Delhi Electricity Regulatory Commission

Viniyamak Bhawan, 'C' Block, Shivalik, Malviya Nagar, New Delhi – 110017.

F.11(2291)/DERC/2024-25/8317

Petition No. 02/2025

In the matter of: **Petition seeking approval for procurement of 200MW Solar Power from ISTS Solar Tranche–XI by NDMC including the Power Supply Agreement (PSA) pursuant to the provisions of Sections 86(1)(b), 86(1)(e) and 61(h) of the Electricity Act, 2023 read with Clause 4 and 9 of the Delhi Electricity Regulatory Commission (Renewable Purchase of Obligation and Renewable Energy Certificate Framework Implementation) Regulations, 2021.**

New Delhi Municipal Council (NDMC) **..Petitioner**

Coram:

Sh. Ram Naresh Singh, Member
Sh. Surender Babbar, Member

Appearance:
Mr. Ravi Krishan Chandna, Ld. Counsel for the Petitioner

ORDER
(Date of Order: 21.11.2025)

1. The instant Petition has been filed by the Petitioner, New Delhi Municipal Council (NDMC) seeking approval for procurement of 200MW Solar Power from ISTS Solar Tranche – XI the including Power Supply Agreement (PSA), with the following prayers:

   a. To allow the Petitioner to procure 200MW Solar Power at the price as offered by the SECI on long term basis for a period of 25 years i.e. at the tariff of Rs. 2.61/Unit + Rs. 0.07/Unit as SECI's trading margin;

   b. Take on record the Power Supply Agreement (PSA) (Annexure P-4 of the Instant Petition) signed between the Petitioner and SECI for procurement of the above power.

Petitioner's Submissions

2. The Petitioner has submitted the following:

   i. The Government of India has announced India's Climate action plan, which has, *inter-alia*, provided a target to achieve 500GW non-fossil energy capacity by 2030. The Ministry of Power, Government of India has issued the Guidelines for Tariff Based Competitive Bidding Process for procurement of power from Grid connected Solar PV Power Projects vide Resolution dated 03.08.2017, including subsequent amendments and clarifications thereof, if any, issued until 28.06.2023.

ii. That the Solar Energy Corporation of India (SECI) has been designated as a Nodal Agency for developing and facilitating the establishment of the Grid connected Solar Power capacity in India in terms of the above policy of the Government of India.

iii. That the SECI had initiated a Tariff Based Competitive Bid Process for procurement of 2000 MW of the power generated from the Grid connected Solar PV Power Project on the terms and conditions contained in the Request for Selection (RfS) issued by SECI vide RfS No. SECI/C&P/IPP/11/0009/22-23 dated 31.03.2023 and subsequent amendment, if any.

iv. That the SECI has signed the Power Purchase Agreements (PPAs) with the Solar Power Developers (SPDs) selected under the RfS mentioned herein below for procurement of 2000 MW Solar Power or the total capacity of projects selected under the provisions of RfS dated 31.03.2023 and subsequent amendment, if any based on the above Guidelines, if it is less than 2000 MW, on a long-term basis, as indicated at Scheduled-B of PSA.

v. The Petitioner has agreed to purchase 200 MW Solar power from the SECI under the above RfS and accordingly, SECI has agreed to sign PPAs with SPDs for procurement of Solar Power on a long-term basis, as indicated at Scheduled-B of PSA.

vi. Pursuant to the aforesaid objective, the Parties being desirous of entering into a (PSA) i.e. definitive agreement, regarding purchase of Power from the Project, have accordingly agreed to enter into this PSA to record their understanding and agreement with regard to the purchase of power to be generated from the Project and in respect to the matters incidental or ancillary thereto, upon the terms and conditions set out in the said agreement.

vii. That the Petitioner and the supply of power is regulated and governed by the Delhi Electricity Regulatory Commission (Renewable Purchase Obligation and Renewable Energy Certificate Framework Implementation) Regulations, 2021 (hereinafter called "Regulations") issued by the Commission vide Delhi Gazette Notification No. F 3(600)/Tariff-Fin./DERC/2019-20/6705/061 dated 13.04.2021.

viii. That Clause 4 of the said notification stipulates the renewable purchase obligations targets with a proviso that the targets specified for Obligated Entities for FY 2022-23 shall be continued beyond FY 2022-23 unless specified by the Commission separately.

ix. The Clause 9 of the said notification stipulates the provisions related to the Distribution Licensees as follows:

(1) *"The cost incurred by the Distribution Licensee to meet its RPO target shall be allowed to be recovered in Aggregate Revenue Requirement (ARR) as per the provisions of the applicable Regulations:*
Provided that for shortfall of units to meet RPO target, after physical procurement of power, the Distribution Licensees may be allowed REC cost at Floor price. However, if Floor price is zero, the REC cost may be allowed at average of the Floor price and Forbearance price, as determined by CERC, for such shortfall of units which shall be trued up subsequently.

(2) *Distribution Licensees shall submit necessary details regarding total sales of electricity to the consumers in its area and purchase of energy from renewable sources for fulfillment of RPO on annual basis within three months from the date of completion of relevant financial year to the State Nodal Agency and the Commission.*

(3) *Distribution Licensee shall also submit necessary details regarding total sales of electricity to the consumers in its area and purchase of energy from renewable sources for fulfillment of RPO, compliance of RPO through BG/FDR etc. w.r.t. other Obligated Entities in their respective area of supply, on annual basis within three months from the date of completion of relevant financial year to the State Nodal Agency and the Commission."*

x. In order to meet the RPO and its demand of Power and to achieve the target of making the Petitioner/NDMC as 100% Renewable and Green Municipality, the Petitioner intends to procure 200MW Solar Power from the SECI for 25 years on the terms and conditions recorded in the PSA.

xi. That the Petitioner has received a letter of Offer dated 23.02.2024 regarding offer of power from ISTS Solar Tranche – XI wherein the SECI has offered 200MW of Solar Power to the Petitioner on long term basis for a period of 25 years for a supply tariff of Rs. 2.61/Unit + Rs. 0.07/Unit as SECI's trading margin. The rates as offered by the SECI are most competitive, reasonable and attractive.

xii. Accordingly, the Petitioner conveyed its consent to SECI vide letter dated 04.03.2024 for procurement of 200MW Solar Power at the price as offered by the SECI on long term basis for a period of 25 years.

<u>Additional Affidavits filed by the Petitioner</u>

3. Pursuant to the observations of the Commission during the course of the hearing of the matter as to why the Petitioner had signed PSA with SECI with the highest Tariff of Rs. 2.61/kWh against the L-1 rate of Rs. 2.60/-kWh and subsequent directions given

by the Commission vide Order dated 20.05.2025 to clarify the same and timing of requirement of the 200MW power for which approval has been sought by the Petitioner, the Petitioner filed an Additional Affidavit on 02.06.2025, wherein *inter-alia* following has been submitted.

i. The Petitioner has entered into a PSA dated 17.09.2024, thereby recording the terms of the Agreement.

ii. The Expected commissioning of Rs. 2.61/-proposal was August 2025, if PPA gets signed by February 2024, i.e., 18 months after signing of PPA whereas for other proposal of SECI for Rs. 2.60/- per unit it was March, 2026 and the project will help to honour the RPO obligation framed by the Commission every year.

iii. Accordingly, with the approval of the Chairman, NDMC consent was issued to SECI on 04.03.2024, for the project of 200MW at Rs. 2.68/- (inclusive of trading margin of Rs. 0.07/- per Unit). The said decision was taken as early commissioning of the project would have helped the NDMC to meet energy demands as the existing firms tie-ups were not able to meet the upcoming demand especially in summer season.

iv. Based on the said requirement, the Commission has provided *in-principle* approval for the procurement of 200MW solar power for ISTS Solar Tranche XI of SECI on 27.03.2024.

4. The above additional affidavit was taken on record by the Commission on 03.06.2025 while observing that the queries of the Commission stood unaddressed. Accordingly, the Petitioner was further granted two weeks' time, as sought for, to place on record relevant information including present status of the Scheduled Commissioning Date of the Project. In compliance of the same, another additional affidavit was filed by the Petitioner on 26.06.2025 wherein following has been submitted:

i. That discussion on signing of PSA with SECI commenced in January 2024. At that time ISTS connectivity available for various solar projects under Tranche-XI was examined and it was found that ISTS Connectivity of Avaada GJ Sustainable Private Ltd. for its project in Gujrat was the earliest i.e. in August, 2025.

ii. The project proponent Avaada GS Sustainable Private Ltd. also indicted that if the PPA and the PSA is executed within February, 2024 it will be able to commission the solar project by August, 2025.

iii. Therefore, keeping in view the RPO obligation of the Petitioner, it was decided to execute PSA at tariff of Rs. 2.61/- per Unit, even though there were projects available with tariff of Rs. 2.60/- per Unit of whose, the ISTS connectivity was uncertain and much delayed as compared to the project of Avaada GJ Sustainable Private Ltd.

iv. As on date the final grant of connectivity for the project with Rs. 2.60/- per Unit has been issued with the expected timeline of November, 2026. Since, PPA/PSA of the projects at Rs. 2.60/- per Unit have not been signed, the bidder has not initiated any construction activity for the said project. It may take 18 months for project commissioning after PPA is executed by those bidders. Additionally, the ISTS transmission charges of 50% will be applicable on such projects to be commissioned after June, 2026.

v. The PSA between SECI and NDMC was executed on 17.09.2024 instead of February, 2024. Accordingly, the PPA between SECI and Avaada GJ Sustainable Private Ltd. also got delayed and was executed on 04.10.2024 effective from 24.09.2024 with Scheduled Commissioning Date of 24.03.2026.

vi. That Avaada GJ Sustainable Pvt. Ltd has shared latest status of the project construction with SECI which in turn has been shared by SECI with Petitioner. The current project status shows that Avaada GS Sustainable Pvt. Ltd. has already made substantial progress in the project with switchyard is completed, 70% progress in civil construction and electrical erection. The module erection is expected to start in July 2025, and the project is expected to be commissioned in Nov. 2025. These timelines are ahead of SCOD and would help the Petitioner in meeting its RPO obligation.

vii. That in furtherance of the Orders passed by the Commission, the Petitioner had issued an email dated 05.06.2025 thereby asking the status of the availability of the Power. In response to the said email, the SECI has issued an email dated 12.06.2025 and it has been informed that the project is in advance stage of execution and they are targeting early commissioning by 07.11.2025 and expected start date of connectivity is also 16.08.2025.

viii. That SECI in its offer letter dated 19.03.2025 had informed NDMC about the status of operationalization of CTU substation for balance projects under this scheme (i.e. ISTS Solar Tranche XI) having tariff of Rs. 2.60/kWh which is likely to be in August' 2026 to November' 2026.

ix. That the correspondence between the Standard Chartered Bank, the bankers of the Avaada GJS, the Power producer has enquired about the status of the project and the financial services are dependent on the approval of the PSA by the Commission.

<u>Commission's Analysis</u>

5. After submission of requisite details/clarifications by the Petitioner, the matter was finally heard and reserved for Orders on 29.09.2025.

6. The Commission vide its letter dated 27.03.2024 granted *in-principal* approval to the Petitioner to enter into the Power Sale Agreement (PSA) with SECI. The Petitioner has entered into PSA with SECI on 17.09.2024. The Petitioner has also informed that Central Electricity Regulatory Commission (CERC) has passed a judgement governing the rates with regard to the PPA on 31.01.2025.

7. During the course of the hearing of the matter, the Petitioner was directed to explain as to why the Petitioner has signed a PSA with SECI for procurement of power from L-2 bidder (Tariff Rs 2.61/kWh) against the L-1 rate of Rs 2.60/kWh. The Petitioner vide its additional affidavit dated 26.06.2025 has submitted that 200 MW of solar power having tariff of Rs 2.61/kWh is in advanced stage of execution with 70% progress in civil construction and electrical erection and has an expected date of commissioning in Nov'2025. In comparison to this, for the projects with a tariff of Rs 2.60/kWh, SECI vide its letter dated 19.03.2025 has informed that the status of operationalisation of CTU substation is likely around Aug'26 to Nov'26 and Scheduled Commissioning Date (SCD) of the above mentioned projects is 18 months from effective date of PPA signing. As informed by Petitioner, it has signed the PSA with SECI for tariff of Rs 2.61/kWh keeping in view the urgent requirement and meeting of RPO targets.

8. It is further observed that as per Clause 5(2) of the Notification No. L-1/250/2019/ CERC dated 26.06.2025 of CERC, 200 MW Solar power having tariff Rs 2.61/kWh, if commissioned before 30.06.2026, will incur only 25% transmission charges. However, the project commissioned after June'26, 50% transmission charges shall be applicable till June'27. These transmission charges will further increase to 75% for projects commissioned after June'27 and 100% transmission charges will be levied on the projects commissioned beyond June'28.

9. In view of the above, the Commission observes that under the given facts and circumstances, peculiar to the instant case, the power sought to be procured on long term basis from L-2 bidder would be comparatively more economical in the long run. Accordingly, the Petitioner is hereby allowed to procure 200 MW Solar Power at the price as offered by the SECI on long term basis for a period of 25 years at the tariff of Rs.2.61/Unit+ Rs. 0.07/Unit as SECI's trading margin.

10. The Petition is disposed of in the above terms.

11. Ordered accordingly.

Sd/-	**Sd/-**
(Surender Babbar)	**(Ram Naresh Singh)**
Member	**Member**