

**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. 66/2020

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-IV and Phase-VI respectively, for fulfilling its non-solar Renewable Purchase Obligation.

For Petitioner: Sri M. K. Das, G.M. (PP) and Ms. Sasmita Pattajoshi, AGM (PP), GRIDCO Ltd.

For Respondent: Shri K. C. Nanda, DGM (Fin.), WESCO Utility, the representatives of M/s. TPCODL, SOUTHCO Utility and NESCO Utility, Shri M. G. Ramachandran, Advocate, SECI, the representative of OREDA are present.

ORDER

Date of hearing: 22.12.2020

Date of order: 12.01.2021

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-IV and Phase-VI respectively towards fulfilling its Renewable Purchase Obligation (RPO).

2. GRIDCO has submitted that during June, 2018, it had non-solar procurement capacity of 77 MW only and another 313.5 MW non-solar RE projects under construction for the State, but due to various reasons, these 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 is assessed to be of the

order of around 700 MW by FY 2021-22. Therefore, for fulfilling non-solar RPO, GRIDCO requisitioned 100 MW wind power from SECI under the 2000 MW ISTS grid-connected wind power scheme, Phase-IV of MNRE. SECI being the designated implementing agency for this scheme, has selected the wind power projects through transparent 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 States which are having rich wind potential and are connected through ISTS network (CTU Network).

3. SECI has offered for sale of wind power for a period of 25 years at the fixed levelled tariff of Rs.2.51/Kwh plus SECI trading margin of Rs.0.07/Kwh, totalling to Rs.2.58/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, 2023. Accordingly, no ISTS charges and losses are applicable for this 100 MW wind power from SECI under Phase IV. In view of the above, GRIDCO has signed the PSA with SECI on 15.06.2018 to procure the above said first 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 380.06 MU and minimum energy of 285.05 MU 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 if payment is made within 3 days of the presentation of the bill, 1% rebate if payment is 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.
4. GRIDCO is now availing 23 MW wind power under the above scheme in phase-IV from M/s. Vivid Solaire Energy Pvt. Ltd. (SPV of M/s. Betam Energy Pvt. Ltd.) located in Tutucorin, Tamil Nadu through SECI with effect from 10.09.2020 in the early part-commissioning and full capacity of 100 MW is expected to be available from January, 2021.
 5. In the similar line, on request of SECI, GRIDCO has requisitioned another 50 MW wind power under the “Scheme for setting up of 1200 MW ISTS-connected Wind Power Projects, Phase-VI” of MNRE. Under the Scheme GRIDCO will avail the power through SECI from the project developer M/s. Adani Green Energy Three Ltd. (SPV of M/s. Adani Renewable Energy Park (Gujurat) Ltd.) located in the state of Gujurat. The final discovered tariff after the reverse auction bidding process in the Phase-VI wind power scheme is Rs.2.82/Kwh and the procurement price for GRIDCO is Rs.2.89/Kwh including SECI trading margin of Rs.0.07/Kwh. The maximum energy of 189.35 MU and minimum energy of 126.23 MU will be made available to GRIDCO in each financial year during the agreement period from this 50 MW wind power in Phase-VI and in case of any shortfall, wind power developer will pay the compensation at the rate as decided by OERC to GRIDCO for the year of default. Accordingly, GRIDCO has signed PSA with SECI on 22.08.2019 for procurement of the above 50 MW wind power under Phase-VI. In this PSA, late payment surcharge of 1.25% per month is applicable if payment is not made within 30 days beyond the due date. Other terms and conditions are same with that of procurement of 100 MW wind power as mentioned in Para 3.
 6. In both the above PSAs for 100 MW and 50 MW wind power, 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 Tri-partite agreement signed between

RBI, GoI and GoO whereas “Payment Security Fund” is optional for GRIDCO. In the PSAs, SECI has also introduced generation compensation by GRIDCO for off-take constraints due to transmission infrastructure/grid unavailability and back-down of plant. The PSAs have 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 Schemes.

7. In view of the above, the petitioner M/s GRIDCO Ltd. has prayed the Commission to approve both the aforesaid PSAs dated 15.06.2018 and 22.08.2019 executed with SECI Ltd. by adopting the applicable tariff for availing 100 MW and 50 MW wind power under MNRE ISTS-connected Wind Power Project Schemes, Phase-IV and Phase-VI respectively towards fulfilling its non-solar RPO.
8. 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 entitled to a trading margin of Rs.0.07/Kwh payable by the buying utilities in terms of MNRE guidelines, RfS and the PSA.
9. SECI has entered into PSA with GRIDCO on 15.06.2018 for sale of 100 MW wind power from the bid conducted for 2000 MW wind power under the ISTS-connected scheme, Tranche-IV of MNRE. In pursuance to the this scheme and on accomplishment of the competitive bid process, eight 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 M/s. Vivid Solaire Energy Pvt. Ltd. (a project company of Betam Wind Energy Pvt. Ltd.) under PPA dated 04.09.2018 for setting up power project of 200 MW. The tariff discovered through the e-reverse auction for the

subject 100 MW wind power is Rs.2.51/Kwh. Similarly, SECI has entered into PSA with GRIDCO on 22.08.2019 for sale of 50 MW wind power from the bid conducted for 1200 MW under the ISTS-connected wind power scheme Tranche-VI of MNRE. In pursuance to this scheme and accomplishment of the competitive bid process, six 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. Adani Green Energy Three Ltd. (a project company of Adani Renewable Energy Park (Gujrat) Ltd.) under PPAs (2 nos.) dated 25.10.2019 for setting up power projects of 150 MW and 100 MW capacity. The tariff discovered through the e-reverse auction for the subject 50 MW wind power is Rs.2.82/Kwh.

10. The application of SECI for uniform pooled tariff to all the procurers of 2000 MW in Tranche-IV was not approved by the Central Commission in their order dated 19.02.2020 in petition No.162/AT/2019 along with IA No.84/2019. Similarly the application of SECI for uniform pooled tariff to all the procurers of 1200 MW in Tranche-VI was also not approved by the Central Commission in their order dated 20.11.2019 in petition No.215/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 be supplied to GRIDCO from M/s. Vivid Solaire Energy Pvt. Ltd. under PPA in MNRE 2000 MW ISTS-connected wind scheme Tranche-IV will be Rs.2.51/Kwh plus SECI trading margin of Rs.0.07/Kwh, totalling to Rs.2.58/Kwh. Similarly, the tariff for 50 MW wind power to be supplied to GRIDCO from M/s. Adani Green Energy Three Ltd. in MNRE 1200 MW ISTS-connected wind scheme Tranche-VI will be Rs.2.82/Kwh plus SECI trading margin of Rs.0.07/Kwh, totalling to Rs.2.89/Kwh. SECI has further submitted that in view of non-acceptance of uniform pooled tariff for all the procurers of a scheme by the Central Commission and adoption of project wise tariff on back-to-back basis as per the mapping of the projects, SECI has written to GRIDCO for amendment in the PSAs to that extent.
11. SECI has prayed the Commission to approve both the above PSAs which has been duly executed between SECI and GRIDCO as the price for such procurement at the individual tariff applicable to the relevant wind power developer has been adopted by the Central Commission along with a trading margin of Rs.0.07/Kwh payable to SECI.

12. The respondents M/s. OREDA and the DISCOM Utilities have not filed any written submission in the present case. During the hearing the DISCOM utilities stated that they have no objection, if the Commission approves the subject PSAs. However, while approving the PSAs, the Commission should consider its impact on the bulk supply and retail supply tariff.
13. Heard the parties. The Commission observed that GRIDCO has entered into power purchase agreements with various thermal generators and at present it has availability of much surplus power. 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 failed 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 compliance 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

14. From the above submissions of both GRIDCO and SECI, it is observed that SECI shall supply 100 MW wind power under the MNRE 2000 MW Wind Power Scheme, Tranche-IV at the rate of Rs.2.58/Kwh including SECI's trading margin of Rs.0.07/Kwh and 50 MW wind power under the MNRE 1200 MW Wind Power Scheme, Tranche-VI at the rate of Rs.2.89/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 June, 2023. 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 15.06.2018 and 22.08.2019 to procure the above said 100 MW and 50 MW Wind power under the MNRE Wind Power Schemes Tranche-IV & Tranche-VI respectively.

15. In view of the above, the Commission is inclined to approve the subject PSAs dated 15.06.2018 and 22.08.2019 filed by GRIDCO to purchase 100 MW and 50 MW wind power from SECI under 2000 MW ISTS-connected wind power scheme, Tranche-IV and 1200 MW ISTS-connected wind power scheme, Tranche-VI of MNRE respectively. However, GRIDCO shall ensure that there 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.
16. Accordingly, the case is disposed of.

Sd/-

(G. Mohapatra)
Member

Sd/-

(S. K. Parhi)
Member

Sd/-

(U. N. Behera)
Chairperson