

## **DELHI ELECTRICITY REGULATORY COMMISSION**

### **Directions for Procurement and Sale of Power by Distribution**

#### **Licensee**

In pursuance of Section 45(ii) of Delhi Electricity Regulatory Commission Comprehensive (Conduct of Business) Regulations, 2001 which states that

*“The Commission shall be entitled to direct that the licensees shall establish to the satisfaction of the Commission that the purchase of power by the licensees is under a transparent power purchase procurement process and is economical and the power is necessary for the licensee to meet its service obligation.”*

2. Clause no. 5.4 of License for Distribution and Retail Supply of Electricity condition specify as under;

*“The Licensee shall purchase the energy required by the Licensee for Distribution and Retail Supply in an economical manner and under a transparent power purchase or procurement process and in accordance with the Regulations framed, guidelines, directions and orders issued by the Commission from time to time.”*

3. In order to bring in transparency in the short-term power procurement and sale of power (for less than 1 year) by Distribution Licensee, Commission hereby directs the Distribution Licensee to adopt the procedure laid down in these guidelines.

4. Distribution Licensee shall prepare an annual power procurement plan indicating month-wise power requirements and sources from where the power is proposed to be secured, both in term of MW and energy (MUs) *on the basis of LGBR being issued by NRPC*. This plan shall be discussed in the Delhi Power Procurement Group (DPPG) and adopted by *15<sup>th</sup> day of issue of LGBR by NRPC*, for the following financial year. These projections may be revised/modified at any time during the year after approval of DPPG.

5. The Distribution Licensee shall upload the requirement of power availability/surplus power for the year on its website. This will be updated on the last day of every month.

6. Distribution Licensee shall also publish advertisement in at least two leading newspapers (in Metros) once in a year for information of bidders, to see website regularly on the last day of every month for quantum available for sale & purchase of Power alongwith the General Terms & Conditions for Bidding as accepted by DPPG.

7. The Distribution Licensee shall undertake power procurement/sale during the financial year in accordance with the power procurement plan for year. Where the Distribution Licensee is to procure power in short term as per procurement plan or there has been a shortfall due to any reason whatsoever, or failure in the supply of electricity from any approved source of supply during the year OR there is surplus power available with the Distribution Licensee, for any reason whatsoever, the licensee may enter into a short-term arrangement or agreement for procurement of power/sale of power through a transparent process of open tendering and competitive bidding in accordance with these guidelines.

8. Distribution Licensee shall adopt a bid evaluation or scoring system that is sufficiently comprehensive and transparent to permit a competitive result which identifies the least cost proposal for procurement and highest in case of sale of power.

9. The General Terms and Conditions for bidding shall specifically include provisions for:

9.1 Distribution Licensee shall provide bidders with adequate information to identify the requirement for purchase/sale of power in different slots and the terms on which it wishes to purchase/sell it.

9.2 Distribution Licensee shall clearly mention the procedures and criteria to be used by them to evaluate bids and select the bidder for award of contract.

9.3 All the bidders shall mandatorily submit the necessary details in their bid/proposal and also disclose their share-holding pattern.

9.4 Distribution Licensee shall inform all other bidders of the outcome of the tender and place it on website.

10. Within fifteen (15) days from the date of entering into an agreement or arrangement for short-term power procurement (procurement upto 1 year), the Distribution Licensee shall provide DPPG and the Commission, full details of such agreement or arrangement, including quantum, duration, supplier details, method for supplier selection and such other details as may be required with regard to such agreement/arrangement to assess that the conditions specified in this Regulation have been complied with.

11. The Licensee shall retain, in clean and legible form, all tender and bid documents, and other documents relevant to the procurement/sale process and outcome received by the Licensee as well as all Licensees records of its review and evaluation, for a period not less than 1 year on the Licensee's office premises.

12. The DPPG may examine any procurement of power following completion of the procurement process. The DPPG may also examine any case before the Licensee commits itself for procurement of power from the successful bidder under the following circumstances:

- (a) if, the successful bid is unreasonably high or low;
- (b) in response to a complaint lodged with the Commission from a bidder or other interested party on grounds of improper conduct in the procurement/sale process; and/or
- (c) if, the DPPG/Commission have reason to believe that the procurement process was not conducted by the Licensee in accordance with its proposal as reviewed by the DPPG.

13. In case of emergency condition arising out of failure of transmission line of CTU or outage of a generator which necessitates emergency procurement of power, efforts shall be made to carry out such emergency purchases of through Power Exchange only. In the case of sudden drop in the load demand due to weather conditions, similar provisions would be adopted for sale of surplus power.

14. The DPPG may exceptionally permit any Distribution Licensee to make purchase/sale of power without requiring that such purchases be subject to Competitive/open Process. Distribution Licensee shall not thereby be exempted from demonstrating the need for power, the reason for departure from a competitive process together with the economic justification for the purchase/sale, the means whereby, in the absence of competition, Distribution Licensee proposes to secure the best possible terms from the supplier, and such other information as the DPPG may require.

15. The Distribution Licensees endeavor should be first to dispose off surplus power through banking transaction. Such banking transactions should be tried at first on direct basis.

In case Distribution Licensee is required to do banking arrangements through trading company/ or any other agency due to inability of any banking arrangements with other Utilities, Distribution Licensee shall follow the guidelines stipulated in Para 7 above with insertion of a suitable penalty clause in case the party fails to deliver the agreed power as per the schedule.

16. DPPG shall submit a monthly report to the Commission by 10<sup>th</sup> of following month regarding the details of power procured/sold by the utility and confirming that these guidelines have been followed by the Licensee.

17. Distribution Licensee shall submit all the short term power agreements with relevant documents of bidding process etc. to DPPG in the next financial year, not later than one (1) month after the completion of the previous financial year. DPPG shall duly certify that Distribution Licensee have followed these guidelines by adopting economical and transparent bidding process for procurement/sale of power.