

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

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**Present: Shri S. C. Mahapatra, Chairperson  
Shri G. Mohapatra, Member  
Shri S K Ray Mohapatra, Member**

**Case No. 38/2023**

GRIDCO Ltd.	.....	Petitioner
Vrs.		
SECI & Others	.....	Respondents

**In the matter of:** Application by GRIDCO Limited under section 86 (1) (b) and (e) of the Electricity Act, 2003 read with Section 21 of the Odisha Electricity Reform Act, 1995 and other enabling provisions seeking prior approval of the Commission on the Power Sale Agreement (PSA) to be executed between GRIDCO and Solar Energy Corporation of India Ltd. (SECI) for procurement of 600 MW Wind Power under ISTS–Connected Wind Power Project Scheme Tranche–XIII towards fulfilling its Renewable Purchase Obligation (RPO).

**For Petitioner:** Shri Rutupurna Mansingh, DGM (Elec.), Shri Ashok Mishra, Head Legal and Shri Subhankar Prusty, DM (Elec.), GRIDCO Ltd.

**For Respondents:** Shri Atulya Kumar Naik, GM (Power Trading), SECI; Ms. Sonali Pattanaik, ALO, DoE, GoO; Ms. Banishree Pradhan, DGM (RT&C), OPTCL; Shri Puneet Munjal, Head Regulatory Affairs & GA, TPCODL; Shri V. Wagle, Head Regulatory Affairs, TPSODL; Shri K. C. Nanda, GM (RA & Strategy), TPWODL and Ms. Malancha Ghose, DGM (RA), TPNODL.

**ORDER**

**Date of Hearing: 23.05.2023**

**Date of Order: 03.06.2023**

The Petitioner-GRIDCO has filed the present petition under section 86 (1) (b) and (e) of the Electricity Act, 2003 read with Section 21 of the Odisha Electricity Reform Act, 1995 and other enabling provisions seeking approval for procurement of 600 MW wind power through SECI under ISTS–Connected Wind Power Project Scheme Tranche–XIII towards fulfilling its RPO and has sought prior approval of draft PSA to be executed between SECI and GRIDCO for a period of 25 years for such procurement of wind power.

2. Solar Energy Corporation of India Ltd. (SECI) has been designated as Nodal Agency for developing and facilitating establishment of the Grid connected Wind Power capacity in India as per the policy of Ministry of Power (MoP), Govt. of India (GoI). SECI has signed/ will sign Power Purchase Agreement (PPAs) with Wind Power Developers (WPDs) selected under the Request for Selection (RfS) for procurement of 1200 MW wind power to be set up by WPDs at various places. SECI, as an Intermediary, will Purchase Power from WPDs under SECI-WPD PPA and shall sale electricity to Buying Entity under SECI-Buying entity PSA. PPAs between SECI & WPDs will become integral part of SECI-GRIDCO PSA for procurement of wind power of 600 MW on a long-term basis.
3. The Petitioner-GRIDCO has submitted the following:
  - (a) As per the OERC (Procurement of Energy from Renewable Sources and its Compliance) Regulations, 2021, the obligated entities are to achieve other non-solar RPO target of 7.17% by FY 2024-25.
  - (b) As per the Notification of Ministry of Power, GoI dated 22.07.2022 and corrigendum issued on 19.09.2022 on the RPO and Energy Storage Obligation (ESO) trajectory till 2029-30, the RPO categories have been redesigned and wind RPO has been devised which shall be met by the energy produced from wind power projects commissioned after 31.03.2022. Further, as per the said notification of GoI, any shortfall in 'HPO' and 'other RPO' in a particular year can be met with excess energy consumed from wind power plants, which is in excess of 'Wind RPO' for that year and vice-versa. The Commission, vide its order dated 15.10.2022 passed in Case No.43 of 2022, have indicated that the OERC RPO Regulation is likely to be amended in line with the above notification of MoP, GoI. Further the Odisha Renewable Energy Policy, 2022 has also envisaged RPO for the state to be modified in line with the above notification of MoP, GoI.
  - (c) CEA has published Electric Power Survey (EPS) of India in November, 2022 with estimation of electrical energy consumption upto FY 2031-32. GRIDCO has re-casted its LGBR (both for average demand and peak demand) considering the projections in EPS-2022 in respect of the State of Odisha. As per GRIDCO, there will be peak deficit from FY 2022-23 to FY 2031-32 and average deficit during FY 2025-26 and FY 2026-27. As per the latest LGBR prepared by

GRIDCO, in order to meet the RPO mandated in MoP order, there will be a requirement of 62 MW, 217 MW, 345 MW and 572 MW wind power from FY 2025-26 to FY 2028-29 and requirement of 36 MW & 21 MW of hydro power in FY 2025-26 and FY 2028-29 respectively over and above the contracted capacities including upcoming power projects. This matter was presented in the review meeting held on 10.01.2023 chaired by the Chief Secretary, GoO on the issue of “Future Capacity Addition Planning”, wherein it has been decided that “wind power potential in the State need to be assessed carefully and additional wind power may also be procured from outside of Odisha to cater the WPO”.

- (d) SECI, vide its letter dated 23.01.2023, has offered 600 MW wind power under ISTS-Connected Wind Power Project Scheme, Tranche-XIII at a tariff of Rs.2.97/kWh from one developer (100 MW) and at the tariff of Rs.3.02/kWh from two other developers (500 MW). As per SECI, the above tariff has been discovered through e-reverse auction and is inclusive of SECI trading margin of 7 paise/kWh. The wind projects are scheduled to be commissioned by 3<sup>rd</sup> Quarter of FY 2024-25 and as per Ministry of Finance, GoI Notification dated 30.09.2021, the tariff of wind project shall not have any impact due to change in GST rate. Further, SECI has clarified that ISTS transmission charges shall not be applicable for procurement of such wind power. However, ISTS losses shall be applicable.
- (e) In the ARR and BSP order of GRIDCO for FY 2023-24, Commission has approved an Average Power Purchase Cost (APPC) of 310.34 p/u. The price offered by SECI for supply of wind power under Tranche-XIII is within the APPC.
- (f) The Board of Directors of GRIDCO, in their 207<sup>th</sup> meeting held on 10.02.2023, have approved to procure 600 MW wind power from SECI under ISTS-Connected Wind Power Project Scheme Tranche-XIII. The Board had suggested to negotiate with SECI to reduce its trading margin of 7 p/u and increase incentives for timely payment of power purchase dues. Accordingly, SECI was requested and SECI vide its letter dated 28.02.2023 has intimated that it is charging the trading margin of 7 p/u across the country and is constrained to either reduce the trading margin or to increase the incentive on timely payment of bills.

- (g) SECI, vide its e-mail dated 22.02.2023, has submitted the draft PSA and PPA towards procurement of the above 600 MW wind power. GRIDCO, vide e-mail dated 03.04.2023, has suggested certain modifications in draft PSA in line with the PSA executed earlier with SECI for procurement of 390 MW wind power under Tranche-XII. Some of the suggestions have been accepted by SECI. However, on other suggestions, SECI, vide its e-mail dated 24.04.2023, has clarified that the clauses incorporated in the PSA are as per the MoP Late Payment Surcharge Rules, 2022 and RfS has been floated accordingly. Hence, SECI has expressed its inability to bring any further amendment in the draft PSA.
- (h) In the meantime, GRIDCO, vide its letter dated 13.03.2023, has requested the DISCOMs to offer their views on procurement of 600 MW wind power under ISTS–Connected Wind Power Project Scheme Tranche–XIII.
4. The salient features of PSA to be executed between GRIDCO and SECI Ltd. are as follows:
- a) *SECI shall sign the Power Purchase Agreement (PPA) with the Wind Power Developers (WPD) and that PPA shall become integral part of the PSA. Any change in the draft PPA will be subject to the consent of GRIDCO and approval of OERC thereafter.*
  - b) *The term of the agreement shall be for a period of 25 years from the Scheduled Commissioning Date (SCD) or from the date of Commissioning of the Projects whichever is earlier. In case Utility opt to take power from SCD then 25 years start from SCD.*
  - c) *Damages/Dues recovered by SECI under SECI-WPD PPA, shall be Transferred to buying entity.*
  - d) *The buying entity shall be responsible for directly coordinating and dealing with the WPD, RLDCs, Regional Power Committees and other authorities.*
  - e) *The buying entity shall be responsible for obtaining Grid Access as per the CERC (Connectivity and General Network Access to the inter-State Transmission System) Regulations, 2022, within 30 days of signing of PSA, at its own risk and cost.*
  - f) *As per Schedule-B of the PSA, the tariff shall be in the range of Rs.2.97/kWh to Rs.3.02/kWh including SECI trading margin of Rs.0.07/kWh.*
  - g) *Wind Power Developers (WPD) are permitted for Commissioning as well as Part commissioning of the Project even prior to the SCD. In case of commissioning or Part commissioning prior to SCD of the Project(s), the Buying Entity may purchase the generation at the Applicable Tariff.*
  - h) *Any excess generation than as mentioned in the PSA can be purchased at 75% of the PPA tariff plus SECI trading margin.*

- i) *GRIDCO is obliged to receive energy of 2280.46 MU (maximum) to 1520.30 MU (minimum) per annum.*
  - j) *Rebate of 1.5% shall be payable to the Buying Entity for the payments made within a period of 5 days of presentation of bills through e-mail. The bill receipt date shall be considered as zero date, subject to the bill received within the official hour of a business day of the buying entity.*
  - k) *Any payments made beyond a period of 5 days upto and including the 20<sup>th</sup> day from the date of presentation of bills through e-mail, shall be allowed a rebate of 1%.*
  - l) *Due date is 40<sup>th</sup> day of presentation of bill. Late Payment Surcharge shall be applicable on outstanding payments beyond 40 days i.e. due date.*
  - m) *There shall be Payment Security Mechanism (PSM) in terms of Letter of Credit (LC).*
  - n) *The buying entity (GRIDCO) has to provide a State Govt. Guarantee in form of TPA between RBI, State Government and Central Government. In absence of TPA or State Government Guarantee, and additional risk premium of Rs.0.10/kWh shall be applicable.*
  - o) *Electricity (Late Payment Surcharge and related matters) Rules, 2022 notified by Ministry of Power, Govt. of India vide Gazette Notification dated 03.06.2022 shall be applicable for both GRIDCO and SECI.*
  - p) *The WPD is allowed to revise the CUF once within first 03 years after COD. The CUF cannot be less than 22%, in any case.*
  - q) *For less generation, GRIDCO (buying entity) is entitled to get compensation calculated @ 50% of the PPA tariff for the shortfall of energy.*
  - r) *On occurrence of a Change in Law, the monthly tariff or charges shall be adjusted and be recovered in accordance with Article 12 of the PPA.*
  - s) *The energy procured from the WPD by GRIDCO, to meet its Renewable Purchase Obligation shall be considered to be met only if there is no payment default for such energy procured by GRIDCO. SECI shall provide a certificate identifying the quantum of wind energy supplied by SECI and being met by GRIDCO towards RPO for each year within thirty (30) days after the end of such year.*
  - t) *The Project shall be commissioned within 24 months from the date of the PPA or PSA whichever is later.*
  - u) *SECI shall obtain adoption of tariff from CERC within 120 days from the effective date of signing of PPA.*
5. GRIDCO has further submitted that it may be allowed to procure the above said 600 MW wind power from SECI under Tranche-XIII due to the following main reasons:
- a) There is a surge in demand for wind power post MoP's RPO Notification dated 22.07.2022. GRIDCO requires wind power primarily to meet its WPO and any surplus consumption of this power after meeting WPO is eligible for HPO and

other RPO compliance. Large hydro projects have a longer gestation period of at least 5 to 6 years.

- b) The power shall balance non-availability of solar power generation during night and shall provide support to meet evening peak demand.
  - c) The tariff is determined by SECI in a transparent bidding process with 100% waiver of ISTS transmission charges as the project is likely to be commissioned before June, 2025.
  - d) Future wind tariff may go up due to discontinuation of e-Reverse Auction for wind power projects (MNRE letter dated 09.01.2023) and implementation of uniform RE tariff for central pool [Electricity (Amendment) Rules, 2022].
6. The Respondent-TPWODL has submitted that this 600 MW wind power shall contribute to wind RPO target of the State of Odisha in view of the RPO order of MoP, GoI. There is waiver of ISTS transmission charges for such wind power procurement. Further, the tariff offered by SECI for this 600 MW wind power is quite reasonable and lower than APPC (Rs.3.10/kWh) of GRIDCO for FY 2023-24. TPWODL has already conveyed its consent to GRIDCO towards procurement of this 600 MW wind power from SECI. The Respondent-TPNODL has submitted that in view of the RPO requirement as estimated by GRIDCO towards meeting WPO, the proposed 600 MW wind power under ISTS connected Tranche-XIII scheme may be procured through SECI subject to approval of the Commission. Though the Respondents TPCODL and TPSODL have not submitted their written notes of submissions, during the hearing they have expressed their consent to the proposal of GRIDCO for procurement of 600 MW wind power through SECI under the aforesaid scheme of GoI.
7. During the hearing, the Respondent-SECI has requested the Commission to approve the aforesaid proposal of GRIDCO so that the PSA is signed between GRIDCO and SECI at the earliest possible and transaction of power could be materialized within the scheduled time.
8. The learned objector Shri R.P. Mahapatra has submitted that the subject wind power projects is scheduled to be commissioned by 3<sup>rd</sup> quarter of FY 2024-25 whereas GRIDCO does not require additional wind power for FY 2024-25 and for the subsequent financial years GRIDCO requires only 62 MW, 217 MW, 345 MW, 572 MW and 120 MW respectively. Consequent upon purchase of 600 MW wind power

GRIDCO may be forced to trade the surplus power through IEX. In past GRIDCO has not been able to recover the full cost of power by trading in the IEX. Though the cost of wind power appears attractive, the actual reduction in total cost of power procured by GRIDCO may be negative resulting in loss to GRIDCO and burden on the consumers. However, he has submitted that the draft PSA between SECI and GRIDCO for supply of subject 600 MW wind power may be approved by the Commission with following conditions:

- a) Any loss incurred by GRIDCO for trading of power in IEX for excess drawal of wind power shall be borne by GRIDCO and not to be passed on to the consumers of the State through tariff.
- b) Any loss incurred by GRIDCO by supplying wind power to the CGPs to meet their RPO shall also not to be passed on to the consumers of the State.
- c) In case of any upward revision of tariff due to re-determination of CUF after three years, GRIDCO should have the option not to procure power from the concerned WPDs and the PSA with SECI may be modified accordingly.
- d) The Government of Odisha should submit its plan for installation of wind power projects in the State. If so, the power produced from such wind projects may not be utilized in the State, if GRIDCO signed the PSA with SECI for procurement of the subject 600 MW wind power.

9. Heard the Petitioner and Respondents through hybrid mode (both virtual and physical mode) and considered the arguments and written submissions of the parties. The Commission observes that:

- a) Ministry of Power, Govt. of India, vide its Order dt.22.07.2022, has notified the RPO and Energy Storage Obligation (ESO) trajectory till FY 2029-30. Apart from RPO compliance, a specified percentage of total energy consumption shall be from Wind Energy and any shortfall in 'HPO' and 'Other RPO' category in a particular year can be met with excess energy consumed from Wind Power Plants, which is in excess of Wind RPO for that year and vice versa.
- b) Odisha Renewable Energy Policy, 2022 has envisaged RPO for the State to be modified in line with the guidelines of MoP, GoI.
- c) As per the latest LGBR prepared by GRIDCO (based on EPS-2022 of CEA), in order to meet the RPO mandated in MoP order, there will be a requirement of 62

MW, 217 MW, 345 MW and 572 MW wind power from FY 2025-26 to FY 2028-29 and requirement of 36 MW & 21 MW of hydro power in FY 2025-26 and FY 2028-29 respectively over and above the contracted capacities (including upcoming power projects).

- d) GRIDCO intends to procure 600 MW of Wind Power under ISTS-connected Wind Power Projects Scheme Tranche-XIII for fulfilling its WPO and to meet its HPO and other RPO from the surplus consumption of wind power after meeting WPO. The projects allocated to GRIDCO under the scheme are likely to be commissioned during 3<sup>rd</sup> Quarter of the FY 2024-25. Therefore, GRIDCO has proposed to execute Power Sale Agreement (PSA) with SECI Ltd.
- e) The proposed procurement of 600 MW wind power under ISTS-Connected Wind Power Project Scheme, Tranche-XIII is from three numbers of wind power developers and the proposed tariff is Rs.2.97/kWh from one developer (100 MW) and Rs.3.02/kWh from two other developers (500 MW). The above tariff is discovered through e-reverse auction and inclusive of SECI trading margin of 7 paise/kWh. Further, SECI has clarified that ISTS transmission charges shall not be applicable for procurement of such wind power. However, ISTS losses shall be applicable. There shall not have any impact of change in GST rate on tariff as per Ministry of Finance, GoI, Notification dated 30.09.2021.
- f) The tariff offered by SECI for the subject 600 MW wind power is reasonable as it is lower than APPC (Rs.3.10/kWh) of GRIDCO for FY 2023-24.
- g) Any excess generation than as mentioned in the PSA can be purchased at 75% of the PPA tariff plus SECI trading margin.
- h) The term of the agreement is for a period of 25 years from the Scheduled Commissioning Date (SCD) or from the date of Commissioning (COD) of the Projects whichever is earlier. In case the utility opt to take power from SCD of the Project then 25 years starts from SCD.
- i) GRIDCO is obliged to receive energy of 2280.46 MU (maximum) to 1520.30 MU (minimum) per annum.
- j) The WPD is allowed to revise the CUF once within first three years after COD and the CUF cannot be less than 22% in any case.



- k) The proposed procurement of 600 MW wind power shall balance non-availability of solar power generation during night hours and shall also minimize evening peak deficit. Government of Odisha also supports the development of wind power within State and procurement of wind power from outside the State.
  - l) Board of Directors (BoDs) of GRIDCO, in its 207<sup>th</sup> meeting held on 10.02.2023, had approved the proposal for procurement of 600 MW wind power from SECI.
  - m) The DISCOMs of the State have conveyed their consent to the proposal of GRIDCO for procurement of 600 MW wind power from SECI under ISTS-Connected Wind Power Project Scheme, Tranche-XIII.
10. We are of the opinion that the tariff proposed for procurement of the subject 600 MW wind power seems to be quite competitive for a period of 25 years and the project also qualifies for waiver of ISTS transmission charges (transmission losses shall only be payable) as per the order of MoP (GoI) and there is waiver of ISTS charges for a period of 25 years from the commissioning of project as the project is likely to be commissioned in third quarter of FY 2024-25. Considering the revised RPO trajectory of MoP, the Commission envisages the need for revision of the RPO Regulation and RPO trajectory for the State. Keeping in view the expected energy requirement by 2028-29 as per GRIDCO and revision in RPO trajectory including WPO of MoP, GoI, there is requirement of additional wind power capacity over and above the tied-up capacity to meet the Wind Power Obligation. Moreover, the tariff has been discovered by SECI through a competitive bidding process.
11. In view of the above observations, the Commission accords in-principle approval for procurement of 600 MW wind power by GRIDCO along with approval of the draft PSA to be executed between SECI and GRIDCO for a period of 25 years at an applicable tariff as indicated in the above paragraphs (including SECI's trading margin of Rs.0.07/kWh) under ISTS – Connected Wind Power Projects Scheme Tranche – XIII for fulfillment of WPO, HPO and other RPO target of the State by GRIDCO. The PPA between SECI & WPDs shall be integral part of the PSA to be executed between SECI & GRIDCO for procurement of 600 MW Wind Power on a long-term basis (25 years).
12. The case is accordingly disposed of.

Sd/-  
**(S. K. Ray Mohapatra)**  
**Member**

Sd/-  
**(G. Mohapatra)**  
**Member**

Sd/-  
**(S. C. Mahapatra)**  
**Chairperson**