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ODISHA ELECTRICITY REGULATORY COMMISSION
BIDYUT NIYAMAK BHAWAN
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Present: Shri Pradeep Kumar Jena, Chairperson
Shri S. K. Ray Mohapatra, Member

Case No. 23/2025

GRIDCO Ltd. Petitioner
Vrs.
M/s. Maadurga Thermal Power Company Ltd. & Others Respondents

In the matter of: **Application under Sections 63 & 86(1)(b) of the Electricity Act, 2003 read with Section 11(1)(e) and 21(4) (b) of the Orissa Electricity Reform Act, 1995 seeking for approval of Tariff Based Competitive Bidding Process and Agreement for Procurement of Power (APP) to be executed between GRIDCO Ltd. and M/s. Maadurga Thermal Power Company Ltd., Tangi, Cuttack towards purchase of 25MW power on medium term for the period from 01.04.2025 to 31.03.2029.**

For Petitioner: Ms. Harapriya Behera, DGM (Elect.) along with Sri Ravi Kumar Pandey and Sri Prateek Priyankar.

For Respondent: Sri Bibhu Charan Swain, the Authorized Representative for the Respondent-M/s. Maadurga Thermal Power Company Ltd., Sri Bharat Bhadawat, Chief-Regulatory, TPCODL, Sri K.C. Nanda, Sr. GM (RA & Strategy), TPWODL, Ms. Malancha Ghose, Addl. Chief Engineer (RA), TPNODL, Sri Soumitry Dey, Head-Regulatory, TPSODL and Ms. Sonali Pattnaik, Manager (Legal), DoE, Government of Odisha.

ORDER

Date of Hearing: 06.05.2025

Date of Order: 09.06.2025

The Petitioner-GRIDCO Limited has filed the present Application under Section 63 & Section 86 (1) (b) of the Electricity Act, 2003 read with Section 11 (1) (e) & Section 21 (4) (b) of the Orissa Electricity Reform Act, 1995, seeking approval of Tariff Based Competitive Bidding (TBCB) Process and draft Agreement for Procurement of Power (APP) to be executed between GRIDCO Ltd. and M/s. Maadurga Thermal Power Company Ltd. (M/s. MTPCL), Tangi, Cuttack towards purchase of 25 MW power on medium term basis for the period from 01.04.2025 to 31.03.2029 through TBCB.

2. The Petitioner-GRIDCO Ltd. has submitted that:
- a) As per the peak Load Generation Balance Report (LGBR) projected by GRIDCO for the period from FY 2025-26 to FY 2029-30, peak power deficit in the State is expected to be the tune of 700 – 1000 MW. Unless there is adequate capacity addition to address this peak shortfall, in case of sudden breakdown of large generating units of 600 MW &

above, reliable and uninterrupted power supply strategy of the State Government would be jeopardized. The State has witnessed such unexpected power crises in recent past in post pandemic scenario, due to outage of super critical thermal units of OPGC Stage-II and Darlipali Stage-I and unavailability of coal. Being functioning as the State designated entity, GRIDCO has been compelled time and again to procure power from the un-reliable power market at a maximum cap rate of Rs.10/kWh.

- b) In view of the recent experience of acute power shortage scenario in the Country, requirement of thermal power cannot be complete ruled out for meeting the ever-increasing demand of power in spite of accelerated infusion of RE power to the energy mix. Further, in such power crisis, the rates discovered in power exchanges were exorbitantly high and also in recent years power was not available in the exchanges at the highest capping price.
- c) Considering the above matters and taking into cognizance of the load growth, prevailing power market scenario and high price during peak hours, the Committee of Directors (CoD) of GRIDCO in its 49th meeting held on 28.06.2024 had directed to float a tender for procurement of power on medium term basis for 200 MW RTC and 200 MW peak power to meet the peak shortfall. Accordingly, GRIDCO has floated the tender by adopting the guidelines and Model Bidding Documents (MBDs) for procurement of power for medium term from the power stations set up on Finance, Own & Operate (FOO) basis through TBCB process as notified by the Ministry of Power dated 29.01.2019 and subsequent amendments thereof. However, GRIDCO has made minor modifications in the above medium term power procurement guidelines in respect of “minimum quantum for bidding” and “payment security mechanism”. The following modifications/deviations have been sought by GRIDCO in the Medium Term Tender from the Model Bidding Documents (MBDs) for procurement of electricity on Medium Term Basis under TBCB as per the MoP, GoI.

Clause No	As per Model Bidding Document	As per GRIDCO's Tender	Remarks
1.1.5 of RFQ	All Bidders shall indicate the particulars of the relevant Power Station in the form specified at Annex-V of Appendix-I and at National e-Bidding Portal DEEP Portal (“DEEP Portal”) developed by PFC Consulting Ltd. Bidders may bid for the capacity specified in Clause 1.1.1, or a part thereof, not being less than	All Bidders shall indicate the particulars of the relevant Power Station in the form specified at Annex-V of Appendix-I and at National e-Bidding Portal (“DEEP Portal”) developed by PFC Consulting Ltd. Bidders may bid for the capacity specified in Clause 1.1.1, or a part thereof, not being less than 50% (fifty	The minimum Bid Quantum has been reduced to 25 MW as per the request of the bidders and to achieve better participation.

	[50% (fifty percent)] of such capacity or 100 (one hundred) MW, whichever is lower. The remaining capacity, if any, may be procured from other Bidders who are willing to match the lowest Bid.	per cent) of such capacity or <u>25 (Twenty Five) MW</u> , whichever is lower. The remaining capacity, if any, may be procured from other Bidders who are willing to match the lowest Bid.	
2.2.2 of RFQ	To be eligible for pre-qualification and short-listing, a Bidder shall fulfil the following conditions of eligibility: (A) Technical Capacity: For demonstrating technical capacity and experience (the Technical Capacity), the Bidder shall own and operate power generating station(s) having an installed capacity equivalent to <u>at least twice</u> the capacity for which the Bidder is willing to Bid. Bidders shall not be allowed to increase their capacity at e-Reverse Auction Stage or L1 Matching round greater than for which Technical Capacity has been demonstrated.	To be eligible for pre-qualification and short-listing, a Bidder shall fulfil the following conditions of eligibility: (A) Technical Capacity: For demonstrating technical capacity and experience (the “Technical Capacity”), the Bidder shall own and operate power generating station(s) having an installed capacity equivalent to the capacity for which the Bidder is willing to Bid. Bidders shall not be allowed to increase their capacity at e-Reverse Auction Stage or L1 Matching round greater than for which Technical Capacity has been demonstrated.	The technical capacity of the bidders has been relaxed as per the request of the Bidders for better participation.
10.3 of APP	Substitute Supply: In the event the Availability of the Power Station is reduced on account of scheduled maintenance, unscheduled maintenance, delay in commercial operation, shortage of Fuel or Force Majeure, the Supplier may, supply electricity from any alternative source, and such supply shall, for payment of Fixed Charge and Variable Charge, be deemed to be supply under and in accordance with the provisions of this Agreement. Provided further that such supply of electricity from any alternative source shall be limited to 180(one eighty) days at a time and 365(three	Substitute Supply: In the event the Availability of the Power Station is reduced on account of scheduled maintenance, unscheduled maintenance, delay in commercial operation, shortage of Fuel or Force Majeure, the Supplier may supply electricity from any alternative source, <u>upon requisition by GRIDCO</u> , and such supply shall, for payment of Fixed Charge and Variable Charge, be deemed to be supply under and in accordance with the provisions of this Agreement. Provided further that such supply of electricity from any alternative source shall be limited to 180(one eighty)	The clause has been modified in the interest of GRIDCO and to keep a check on the bidder from willfully gaming in the peak and off-peak hours supply of power.

	<p>hundred and sixty five) days for the entire Contract Period. For the avoidance of doubt, the Parties agree that in the event the Utility rejects any supply of electricity offered hereunder from an alternative source, the Supplier shall be deemed to be in compliance with this Agreement for the purpose of determination of Availability and payment of Fixed Charge.</p> <p>Provided also that the Supplier may supply the Contracted Capacity in a flexible manner by bundling with renewable sources and storage power as per Government of India orders in this regard.</p>	<p>days at a time and 365(three hundred and sixty five) days for the entire Contract Period. For the avoidance of doubt, <u>the Parties agree that in the event GRIDCO rejects any supply of electricity offered hereunder from an alternative source,</u> the said offered power shall not be in compliance with this Agreement for the purpose of determination of Availability and payment of Fixed Charge.</p> <p>Provided also that the Supplier may supply the Contracted Capacity in a flexible manner by bundling with renewable sources and storage power as per Government of India orders in this regard.</p>	
13.1 & 13.2 of APP	<p>PAYMENT SECURITY</p> <p>(i) Default Escrow Account.</p> <p>(ii) Letter of Credit.</p>	<p>PAYMENT SECURITY</p> <p>(i) <u>Omitted.</u></p> <p>(ii) Letter of Credit.</p>	<p>GRIDCO Management has proposed to keep only Letter of Credit as a payment security and Default Escrow Account has been omitted.</p>

- d) After evaluation of bid documents and basing upon the e-Reverse Auction results of the above tender, M/s. Maadurga Thermal Power Company Ltd. (M/s. MTPCL) emerged as the L1 bidder with offered quantum of 25 MW at a quoted price of Rs.2.74/kWh as Base Fixed Charges and Rs.2.74/kWh as Based Variable Charge, totaling to Rs.5.48/kWh with annual revision w.r.t. WPI variation as per APP provision. The above result of e-Reverse Auction has been concurred by the CoD of GRIDCO in their 53rd meeting on 30.01.2025 with annual revision with respect to WPI variation as per APP provision on the following grounds:
- The base price quoted (Rs.2.74/kWh as Base Fixed Charges and Rs.2.74/kWh as Base Variable Charge, totaling to Rs.5.48/kWh) by M/s. MTPCL in the TBCB process for Medium Term Procurement of Power for a period of 4 years starting from 01.04.2025 is the lowest (L1).
 - M/s. MTPCL being a STU connected entity, no additional Transmission Charges and Losses will accrue further.

- iii) In this connection, when the average RTC per unit power procurement cost of Day Ahead Market (DAM) for the last two years were analysed, the offered price of M/s. MTPCL is found to be on lower side. From the source of IEX website, for last two years RTC average price was Rs.5.771/kWh for Calendar Year 2022 & Rs.5.533/kWh for Calendar Year 2023.
 - iv) Considering the current power market dynamism in the country and recent market trend, relying on power market to meet the State demand pose a significant vulnerability as far as power availability at such price is concerned. At times even at the capping price (Rs.10/kWh), power is not available in the power Exchanges. Hence, it is prudent on part of GRIDCO to ascertain 25 MW of power from M/s. MTPCL at an affordable price.
 - e) Subsequently, GRIDCO issued the Letter of Award (LoA) on 05.03.2025 to M/s. MTPCL as a token of acceptance of the price bid and on the same day, M/s. MTPCL has unconditionally accepted the LoA and expressed their intent for entering into an APP for supply of 25 MW of power for the period from 01.04.2025 to 31.03.2029.
3. In its post hearing submission, the Petitioner GRIDCO has stated that as per the terms and conditions of the floated medium-term tender, the power scheduling need to be started by 01.04.2025. The present petition for necessary approval of the Commission towards the TBCB process, tariff adaptation and execution of Agreement for Procurement of Power (APP) between GRIDCO Ltd. and M/s. MTPCL, was heard by the Commission on 06.05.2025. Keeping in view the anticipated exigency in ensuing summer, GRIDCO has signed the APP with M/s. MTPCL on 27.03.2025 so as to enable the scheduling of power w.e.f.01.04.2025. In view of the above, GRIDCO has prayed before the Commission to:
 - i) Approve the Tendering Process and Agreement for Procurement of Power (APP) on Medium Term Basis for a period of 4 years starting from 01.04.2025 from M/s. MTPCL.
 - ii) Approve the tariff of Rs.5.48/kWh towards procurement of 25 KW power on Medium Term Basis for a period of 4 years starting from 01.04.2025 from M/s. MTPCL.
 4. In course of the hearing, the Respondent-DISCOMs (TPWODL, TPNODL, TPSODL & TPCODL) have stated that they have no objection on the present application of GRIDCO. However, it is requested by them to consider their written notes of submissions while approving the proposed power procurement by GRIDCO. In their written notes of submissions, the Respondent-DISCOMs have submitted asunder:
 - a) The proposed medium term power procurement of a small capacity (25 MW) is for meeting the peak deficit for four years only. The discovered tariff of Rs.5.48/kWh is competitive as compared to short term power available at Day Ahead Market (DAM)

basis on exchange. Further, being a STU connected entity, there is no additional transmission charges and losses, which is an added economic advantage.

- b) In the BSP order of GRIDCO for the FY 2025-26, the Commission has directed GRIDCO may consider to procure surplus power from the CGPs at negotiable price in contingency situations, provided the economics of such power procurement works out in favour of GRIDCO and also depending on the power supply & demand scenario of the State and the exigency conditions, justifying such procurements from CGPs. In addition, the Commission has also directed GRIDCO to procure estimated surplus power available to GRIDCO from firm sources for meeting the demand under exigency situations. Further, GRIDCO has also advised to explore possibility of storing surplus RE power during day time and meet the same in peak period by installing energy storage system.
 - c) The Commission may consider the above submissions and keeping in view the upcoming power demand scenario of the State and opinion on merit order dispatch principle, suitably take a holistic and balanced view while approving the present proposal of GRIDCO.
5. Heard the parties through hybrid mode of arrangement and their written notes of submissions are taken on record. The Commission observed that:
- a) Being the State designated entity to procure power from all sources to meet the State demand, GRIDCO has been compelled time and again to procure power from unreliable power market at a maximum cap rate of Rs.10/kWh. As per the LGBR projected by GRIDCO, there would be peak power deficit to the tune of 700-1000 MW in our State during the period from FY 2025-26 to FY 2029-30. Further, in case of sudden break down of large supercritical generating unit of 600 MW and above, reliable and uninterrupted power supply strategy of the State would be jeopardized. In past GRIDCO has witnessed such unexpected power crisis due to outage of thermal units of OPGC and NTPC (Darlipali) and unavailability of coal.
 - b) Considering the above situations and taking into cognizance of the future load growth, prevailing power market scenario, and high price during peak hours, GRIDCO had floated tender in line with the guidelines and MBDs for procurement of power on medium term basis from the power stations set up on Finance, Own & Operate (FOO) basis through TBCB process as notified by the MoP, Government of India. Accordingly, M/s. MTPCL has emerged as the lowest (L1) bidder with offered quantum of 25 MW at a quoted price of Rs.2.74/kWh as Base Fixed Charges and Rs.2.74/kWh as Base Variable Charge, totaling to Rs.5.48/kWh with annual revision w.r.t. WPI variation as per APP provision.

c) As per the terms and conditions of the Medium Term tender, the power scheduling is to be started by 01.04.2025. Therefore, GRIDCO has already executed Agreement for Procurement of Power (APP) with M/s. MTPCL on 27.03.2025 to procure 25 MW for the period from 01.04.2025 to 31.03.2029 (4 years) at the price of Rs.2.74/kWh as Base Fixed Charges and Rs.2.74/kWh as Base Variable Charge with annual revision w.r.t. WPI variation as per APP provision. The Salient Features of the Agreement for Procurement of Power (APP) are:

- i) The tenure of the Agreement for Procurement of Power (APP) is 4 years starting from 01.04.2025. The date of commencement of supply shall be from 01.04.2025.
- ii) The contracted capacity is for 25 MW and the period of supply is on RTC (00:00 hrs. to 24:00 hrs.) basis.

iii) *Tariff:*

The Base Fixed Charge is Rs.2.74/kWh, which shall be revised annually to reflect 20% of the variation in WPI occurring between January 31 immediately preceding the Bid Date and January 31 immediately preceding the Accounting Year for which such revision is undertaken.

The Base Variable Charge is Rs.2.74/kWh, which shall be increased for every Accounting Year following the Base Year so as to reflect 50% of the variation in WPI occurring between January 31 immediately preceding the Base Year and January 31 immediately preceding the Accounting Year for which such revision is undertaken.

- iv) *Performance Security by Supplier to GRIDCO:* The Supplier shall, for the performance of its obligations provide to GRIDCO no later than 30 (thirty) days from the date of this Agreement, an irrevocable and unconditional guarantee from a Schedule Bank for a sum equivalent to Rs.2.5 crore (Rupees Two crore fifty Lakhs Only), valid for a period ending 6 (six) months after date of commencement of supply.
- v) *Performance Security by GRIDCO to the Supplier:* GRIDCO shall, for the performance of its obligations provide to the Supplier no later than 30 (thirty) days from the date of this Agreement, an irrevocable and unconditional guarantee from a Schedule Bank for a sum equivalent to Rs. 2.5 crore (Rupees Two crores Fifty Lakhs Only), valid for a period ending 6 (six) months after date of commencement of supply.
- vi) *Payment Security Mechanism:* GRIDCO shall provide to the Supplier, an unconditional, revolving and irrevocable Letter of Credit for an amount equivalent to the Monthly Payment against the Monthly Invoice.

vii) *Settlement of DSM Charges*: All payments due to or from the Supplier on account of any deviation in terms of the DSM Regulations shall be solely to the account of and borne by the Supplier.

viii) *Termination Payment*:

GRIDCO Default: Upon Termination on account of a GRIDCO Default, GRIDCO shall pay to the Supplier, by way of Termination Payment, an amount equal to the Fixed Charge that would have been due and payable for Normative Availability for a period of 2 (two) months as if the Contracted Capacity was Available for such 2 (two) months from the date of Termination.

Supplier Default: Upon Termination on account of a Supplier Default, the Supplier shall pay to GRIDCO, by way of Termination Payment, an amount equal to the Fixed Charge that would have been due and payable for Normative Availability for a period of 5 (five) months as if the Contracted Capacity was Available for such 5 (five) months from the date of Termination.

- d) In its Tender documents, GRIDCO has made certain minor modifications/deviations from the Model Bid Documents and model Agreement for Procurement of Power and prayed for approval of the same by the Commission along with approval of the APP executed with M/s. MTPCL for procurement of 25 MW power on Medium Term basis for a period of 4 years starting from 01.04.2025.
6. As per the Resolution dated 30.01.2019 of the MoP, GoI, on the revised guidelines for procurement of electricity for medium term from power stations set up on Finance, Own and Operate (FOO) basis, ‘any deviation from the Model Bidding Documents shall be made by the Distribution Licensees only with prior approval of the appropriate Commission’. As the minor modifications/deviations in model bidding documents in respect of “minimum quantum of billing” & “payment security mechanism” have been made by GRIDCO for its convenience and larger interest of the State, the Commission approves the same.
7. Further, as per the aforesaid Resolution dated 30.01.2019 of the MoP, GoI, the tariff determined through the DEEP e-Bidding process using e-reverse Auction based on these Guidelines comprising the Model Bidding Documents shall be adopted by the Appropriate Commission in pursuant to the provisions of Section 63 of the Act.
8. Though the DISCOMs, referring to the BSP order of GRIDCO, have suggested for exploring possibility of purchasing surplus power from the CGPs of the State and storing of surplus RE power by installing of energy storage system, they have not opposed the present proposal of GRIDCO for procuring 25 MW thermal power from M/s. MTPCL at the tariff discovered through bidding process.

GRIDCO is also advised to act upon the directives of the Commission in the ARR and BSP order, as indicated by the DISCOMs herein, to avail cheap power from various sources to meet the peak demand as well as the projected future demand due to increasing load growth in the State.

9. The requirement of thermal power cannot be completely ruled out for meeting the increasing power demand of the State inspite of increase in share of RE power in the generation mix. The medium-term procurement of thermal power of 25 MW for the period of 4 years i.e. from FY 2025-26 to FY 2028-29, as proposed by GRIDCO, is for meeting the peak deficit and also to cater to the demand under exigency conditions. Further, the tariff of Rs.5.48/kWh discovered through bidding process using e-reverse Auction for such power procurement by GRIDCO is competitive as compared to the short-term power available in the power market. In addition, the thermal power station of M/s. MTPCL, being a STU connected entity, there is no additional ISTS transmission charges and losses, which would be beneficial to the State Consumers.
10. The Committee of Directors (CoD) of GRIDCO in its 53rd meeting held on 30.01.2025 has concurred the medium-term procurement of power for a period of four (4) years and the tariff discovered through TBCB process & e-reverse auction with annual revision w.r.t WPI variation as per APP provision.
11. In view of the above observations and considering recent dynamic market trend, the Commission approves the Agreement for Procurement of Power (APP) executed on 27.03.2025 between GRIDCO Ltd. and M/s. MTPCL for procurement of 25 MW thermal power from the power station of M/s. MPTCL on medium term basis for a period of 4 years i.e. from FY 2025-26 to FY 2028-29 at the tariff of Rs.5.48/kWh (Rs.2.74/kWh as Base Fixed Charges and Rs.2.74/kWh as Base Variable Charge) discovered through competitive bidding process based on e-reverse Auction, with annual revision w.r.t WPI variation as per APP provision.
12. Accordingly, the Case is disposed of.

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

Sd/-
(P. K. Jena)
Chairperson