

**MADHYA PRADESH ELECTRICITY REGULATORY COMMISSION, BHOPAL**

**Sub: Fixation of norms for determination of tariff for procurement of power from Solar based Power Projects.**

**ORDER**

**SMP 23/11**

**(Date of Public Hearing: 15<sup>th</sup> March, 2011)**

**(Date of Order: 29<sup>th</sup> March, 2011)**

The Commission had issued a tariff order on 06.07.2010 for procurement of power from Solar Energy based Power Generation in MP. The control period mentioned in the order expires on 31.03.2011.

2. The Commission had floated a proposal through a public notice on 28.2.20011 for extension of the tariff control period by one year and on the mode of procurement by M.P. Power Trading Co. Ltd. A public hearing in the matter to obtain comments/ suggestions/ objections was held on 15.03.2011. Various stakeholders submitted their views as under:-

- (1) **Shri S.S.Raghuvanshi, SAC Member** – The policy norms and strategies in MP for solar power tariff maybe reviewed.
- (2) **M/s Kiran Energy Ltd.**
  - (i) The PPA should include provisions of letter of credit to ensure payment.
  - (ii) The grid connectivity is to be provided by the Distribution Licensee instead of developer.
  - (iii) There should be a single agency for providing all clearances including land allotment etc.
- (3) **M/s Precious Energy Services** – The tariff order dated 06.07.2010 should be continued in its un-amended form for another period ending with March 2012 and the proposed amendment may not be implemented. It was stated that even though MOUs have been signed with some developers and some registration fee have been collected, PPAs have not been executed even though M.P. Power Trading Company was approached as early as in June, 2010. The objector apprehended that his efforts made so far will come to naught if the amendment making competitive bidding mandatory is issued.
- (4) **Shri R.B.Mishra** – The projects in pipeline should be continued at preferential tariff. He also sought clarification whether or not the earlier order will remain valid up to 31.03.2011.

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**(5) Shri M.C.Bansal, MPUVNL**

(i) No comments on proposal to extend the control period and amendments in Clause 4.1 (a), (b) and (c).

(ii) The Clause 7.1 of the tariff order may be amended as under :

*“The tariff indicated above in the maximum tariff and MP Power Trading Company on behalf of the distribution licensees shall invite bids from generators/developers. MP Urja Vikas Nigam Limited shall offer cooperation and technical assistance, wherever needed, in the bidding process. Generators/developers bidding lower tariff will be allowed to install the power plant necessarily within the state of Madhya Pradesh and sell generated power to the State Utilities.”*

3. The Commission’s views on the representations of various stakeholders are under:-

(1) **Shri S.S.Raghuvanshi, SAC Member** – As the comments offered are not related to the matter mentioned in public notice, therefore, not considered.

(2) **M/s Kiran Energy Ltd.** – As the comments offered are not related to the matter mentioned in public notice, therefore, not considered.

**(3) M/s Precious Energy Services**

(i) As the control period of the tariff order is going to expire on 31.03.2011, it is necessary to extend the control period. Hence, the clause 4.1 (a), (b) and (c) are required to be amended.

(ii) Clause 7.1 of the tariff order dated 06.07.2010 already provides for procurement through bidding process by MP Power Trading Co. Ltd. or MP Urja Vikas Nigam Ltd. The Commission is of the view that procurement through bidding route is likely to result into lower tariff, which will be in the consumer interest, hence procurement through bidding is made mandatory. Further, as MP Urja Vikas Nigam Ltd. is not having sufficient facility for implementing the bidding process, therefore, Clause 7.1 of the tariff Order is required to be amended accordingly.

(iii) The existing order allowed the procurement agency both options of competitive

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bidding and direct route. From the submissions made, it is evident that neither of these options have been exercised. As a result not a single PPA has been signed so far when validity of existing order is to expire in another 2 weeks. The Commission has noticed similar diffidence in executing PPAs with other non-conventional power generators.

(4) **Shri R.B.Mishra** – Clause 7.1 of the tariff order dated 06.07.2010 already provided for bidding by MP Power Trading Co. Ltd. or MP Urja Vikas Nigam Ltd. Hence, comments are not considered. It is however clarified that this amendment does not impair the validity period of existing order.

(5) **Shri M.C.Bansal, MPUVNL** – The proposal to amend Clause 7.1 may be considered partly, as MP Power Trading Co. Ltd. has sufficient facility to implement bidding process on behalf of the Distribution Licensee and therefore it is proposed that MP Power Trading Co. Ltd. may be entrusted with the work of implementation of bidding. Accordingly, Clause 7.1 of the tariff order may be amended as under :

*“7.1 The tariff indicated above is the maximum tariff and MP Power Trading Co. Ltd. on behalf of the Distribution Licensee shall invite bids from Generators/Developers. Generators/Developers bidding lower tariff will be allowed to install the power plant within the State of Madhya Pradesh and to sell the generated power to Madhya Pradesh State Utilities.”*

4. After considering the representations of various stakeholders, the Commission decides to extend the control period mentioned in the aforesaid tariff order till 31.03.2012. Accordingly, the Clause 4.1 (a), (b), (c) and 7.1 of the tariff order shall stand modified as under:-

- “4.1 (a) Solar PV Power Plant for which Power Purchase Agreements are signed by 31.03.2012 and the projects are commissioned by 31.03.2013.
- (b) Solar Thermal Power Plants for which Power Purchase Agreements are signed by 31.03.2012 and the projects are commissioned by 31.03.2014.
- (c) Rooftop and other small Solar Power Plants of capacity up to 2 MW connected to distribution network (below 33 kV) for which Power Purchase Agreements are signed by 31.03.2012 and the projects are commissioned by 31.03.2014.

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7.1 The tariff indicated above is the maximum tariff and MP Power Trading Co. Ltd. on behalf of the Distribution Licensee shall invite bids from Generators/Developers. Generators/Developers bidding lower tariff will be allowed to install the power plant within the State of Madhya Pradesh and to sell the generated power to Madhya Pradesh State Utilities.”

5. In view of the submissions made by some of the objectors, the Commission directs M.P. Power Trading Co. Ltd., the agency procuring power on behalf of Discoms, to demonstrate a more proactive approach in procurement of power from non-conventional energy sources so that prescribed Renewable Purchase Obligations are met by Discoms.

Ordered accordingly,

**(C.S.Sharma)**  
**Member (Eco.)**

**(K.K.Garg)**  
**Member (Engg.)**

**(Rakesh Sahni)**  
**Chairman**