited	20	Nagalapuram Village, Thuraiyur Taluk, Trichy District.
15	M/s.Swelect Energy Systems Limited	10	Moonjanur Village, Aravakurichi Taluk, Karur District.
16	M/s.Techsun Energies Engineering Services Pvt. Ltd.	3	Kumareddyapuram Village, Ottapidaram Taluk, Tuticorin District.
17	M/s.Top Light Fabrics	6	Manmangalam Village & Taluk, Karur District.
18	M/s.Top Light Lables	4	Chinthamanipatti Village, Krishnarayapuram Taluk, Karur District

19	M/s.Top Light Lables	11	Chinthamanipatti Krishnarayapuram District	Village, Taluk, Karur
20	M/s.VSM Weavers India Pvt. Ltd.	10	Chinthamanipatti Krishnarayapuram District.	Village, Taluk, Karur

3.6. Out of the 20 bidders, 7 bidders have not satisfied the net worth criteria, 5 bidders did not furnish adequate documents in support of net worth criteria and did not furnish original Bank Guarantee, 2 bidders have furnished price bid in techno commercial bid instead of price bid and 6 bidders have fulfilled all the terms and conditions of tender specification. Out of 6 bidders, 2 bidders namely, M/s.GRT & Sons and M/s.GRT Firm have quoted the lowest rate of Rs.4.50 per unit in respect of their proposed solar power plant of 10 MW each, against solar tender specification CE/NCES/OT.No.1/2016-17. The rate offered by M/s.GRT & Sons and M/s.GRT Firm is more competitive and acceptable to TANGEDCO.

3.7. The Commission in its order dated 29-08-2016 in M.P.No.13 of 2016 has directed TANGEDCO to get approval for procurement of solar power on the basis of tariffs determined in the reverse bidding process.

3.8. As the response was not suffice in respect of tender specification CE/NCES/OT.No.1/2016-17, another petition in M.P.No.30 of 2016 has been filed before the Commission seeking permission for procurement upto 500 MW of solar power by TANGEDCO from the private developers through reverse bidding process against tender specification CE/NCES/OT.No.3/2016-17 with Rs.4.50 per unit as upper limit, which was the L1 rate arrived through bidding process against tender specification CE/NCES/OT.No.1/2016-17 and to approve the tender specification evolved by the TANGEDCO in line with the draft guidelines for "Tariff Based

Competitive Bidding Process for Grid Connected Solar PV Power Projects”, issued by the Central Government.

3.9. The Commission has accorded approval for the procurement of 500 MW of solar power under reverse bidding process through e-bidding against tender specification CE/NCES/OT.No.3/2016-17 considering the tariff of Rs.4.50 per unit arrived through tender specification CE/NCES/OT.No.1/2016-17, as upper limit and accords in principle approval for the draft tender document vide order dated 29-12-2016 in M.P.No.30 of 2016.

4. Findings of the Commission:-

4.1. The petitioner, Tamil Nadu Generation and Distribution Corporation Limited (TANGEDCO), the Distribution licensee in the State has sought approval for adoption of the tariff of Rs.4.50 that was the lowest tariff obtained through reverse bidding process undertaken through e-tender, for procurement of solar power from two developers namely, M/s.GRT & Sons and M/s.GRT Firm against the tender specification CE/NCES/OT No.1/2016-17 for an agreement period of twenty five years.

4.2. Commission had earlier accorded approval vide M.P No.13 of 2016 dated 29.08.2016 to the petitioner for procurement of solar power through reverse bidding process for a quantum of 500 MW by fixing Rs.5.10 per unit, the preferential tariff fixed by the Commission in the Order No.2 of 2016 dated 28.03.2016, as the ceiling limit, to meet the solar renewable purchase obligation.

4.3. Subsequently, TANGEDCO filed another petition, numbered M.P.No.30 of 2016, wherein approval was sought to float another tender for procurement of 500 MW of Solar power through reverse bidding citing poor response in the tender floated based on approval obtained in the order dated 29.08.2016 in M.P No.13 of 2016 and with few relaxations in the criteria to be met by the bidders. Acknowledging the poor response to the first tender floated by the Distribution licensee, Commission has accorded approval to the petitioner's request for floating tender for the second time for a quantum of 500 MW.

4.4. TANGEDCO has stated that out of the twenty bidders who participated in the tender, only six have qualified the bidding criteria and two firms M/s.GRT & Sons and M/s. GRT Firm have quoted the lowest tariff of Rs.4.50 per unit for plant capacities of 10 MW each and the same have been accepted.

4.5. Commission had issued the 'Comprehensive Tariff Order on Solar Power' vide Order No.2 of 2016 dt.28.03.2016 in accordance with the provisions of the Electricity Act, 2003 and the Electricity Policies of the Government of India for promoting renewable energy and the State's own policy of promoting solar power.

In the Order No.2 of 2016 dt.28.03.2016, Commission had observed as follows:

'11.1.1 The distribution licensee can purchase solar power at the rate determined by the Commission from SPG for his RPO requirement. It is open to the distribution licensee to procure the same through competitive bidding route following the guidelines of Government of India if it can realize a more competitive rate than the one determined by the Commission. For any procurement in excess of RPO, specific approval shall be obtained from the Commission.'

4.6. The procurement of power from the two solar developers, namely, M/s.GRT & Sons and M/s.GRT Firm is to fulfill the minimum renewable purchase obligation of the Distribution licensee.

4.7. Keeping in view of the promotional objects of renewable energy and of the facts stated above, Commission accords approval for procurement of solar power from the above stated developers for capacities of 10 MW each at the rate of Rs.4.50 per unit for the agreement period of twenty five years.

4.8. Directions were issued in M.P No.13 of 2016 dt.29.08.2016 to align the Power Purchase Agreement with the provisions in the bid document amenable to changes after discussions with bidders, Electricity Act, 2003, Regulations/Orders of the Commission. The Commission directs the petitioner to submit a signed copy of the Power Purchase Agreement with changes, if any, incorporated on discussion with the successful bidders subject to the provisions of the bid document, within a month of this order. The petitioner shall publish the names of the successful bidders with tariffs and details of tariffs quoted by other bidders anonymously in their website. It may be seen that Power Purchase Agreements are honoured by both the parties, the petitioner and the solar power plant developers.

5. Appeal:-

An appeal against this order shall lie before the Appellate Tribunal for Electricity under section 111 of the Electricity Act, 2003 within a period of 45 days from the date of receipt of a copy of this order by the aggrieved person.

(Sd)
(Dr.T.Prabhakara Rao)
Member

(Sd.....)
(G.Rajagopal)
Member

(Sd.....)
(S.Akshayakumar)
Chairman

/ True Copy /

Secretary
Tamil Nadu Electricity
Regulatory Commission