

**ODISHA ELECTRICITY REGULATORY COMMISSION
BIDYUT NIYAMAK BHAWAN
PLOT NO.-4, CHUNUKOLI, SHAILASHREE VIHAR
BHUBANESWAR - 751 021**

**Present: Shri U. N. Behera, Chairperson
 Shri S. K. Parhi, Member
 Shri G. Mohapatra, Member**

Case No. 46/2020

GRIDCO Ltd.	Petitioner
Vrs		
DoE, GoO & Others	Respondents

In the matter of: **Application filed by GRIDCO under Section 86 of Electricity Act, 2003 read with Section 21 of the OER Act, 1995 seeking approval of Power Sale Agreements (PSAs) executed between GRIDCO and SECI Ltd. for procurement of 100 MW and 50 MW Wind power from SECI under MNRE ISTS connected Wind Power Project Schemes Phase-II and Phase-III respectively, for fulfilling its non-solar Renewable Purchase Obligation.**

For Petitioner: Ms. Sasmita Pattajoshi, AGM (PP), GRIDCO Ltd.

For Respondent: Shri K. C. Nanda, DGM (Fin.), WESCO Utility, the representatives of SOUTHCO Utility and NESCO Utility, Shri Puneet Munjal, the representative of M/s. TPCODL, Shri M. G. Ramachandran, Advocate, SECI, Shri A. K. Choudhury, Jt. Director, OREDA and Ms. Niharika Patanayak, ALO, DoE, Government of Odisha are present.

ORDER

Date of hearing: 06.10.2020

Date of order: 08.01.2021

GRIDCO Ltd. has filed the present petition seeking approval of two nos. of Power Sale Agreements (PSAs) executed between SECI Ltd. and GRIDCO for procurement of 100 MW and 50 MW Wind power from SECI under MNRE ISTS connected Wind Power Project Schemes Phase-II and Phase-III respectively towards fulfilling its Renewable Purchase Obligation (RPO).

2. GRIDCO has submitted that during September, 2017, it had non-solar procurement capacity of 77 MW only and another 163.5 MW non-solar projects under construction in the State at that time. But due to various reasons those non-solar RE projects have not been commissioned in the scheduled time. GRIDCO has made assessment of Renewable Energy (RE) capacity addition in the state to meet the RPO target as per the prevailing RPO notification. The quantum of non-solar capacity addition was assessed to the tune of around 700 MW by FY 2021-22. Therefore, for fulfilling non-solar RPO, GRIDCO

requisitioned 100 MW wind power from SECI under the 1000 MW ISTS grid-connected wind power scheme, Phase-II of MNRE. SECI being the designated implementing agency for this scheme, has selected the wind power projects through competitive bidding process to purchase power from them and sell the same to the utilities. The wind projects to be selected under this scheme may be installed in wind potential rich states in India connected through ISTS network (CTU Network).

3. SECI has offered for sale of wind power for a period of 25 years at the fixed levellised tariff of Rs.2.65/ Kwh plus SECI trading margin of Rs.0.07/ Kwh, totalling to Rs.2.72/ Kwh. Further MoP, GoI has already issued waiver of ISTS charges and losses for 25 years for the wind power projects to be commissioned by December, 2022. Accordingly, no ISTS charges and losses are applicable for this 100 MW wind power from SECI. In view of the above, GRIDCO has signed the PSA with SECI on 24.11.2017 to procure the above said 100 MW wind power with the following terms and conditions:

- Term of the PSA is for 25 years
- Delivery point is at 220 KV or above where the power is injected into the ISTS network and metering shall be done at the interconnection point where power will be injected into the ISTS.
- Declared CUF will not be less than 20% over a year.
- Responsibility of getting ISTS connectivity and LTA shall be with the wind power developer.
- Energy Accounting shall be the Regional Energy Account / State Energy Account as specified in the Grid Code.
- Interconnection facility shall be the facility in developer side of the delivery point where metering will be done.
- Maximum energy of 364.77 MU (corresponding to 120% of the declared CUF) and minimum energy of 273.57 MU (corresponding to 90% of the declared CUF) will be made available in each financial year during the agreement period.
- Wind power developer will pay the compensation for shortfall in generation proportionately if any compensation is ordered by OERC.
- Bill to the GRIDCO will be issued on the 1st business day of the next month.

- Payment due date is 30 days, 2% rebate for payment made within 3 days of the presentation of the bill, 1% rebate for payment made after 3 days of the presentation of the bill up to the due date and late payment surcharge of 1.50% per month is applicable if payment is not made within 30 days beyond the due date.
 - Under payment Security Mechanism, GRIDCO has to provide LC and is to execute default escrow agreement.
4. GRIDCO is now availing wind power under the above scheme in phase-II from M/s. Green Infra Wind Energy Ltd. located in Bhuj, Gujrat through SECI with effect from 25.06.2019 and the full capacity of 100 MW w.e.f. 04.04.2020, which is being considered for meeting non-solar RPO target.
 5. In the similar line, on request of SECI, GRIDCO has requisitioned another 50 MW wind power under the “Scheme for setting up of 2000 MW ISTS-connected Wind Power Projects, Phase-III” of MNRE. The final discovered tariff after the reverse auction bidding process in the Phase-III wind scheme is Rs.2.44/Kwh and the procurement price for GRIDCO is Rs.2.51/Kwh including SECI trading margin of Rs.0.07/Kwh. The maximum energy of 198.81 MU (corresponding to 120% of the declared CUF) and minimum energy of 149.11 MU (corresponding to 90% of the declared CUF) will be made available to GRIDCO in each financial year during the agreement period from the 50 MW wind power in Phase-III and in case of any shortfall, wind power developer will pay the compensation at the rate as decided by OERC for GRIDCO for the year of default. Accordingly, GRIDCO has signed PSA with SECI on 23.03.2018 for procurement of the above 50 MW wind power under Phase-III.
 6. For the Phase-III, the SECI has introduced “State Government Guarantee” and “Payment Security Fund” under payment security mechanism clauses as per the MoP, GoI Resolution dated 03.08.2017. “State Government Guarantee” will be covered under Tripartite agreement signed between RBI, GoI and GoO whereas “Payment Security Fund” is optional for GRIDCO. SECI has also introduced generation compensation by GRIDCO for ‘off-take constraints due to transmission infrastructure/grid unavailability and back-down’ in the PSA for Phase-III. The PSA has other standard clauses such as Quarterly and Annual Reconciliation, Force Majeure, Change in Law, Events of default & Termination, Assignments and Charges, Dispute Resolution, Notices etc. as executed with SECI for the aforesaid MNRE Wind Power Scheme for Phase-II.

7. The respondent TPCODL has submitted that the PPAs signed by the petitioner are annexed to the Bulk Supply Agreement (BSA) made by the petitioner with TPCODL as a part of it. The present PSAs entered between GRIDCO and SECI are not reflected in the Annexure to the said BSA, which is contrary to the provisions of the BSA. As per para 4.15 of the BSA between TPCODL and GRIDCO, GRIDCO has to sign additional PPAs with prior consultation with TPCODL, other Retail Supply Licensees and prior approval of the Commission. Further, TPCODL has submitted that notwithstanding the above, any decision for tie up of long term capacity needs to be based on year wise projections of demand-supply gap along with its impact on tariff. There are mainly three options available to meet the RPO viz. (a) long term PPA (b) procurement of RECs and (c) procurement of green power in Green Term Ahead Market (GTAM). Further, CERC has recently given a go ahead to trading of green power on the exchange, purchase of which shall go towards meeting RPO. In the present surplus scenario it is imperative to evaluate all the options with respect to the objective of meeting RPO while ensuring the least impact on the bulk supply tariff. In order to facilitate the above TPCODL requires, (a) year wise demand-supply gap with respect to RPO and (b) comparative tariff impact analysis for all the proposed renewable capacities. The Commission may decide on the above alternative based on the impact on retail tariff before approving any long term procurement of renewable energy.
8. The respondent OREDA has submitted that the Commission may consider the following while approving the present PSA filed by GRIDCO:
- a. The agreed upon energy charges including trading margins for purchase of power from the 100 MW and 50 MW Wind Power Projects being Rs.2.72/unit and Rs.2.51/unit respectively, prima facie appear to be very compelling.
 - b. However, as the energy reaches the 11 KV network within the state these prices shoot up to Rs.3.44/unit and Rs.3.22/unit respectively taking in to account the standard power losses at different voltage levels (Ref: 400 KV level: POSOCO website, 220/132 KV level: OPTCL transmission tariff order FY 2019-20, 33 KV level: OERC retail supply tariff order FY 2019-20) and applicable transmission charges (Ref: OPTCL transmission tariff order FY 2019-20,) and wheeling charges (Ref: OERC retail supply tariff order FY 2019-20).
 - c. The above prices at 11 KV level are respectively Rs.0.36/unit and Rs.0.14/unit higher than the feed-in-tariff determined by the Commission for solar power

generation by local farmers under PM-KUSUM scheme (ref Case No.82/2018 dated 20.12.2019) which is Rs.3.08 at 11 KV level.

- d. As per the PSAs GRIDCO has to purchase maximum 364.77 MU and 198.81 MU annually from the projects under Phase-II and Phase-III respectively which will result in direct financial loss of Rs.13.20 crore and Rs.2.70 crore respectively per annum.
- e. On the other hand procurement of solar power from generators within the state is likely to save GRIDCO from incurring such financial losses, besides local RE generation is expected to bring in several direct and indirect benefits to the people of the state.

In view of the above, OREDA has prayed the Commission to advise GRIDCO for purchase of more home grown renewable energy rather than importing the same from other states.

- 9. The respondent SECI has submitted that it has been designated as the nodal agency for implementation of the central government schemes for setting up ISTS connected wind power projects under a tariff based competitive bidding processes and enter into PPAs with the successful bidders at the tariff discovered in the competitive bid process and also enter into PSAs with the distribution licensees/buying entities to enable them to fulfil the RPO. SECI is acting as an intermediary agency in purchase and sale of wind power under PPAs and PSAs on a back-to-back basis, utilising its trading license to facilitate such purchase and resale of electricity and is entitled to a trading margin of Rs.0.07/Kwh payable by the buying utilities in terms of MNRE guidelines, RfS and the PSA.
- 10. SECI has entered into PSA with GRIDCO on 24.11.2017 for sale of 100 MW wind power from the bid conducted for 1000 MW wind power under the ISTS-connected scheme, Tranche-II of MNRE. In pursuance to the this scheme and completion of the competitive bid process, nine nos. of project developers have been selected and the mapping of the projects for supply to the buying utilities including GRIDCO has been done based on the long term open access availability of ISTS from the place of generation to the Odisha periphery. The subject 100 MW wind power which is being agreed to be supplied to GRIDCO, is sourced and procured by SECI on a back to back basis from Green Infra Wind Energy Ltd. under PPA dated 02.01.2018 for setting up power project of 250 MW. The tariff discovered through the e-reverse auction for the subject 100 MW wind power is Rs.2.65/Kwh. Similarly, SECI has entered into PSA with GRIDCO on 23.03.2018 for sale of 50 MW wind power from the bid conducted for 2000 MW under the ISTS-connected

wind power scheme Tranche-III of MNRE. In pursuance to this scheme and on completion of the competitive bid process, twelve nos. of project developers have been selected. The subject 50 MW wind power which is being agreed to be supplied to GRIDCO, is sourced and procured by SECI on a back to back basis from M/s. ReNew Wind Energy (AP2) Pvt. Ltd. under PPAs (2 nos.) dated 23.05.2018 for setting up power projects of 300 MW and 100 MW capacity. The tariff discovered through the e-reverse auction for the subject 50 MW wind power is Rs.2.44/Kwh.

11. The application of SECI for uniform pooled tariff to all the procurers of 1000 MW in Tranche-II was not approved by the Central Commission in its order dated 03.12.2019 in Petition No. 369/AT/2019. Similarly the application of SECI for uniform pooled tariff to all the procurers of 2000 MW in Tranche-III was also not approved by the Central Commission in its order dated 28.02.2020 in IA No.85/2019 in Petition No. 161/AT/2019. In these orders CERC has adopted individual tariffs of the generators as discovered through transparent competitive bidding process. Accordingly, the tariff for 100 MW wind power to GRIDCO from M/s. Green Infra Wind Energy Ltd. under PPA in MNRE 1000 MW ISTS-connected wind scheme Tranche-II will be Rs.2.65/Kwh plus SECI trading margin of Rs.0.07/Kwh, totalling to Rs.2.72/Kwh. Similarly, the tariff for 50 MW wind power to GRIDCO from M/s. ReNew Wind Energy (AP2) Pvt. Ltd. in MNRE 2000 MW ISTS-connected wind scheme Tranche-III will be Rs.2.44/Kwh plus SECI trading margin of Rs.0.07/Kwh, totalling to Rs.2.51/Kwh.
12. SECI has prayed the Commission to approve both the above PSAs which have been duly executed between SECI and GRIDCO at the price for such procurement at the individual tariff applicable to the relevant wind power developer as adopted by the Central Commission and in addition thereto a trading margin of Rs.0.07/Kwh payable to SECI.
13. Replying to the objections raised by OREDA and TPCODL, the petitioner GRIDCO has submitted that in the mean time SECI has cited the orders of the Hon'ble CERC dated 03.12.2019 in Petition No. 369/AT/2019 and dated 28.02.2020 in Petition No. 161/AT/2019 wherein Hon'ble CERC has considered and approved the adoption of tariff of each wind generator for the subject wind schemes. As SECI's proposal of the uniform tariff to all the procurers under both the schemes were not approved by the Hon'ble CERC, for which GRIDCO has to pay the levellised tariff of Rs.2.65/Kwh plus SECI's trading margin of Rs.0.07/Kwh, totalling to Rs.2.72/Kwh towards availing the subject 100 MW wind power from the developer M/s. Green Infra Wind Energy Ltd. under MNRE 1000 MW Wind Power Scheme, Tranche-II (PSA dated 24.11.2017). Similarly, under

MNRE 2000 MW Wind Power Scheme, Tranche-III (PSA dated 23.03.2018), GRIDCO has to pay the levellised tariff of Rs.2.44/Kwh plus SECI's trading margin of Rs.0.07/Kwh, totalling to Rs.2.51/Kwh towards availing the subject 50 MW wind power from the developer M/s. ReNew Wind Energy (AP2) Pvt. Ltd.. In both the cases, mapping of projects for supply of wind power to the buying utilities is being done by PGCIL based on the long-term open access availability to the inter-state transmission system from the place of generation.

14. GRIDCO has submitted that in line with the CERC order dated 03.12.2019 in Petition No. 369/AT/2019 & order dated 28.02.2020 in petition No. 161/AT/2019, SECI has proposed to amend the article 5 under heading 'Applicable Tariff' of the PSA dated 24.11.2017 and 23.03.2018 for Tranche-II and Tranche-III based on the mapping approved by PGCIL and grant of LTA by PGCIL, which is under consideration of GRIDCO. Full capacity of 100 MW wind power from M/s. Green Infra Wind Energy Ltd. in Tranche-II is now being availed by GRIDCO. However, GRIDCO has submitted that 30 MW wind capacity from the 50 MW contracted wind capacity from M/s. ReNew Wind Energy (AP2) Pvt. Ltd. in Tranche-III is expected to be available to GRIDCO from December, 2020.
15. Heard the parties. The Commission observed that GRIDCO has entered into power purchase agreements with various thermal generators and at present it has surplus power availability. Further as per the estimation of power supply and demand projection upto FY 2021-22, as submitted by GRIDCO in similar cases i.e. Case Nos. 42/2020, 43/2020 and 45/2020, there is also availability of surplus power with GRIDCO. However, GRIDCO has never achieved its RPO target fixed by the Commission since 2010-11. As per the RPO regulation if an obligated entity fails to fulfil its RPO, it has to compensate the same by purchasing Renewable Energy Certificates. If GRIDCO purchases RECs to the extent of its default in fulfilling the RPO it will exert a huge extra burden on the state consumers. The RPO status of GRIDCO for the last five years is given below:

(In percentage)

Year	Solar		Non-Solar		Total	
	Target	Achieved	Target	Achieved	Target	Achieved
2015-16	0.50	0.67	2.50	1.21	3.00	1.88
2016-17	1.50	0.98	3.00	1.26	4.50	2.24
2017-18	3.00	1.02	4.50	1.27	7.50	2.29
2018-19	4.50	1.26	5.00	1.54	9.50	2.80
2019-20*	5.50	1.86	5.50	2.78	11.00	4.64

* As per the performance review data for the FY 2019-20 submitted by GRIDCO

16. From the above submission of both GRIDCO and SECI, it is observed that SECI shall supply 100 MW wind power under the MNRE 1000 MW Wind Power Scheme, Tranche-II at the rate of Rs.2.72/Kwh including SECI's trading margin of Rs.0.07/Kwh and 50 MW wind power under the MNRE 2000 MW Wind Power Scheme, Tranche-III at the rate of Rs.2.51/Kwh including SECI's trading margin of Rs.0.07/ Kwh, which is less than the average power purchase cost of GRIDCO. Further, in its application GRIDCO has submitted that MoP, GoI has already issued waiver of ISTS charges and losses for 25 years for the wind power projects to be commissioned by December, 2022. Accordingly, no ISTS charges and losses are applicable for this 100 MW and 50 MW wind power from SECI. Therefore, GRIDCO has signed the PSA with SECI on 24.11.2017 and 23.03.2017 to procure the above said 100 MW and 50 MW Wind power under the MNRE Wind Power Schemes Tranche-II & Tranche-III respectively.
17. In view of the above, the Commission is inclined to approve the subject PSAs dated 24.11.2017 and 23.03.2017 filed by GRIDCO to purchase 100 MW and 50 MW wind power from SECI under 1000 MW ISTS-connected wind power scheme, Tranche-II and 2000 MW ISTS-connected wind power scheme, Tranche-III of MNRE respectively. In absence of escrow mechanism which is provided as collateral in the PSA to LC, GRIDCO must recoup the letter of credit to its required value by the seventh day of its operation as envisaged in the first PSA for purchase of 100 MW wind power on long term basis signed between GRIDCO and SECI. In case of second PSA where 50 MW wind power will be purchased, there is no mention of escrow as an collateral arrangement but State Government Guarantee and payment security fund have been envisaged. It is clarified in the PSA that the State Government Guarantee shall be invoked only after the SECI has been unable to recover its dues under the PSA by means of LC and payment security fund if created. GRIDCO must ensure that there will be no increase in tariff of such procurement of wind power for the entire period of 25 years i.e. the terms of the subject PSAs.
18. Accordingly, the case is disposed of.

Sd/-

(G. Mohapatra)
Member

Sd/-

(S. K. Parhi)
Member

Sd/-

(U. N. Behera)
Chairperson