

Delhi Electricity Regulatory Commission
Viniyamak Bhawan, 'C' Block, Shivalik, Malviya Nagar, New Delhi – 17

No. F. 9(131)/DERC/Tariff/DS/2014-15/4537

Petition No. 58/2014

In the matter of: **Petition seeking adoption of tariff determined through transparent process of Case 1 RE-Bidding procedure u/S 63 of the Electricity Act, 2003 and of the approval signing of proposed Power Purchase Agreement in terms of the DERC (Renewable Purchase Obligation and Renewable Energy Certificate Framework Implementation) Regulations, 2012 read with DERC Comprehensive Conduct of Business Regulations, 2001.**

Tata Power Delhi Distribution Ltd.
Through its **Managing Director**
Grid Sub Station Building
Hudson Lines, Kingsway Camp,
Delhi 110 009

....**Petitioner**

Coram: Sh. P. D. Sudhakar, Chairperson
Sh. J. P. Singh, Member &
Sh. B. P. Singh, Member

ORDER

(Date of Order: 13.04.2015)

1. Tata Power Delhi Distribution Ltd. (TPDDL) through this Petition sought adoption of Tariff determined through transparent process for Case 1 RE-Bidding procedure u/S63 of Electricity Act, 2002 and approval of Power Purchase Agreement (PPA).

Petitioner's Submission

2. The Petitioner submitted that in order to meet its Renewable Purchase Obligation (RPO) as per DERC (Renewable Purchase Obligation and Renewable Energy Certificate Framework Implementation) Regulations, 2012, it annually requires renewable power of 846MUs.
3. The Petitioner in order to meet its requirement of Renewable Purchase Obligation of 846 MUs per annum floated request for proposal (RFP) on 09.05.2014. In response to RFP they have received bids from 29 projects across 13 participants.

4. The Petitioner submitted that an evaluation committee was constituted which was vested with all the powers to take decisions on the bid related matters. Bids were invited from various Renewable Sources. Technical evaluation of the bids was conducted on 18.09.2014 and all the 29 bids were found technically qualified whose financial bids were subsequently opened on 19.09.2014.
5. The Petitioner submitted that the bidders were to be financially evaluated on the basis of levelised tariff. The bidders have been declared successful based on levelised tariff in descending order subject to the total quantum of 846 MUs. The financial evaluation was conducted on 30.09.2014 and the levelised tariff has been calculated by taking into account all the transmission charges and losses applicable as on date as specified in the comparative statement.
6. Based on the above, financial evaluation has been completed and the 15 bids were declared successful as per the list below:-

Sr. No.	Bidders Name	Landed Levelized Tariff	MUs after loss
		Rs/Unit	Mus
1	TimarpurOkhla Waste Management Company Pvt. Ltd.	5.921	36.7
2	SunEdison Holding (Singapore) Pte. Ltd. (Project 1)	6.499	61.180
3	SunEdison Holding (Singapore) Pte. Ltd. (Project 2)	6.499	61.180
4	SunEdison Holding (Singapore) Pte. Ltd. (Project 3)	6.499	61.180
5	SunEdison Holding (Singapore) Pte. Ltd. (Project 6)	6.540	59.900
6	SunEdison Holding (Singapore) Pte. Ltd. (Project 4)	6.540	59.900
7	SunEdison Holding (Singapore) Pte. Ltd. (Project 5)	6.541	59.900
8	Tata Power Trading Company Ltd.(Bhilangana)	6.642	134.904
9	TangnuRimai Power Generation Pvt. Ltd. (NSL Power)	6.713	24.252
10	Panchhor Hydro Power Pvt. Ltd.	6.745	86.683
11	TarandaHydro Power Project Ltd.	6.794	38.526
12	SunEdison Holding (Singapore) Pte. Ltd. (Project 7)	6.860	59.390
13	SunEdison Holding (Singapore) Pte. Ltd. (Project 8)	6.922	59.390
14	Tata Power Trading Company Ltd.(Kanchanjanga)	6.945	71.369
15	Cosmos Hydro Power Pvt. Ltd.	7.044	69.346

7. The Petitioner further submitted that pursuant to the financial evaluation, all the successful bidders were called for tariff negotiations on 17.10.2014 except Timarpur Okhla Waste Management Pvt. Ltd. and Tata Power Trading Company Ltd. (Bhilangana) on being single bid / lowest bid in its respective category at their interconnection point for the renewable source.
8. The Petitioner requested the bidders at tariff negotiations meeting, to match lowest levelised ex-bus generation tariff at interconnection point in its respective category. The negotiated levelized tariff quoted by the bidders is as follows:

Sr. No.	Bidders Name	Negotiated Quoted Levelized Ex-bus generation Tariff (at interconnection point)	After Negotiation, Landed Levelized Tariff
		Rs/Unit	Rs/Unit
1	TimarpurOkhla Waste Management Company Pvt. Ltd.	5.921	5.921
2	TangnuRimai Power Generation Pvt. Ltd. (NSL Power)	5.570	6.443
3	SunEdison Holding (Singapore) Pte. Ltd. (Project 1)	5.930	6.499
4	SunEdison Holding (Singapore) Pte. Ltd. (Project 2)	5.930	6.499
5	SunEdison Holding (Singapore) Pte. Ltd. (Project 3)	5.930	6.499
6	SunEdison Holding (Singapore) Pte. Ltd. (Project 6)	5.970	6.540
7	SunEdison Holding (Singapore) Pte. Ltd. (Project 4)	5.970	6.540
8	SunEdison Holding (Singapore) Pte. Ltd. (Project 5)	5.970	6.540
9	TarandaHydro Power Project Ltd.	5.570	6.589
10	Cosmos Hydro Power Pvt. Ltd.	5.570	6.634
11	Tata Power Trading Company Ltd.(Bhilangana)	5.570	6.642
12	PanchhorHydro Power Pvt. Ltd.	5.570	6.664
13	Tata Power Trading Company Ltd.(Kanchanjanga)	5.570	6.826
14	SunEdison Holding (Singapore) Pte. Ltd. (Project 7)	6.280	6.860
15	SunEdison Holding (Singapore) Pte. Ltd. (Project 8)	6.280	6.860

9. The Commission heard the Petitioner at length on 10.02.2015. In response to the specific queries raised by the Commission the Petitioner requested for grant of some time to file the detailed information.
10. The Commission granted permission to the Petitioner to file the detailed information. The Commission also directed the Petitioner to discuss these issues with ED (Tariff) in detail. ED (Tariff) was directed to submit report within 2 weeks.
11. The Petitioner submitted the requisite details regarding long term cost benefit analysis for procurement of renewable power versus procurement of conventional power as per the demand supply projection with purchase of Renewable Energy Certificate (REC) in compliance of the RPO Regulations, after their discussion with ED(Tariff) as per the direction to the Commission on 27.02.2015. Subsequently, ED (Tariff) also submitted its report to the Commission.
12. The Petitioner in reply to the queries raised has submitted that the Power Procurement from Municipal Solid Waste by Timarpur Okhla Waste Management Pvt. Ltd. is at a levelised tariff of Rs. 5.92 per kWh at Delhi Transco Limited periphery for quoted capacity of 6MW corresponding to 36.79 MUs and it is the only bidder in its category. The net present value of the benefit from procurement of power from Municipal Solid waste in comparison to procurement from conventional sources of energy with Renewable Energy Certificate (REC) is of Rs. 53.19 crore.
13. The Petitioner also submitted that Power procurement from solar energy from successful bidders is at a landed levelised tariff in the range of Rs. 6.499 to Rs. 6.826 kW/h at DTL periphery at quoted capacity of 240 MW corresponding to 496.95 MUs. The net present value of the benefit from procurement of solar energy from these projects corresponding to Rs. 365.43 crore in comparison with power procurement from conventional sources of energy along with Renewable Energy Certificate (REC).
14. Further, Petitioner submitted that the successful bid for mini hydro in the present bidding process from various bidders is at ex-bus generation tariff of Rs. 5.570 per kWh.

Commission's Analysis:

15. The Commission considered the Petition along with detailed information submitted subsequently, report submitted by ED (Tariff), the entire record placed before the Commission in this Petition and relevant provisions of the Electricity Act and Regulations made there under.
16. The Commission decided to allow the deviations with respect to draft standard bidding documents issued by MNRE keeping in line the deviations permitted in the Jawahar Lal Nehru National Solar Mission (JNNSM) scheme as it was noticed that similar provisions were made by Solar Energy Corporation of India, a Government of India Enterprise registered u/S 25 of the Companies Act, 1956 under the Administrative Control of the Ministry of new and Renewable Energy (MNRE) in the request for selection (RFS) documents under the said scheme and combined bidding in place of separate bidding for different sources of renewable power.
17. The Commission has observed that in the process of negotiation, the lowest quoted tariff discovered in respect of relevant source has been considered as benchmark tariff for negotiation and the Petitioner has ignored the generic tariff determined by CERC for the relevant source for the purpose of negotiation. Due to such benchmarking :
 - a. Mini hydro bids have been considered at a price higher than the CERC Generic Tariff for FY 2014-15. It is further observed that all the mini hydro successful bidders have matched the lowest bid after negotiation.
 - b. The bid for procurement of power from solid waste has not been benchmarked due to single bid in its category. The Commission, however, noted that Timarpur Okhla Waste Management Pvt. Ltd. is presently having a Power Purchase Agreement with one of the Distribution Licensee (BRPL) for supply of power in Delhi through competitive bidding which is significantly lower than the present bid.
 - c. CERC Generic tariff for solar source at present is higher than the discovered price in the present bid. But these solar generation will start generation from FY 2016-17 and 2017-18 and the solar generic tariff is being revised by CERC in each year based on the year of commissioning.

18. In view of the above discussion, the Commission has evaluated negotiated bids and has benchmarked the maximum ceiling for the quoted ex-bus generation tariff of successful bidders with generic levelised generation tariff determined under CERC (Terms and Conditions for Tariff determination from Renewable Energy Sources) Regulations, 2012 by CERC for solar PV. CERC has determined the generic levelised tariff of solar PV up-to FY 2015-16; therefore, for the purpose of projecting generic tariff, the Commission has analyzed the trend of last three years and has projected the generic tariff for FY 2017-18 at Rs. 6.25 per kWh for solar PV. Accordingly, the Commission has capped the maximum ex-bus generation tariff for solar energy procurement in the present bid process to be allowed for adoption of tariff at Rs. 6.25 per unit.
19. Based on the submission of the Petitioner, the documents placed on record and in view of recommendations of Bid Evaluation Committee, the Commission in terms of Section 63 of the Act adopts the levelised Ex-bus generation tariff as quoted by the following selected bidders for supply of Renewable power to meet the Renewable Purchase Obligation of the Petitioner:

Sr. No.	Bidders Name	Quoted Levelized Tariff (Ex-Bus)
1.	SunEdison Holding (Singapore) Pte. Ltd. (Project 1)	5.930
2.	SunEdison Holding (Singapore) Pte. Ltd. (Project 2)	5.930
3.	SunEdison Holding (Singapore) Pte. Ltd. (Project 3)	5.930
4.	SunEdison Holding (Singapore) Pte. Ltd. (Project 6)	5.970
5.	SunEdison Holding (Singapore) Pte. Ltd. (Project 4)	5.970
6.	SunEdison Holding (Singapore) Pte. Ltd. (Project 5)	5.970

20. The Commission further directs the Petitioner:
- i. To conduct further negotiations in respect of :-
 - a. Mini hydro sources and
 - b. Waste to energy source
- after considering the CERC Generic tariff for the relevant source as well as prevailing market price if any and based on submission of tentative commissioning or date of commissioning of the project(s). After negotiation the report should be placed before the Evaluation Committee, which in turn

- will consider the same and find out whether it is aligned with the market prices or reasonable or acceptable price and give suitable recommendations through the certificate.
- (ii) Thereafter the Petitioner may approach the Commission to grant approval on the basis of recommendations of the Evaluation Committee.
- (iii) The Petitioner to submit the project specific duly signed PPA to the Commission for approval.

The petition is disposed of and ordered accordingly.

Sd/-
(B.P. Singh)
Member

Sd/-
(J. P. Singh)
Member

Sd/-
(P. D. Sudhakar)
Chairperson