

**ODISHA ELECTRICITY REGULATORY COMMISSION  
BUDYUT NIYAMAK BHAWAN  
PLOT NO.-4, CHUNOKOLI, SAILASHREE VIHAR  
BHUBANESWAR - 751021**

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

**Case No. 15/2021**

M/s. GRIDCO Ltd. Vrs. GEDCOL & Others	..... .....	Petitioner Respondents
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**In the matter of:**    **Application under Section 86 of the EA, 2003 read with Section 21 of the OER Act, 1995 and other enabling provisions for seeking approval on the Power Purchase Agreement (PPA) executed between GRIDCO and GEDCOL for procurement of Solar power from the 8 MW SPV Projects to be developed by GEDCOL on the un-utilized surplus land of 3 nos. of OPTCL Sub-stations, OHPC Mukhiguda Power House and GEDCOL Manmunda Solar Project premises towards fulfilling the Renewable Purchase Obligation.**

**For Petitioner:**        Shri P. K. Das, CGM, GRIDCO.

**For Respondent:**    Shri B.K. Das, GM, OPTCL, Shri V. Waghle on behalf of TPCODL, Shri K. C. Nanda, DGM (F), TPWODL, Shri P. K. Mohanty from TPNODL and Shri Arvind Singh, CEO, TPSODL.

**ORDER**

**Date of Hearing: 08.06.2021**

**Date of Order: 20.07.2021**

1. This petition has been filed by M/s. GRIDCO Ltd under Section 86 of the Electricity Act, 2003 read with Section 21 of the Odisha Electricity Reforms Act, 1995 and other enabling provisions for seeking approval on the Power Purchase Agreement (PPA) executed between GRIDCO and GEDCOL for procurement of Solar power from the 8 MW SPV Projects to be developed by GEDCOL on the un-utilized surplus land of 3 nos of OPTCL Sub-stations, OHPC Mukhiguda Power House and GEDCOL Manmunda Solar Project premises towards fulfilling its Renewable Purchase Obligation.

2. The Petitioner GRIDCO submitted that to utilize the unutilized surplus land of different Grid substations for development of solar power plants, GEDCOL has examined the suitability for setting up of solar power projects by carrying out the site survey and feasibility study of the sites through their consultant GERMI, Gujarat. GEDCOL proposed to develop the solar projects through EPC turnkey contract, with permissive possession to use the surface land as applicable for installation of Solar PV plants through the EPC turnkey contract. In a joint meeting dated 16.09.2017 held between GRIDCO & OPTCL, 3 nos. of OPTCL substations were finalized for setting up Solar Power Plants viz. Baripada Substation-1MW, Jayanagar substation-2MW and New Bolangir Substation 2 MW.
3. GRIDCO further submitted that GEDCOL managed to get consent for the required unutilized land from OHPC Mukhiguda Power House for setting up 1 MW Solar project. In addition, 2 MW solar project would be set up at the 20 MW GEDCOL Solar Power Project premises at Manmunda, Boudh. As requested, GRIDCO agreed to procure all the 8 MW solar power from the proposed projects with the applicable tariff to be mutually finalized after discovery of the EPC cost through bidding process, land lease rent and evacuation cost, if any, along with the 13<sup>th</sup> Finance Commission Grant allotted to GEDCOL.
4. GRIDCO submitted that as intimated by GEDCOL, the tendering process for the 8 MW SPV projects is finalized and Letter of Intent has been issued to the successful bidder, M/s. Sun Source Energy Pvt. Ltd. on dated 20.03.2020. With the discovered EPC cost of Rs.33.805 Crores including the evacuation facility upto the inter-connection point and 13<sup>th</sup> Finance Commission Grant of Rs.19.08 crores, GEDCOL had offered the levelized tariff of Rs.3.02/kWh (including Rs.0.05/kWh GEDCOL margin) for 25 years vide their letter dated 24.03.2020. The proposed tariff by GEDCOL was at higher side than the last tariff of Rs.2.79/kWh discovered in July, 2018 for 75 MW solar project by M/s. Aditya Birla Renewable Ltd. Therefore, GRIDCO requested GEDCOL for further negotiation of the tariff in view of the infusion of the 13<sup>th</sup> Finance Commission Grant of Rs.19.08 crores, less burden on account of lease rent and lower evacuation cost as the solar power plants are located near the Grid substations.

5. Accordingly, to mutually finalize the tariff for the 8 MW solar power project, a meeting was convened between GRIDCO & GEDCOL on dated 01.06.2020, where it was agreed that GRIDCO shall procure the entire power from the 8 MW solar PV project of GEDCOL at an applicable tariff of Rs.2.79/kWh (as discovered by GRIDCO for M/s. Aditya Birla Renewables Ltd.) plus GEDCOL margin of Rs.0.05/kWh (GEDCOL being the owner & investor for the project) totaling Rs 2.84/kWh. Actual lease rent for the land allotted to GEDCOL are yet to be decided by OPTCL and OHPC, which will be reimbursed by GRIDCO as per actual.
6. GRIDCO submitted that the subject PPA was executed between GRIDCO & GEDCOL on 01.09.2020 for setting up of 8 MW SPV project at abovementioned 5 nos. of locations in the State of Odisha. As per the Vesting Order of OERC dated 26.05.2020 in Case No.11/2020, the four DISCOMs have given their consent for procuring the power from the 8 MW solar project of GRIDCO.
7. The salient features of the PPA are as under:
  - a. The developer at its own cost and expense shall acquire all Clearances, consent, permits, approvals etc. to meet the obligation under the PPA.
  - b. GRIDCO in a contract year shall be obliged to purchase minimum energy of 1.340 MU/MW/Year and maximum as stated by GEDCOL in the RfS document upto 10<sup>th</sup> year and from 11<sup>th</sup> year onwards in the range of 1.340 – 1.638 MU/MW/Year at CUF of 17%  $\pm$ (10%) at the applicable tariff. Energy generated beyond this range will be purchased by GRIDCO at only 75% of the applicable tariff.
  - c. Scheduled Commercial Operation date (SCOD) for the solar project is 13 months from signing of the PPA, but GRIDCO may take the power earlier than SCOD due to RPO shortfall of GRIDCO.
  - d. For shortfall of drawal of energy in any contract year than 1.340 MU/MW/Year at CUF of 17% - (10%), the solar developer shall be liable to pay proportional

penalty if such penalty/compensation is ordered by the commission towards non-meeting of solar RPO.

- e. The applicable tariff for 25 years shall be Rs.2.84/kWh including the GEDCOL margin of Rs.0.05/kWh.
  - f. 2% rebate will be availed by GRIDCO for payment within 3 working days & 1% rebate for payment within 30 days from presentation of the Bill. Similarly, surcharge @1.25% (15% per annum) shall be levied for late payment beyond 60 days.
  - g. Under “Payment Security Mechanism”, an irrevocable, divisible, revolving and confirmed Letter of Credit (LC) is being provided by GRIDCO.
  - h. GEDCOL shall construct and maintain the transmission line up to the OPTCL/DISCOMs substation and shall hand over the same to OPTCL/DISCOMs after completion of the construction of the line.
8. Apart from the above, other standard Clauses such as Records, Insurance, Force Majeure, Change in Law, Assignments and transfer, Default and Termination, Confidentiality & Indemnity, Notices, Settlement of Disputes and Miscellaneous provision have been incorporated in the PPA as per the prevailing standard norms. As per the PPA terms and conditions, the power from the upcoming 8 MW Solar PV Project in 5 nos. of locations on the un-utilized surplus lands is expected to be available by October, 2021.
9. The Petitioner has prayed the Commission to approve the PPA executed between GRIDCO and GEDCOL for procurement of solar power from 8 MW SPV Projects.
10. The respondent- TPCODL submitted that on 28.08.2020 it had given its in-principle consent for purchase of power as per the instant PPA. However, it states that the tariff of Rs.2.84/kWh has not been arrived at by following a competitive bidding process. TPCODL has consented to purchase this power since (i) this project is being set up in Odisha state itself (ii) the total quantum of purchase is only about 8 MW and (iii) the tariff of Rs 2.84/kWh seems to be competitive (iv) it is an indigenously developed project and a right step in the Atmanirbhar initiative. TPCODL stated that the Tariff of Rs.2.84/kWh being contingent upon availability of non return bearing Grant to GEDCOL

was not disclosed earlier and it had agreed to such tariff of Rs 2.84/kWh on the basis that this would not change i.e. the tariff should not be linked to availability of grant of Rs.19.05 crores and any other conditions. It has requested the Commission to ensure that no return is allowed on GEDCOL equity and that its 25 years levelized tariff does not exceed Rs.2.84/kWh. The DISCOMs - TPNODL and TPWODL presented similar views in their submissions.

11. TPCODL further submitted that as per the PPA, the completion period is 13 months after the signing of the same. The PPA has been signed on 01.09.2020 and hence the Scheduled COD would then fall on 30.09.2021. With the COD being only 4 months away, the completion status of the Project is not clear. In the absence of any clauses for recovery of Liquidated Damages by GRIDCO from GEDCOL in case of delay of supply of power from such project, TPCODL has requested the Commission to specify a formula for recovery of LDs for such delays in their approval order.
12. Another respondent- OPTCL submitted that in the meeting between GRIDCO and OPTCL dated 16.09.2017, it was decided that GEDCOL shall pay the land lease rent to OPTCL for the land availed by them. Further, OPTCL stated that in PPA dated 01.09.2020 between GRIDCO and GEDCOL, the interest of OPTCL with respect to protection system of network and safety of the personnel working in the network should be dealt properly. It suggested the following change in clause 6.1.2: “...*EPC cost including the evacuation infrastructure and the lease rent **against the land** availed from OPTCL...*”. Furthermore, it requested the Commission to direct the parties to adhere to the salient features of PPA in bit VIII of application where it is stated that GEDCOL shall construct and maintain the transmission line upto the OPTCL/ DISCOMs substation and shall hand over the same to OPTCL/ DISCOMs after completion of the construction of the line.
13. As per direction of the Commission during hearing on 08.06.2021, GEDCOL submitted the following in compliance with the issues raised by TPCODL:
  - i. The applicable tariff for 25 years for the solar power plant is Rs 2.84/kWh including GEDCOL margin of Rs 0.05/kWh, i.e. the levelized tariff as mutually agreed on the basis of the discovered EPC cost including the utilization of the 13<sup>th</sup>

Finance Commission Grant of Rs 19.05 Crores. The tariff shall remain firm for entire period of 25 years.

- ii. The SCOD of the project is 13 months from the date of signing of PPA, i.e. 30<sup>th</sup> September 2021. The project is expected to be commissioned by the Scheduled Commercial Operation Date, subject to Force Majeure as per PPA.
  - iii. There is no LD clause for delay in commissioning of the project however as per clause 5.1.2 of PPA between GRIDCO & GEDCOL *“In case of failure to achieve this milestone, GRIDCO shall review the progress of the project and take the suitable action”*.
14. The Parties were heard and their written notes of submission taken into record. The Commission observed that initially GEDCOL had offered the levelized tariff of Rs.3.02/kWh (including Rs.0.05/kWh GEDCOL margin) for 25 years vide their letter dated 24.03.2020. The proposed tariff by GEDCOL was at higher side than the last tariff of Rs.2.79/kWh discovered in July, 2018 for 75 MW solar project by M/s. Aditya Birla Renewable Ltd. Therefore, GRIDCO requested GEDCOL for further negotiation of the tariff in view of the infusion of the 13<sup>th</sup> Finance Commission Grant of Rs.19.08 crores, less burden on account of lease rent and lower evacuation cost as the solar power plants are located near the Grid substations. Subsequently, it was agreed that GRIDCO shall procure the entire power from the 8 MW solar PV project of GEDCOL at an applicable tariff of Rs.2.79/kWh (as discovered by GRIDCO for M/s Aditya Birla Renewables Ltd.) plus GEDCOL margin of Rs.0.05/kWh. The DISCOMs have provided in-principle approval on 28.08.2020 and their queries during the hearing have been clarified by GEDCOL. Both GRIDCO and GEDCOL are undertaking of Government of Odisha and GEDCOL is the owner & investor for the project. PPA was executed between GRIDCO and GEDCOL on 01.09.2020 for setting up of 8 MW SPV project at 5 nos. of locations on the un-utilized surplus land of OPTCL Grid Substations at Baripada, Jayanagar, New Bolangir Substations, Manmunda project site and Mukhiguda Power House in the State of Odisha with applicable tariff of Rs.2.84/kWh for 25 years including the GEDCOL margin of Rs.0.05/kWh.

15. In view of the above, the Commission approves the subject PPA dated 01.09.2020 executed between GRIDCO and GEDCOL for procurement of Solar power from the 8 MW SPV Projects to be developed by GEDCOL on the un-utilized surplus land of 3 nos. of OPTCL Sub-stations, OHPC Mukhiguda Power House and GEDCOL Manmunda Solar Project premises towards fulfilling its Renewable Purchase Obligation. Further, both GRIDCO and GEDCOL are directed to incorporate the issues regarding evacuation of power and changes to Clause 6.1.2 in their PPA as submitted by OPTCL.
16. The case is accordingly disposed off.

Sd/-

**(G. Mohapatra)**  
**Member**

Sd/-

**(S. K. Parhi)**  
**Member**

Sd/-

**(U. N. Behera)**  
**Chairperson**