

**MADHYA PRADESH ELECTRICITY REGULATORY COMMISSION, BHOPAL**

**Sub : In the matter of relaxation in fulfillment of Solar Renewable Purchase Obligation (RPO) and revision of minimum of purchase targets (%) from solar energy sources for FY 2011-12 and 2012-13.**

**Petition No. 26/2012**

**ORDER**

**(Date of hearing 21<sup>st</sup> August, 2012)**

**(Date of order 22<sup>nd</sup> August, 2012)**

MP Power Management Co. Ltd.,  
Jabalpur - Petitioner

M.P.Madhya Kshetra Vidyut Vitaran Co. Ltd., Bhopal. }  
M.P.Poorv Kshetra Vidyut Vitaran Co. Ltd., Jabalpur. } - Co-Petitioners  
M.P.Paschim Kshetra Vidyut Vitaran Co. Ltd., Indore. }

Shri Rajesh Mehta, CGM appeared on behalf of MP Power Management Co. Ltd. and MP Poorv Kshetra Vidyut Vitaran Co. Ltd.

Shri V.Ramesh Iyer, DGM appeared on behalf of MP Madhya Kshetra Vidyut Vitaran Co. Ltd.

2. The petitioner, M.P. Power Management Company Limited, Jabalpur filed this petition on 14.03.2012 seeking relaxation in fulfillment of RPO target for the control period FY 2011-12 and 2012-13.

3. The petitioner submitted that Clause 4.1 of the (Co-generation and generation of Electricity from renewable sources of energy) Regulations, 2010 prescribes minimum quantum of electricity to be procured from renewable sources as follows:

<b>Financial Year</b>	<b>Cogeneration and other Renewable Sources of Energy</b>		
	<b>Solar (%)</b>	<b>Non Solar (%)</b>	<b>Total (%)</b>
2011-12	0.40	2.10	2.50
2012-13	0.60	3.40	4.00
2013-14	0.80	4.70	5.50
2014-15	1.00	6.00	7.00

4. The petitioner submitted that no solar power plant has been commissioned in Madhya Pradesh till date. Hence, the petitioner is not in a position to meet its solar RPO for FY 2011-12. The petitioner has signed PPAs with three developers (Adora

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Energy Pvt. Ltd, Mumbai (2MW), JSR Developers Pvt. Ltd, Indore (1.25 MW) and Shivani Energy Ltd, new Delhi (2MW) under Jawaharlal Nehru Solar Mission for purchase of total 5.25 MW solar Power. As per the MP Urja Vikas Nigam Ltd, these solar power plants are likely to be commissioned by April, 2012. The petitioner has also executed PPA on 28.12.2011 with NTPC for purchase of 50 MW of solar power, which is expected to be available by Dec. 2013.

5. The petitioner has also decided to procure 200 MW solar power through competitive bidding for a minimum capacity of 5 MW. The petitioner has submitted that action in this regard has already been initiated and RfS has also been issued on 20.02.2012. Petitioner has prescribed a timeline in RfS (Request for Selection) for procurement of 200 MW solar power in accordance with the guidelines of MNRE (Ministry of New and Renewable Energy) for selection of New Grid connected solar projects. As per the prescribed timeline the solar plants are likely to be commissioned only after March, 2013.

6. The petitioner has further submitted that according to the bidding details of IEX and PXIL, no solar RECs are available at either of the two Power Exchanges. As on date not even a single solar REC has been traded.

7. The petitioner has submitted that for the year FY 2012-13, considering capacity utilization factor of 20%, only 9 MU solar power would be available against RPO of 300 MU.

8. In view of the above constraints, for meeting the solar RPO for FY 2011-12 and FY 2012-13, the petitioner has prayed as under:

1. The RPO targets for solar energy for FY 12 and FY 13 may kindly be waived as they are impossible to meet due to supply constraints mentioned above.
2. Waive the penalty clause as specified in the Commission's regulation for non compliance of RPO for FY 12 and FY 13 considering the facts mentioned above.

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9. The case was listed for hearing on 10.04.2012. During the hearing, the petitioner reiterated the points made in the petition.

10. At the hearing, the Commission enquired as to when relevant Regulations were issued. The representative of the petitioner submitted that the regulations were notified in November, 2010 and the tenders could be issued in February, 2012. The Commission noted that there is substantial delay in issue of tenders after notification of the Regulations and it cannot be conceded that the efforts made by the petitioner to procure solar power were its best efforts. The Commission has, in the past, noted diffidence on the part of the petitioner in complying with Renewal Purchase Obligations.

11. On hearing the petitioner, the Commission directed that the matter be kept pending till the award against bidding of 200 MW power is completed and a definitive time frame emerges for availability of solar power.

12. The petitioner vide letter dated 07.08.2012 submitted that the bid process for 200 MW was completed and letters of intent had been issued to various developers for supply of 200 MW solar power. It was also submitted that out of the three PPAs sent earlier for 5.25 MW on 13.08.2010, only 1.2 MW capacity solar plant has been commissioned on 12.06.2012.

13. The case was listed for hearing on 21.08.2012.

14. During the hearing on 21.08.2012, the petitioner submitted that the bid process for 200 MW is completed and Letters of Intent (LoI) have already been issued and Power Purchase Agreement for 25 MW Solar Power is executed. It was also submitted that Renewable Energy Certificates (RECs) are not available in the Exchange and therefore, these could not be purchased. It was further requested that RPO targets for purchase of renewable energy from solar power plants may be waived for FY 2011-12 and 2012-13.

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15. On hearing the petitioner, the Commission has noted that statement regarding non-availability of RECs is not supported by affidavit. The Commission is of the view that the petitioner had delayed the tendering process for procurement of 200 MW power. Even now out of 200 MW tendered, PPA has been signed only for 25 MW. The petitioner had not made any efforts to procure solar power from other States. The Commission has observed that distribution companies of the State, rather than creating environment conducive to installation of renewable power generation, have been obstructing it. Till such time petitioners are able to demonstrate to the Commission's satisfaction that efforts to meet RPO were and would continue to be made in right earnest, review of RPO is not warranted.

16. With the above directions, the petition No. 26/2012 stands disposed of.

Ordered accordingly,

**sd/-**  
**(C.S.Sharma)**  
**Member**

**sd/-**  
**(Rakesh Sahni)**  
**Chairman**