BEFORE THE GUJARAT ELECTRICITY REGULATORY COMMISSION

GANDHINAGAR

Filing No:

Case No:

IN THE MATTER OF

Miscellaneous Petition under Section 86 (1) (b) & (e) of the Electricity Act 2003 for incorporating provision regarding "Change in Law" in the Power Purchase Agreements to be executed by State DISCOMs with Project Developers under the Government of Gujarat's "Policy for Development of Small Scale Distributed Solar Projects - 2019" notified vide G.R. No: SLR/11/2019/51/B1 dated 06.03.2019.

PETITIONER	Gujarat Urja Vikas Nigam Limited Sardar Patel Vidyut Bhavan Race Course, Vadodara - 390 007

AND

CO-PETITIONERS	1. Madhya Gujarat Vij Company Ltd (MGVCL) Vadodara 2. Uttar Gujarat Vij Company Ltd (UGVCL) Mehsana 3. Paschim Gujarat Vij Company Ltd (PGVCL) Rajkot 4. Dakshin Gujarat Vij Company Ltd (DGVCL) Surat

Miscellaneous Petition under Section 86 (1) (b) & (e) of the Electricity Act 2003 for incorporating provision regarding "Change in Law" in the Power Purchase Agreements to be executed by State DISCOMs with Project Developers under the Government of Gujarat's "Policy for Development of Small Scale Distributed Solar Projects - 2019" notified vide G.R. No: SLR/11/2019/51/B1 dated 06.03.2019.

MOST RESPECTFULLY SHOWETH:

The Government of Gujarat (hereinafter referred to as "GoG") had notified the Gujarat Electricity Industry (Reorganization and Regulation) Act 2003 (herein after called as "Act") in May 2003 for the reorganization of the entire power sector in the State of Gujarat. Pursuant to the Gujarat Electricity Industry Reorganization and Comprehensive Transfer Scheme, 2003 notified under the Gujarat Electricity Industry (Reorganization and Regulation) Act 2003, erstwhile Gujarat Electricity Board has been reorganised and its functions have been vested in different entities.

1) The activities of Generation, Transmission, Distribution, Bulk power purchase and supply undertaken by erstwhile Gujarat Electricity Board has been entrusted to separate seven functional entities. The generation activity is assigned to Gujarat State Electricity Corporation Ltd. (GSECL), the transmission activity is assigned to Gujarat Energy Transmission Corporation Ltd. (GETCO) and the distribution activity is assigned to four Distribution companies viz. Uttar Gujarat Vij Company Ltd. (UGVCL), Madhya Gujarat Vij Company Ltd. (MGVCL), Dakshin Gujarat Vij Company Ltd. (DGVCL) and Paschim Gujarat Vij Company Ltd. (PGVCL). Further, the function of Bulk purchase and Bulk sale of power is assigned to the Petitioner - Gujarat Urja Vikas Nigam Ltd. (GUVNL) as per the re-organization scheme.

2) The Distribution Companies are mandated to procure power from Renewable Energy Sources as per the provisions of Section 86 (1) (e) of the Electricity Act, 2003 and in terms of GERC (Procurement of Energy from Renewable Energy Sources) Regulations as amended from time to time.

3) In accordance with the same, the Petitioner on behalf of its four Distribution Companies viz. Uttar Gujarat Vij Company Ltd. (UGVCL), Madhya Gujarat Vij Company Ltd. (MGVCL), Dakshin Gujarat Vij Company Ltd. (DGVCL) and Paschim Gujarat Vij Company Ltd. (PGVCL) has been entering into Power Purchase Agreements with various Renewable Energy Generators for procurement of power from time to time.

4) Section 86 (1) (b) of the Electricity Act 2003 provides that the State Commission shall discharge following functions, namely –

> *"(b) regulate electricity purchase and procurement process of distribution licensees including the price at which electricity shall be procured from the generating companies or licensees or from other sources through agreements for purchase of power for distribution and supply within the State."*

5) Further, Section 86 (1) (e) of the Electricity Act 2003 provides that the State Commission shall discharge following functions for promotion of renewable energy, namely

"(e) promote cogeneration and generation of electricity from renewable sources of energy by providing suitable measures for connectivity with the grid and sale of electricity to any person, and also specify, for purchase of electricity from such sources, a percentage of the total consumption of electricity in the area of a distribution licensee."

6) Government of Gujarat has notified the "Policy for Development of Small Scale Distributed Solar Projects" vide G.R. No: SLR/11/2019/51/B1 dated 06.03.2019 (hereinafter referred to as "Small Scale Solar Policy") for procurement of power from Small Scale Distributed Solar Projects of 0.5 MW to 4 MW capacity. The copy of policy is enclosed herewith as **Annexure A.**
7) The tariff applicable under the Govt. of Gujarat's "Policy for development of Small Scale Distributed Solar Projects - 2019", is as per following mechanism:

   i. *"The tariff contracted in Competitive Bidding Process conducted by GUVNL at which PPAs are signed for procurement of Solar Power from projects located outside Solar Park prevailing as on 31st March (computed based on simple average of such tariff discovered and contracted over six months ending on 31st March) of any given year with an addition of Rs. 0.20 per unit shall be the applicable tariff at which the PPAs shall be signed during the immediately succeeding period of April to September by Obligated Entities with these Solar Projects under this policy and similarly the contracted tariff prevailing as on 30th September of any given year (computed based on simple average of such tariff discovered and contracted over six months ending on 30th September) with an addition of Rs. 0.20 per unit shall be the applicable tariff for PPAs to be signed during the immediately succeeding period of October to March.*

   ii. *However, the above mechanism of applicable tariff shall be subject to approval of Hon'ble Commission. The Obligated Entities shall take one time approval of Hon'ble Commission.*

   iii. *The Rs. 0.20 per unit addition in tariff is allowed for Rs.0.12 per unit for saving in transmission loss as power will be injected in distribution grid and Rs.0.08 per unit is to compensate for* *expensive land cost, higher capital investment and maintenance cost due to small size of projects.*

iv. *The above mentioned tariff shall be applicable for a PPA term of 25 years from Commercial Operation Date of the Projects."*

8) Further, in accordance with the Govt. of Gujarat's "Policy for development of Small Scale Distributed Solar Projects - 2019", any individual, company or body corporate or association or body of individuals, co-operative society of individuals / farmers whether incorporated or not, or artificial juridical person shall be eligible for setting up Small Scale Solar Projects exclusively for the purpose of sale to Obligated Entities i.e. Distribution Licensees for fulfillment of RPO of such Obligated Entities.

9) Furthermore, it is provided that the Obligated Entities shall buy Solar Power under Govt. of Gujarat's "Policy for development of Small Scale Distributed Solar Projects - 2019" for meeting their RPO.

10)In the above context, the Petitioner along with Co-Petitioner Companies had filed Petition No. 1802 / 2019 for approval of the mechanism of applicable tariff for purchase of power under the Government of Gujarat (GoG) "Policy for Development of Small Scale Distributed Solar Projects – 2019".

11)The Hon'ble Commission vide order dated 08.08.2019 (attached hereto as **Annexure B)** in the Petition no. 1802 of 2019 had acknowledged that the aforesaid Policy of Government of Gujarat is for promotion of distributed solar energy generation in the State where the small generators have an option to set up the plant and sell the energy to the Distribution Licensees at a rate which is comparatively higher than the rate discovered under the Competitive Bidding Process and accordingly Hon'ble Commission had approved the mechanism of tariff stipulated under the Policy.

12)Thereafter, Government of Gujarat vide G.R. No: SLR/11/2019/51/B1 dated 15.11.2019 (attached hereto as **Annexure C)** has notified the "Guidelines for implementation of Policy for Development of Small Scale Distributed Solar Projects 2019".

13)After due consultation with State Government, the Petitioner along with Co-Petitioner Companies had issued Public Notice in newspapers on 03.10.2020

NOTARY H. J. ZALA AREA : BARODA DIST. : (GUJ. STATE) REGD. NO. 6250/ 2008 GOVT. OF INDIA inviting applications from eligible entities under the Policy for Development of Small Scale Distributed Solar Projects 2019, initially within a period of two months which was subsequently extended upto 15.01.2021. Further, the "Policy for Development of Small Scale Distributed Solar Projects - 2019" dated 06.03.2019 and "Guidelines for implementation of Policy for Development of Small Scale Distributed Solar Projects 2019" dated 15.11.2019 were also uploaded on the website of Petitioner for information of Stakeholders. Furthermore, a Draft Power Purchase Agreement to be executed with such Small Scale Solar Project Developers was also uploaded on the website. The tariff as per tariff mechanism under the Policy and as approved by the Hon'ble Commission comes to Rs. 2.83 per unit and the tariff payable under the proposed PPAs to be executed by DISCOMs till 31.03.2021 is Rs. 2.83 / unit.

14) It is stated that the State DISCOMs received total 12404 no. of applications aggregating to 7959 MW capacity. The State DISCOMs have scrutinized the applications and GETCO has granted technical feasibility report (TFR) for 7361 no. of applications aggregating to 4646 MW capacity as on 11.02.2021.

15) It is stated that certain provisions in the standard PPA being executed by the Petitioner under Competitive Bidding viz. Financial Closure, Part Commissioning, Minimum generation compensation, Compensation for off-take constraints, Letter of Credit, etc. were not incorporated in the Draft PPA to be executed with such Small Scale Solar Project Developers, considering implementation and operational challenges at DISCOM level due to numerous number of project developers and multiplicity of PPAs. Besides, provisions regarding Liquidated Damages, Performance Bank Guarantee, Timelines of commissioning and submission of Land Documents, Term of PPA, replacement of modules, change in ownership of PPA, Termination Compensation, etc. were kept in alignment with the provisions of Government of Gujarat Policy and Guidelines for Small Scale Distributed Solar Projects 2019. Moreover, the Draft PPA to be executed with Small Scale Solar Project Developers also provided for provision of "Change in Law" allowing the Project Developers to approach Regulatory Commission for relief for specific change in law events covering changes in taxes, surcharge, cess, etc. levied on generation or sale of electricity. It was felt that "Change in Law" provisions are more relevant to the Competitive Bidding Projects where the Bidders need to quote most competitive tariff duly factoring the implications (if any) on account of

changes in legal and taxation structure of economy. Accordingly, the provision for "Change in Law" incorporated by the Petitioner in its recent Solar Competitive Bids providing for pass-through of changes in the rates of safeguard duty and/or anti-dumping duty and/or custom duty after bid submission deadline was not incorporated in the PPA proposed to be executed by State DISCOMs under the Small Scale Distributed Solar Projects 2019.

16)A meeting was convened by the State Government to discuss and deliberate on the status and processing of applications received by all the DISCOMs and smooth implementation of the Policy for Development of Small Scale Distributed Solar Projects 2019. During the meeting, the provisions of the proposed PPA to be executed were also discussed in detail. With a view to protect the interest of small developers against the risk / uncertainty arising due to changes in indirect tax structure, the State Government had desired to make modification in the "Change in Law" provision in the PPA in line with the provision in the PPAs executed under Competitive Bidding allowing pass-through of changes in the rates of safeguard duty and/or antidumping duty and/or custom duty in the tariff after signing of PPA, by taking necessary approval from Hon'ble Commission.

17)The EPD, Government of Gujarat vide letter dated 08.02.2021 (attached hereto as **Annexure D**) has informed the Petitioner that the State Government principally agrees for inclusion of Change in Law under the PPA for Policy for Development of Small Scale Distributed Solar Projects 2019 as the tariff in indirectly linked to the tariff discovered under Competitive Bidding Process wherein Change in Law is allowed under the PPA. Also, it has been mentioned that to protect the interest of smaller developers against the risk / uncertainty arising from Change in Indirect Tax structure is to be implied to include Change in Law provision under the PPA for Policy for Development of Small Scale Distributed Solar Projects 2019. EPD, Government of Gujarat has also directed the Petitioner to take necessary actions in the matter.

18)In the above background, the Petitioner hereby submits present Petition before Hon'ble Commission for seeking approval regarding incorporation of below mentioned Clause for "Change in Law" in the PPA proposed to be executed by State DISCOMs under the Small Scale Distributed Solar Projects 2019.

Proposed Clause for Change in Law:

"Change in Law" shall refer to the occurrence of any of the following events notified after the date of signing of PPA.

a) the enactment, bringing into effect, adoption, promulgation, amendment, modification or repeal, of any statute, decree, ordinance or other law, regulations, notice, circular, code, rule or direction by Governmental Instrumentality or a change in its interpretation by a Competent Court of law, tribunal, government or statutory authority or any of the above regulations, taxes, duties charges, levies etc. that results in any change with respect to any tax or surcharge or cess levied or similar charges by the Competent Government on the generation of electricity (leviable on the final output in the form of energy) or sale of electricity.

b) Introduction / modification / changes in rates of safeguard duty and/or antidumping duty and/or custom duty including surcharge thereon which have direct effect on the cost of solar PV modules.

Relief for Change in Law

(i) In case Change in Law on account of (a) above results in the Power Producer's costs directly attributable to the Project being decreased or increased by one percent (1%), of the estimated revenue from the Electricity for the Contract Year for which such adjustment becomes applicable or more, during Operation Period, the Tariff Payment to the Power Producer shall be appropriately increased or decreased with due approval of GERC.

(ii) In case of Change in Law on account of (b) above, the Power Producer shall be allowed an increase / decrease in tariff of 1 paise / unit for every increase / decrease of Rs. 2 Lakh per MW of Project Capacity (AC capacity) in the Project Cost incurred upto the Scheduled Commercial Operation Date upon submission of proof of payment made by the Power Producer towards safeguard duty and/or anti-dumping duty and/or custom duty to the concerned Authority and with due approval of GERC. This increase / decrease in tariff due to this change in cost of solar PV modules shall be limited to actual DC capacity or 150% (One hundred & fifty percent) of contracted AC capacity, whichever is lower.

NOTARY
H. J. ZALA
AREA : BARODA
DIST.: (GUJ. STATE)
REGD. NO. 6256
2008
GOVT. OF INDIA

(iii) The Power Procurer / GUVNL or the Power Producer, as the case may be, shall provide the other Party with a certificate stating that the adjustment in the Tariff Payment is directly as a result of the Change in Law and shall provide supporting documents to substantiate the same and such certificate shall correctly reflect the increase or decrease in costs.

(iv) The revised tariff shall be effective from the date of such Change in Law as approved by Commission."

19) The aforesaid proposed provisions are in line with the prevailing "Change in Law" provisions in the PPAs executed by the Petitioner with Solar Power Projects under Competitive Bidding Process. A copy of the proposed PPA is attached hereto and marked as **Annexure E.**

20) PRAYER

Since Hon'ble Commission has already accorded approval for tariff mechanism under the "Policy for development of Small Scale Distributed Solar Projects 2019" vide Order dated 08.08.2019 and since the proposed provision may impact tariff under the PPAs proposed to be executed under the Policy, the Petitioner most respectfully prays to the Hon'ble Commission as under:-

a) To admit this Petition.

b) To approve the proposed provision of "Change in Law" to be incorporated in the proposed Power Purchase Agreements (PPAs) to be executed by State DISCOMs with Project Developers under the Government of Gujarat's "Policy for Development of Small Scale Distributed Solar Projects - 2019" notified vide G.R. No: SLR/11/2019/51/B1 dated 06.03.2019.

c) The Petitioner craves leave of the Hon'ble Commission to allow further submissions, prayers, additions and alterations to this Petition as may be necessary from time to time.

d) Pass any other Order(s) as the Hon'ble Commission may deem fit and appropriate under the circumstances of the case.

Gujarat Urja Vikas Nigam Ltd

PETITIONER

Date: 12.02.2021

Place: Vadodara

GUJARAT URJA VIKAS NIGAM LIMITED VADODARA

NOTARY H. J. ZALA AREA : BARODA DIST.: (GUJ. STATE) REGD. NO. 6250/2008 GOVT. OF INDIA

DECLARATION

Declaration that subject matter of the Petition has not been raised by the Petitioner before any other competent forum and that no other competent forum is currently seized of the matter or has passed any order in relation thereto.

GUJARAT URJA VIKAS NIGAM LIMITED VADODARA

Gujarat Urja Vikas Nigam Ltd
PETITIONER

Date: 12.02.2021
Place: Vadodara

NOTARY H. J. ZALA AREA : BARODA DIST.: (GUJ. STATE) REGD. NO. 6250/ 2008 GOVT. OF INDIA

BEFORE THE GUJARAT ELECTRICITY REGULATORY COMMISSION GANDHINAGAR

Filing No:
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IN THE MATTER OF Miscellaneous Petition under Section 86 (1) (b) & (e) of the Electricity Act 2003 for incorporating provision regarding "Change in Law" in the Power Purchase Agreements to be executed by State DISCOMs with Project Developers under the Government of Gujarat's "Policy for Development of Small Scale Distributed Solar Projects - 2019" notified vide G.R. No: SLR/11/2019/51/B1 dated 06.03.2019.

PETITIONER

Gujarat Urja Vikas Nigam Limited
Sardar Patel Vidyut Bhavan,
Race Course,
Vadodara - 390 007
Fax: 0265-2344543

AND Others

Sr. No. 3573
Date : 12/2/2021

AFFIDAVIT

I, Kandarp Mistry, son of Bhupeshkumar Mistry, aged about 33 years resident of Vadodara do hereby solemnly affirm and state as under:

1. I am the Deputy Engineer working in Gujarat Urja Vikas Nigam Limited and am well conversant with the facts of the case and able to swear to the present Affidavit.
2. I, on behalf of the Petitioner, Gujarat Urja Vikas Nigam Limited have gone through the contents of the accompanying Petition and say that the contents stated therein are based on the records of the Petitioner maintained in the normal course of business and the same are true to the best of my knowledge.

VERIFICATION:

I, the Petitioner above named do hereby verify that the contents of my above Affidavit are true to the best of my knowledge, no part of it is false and nothing material has been concealed there from.

Identified before me.

My Commission Expires on 04/07/2023

Gujarat Urja Vikas Nigam Limited
PETITIONER

Date: 12.02.2021
Place: Vadodara

NOTARY H. J. ZALA AREA: BARODA DIST.: (GUJ. STATE) REGD. NO. 6250/2008 GOVT. OF INDIA

Solemnly Affirmed/Declared Sworn Before Me by....

H. J. ZALA
NOTARY (Govt. of INDIA)

Annexure- A

POLICY FOR DEVELOPMENT OF SMALL SCALE DISTRIBUTED SOLAR PROJECTS – 2019

Government of Gujarat
Energy and Petrochemicals Department
G.R. No: SLR/11/2019/51/B1
Sachivalaya, Gandhinagar
6th March, 2019

1. PREAMBLE

The State of Gujarat (the "State") launched the Gujarat Solar Policy-2009, with an intention to increase the share of renewable energy, particularly solar energy in its energy basket. The policy received a very enthusiastic response resulting in a cumulative solar capacity in excess of 1000 Megawatts (MW). The policy also witnessed setting up of India's first and Asia's largest Solar Park at Charanka in Patan District, and the country's first MW scale canal-top solar plant at Chandrasan in Mehsana District of Gujarat.

In the year 2015, Solar Power Policy-2015 was launched wherein the Government of Gujarat (the "State Government") focused on the fact that the increase of renewable energy in the total energy basket has to be done in a manner that does not add undue burden to the Consumers in the State. Accordingly, the policy intended to promote competitive bidding in cases where projects are set up for supplying power to Distribution Companies. The policy paved way for the State Utilities to procure solar power based on competitive bidding / e-reverse auction by inviting tenders for Large Scale Solar Projects. Utilities have already carried out bidding for large projects with minimum size of 25 MW and signed PPAs for 1000 MW.

The State has started witnessing rapid development of Large Scale Solar Projects. Further, the Small Scale Solar Projects like rooftop etc have also become main stream. The State recognizes the scope for rapid development of Small Scale Distributed Solar Projects in the State by mobilizing existing resources with greater socio-economic value addition.

2. OBJECTIVEs

State of Gujarat is endowed with high level of solar radiation in the range of 5.5-6 kilowatt-hour (kWh) per square meter per day in addition to substantial amounts of barren and uncultivable land in multiple pockets. Further, an extensive transmission & distribution network and utilities with reasonably good operational efficiency make the State of Gujarat a potential hub for Solar Energy Generation Capacity of more than 35,000 MW. While State's Solar Power Policy-2015 is a comprehensive framework for development of Small, Medium and Large Scale Solar Projects in various sub-categories such as Captive Power, Third Party Sale, Sale to DISCOMs, Rooftop Projects, Canal Based Projects, Solar Pumps, Solar Home Light systems etc. This Policy for Development of Small Scale Distributed Solar Projects – 2019 aims at facilitating development of Small Scale Solar Projects with size of 0.5 MW and above but up to 4 MW in the distribution network of licensees of Gujarat State in rapid manner with following objectives:-

2.1 To facilitate and promote speedier development of Solar Projects in multiple scattered pockets of barren and uncultivable land.

2.2 To provide visibility about available tariff for sale of power to small solar power project developers who cannot participate in competitive bidding.

2.3 To mobilize local resources, enhance skill development and create employment opportunities in Solar Energy Sector by promoting small scale entrepreneurs.

2.4 To help utilize the robust transmission and distribution network of State Utilities for large scale integration of Solar Projects with the grid.

2.5 To strengthen the local grid and improve local voltage by encouraging distributed generation.

2.6 To encourage growth of local manufacturing facilities in line with the 'Make in India' programme.

RESOLUTION

After detailed deliberation and consultations with the concerned State Administrative Departments and various stakeholders, the State Government is pleased to announce the "Policy for development of small scale distributed solar projects – 2019" as under:

3. TITLE

This Policy shall be known as the "Policy for development of Small Scale Distributed Solar PV Power Projects – 2019".

4. OPERATIVE PERIOD

This policy shall come into effect from the date of issuance and shall remain in operation for a period of 5 years.

The Solar Projects that are installed and commissioned during the Operative Period shall become eligible for the benefits and incentives declared under this Policy, for a PPA term of 25 years.

5. ABBREVIATIONS AND DEFINITIONS

5.1. "ABT" means Availability Based Tariff

5.2. "ALDC" means Area Load Dispatch Centre.

5.3. "Commercial Operation Date (COD)" shall be the date certified by GEDA upon successful commissioning of the Project.

5.4. "DISCOM" means Distribution Licensee.

5.5. "GERC" means Gujarat Electricity Regulatory Commission.

5.6. "Interconnection Point" or "Delivery Point" or "Metering Point" shall mean the point in distribution network of licensees of the State where power is injected into grid and shall be determined based on system study and technical feasibility by local DISCOM.

5.7. "Obligated Entities" means entities obligated to fulfill the Renewable Power Purchase Obligation as prescribed by GERC.

5.8. "PPA" means Power Purchase Agreement.

5.9. "PV" means Photo Voltaic.

5.10. "RTU" means Remote Terminal Unit.

5.11. "SCOD" or "Scheduled Commercial Operation Date" shall mean the date as to be declared by the developer in the PPA, on or before which the Solar Project of the developer shall be commissioned and such date shall not exceed 12 (twelve) months from the date of execution of the PPA.

5.12. "SLDC" means State Load Dispatch Centre.

5.13. "Small Scale Solar Project" for the purpose of this policy shall mean the Solar Project installed at Single / multiple locations with aggregate capacity of 0.5 MW and above but not exceeding 4 MW installed and commissioned during the operative period of this policy.

5.14. "State Transmission Utility (STU)" OR "GETCO" means Gujarat Energy Transmission Corporation Limited.

6. PROJECT SIZE

The Solar Projects having size of 0.5 MW and above but not exceeding 4 MW installed and commissioned during the operative period of this policy shall qualify to be termed as "Small Scale Solar Projects" and be eligible for benefits of this policy.

7. ELIGIBILITY

Any individual, company or body corporate or association or body of individuals, Co-operative Society of individuals / farmers or artificial juridical person shall be eligible for setting up Small Scale Solar Projects under this policy exclusively for the purpose of sale to Obligated Entities i.e. Distribution Licensees for fulfillment of RPO of such Obligated Entities.

8. APPLICABLE TARIFF

Tariff applicable under this Policy shall be as per following mechanism: The tariff contracted in the competitive bidding process conducted by GUVNL at which PPAs are signed for procurement of Solar Power from projects located outside Solar Park prevailing as on 31st March (computed based on simple average of such tariff discovered and contracted over six months ending on 31st March) of any given year *with an addition of* Rs. 0.20 per unit shall be the applicable tariff at which the PPAs shall be signed during the immediately succeeding period of April to September by Obligated Entities with these Solar Projects under this policy and similarly the contracted tariff prevailing as on 30th September of any given year (computed based on simple average of such tariff discovered and contracted over six months ending on 30th September) *with an addition of* Rs. 0.20 per unit shall be the applicable tariff for PPAs to be signed during the immediately succeeding period of October to March. However, the above mechanism of applicable tariff shall be subject to approval of GERC. The Obligated Entities shall take one time approval of GERC. The Rs. 0.20 per unit addition in tariff is allowed for Rs.0.12 per unit for saving in transmission loss as power will be injected in distribution grid and Rs.0.08 per unit is to compensate for expensive land cost, higher capital investment and maintenance cost due to small size of projects.

The above mentioned tariff shall be applicable for a PPA term of 25 years from Commercial Operation Date of the Projects.

9. ELIGIBLE SITE & LAND

The Developers shall acquire or possess the private land on Sale or Lease basis from private individual for development of Solar Projects. The Project shall be developed preferably on the land parcels that are located near the existing substations of GETCO. For lease of land, the lease period shall cover entire term of the PPA. No Government land shall be allotted for the projects to be set up under this policy.

10. GRID INTEGRATION & SUPPORT FROM STATE UTILITIES.

Grid stability and security is of prime importance. Since the penetration of Renewable Energy may affect grid stability, adequate protection measures are necessary.

The Central Electricity Authority (CEA), GoI has published Central Electricity Authority (Technical Standards for connectivity to the Grid) Amendment Regulations, 2013, specifying various technical requirements for grid connection of renewable energy sources. These regulations and provisions of Grid Code, as amended from time to time, shall be binding to the Power Projects.

Interconnection voltages for projects up to 4 MW shall be 11kV or 66 kV. The Interconnection voltages shall be governed as per GERC Regulations, as amended from time to time. However, the injection from MW Scale Projects shall be preferred directly in 66 kV/ 132 kV/ 220 kV Sub-station through a dedicated 11 kV feeder for better grid stability and reliability for injection of power.

Solar Project Developers shall be allowed to inject power at Interconnection Point, which shall be determined by DISCOM based on technical feasibility. The developers shall lay dedicated line at their own cost for evacuation of power up to Interconnection Point as per system study by DISCOM.

To optimize costs, Common dedicated transmission line may be set up by a cluster of adjoining Developers with appropriate metering at their respective end of project as well as a common meter for such Project Developers at the Interconnection Point. Energy injection by each Solar Project at the receiving end shall be worked out on the basis of meter reading of common meter appropriately apportioned as per the respective meter reading at the sending end meter of that Solar Project by DISCOM / SLDC / ALDC.

11. MEETERING AND ENERGY ACCOUNTING

The electricity generated from the Solar Projects, shall be metered on 15-minute time block basis by DISCOM / ALDC / SLDC at Interconnection Point. For the purpose of energy accounting, solar generating projects shall provide ABT-compliant meters and RTUs at the interface points. Interface metering shall conform to the Central Electricity Authority (Installation and Operation of Meters) Regulations 2014 and amendment thereto. DISCOM / SLDC / ALDC shall stipulate specifications in this regard.

12. PERFORMANCE SECURITY

The Solar Project Developers shall be required to provide Bank Guarantee @ Rs 5 lakhs per MW at the time of signing of Power Purchase Agreement with Obligated Entities. The bank guarantee shall be refunded, if the developers achieve commercial operation within time period mentioned in Power Purchase Agreement. In case the Developer fails to achieve commercial operation as specified in the Power Purchase Agreement, the bank guarantee shall be forfeited.

13. STATE GOVERNMENT FACILITATION & NODAL AGENCY

Gujarat Energy Development Agency (GEDA) shall be the State Government Nodal Agency for facilitation and implementation of this Policy. The nodal agency will facilitate and assist the Project Developers to undertake the activities like registration of projects, responding to queries and problems of Developers of Power Projects, commissioning certificates etc.

14. RENEWABLE POWER PURCHASE OBLIGATION (RPO)

Obligated Entities have to abide by the GERC Regulations and Orders from time to time. Hon'ble GERC has been deciding the overall RPO and sub-category wise procurement of Renewable energy Power from each Renewable energy Source. The obligated entities shall buy Solar Power under this policy for meeting their RPO.

15. FORECASTING & SCHEDULING

The Solar Projects shall, for the time being, be exempted under scheduling procedure for Intra State ABT. The Solar Projects shall however abide by instructions of SLDC. The actual energy injected in the grid during particular time block of 15 minutes shall be post-facto considered available for drawl schedule for sale of power to DISCOM. As and when forecasting and scheduling mechanism is made applicable to Solar Power projects, these Solar Power projects shall abide by such rules and regulations.

16. REACTIVE POWER

The drawl of reactive power shall be charged as per the GERC order, as amended from time to time.

17. OPERATION & MAINTENANCE OF LINE

The Operation and Maintenance of dedicated evacuation line shall be carried out at the cost of the Project Developer as per applicable technical standards and best practices.

18. RESTRICTIONS

After commissioning of solar project, the installation shall not be allowed to be transferred inter se or from one location to another.

19. REGULATION

The Hon'ble Gujarat Electricity Regulatory Commission shall be guided by this Policy while framing its rules, regulations and orders.

20. MID TERM REVIEW

State Government may undertake a mid-term review of this policy as and when the need arises in view of any technological breakthrough or to remove any difficulties or inconsistency with Electricity Act, 2003 as amended from time to time.

21. POWER TO REMOVE DIFFICULTIES

If any difficulty arises in giving effect to this policy, the State Government may issue clarification / interpretation to remove such difficulties either on its own motion or based on representations from stakeholders.

22. POWER TO INTERPRET

If there is any confusion or dispute about the meaning, intent or purpose of any provision of this Policy, the interpretations given by Energy & Petrochemicals Department, Government of Gujarat shall be final and binding to all concerned.

This issues with the concurrence of the Finance Department dated 21st February, 2019 on the Department's file of even number

By order and in the name of the Governor of Gujarat.

(Vijaysinh Vaghela)
Additional Secretary to the Government of Gujarat
Energy & Petrochemicals Department

Copy To :-

- *The Principal Secretary to H.E. The Governor of Gujarat, Raj Bhavan, Gandhinagar.
- The Principal Secretary to. Hon. Chief Minister, Sachivalaya, Gandhinagar.
- The P.S. to Hon. Dy. Chief Minister, Sachivalaya, Gandhinagar.
- The P.S. to Hon. Minister (Energy), Sachivalaya, Gandhinagar.
- The P.S. to Hon. MoS (Energy), Sachivalaya, Gandhinagar.
- The Secretary, Ministry of Power, Govt. of India, Shram Shakti Bhavan, New Delhi.
- The Secretary, Ministry of New & Renewable Energy, CGO Complex, New Delhi.
- The Secretary, Central Electricity Regulatory Commission, New Delhi.
- The Chairman, Central Electricity Authority, New Delhi
- The Joint Secretary to Chief Secretary, Sachivalaya, Gandhinagar.
- *The Secretary, GERC, Gift City, Gandhinagar.
- *The Registrar, Gujarat High Court, Ahmedabad.
- *The Secretary, Vigilance Commission, Gandhinagar.
- The Additional Chief Secretary, Finance Department, Sachivalaya, Gandhinagar.
- The Principal Secretary, Climate Change Department, Sachivalaya, Gandhinagar.
- *The Secretary, Gujarat Legislature Secretariat, Sachivalaya, Gandhinagar.
- The Resident Commissioner, Gujarat State, New Delhi
- The Account General, Ahmedabad/ Rajkot.
- All Departments of Secretariat, Sachivalaya, Gandhinagar.
- All Branches of Energy & Petrochemicals Department.
- The Chairman, Power Finance Corpo. Ltd, New Delhi

- The Chairman & Managing Director, Gujarat Power Corpo. Ltd, Gandhinagar.
- The Managing Director, Gujarat Urja Vikas Nigam Ltd, Vadodara.
- The Managing Director, Gujarat State Electricity Corpo. Ltd, Vadodara.
- The Managing Director, Gujarat Energy Transmission Corpo. Ltd,Vadodara.
- The Managing Director, Uttar Gujarat Vij Company Ltd, Mehsana.
- The Managing Director, Madhya Gujarat Vij Company Ltd, Vadodara.
- The Managing Director, Dakshin Gujarat Vij Company Ltd, Surat.
- The Managing Director, Paschim Gujarat Vij Company Ltd, Rajkot.
- The Director, Gujarat Energy Development Agency, Gandhinagar.
- The Chief Electrical Inspector & Collector of Electricity Duty, Gandhinagar.
- All Collectors
- The Chief Executive Officer, Torrent Power Ltd, Lal Darwaja, Ahmedabad
- Dy. Section officer's Select file.

  *By Letter.

Annexure- B

BEFORE THE GUJARAT ELECTRICITY REGULATORY COMMISSION

GANDHINAGAR

Petition No.1802 of 2019

In the matter of:
Petition under Section 86 (1) (b) & (e) of the Electricity Act, 2003 and other applicable provisions of the Electricity Act, 2003 for procurement of power under the Government of Gujarat "Policy for Development of Small Scale Distributed Solar Projects – 2019".

Petitioner:	Gujarat Urja Vikas Nigam Limited Sardar Patel Vidyut Bhavan, Race Course, Vadodara 390 007.
Represented by :	Learned Advocate Ms. Ranjitha Ramachandran with Shri Parthik Joshi
Co-Petitioner No. 1:	Madhya Gujarat Vij Company Limited Sardar Patel Vidyut Bhavan, Race Course, Vadodara – 390 007.
Represented by:	Ms. U. V. Parmar
Co-Petitioner No. 2:	Uttar Gujarat Vij Company Limited Registered & Corporate Office, Visnagar Road, Mehsana – 384 001.
Represented by:	Shri K. D. Barot
Co-Petitioner No. 3:	Paschim Gujarat Vij Company Limited Nana Mava Main Road, Laxmi Nagar, Rajkot – 360004.
Represented by:	Nobody was present.
Co-Petitioner No. 4:	Dakshin Gujarat Vij Company Limited Urja Sadan, Nana Varachha Road, Kapodara, Surat – 395 006.
Represented by:	Shri J. S. Kedaria

Objector No. 1:	Rajkot Chamber of Commerce & Industry, Centre Point, Karansinhji Road, Rajkot.
Represented by:	Shri N. R. Ramavat
Objector No. 2:	Jan Kalyan Foundation, 127 Heritage Bunglows, Opp. Science City, Bhadaj, Ahmedabad – 380 060.
Represented by:	Nobody was present.

CORAM:

Shri Anand Kumar, Chairman
Shri K. M. Shringarpure, Member
Shri P. J. Thakkar, Member

Date: 08.08.2019

ORDER

1. The present Petition has been filed by M/s Gujarat Urja Vikas Nigam Limited with Madhya Gujarat Vij Company Limited (MGVCL), Uttar Gujarat Vij Company Limited (UGVCL), Paschin Gujarat Vij Company Limited (PGVCL) and Dakshin Gujarat Vij Company Limited (DGVCL) as Co-Petitioners for approval of the mechanism of applicable tariff for purchase of power under the Government of Gujarat (GoG) "Policy for Development of Small Scale Distributed Solar Projects – 2019".

2. Facts mentioned in the Petition are detailed below:

2.1. Government of Gujarat notified the Gujarat Electricity Industry (Reorganization and Regulation) Act, 2003 in May, 2003 for reorganization of the entire power sector in the State of Gujarat. Pursuant to the Gujarat Electricity Industry Reorganization and Comprehensive Transfer Scheme, 2003 notified under the Gujarat Electricity Industry (Reorganization and Regulation) Act, 2003, erstwhile Gujarat Electricity Board was reorganized and its functions have been vested in different entities.

2.2. The activities of Generation, Transmission, Distribution, Bulk power purchase and supply undertaken by erstwhile Gujarat Electricity Board have been entrusted to separate seven functional entities. The generation activity is assigned to Gujarat State Electricity Corporation Limited (GSECL), transmission activity is assigned to Gujarat Energy Transmission Corporation Limited (GETCO), and the distribution activity is assigned to four distribution companies viz. Uttar Gujarat Vij Company Limited (UGVCL), Madhya Gujarat Vij Company Limited (MGVCL), Dakshin Gujarat Vij Company Limited (DGVCL) and Paschim Gujarat Vij Company Limited (PGVCL). Further, the function of Bulk purchase and bulk sale of power is assigned to the Petitioner, Gujarat Urja Vikas Nigam Limited, as per the re-organization scheme.

2.3. The Distribution companies are mandated to procure power from Renewable Energy Sources as per the provisions of Section 86 (1)(e) of the Electricity Act, 2003 and in terms of the GERC (Procurement of Energy from Renewable Energy Sources) Regulations, 2010 as amended from time to time.

2.4. The Petitioner on behalf of its four Distribution companies has been entering into Power Purchase Agreements amongst others with various Renewable Energy Generators for procurement of power from time to time.

2.5. Section 86 of the Electricity Act, 2003 provides the functions to be discharged by the State Commission. Section 86(1)(b) of the Electricity Act 2003 provides that the State Commission shall -

"(b) regulate electricity purchase and procurement process of distribution licensees including the price at which electricity shall be procured from the generating companies or licensees or from other sources through agreements for purchase of power for distribution and supply within the State."

2.6. Further, Section 86(1)(e) of the Electricity Act, 2003 provides that the State Commission shall -

"(e) promote cogeneration and generation of electricity from renewable sources of energy by providing suitable measures for connectivity with the grid and sale of electricity to any person, and also specify, for purchase of electricity from such sources, a percentage of the total consumption of electricity in the area of a distribution licensee."

2.7. Promotion of competition in the electricity industry in India is one of the key objectives of the Electricity Act 2003. The power purchase costs constitute the largest cost element for Distribution Licensees. Competitive procurement of electricity by the Distribution Licensees is expected to reduce the overall cost of procurement of power and lead to reduction in prices of electricity and in significant benefits for consumers.

2.8. Section 61 and 62 of the Electricity Act 2003 empowers the State Commission to specify the terms and conditions for determination of tariff for generation, transmission, distribution and supply of electricity in their State. In order to promote further competition, Section 63 of the Electricity Act 2003 provides that the State Commission shall adopt such tariffs which have been determined through a transparent process of Competitive Bidding. Section 63 of the Electricity Act 2003 provides as under:

"Notwithstanding anything contained in Section 62, the Appropriate Commission shall adopt the tariff if such tariff has been determined through transparent process of bidding in accordance with the guidelines issued by the Central Govt."

2.9. Ministry of Power (MoP), Government of India has formulated the National Tariff Policy, 2016 giving specific guidance on purchase of power generated from renewable energy sources. As per Section 6.4(2),

"States shall endeavor to procure power from Renewable Energy sources through Competitive Bidding to keep the tariff low, except from the waste to energy plants. Procurement of power by Distribution Licensee from renewable energy sources, from Solar PV Power Projects above the notified capacity, shall be done through Competitive Bidding Process, from the date to be notified by the Central Government. However, till such notification, any such procurement of power from Renewable Energy sources Projects, may be done under Section 62 of the Electricity Act, 2003."

2.10. The Distribution Licensees were earlier procuring power from Renewable Energy Projects at the feed-in-tariffs determined by the Commission from time to time. However, the Commission vide letter dated 18.03.2017 observed that as per the provisions of National Tariff Policy, procurement from Renewable Energy projects by the Distribution Licensees is recommended through Competitive Bidding to keep the tariff low. Further, it was observed by the Commission that the Government of India and various other State Governments have initiated Competitive Bidding

Process in which the discovered tariff has shown substantial reduction. This is also in public interest as the tariff to the end consumer would be lower as compared to the procurement at preferential tariff.

2.11. The Commission through aforementioned letter directed the Distribution Licensees to procure electricity from the wind and solar power projects through Competitive Bidding Process under Section 63 of the Act or by following the Competitive Bidding Process followed by SECI / MNRE etc. It was further directed that the tariff determined by the Commission in the respective category of renewable energy will act as ceiling tariff and the Distribution Licensees may approach the Commission for adoption of the tariff discovered through such Competitive Bidding Process.

2.12. Ministry of Power, Government of India on 03.08.2017, has notified the “Guidelines for Tariff Based Competitive Bidding Process for Procurement of Power from Grid Connected Solar PV Power Projects”. These Guidelines are not applicable for Intra State Projects below 5 MW Solar PV Projects.

2.13. Ministry of New and Renewable Energy, Government of India referring to the Guidelines for procurement of power from Solar PV Projects through Competitive Bidding not being applicable to Intra State Projects below 5 MW Solar PV Projects, vide its letter dated 13.04.2018 has opined that States / Union Territories can consider procuring power from Solar PV Projects of less than 5 MW capacity as prescribed in MoP’s Guidelines through feed-in-tariff determined by the SERCs.

2.14. The feed-in-tariffs determined by the Commission being way too high as compared to the tariffs discovered through the Competitive Bidding Process, it is not envisaged to procure Solar power at the feed-in-tariff. Therefore, Government of Gujarat vide GR No. SLR/11/2019/51/B1, dated 06.03.2019 has notified “Policy for development of Small Scale Distributed Solar Projects - 2019” to facilitate development of Small Scale Distributed Solar Projects with size 0.5 MW and above but upto 4 MW in the Distribution Network of Licensees of Gujarat State with an aim to promote small scale distributed solar projects and at the same time the rate of power purchase is proposed at reasonable level.

2.15. As per the Government of Gujarat’s “Policy for development of Small Scale Distributed Solar Projects - 2019”, any individual, company or body corporate or association or body of individuals, co-operative society of individuals / farmers whether incorporated or not, or artificial juridical person shall be eligible for setting up Small Scale Solar Projects exclusively for the purpose of sale to Obligated Entities i.e. Distribution Licensees for fulfillment of RPO of such Obligated Entities. Further, the Obligated Entities shall buy Solar Power under Government of Gujarat's "Policy for development of Small Scale Distributed Solar Projects - 2019" for meeting their RPO.

2.16. The tariff applicable under the Government of Gujarat's "Policy for development of Small Scale Distributed Solar Projects - 2019", shall be as per following mechanism:

(i) The tariff contracted in the Competitive Bidding Process conducted by GUVNL at which PPAs are signed for procurement of Solar Power from projects located outside the Solar Park prevailing as on 31st March (computed based on simple average of such tariff discovered and contracted over six months ending on 31st March) of any given year with an addition of Rs. 0.20 per unit shall be the applicable tariff at which the PPAs shall be signed during the immediately succeeding period of April to September by the Obligated Entities with these Solar Projects under this policy and similarly the contracted tariff prevailing as on 30th September of any given year (computed based on simple average of such tariff discovered and contracted over six months ending on 30th September) with an addition of Rs. 0.20 per unit shall be the applicable tariff for PPAs to be signed during the immediately succeeding period of October to March.

(ii) However, the above mechanism of applicable tariff shall be subject to approval of the Commission. The Obligated Entities shall take one-time approval of the Commission.

(iii) The Rs. 0.20 per unit addition in tariff is allowed for Rs. 0.12 per unit for saving in transmission loss as power will be injected in distribution grid and Rs. 0.08 per unit is to compensate for expensive land cost, higher capital investment and maintenance cost due to small size of projects.

(iv) The above-mentioned tariff shall be applicable for a PPA term of 25 years from the Commercial Operation Date of the Projects.

3. The Commission vide Daily Order dated 18.05.2019 for the hearing held on 14.05.2019 decided that since the petition is filed under Section 86(1)(b) & (e) and the other applicable provisions of the Electricity Act, 2003 seeking approval of the mechanism of applicable tariff for purchase of power under the Government of Gujarat "Policy for development of Small Scale Distributed Solar Projects – 2019", a public hearing is required to be conducted to take into account the suggestions/objections/comments of the stakeholders. The Commission, therefore, vide said Daily Order directed the Petitioner to issue a public notice in two daily Gujarati Newspapers and one English Newspaper having wide circulation in the State and also upload the present petition with all relevant documents on its website and invite comments/suggestions/objections from the stakeholders on affidavit within 21 days from the date of issue of public notice stating that the stakeholders shall file their comments/objections/suggestions to the Secretary of the Commission in five copies. Further, the staff of the Commission was also directed to upload the petition along with all relevant documents on the Commission's website after the public notice was issued and a copy thereof is provided by the Petitioner.

4. The Petitioner vide affidavit dated 17.06.2019 submitted that in compliance to the Commission's aforesaid directives, it has issued a Public Notice in two daily Gujarati Newspapers viz. 'Divya Bhaskar' & 'Sandesh' and one English Newspaper viz. 'Indian Express' on 02.06.2019 and has also uploaded the present petition with all the relevant documents on its website inviting comments/suggestions/objections from the stakeholders on or before 23.06.2019. Copy of the same is also submitted along with the affidavit.

5. The petition along with all relevant documents was also uploaded on the Commission's website. Moreover, the Commission also issued a Public Notice dated 25.06.2019 in two daily Gujarati Newspapers viz. 'Sandesh' & 'Divya Bhaskar' and one English Newspaper viz. 'Business Standard' on 27.06.2019 for knowledge of all the stakeholders about the public hearing of the present petition scheduled on 03.07.2019 at Commission's office and inviting comments/suggestions/objections from the stakeholders stating that persons interested in filing suggestions/objections may file the same along with supporting documents, if any, in five sets duly supported by affidavit on or before 03.07.2019 and / or remain present during the public hearing for making their submissions.

6. Rajkot Chamber of Commerce & Industry filed its objections through its affidavit dated 22.06.2019 submitting as under:

6.1. Determination of tariff under the Electricity Act, 2003 falls under the jurisdiction of the Commission and any other department cannot determine the tariff under policy since it is not in their jurisdiction.

6.2. The objective of GoG Policy is to promote small and medium scale solar power developers but the fact is that they neither have financial capability nor have large bargaining power while buying the components of solar power project which makes their project cost higher. At present the solar power generation sector has become monopoly of big players and in the process of reverse auction bidding, although its intention may be good, there is no room for small and medium entrepreneur in solar energy sector which makes competition unfair. The Commission may review the number of PPAs signed in last two year by small and medium scale solar power developers after the competitive bidding policy is implemented which will reveal this fact.

6.3. The Petitioner has submitted to pay extra Rs. 0.20 per unit to small and medium scale solar project as per GOG Policy but how the figure of Rs. 0.20 per unit has been arrived at is not mentioned in the policy and the said amount is not sufficient to encourage the small and medium scale project developer to invest in solar project.

6.4. The Commission has determined renewable energy feed in tariff based on the estimated cost prevailing in the market in the last tariff Order No. 3 of 2015 wherein it is clearly mentioned by the Commission as to how the same has been arrived at which is transparent and fair but in the GOG Policy how Rs. 0.20 is arrived at is not given and hence it is not transparent.

6.5. The Commission may consider the letter of the Ministry of New and Renewable Energy dated 13.04.2018 mentioning States / Union Territories to consider procuring power from Solar PV Projects of less than 5 MW capacity as prescribed in Ministry of Power's Guidelines through feed-in-tariff determined by the SERCs.

6.6. MNRE has provided various capital incentives in the form of subsidy / providing concessional land for installing project in large MW scale range which has reduced the rate of solar. These benefits were not available to small scale developer or third party seller which may be taken into consideration by the Commission while determining solar energy tariff for small and medium entrepreneur.

6.7. The Commission is requested to determine the feed-in tariff for sell of solar power by small and medium scale project (0.5 MW to 5 MW) based on market rates which shall bring transparency and fairness in tariff determination which is the objective of the Electricity Act, 2003 and objective 2.4, 2.5 of GOG Policy can be achieved only if small and medium solar power projects are given feed in tariff. Large players have practically no contribution in strengthening the local grid and improving local voltage. For encouraging distributed generation, encouragement to small and medium scale solar project must be given.

6.8. The Objector has prayed not to approve the mechanism of applicable tariff for purchase of power under the GoG "Policy for development of Small Scale Distributed Solar Projects – 2019" but to determine feed-in-tariff for small and medium scale (0.5 MW to 5 MW) solar power project as per the methodology adopted in the Tariff Order No. 3 of 2015.

7. Jan Kalyan Foundation has filed its objections stating that while visiting the website of the Commission it is noticed that GUVNL has filed the present petition. The Commission is requested to appropriately decide the matter after taking in to consideration their representation and following suggestions:

7.1. The Commission may decide as to whether it has the authority to admit the present petition or not?

7.2. The Commission may decide under which Section of the Act and under which Rules made thereunder, the present petition is admitted and as to whether GUVNL has mentioned such Act or Rules in the petition and if the same is not mentioned whether the petition can be admitted?

7.3. Whether the Commission has powers to hear such matters needs to be decided with reasoning?

7.4. The Commission may decide as to whether the termination of tariff for purchase and sale of power falls under the jurisdiction of the Commission or Government or GUVNL and decide the matter giving detailed reasoning.

7.5. The Commission may decide that as per the rules for generation and sale of electricity whether it is possible to determine the cost of generation in the absence of details such as project cost, loan amount and interest thereon, interest on working capital, maintenance cost etc. which the Commission has been doing in other matters.

7.6. Whether GUVNL has given the aforesaid details in the present petition and put forth before the consumers or generators and if the same is not provided then the Commission may decide giving reasons as to how the generation and sale tariff can be decided?

7.7. The Commission needs to decide the following for 500 KW up to 4 MW Solar Power Plant:

7.7.1. What will be the cost of project?
7.7.2. Which equipment's will be required and what is their market price?
7.7.3. What will be the maintenance cost per month and how much loan will be required and what will be the interest amount thereon?
7.7.4. How much Equity will be required, what will be the tax?
7.7.5. What will be the cost of land?
7.7.6. What will be the expenditure for generation and sale of electricity and without same how can the Commission determine tariff?

7.8. Whether the Commission is verifying above details in other matters pertaining to generation, purchase and sale of electricity?

7.9. Whether above details are necessary for determination of tariff or not needs to be decided giving reasons?

7.10. The Commission needs to decide as to whether the rate that is to be decided in the present matter has to be kept changing every six months giving reasons thereof?

7.11. GUVNL is seeking approval of rate which will get changed every six months as per the rates received under competitive bidding during previous six months. Whether the Commission believes or has knowledge that cost of solar power project and electricity generated is going to change every six months? Can it not change every month or three months needs to be decided by giving reasons thereon.

7.12. Why GUVNL is not purchasing power generated through other resources like coal, gas, wind on the lines of present matter and why the Commission is not deciding the same?

7.13. Whether the Commission has decided in the past and given any directions to purchase power as per above mechanism?

7.14. Whether the rate to be decided by the Commission in the present petition appears to be part of process for validating the decision of Government?

7.15. The Government's decision of devising mechanism for determining the cost of power purchase on the basis of actual rates received is bold and a welcome step in the interest of consumers which the Commission has not been able to do although being its function to do so and whether it is on account of lack of its resources or not having any information needs to be decided giving reasons.

7.16. Whether the rate for purchase of solar power as per the GoG policy is proper as per Regulations of the Commission and there cannot be any increase or decrease in same, which is evident from the said Regulations. In case the tariff determined by the Commission is more / less than the rate decided by GoG, in that case which tariff will be payable to the solar power producer also needs to be decided by the Commission giving reasoned Order.

7.17. The Commission is requested to give its opinion on the above issues and an opportunity to the consumers be given to submit their objections/suggestion on it including him as an objector.

8. The matter was finally heard on 03.07.2019.

9. Advocate Ms. Ranjitha Ramachandran alongwith Shri Parthik Joshi, on behalf of the Petitioner, reiterated the submissions as stated in para 2 above.

9.1. She submitted that as per Section 86(1)(b) of the Electricity Act, the Commission is required to regulate electricity purchase and procurement process of distribution licensees including the price at which electricity shall be procured from the generating companies for distribution and supply within the State. The distribution companies are mandated to procure power from renewable sources as per the provisions of Section 86(1)(e) of the Electricity Act, 2003 and in terms of the GERC (Procurement of Energy from Renewable Energy Sources) Regulations as amended from time to time. Thus, the Commission has jurisdiction and hence the present petition is admissible and maintainable.

9.2. She further submitted that earlier the distribution licensees were procuring power from RE projects at the feed-in-tariff determined by the Commission but pursuant to the directive of the Commission, all the procurement of renewable energy including solar power is being done on the competitive bidding basis by the Petitioner. Although, Ministry of Power has published the "Guidelines for Tariff based Competitive Bidding Process for Procurement of Power from Grid Connected Solar PV Projects" on 3.08.2017 but these Guideline are not applicable for Intra-State Solar PV Projects below 5 MW. Hence, Government of Gujarat vide GR No. SLR/11/2019/51/B1 dated 06.03.2019 has notified "Policy for development of Small Scale Distributed Solar Projects – 2019" to facilitate development of Small Scale Distributed Solar Projects having size of 0.5 MW and above but not exceeding 4 MW in the distribution network of licensees of Gujarat State with an aim to promote small scale distributed solar projects.

9.3. The period of applicability of the said policy is 5 years from the date of issuance i.e. from 06.03.2019. The policy also specifies that Rs. 0.20 per unit addition in tariff is allowed for Rs. 0.12 per unit towards saving in transmission loss since the power will be injected in distribution system and Rs. 0.08 per unit is to compensate for expensive land cost, higher capital investment and maintenance cost due to smaller size of the projects. Moreover, the mechanism of applicable tariff is subject to the approval of the Commission. Hence, the present petition has been filed seeking approval of the Commission of the mechanism of applicable tariff for purchase of power under the GoG "Policy for development of Small Scale Distributed Solar Projects - 2019".

10. Shri N. R. Ramavat on behalf of Rajkot Chamber of Commerce & Industry reiterating the submissions as stated in para 6 above made following submissions:

10.1.

(i) Referring the vision statement of the Petitioner regarding efficient power transmission system and article of two experts from USA and Australia in electrical grid mentioned that the longer the distance between a power plant and its customers the more electricity loss and Smart grid technological advancements allow for higher levels of renewable penetration in to the grid while improving its efficiency, resilience and energy security.

(ii) Referring to objective 2.1, 2.4 & 2.5 of Government of Gujarat "Policy for development of Small Scale Distributed Solar Projects-2019" which state about facilitating and promoting speedier development of Solar Projects in multiple scattered pockets of barren and uncultivable land, strengthening the local grid and improving voltage by encouraging distributed generation and help utilize robust transmission and distribution network of State utilities for large scale integration of Solar Projects with the grid, he submitted that cost of land in the vicinity of urban areas is very high so small and medium scale project entrepreneur shall move towards remote land in village areas which shall improve the grid efficiency and local voltage level in village area whereas Ultra Mega scale project developers will not be interested in going for small project in distributed manner and if they go, then their price quote in reverse bidding shall also go on higher side. Thus, the vision statement of the Petitioner, Objectives of GoG Policy and larger interest of Smart and Efficient National Grid System can be best achieved only if encouragement for installation of solar power plants ranging from 500 kWp to 5 MWp is given as these are generally installed in barren and uncultivated land in distributed manner thereby promoting grid efficiency and improving voltage level. Hence, in order to do justice to such small and medium scale Solar project developer, feed in tariff needs to be provided for promoting the sector and large MW scale project tariff be determined through whatever may the best process for that scale project.

10.2. Although promotion of competition is one of the key objectives of the Electricity Act, 2003 as per Section 61(c) and Clause 4(d) of Tariff Policy, 2016 but it is not the only objective. Apart from competition other important factors like efficiency, economic use of resources, good performance, efficiency in operation and improvement in quality of supply are equally important which can be achieved by promoting distributed solar power generation needs to be kept in view by the Commission while determining feed-in tariff for small and medium scale solar power project.

10.3. The Commission in its Order in Petition No. 1322 of 2013 in the matter of tariff determination for UNOSUGEN project has examined and addressed in detail the issue of whether the procurement of power is permissible only through competitive bidding process raised by the Objectors citing Section 62 and Section 63 of the Electricity Act, 2003 and mentioned at para 16.2.5 of the said Order that, *"…… Therefore, the contention of the Objector that the procurement of power is permissible only through Competitive bidding does not hold good and accordingly the same is not accepted."* In the same way other than competitive bidding, Electricity Act, 2003 also provides importance to other factors like efficiency and quality of power supply, promoting renewable energy etc. and hence the Commission is prayed to grant feed-in tariff for small and medium scale solar power project.

10.4.

(i) Determination of tariff for small and medium scale companies on basis of tariff discovered under competitive bidding / reverse auction is not proper but is unfair. Referring to the details of reverse auction carried out by SECI for 1200 MW wherein four bidders got selected, each for 300 MW at different rates ranging from Rs. 2.55 to 2.61 per Unit which are global companies and get soft funds at very lower interest rate from International level as well as CFA (Central Finance Assistance) is given by MNRE (MNRE Letter no. 30/26/2014-15/NSM dated 12.12.2014) to these very large scale projects. Thus, funding capability, bargaining power for purchasing all materials at very low rate, operating efficiency and experience to make project viable is different as compared to smaller companies who would find it difficult to match such tariff. Accepting the prayer of the Petitioner would lead to achieving Solar targets on compulsion basis and only from very large MW scale projects but other important objectives of GOG policy shall not be achieved unless the small and medium scale solar projects become viable by adopting feed-in tariff methodology based on the real data of cost of project.

(ii) It is further submitted that Section 60 of the Electricity Act 2003 regarding market domination reads as:

"The Appropriate Commission may issue such directions as it considers appropriate to a licensee or a generating company if such licensee or generating company enters into any agreement or abuses its dominant position or enters into a combination which is likely to cause or causes an adverse effect on competition in electricity industry."

The electricity industry includes small, medium and large scale players and in solar segment at present very large companies have dominant position which will not allow small scale companies and it is making adverse effect on competition. Reverse bidding methodology for tariff determination for very large MW scale projects to whom CFA is given is not opposed but for making fair competition in solar power generation segment, the Commission may determine feed-in tariff methodology which was adopted in the past.

10.5.

(i) As regards Competitive Bidding is not applicable for below 5 MW projects, the Objector submitted Section 63 of Electricity Act states that:

"Notwithstanding anything contained in section 62, the Appropriate Commission shall adopt the tariff if such tariff has been determined through transparent process of bidding in accordance with the guidelines issued by the Central Government."

(ii) The National Tariff Policy, 2016 formulated by the Ministry of Power has given specific guidance on purchase of power generated from renewable energy sources. Clause 6.4(2) reads as:

"States shall endeavour to procure power from Renewable Energy sources through Competitive Bidding to keep the tariff low, except from the waste to energy plants. Procurement of power by Distribution Licensee from renewable energy sources, from Solar PV Power Projects above the notified capacity, shall be done through Competitive Bidding Process, from the date to be notified by the Central Government. However, till such notification, any such procurement of power from Renewable Energy sources Projects, may be done under Section 62 of the Electricity Act, 2003."

(iii) Central Government (Ministry of Power) has issued guidelines for tariff based competitive bidding process for procurement of power from Grid Connected Solar PV Power Projects vide no. 23/27/2017 -R &R dated 03.08.2017. Clause No. 2.1.1 mentions about applicability of Guideline which clearly states that this guideline is for project of 5 MW and above. Thus, it is clear that this guideline is not applicable for project lower than 5 MW and accordingly whatever tariff is discovered in the competitive bidding process is not applicable for small and medium scale solar power project.

(iv) Central Government (Ministry of New and Renewable Energy) has also reaffirmed vide their letter No. 8/7/2017-EFM dated 13.04.2018 that competitive bidding guidelines are not applicable for solar project below 5 MW and clearly directed that in order to accelerate deployment of solar and wind energy and facilitate investment in these sectors from small and medium entrepreneurs, State can consider procuring power from solar project of less than 5 MW through feed-in Tariff methodology.

(v) Thus, Section 63 of the Electricity Act, 2003 and Tariff Policy 2016 say to follow Central Government guidelines and competitive bidding is not applicable below 5 MW as per Government Guidelines but to follow feed-in tariff method. Hence, the Commission needs to determine the same.

10.6. The Commission has sanctioned different tariff for same generating station of same technology in Tariff Order dated 24.04.2019 in Petition No. 1756 of 2018 for Dhuvaran CCPP 1 to 3 based on the cost and 14% return on investment basis. Each solar plant is a power generating company and tariff for each solar power plant is not demanded but to sanction feed-in tariff based on the cost and ensuring 14% return on investment for small and medium scale solar power project.

10.7. The methodology proposed by the Petitioner gives uncertainty to the new project developer considering to invest in solar project since what will be the rate after six months is not known to them. Tariff determination as per this method is complex and do not have any base of the Electricity Act, 2003. Policy determination and tariff determination are two different matters. After determining the policy, it has to be left to the Commission to determine the tariff and providing 20 paisa or any other amount has to be determined based on the tariff methodology given in the Electricity Act, 2003. In the absence of any certainty about the applicable tariff as per proposal of the Petitioner, feed-in tariff needs to be provided.

10.8. Control period of Tariff Order No. 3 of 2015 in the matter of determination of Tariff for Procurement of Power by Distribution Licensees and Others from Solar Energy Projects for the State of Gujarat is over on 31.03.2018. Other than determination of levelized tariff, this tariff order also determines various charges like transmission charges, cross subsidy charges, banking charges, wheeling charges and various other guidance. Since the control period is over, new Tariff Order in the matter of determination of tariff for procurement of power by distribution licensees and others from Solar Energy Project having capacity less than 5 MW as per methodology adopted in Tariff Order No. 3 of 2015 covering all aspects requires to be issued. Also, allowing evacuation of power up to 4 MW in 11 kV grid as per the said Order may be continued since at present in many cases it has been observed that laying of separate 11 kV HT line from power plant to nearby GETCO substation is insisted which further increases the evacuation cost of solar power project.

10.9. He submitted that he will file further details including calculation of tariff for Small and Medium Scale Solar Power Plant Developer.

11. Rajkot Chamber of Commerce & Industry vide affidavit dated 08.07.2019 filed additional submission stating that considering the average capital cost of Rs. 4.21 Crore/MW for project in the range of 500 kW to 5 MW, reduced benefit of accelerated depreciation from 80% to 40% as per current circular, 2% cost towards O&M and keeping other factors same as per Tariff Order No. 3 of 2015, the tariff works out to Rs. 5.18 per unit without accelerated depreciation and Rs. 4.71 per unit with accelerated depreciation as per the methodology of the Commission which may be verified. The calculation sheet of same is also filed by the Objector. It is further submitted that the calculation of additional amount of Rs. 0.08 per unit towards compensation of land cost be reviewed considering higher cost of land, capital investment and maintenance. Following the proper method for determination of tariff as per Tariff Order No. 3 of 2015 which covers all aspects like current capital cost, interest cost, land cost, maintenance cost, levelized calculation of 25 years etc. will be justice to small and medium solar power project and fairness to consumers as envisaged in Section 61(d) of the Electricity Act, 2003 which permits recovery of the cost of electricity in a reasonable manner alongwith safeguarding of consumer interest. Any incentive over and above such levelized tariff given by Government of

Gujarat will not only boost investment in small and medium solar power project but also boost employment in rural area and shall fulfil all objectives of the GoG Policy.

12. The Petitioner vide its affidavit dated 11.07.2019 submitted its pointwise reply to the objections submitted by two objectors namely M/s Rajkot Chamber of Commerce & Industry and Jan Kalyan Foundation stating as under:

12.1. The Commission vide oral order dated 18.05.2019 directed the Petitioner to issue a public notice inviting comments / suggestions / objections from the stakeholders within 21 days from the date of issue of public notice. In accordance with the directives of the Commission, the Petitioner had issued public notice on 02.06.2019 in the newspapers inviting comments / suggestions / objections from the stakeholders on or before 23.06.2019. In response to petitioner's public notice, objections were submitted by above referred objectors.

12.2. The objectors have objected to purchase of power by the Petitioner at the rate determined by Government of Gujarat under the "Policy for development of Small Scale Distributed Solar Projects – 2019" (GoG Policy) on the grounds that power to determine tariff under the Electricity Act 2003 falls under the jurisdiction of the Commission and any other department cannot determine the tariff. On this aspect, the Petitioner submits that under the GoG Policy, the State Government has not determined the tariff but has determined a policy mechanism for applicability of tariff as under:

"8. APPLICABLE TARIFF

The tariff applicable under the policy shall be as per following mechanism: The tariff contracted in the competitive bidding process conducted by GUVNL at which PPAs are signed for procurement of Solar Power from projects located outside Solar Park prevailing as on 31st March (computed based on simple average of such tariff discovered and contracted over six months ending on 31st March) of any given year with an addition of Rs 0.20 per unit shall be applicable tariff at which the PPAs shall be signed during the immediately succeeding period of April to September by Obligated Entities with these Solar Projects under this policy and similarly the contracted tariff prevailing as on 30th September of any given year (computed based on simple average of such tariff discovered and contracted over six months ending on

30th September) with an addition of Rs 0.20 per unit shall be the applicable tariff for PPAs to be signed during the immediately succeeding period of October to March. However, the above mechanism of applicable tariff shall be subject to approval of GERC. The Obligated Entities shall take one time approval of GERC. The Rs 0.20 per unit addition in tariff is allowed for Rs 0.12 per unit for saving in transmission loss as power will be injected in distribution grid and Rs 0.08 per unit is to compensate for expensive land cost, higher capital investment and maintenance cost due to small size of projects."

12.3. The above mechanism is subject to approval of the Commission for which the Petitioner has approached the Commission and not for approval of tariff. Hence, the objections regarding ingress of jurisdiction of the Commission by another department are misconceived. Further, the State Government under clause 19 of the policy has provided guidance to the Commission to frame rules, regulations and orders under the policy which reads as under.

"19. Regulation
The Hon'ble Gujarat Electricity Regulatory Commission shall be guided by this Policy while framing its rules, regulations and orders"

12.4. The objectors have stated that the addition of Rs 0.20 per unit in tariff is specified in the GoG Policy but how the figure of Rs 0.20 per unit has been arrived is not mentioned in the policy and have further apprehended that the amount is not sufficient to encourage small and medium scale project developer to invest in the solar project and lacks transparency. In this regard clause 8 of the policy mentions that the Rs 0.20 per unit addition in tariff is allowed for Rs 0.12 per unit for savings in transmission loss as power will be injected in distribution grid and Rs 0.08 per unit is to compensate for expensive land cost, higher capital investment and maintenance cost due to small size of projects. Thus, the intent of the State Government is clearly spelt out in the policy. The injection of power in the distribution network avoids the need for transmission of power and thus avoids the transmission losses. Hence, it can be inferred that the State Government intends to pass on the benefit of reduction in transmission losses to the Small Scale project developers and compensate them for the higher capital cost requirement.

12.5. Further, considering the landed cost of approximately Rs. 2.85 / unit at GETCO Periphery and the transmission losses of 4.25%, the saving in transmission losses can be worked out to Rs 0.12 per unit. Moreover, assuming increase in the capital cost to the tune of Rs 10 Lacs / MW and increase in the O&M expenses to the tune of Rs. 25,000 / MW / Annum due to smaller size of projects, the levelized per unit increase in cost works out to Rs 0.08 / unit. Thus, the addition of Rs 0.20 per unit specified by the State Government is adequate to encourage small and medium scale project developer to invest in the solar project. In any case, this addition is in the nature of policy incentive extended by the State Government over and above the base tariff - which adequately reflects the market prices discovered in the transparent competitive bidding process.

12.6. The objectors have requested the Commission to determine feed-in tariff for sale of solar power by small and medium scale solar projects of 0.5 MW to 5 MW based on market rate in order to bring transparency and fairness. It is submitted that the objectors' contention that the tariff determined under feed-in tariff is based on market rate is not correct and on the contrary, the tariff discovered under competitive bidding process better reflects the market trends and factors in capital cost prevalent in the market from time to time. Moreover, the review and recalculation of tariff on half yearly basis as envisaged in the GoG policy would safeguard the interest of developers as well as consumers, as the tariff would be aligned to market prices / capital cost prevailing in the market in this mechanism unlike the feed-in tariffs where the tariff once determined remains stagnant during the control period leaving scope of overpricing / under-pricing.

12.7. As regards the objection as to whether the Commission has taken into consideration various cost related parameters like land cost, capital cost, O&M Cost, interest charges, taxes etc. while determining tariff under the present petition or not, the Petitioner submitted that in the mechanism proposed under the GoG Policy, the tariff is not required to be determined by the Commission as the tariff discovered under competitive bidding process is taken as a base wherein the project developers consider all the cost parameters while quoting the tariff. The bidders quote the tariff in competitive bidding process after duly considering all the cost parameters / factors and quote a price only if it is affordable to them and the advantage of considering price discovered through competitive bidding process is that lowest possible rate which is affordable to the bidders as well as most economical for buyer is obtained.

13. We have carefully considered the submissions made by the parties. The present petition is for seeking approval of the mechanism of applicable tariff for purchase of power under the Government of Gujarat "Policy for development of Small Scale Distributed Solar Projects - 2019".

13.1. We note that the Commission has vide its letter dated 18.03.2017 informed the distribution licensees to procure the power from renewable sources specifically wind and solar by following competitive bidding process as the tariff discovered under the competitive bidding process was quite lower than the preferential tariff (feed-in-tariff) determined by the Commission. The benefit of lower tariff for procurement of power by the distribution licensee will be helpful in reducing the overall power procurement cost of the licensee and tariff of the consumers. The Government of India has also emphasised on procurement of power through competitive bidding process as the tariff discovered under the same is lower and attractive.

13.2. The petition is filed u/s 86(1)(b) and 86(1)(e) of the Electricity Act, 2003 wherein the Commission has been assigned the function (i) to regulate electricity purchase and procurement process of a DISCOM including the price at which such electricity shall be procured from generating company and (ii) to promote generation of electricity from renewable sources. Therefore, the Commission is within its statutory function to decide upon the petition of GUVNL in respect of its proposal for approval of the mechanism of applicable tariff for purchase of electricity from distributed Solar PV projects of capacity less than 4 MW.

13.3. The Commission is of the view that this is not a tariff determination exercise under Section 62 wherein cost of the plant and various other heads of expenditures are to be looked into. It is an application wherein licensee is proposing to approve the mechanism of applicable tariff for purchase of electricity from Distributed Small Solar PV generators under the State Government "Policy for development of Small Scale Distributed Solar Projects - 2019" at the tariff discovered through Competitive Bidding process in past six months plus Rs. 0.20 per unit.

13.4. As pointed out by some objectors that the Commission is required to determine feed-in tariff based on the actual cost of the plant and their operation and other charges, it is clarified that such process comes under a separate exercise which is not the case in the present petition.

13.5. The Commission has fixed RPO targets for each DISCOM of the State. In order to fulfil the aggressive solar RPO target, the licensees are required to purchase solar energy substantially. The intent of the Act, Policies and Regulations is also to prefer competitive bidding for renewable energy in future so as to maintain reasonable and competitive tariff. It is, therefore, in the interest of the consumers that such solar energy is procured by the licensees at the most competitive rates.

13.6. Based on the provisions of the Government of Gujarat Policy dated 06.03.2019, the Petitioner has proposed to procure the power from the small scale distributed solar projects having size of 0.5 MW and above but not exceeding 4 MW. The procurement price of energy is at the rate of tariff discovered under the competitive bidding process in different time period of 6 months of the year plus additional 20 paisa per unit thereon for the projects located outside the solar park as under:

1. The average of tariff discovered under the competitive bidding process over 6 months ending on 31st March of any year plus 20 paisa for the projects commissioned from 1st April to 30th September of the respective year.
2. The average of tariff discovered under the competitive bidding process over 6 months ending on 30th September of any year plus 20 paisa for the projects commissioned from 1st October to 31st March of the respective year.

13.7. The issues raised by the Objector that since the aforesaid tariff is not determined by the Commission under Section 62 of the Act, the present Petition is not admissible and maintainable. The Objectors have also objected that details pertaining to the cost of project, debt and interest, equity component and return on equity, land cost, CUF etc. are not stated in the Petition. In the absence of aforesaid details, it is not permissible to accept the tariff proposed by the Petitioner. It is also contended by the Objectors that the actual cost of the Solar Power Projects and cost of generation of such project is quite higher than the proposed tariff for procurement of power by the Petitioner. We note that the aforesaid contentions of the Objectors with regard to determination of tariff if it is carried out by the Commission under Section 62 of the Act then these are valid. However, in the present case, there is no determination of tariff being carried out by the Commission u/s 62. The present petition is regarding approval of mechanism of applicable tariff for procurement of power from Small Scale Distributed Solar projects having size of 0.5 MW and above but not exceeding 4 MW in the distribution network. We note that the present Petition is filed based on the Government of Gujarat Policy for Development of Small Scale Distributed Solar Power Projects, 2019 notified vide GR No. SLR/11/2019/51/B1 dated 06.03.2019. The relevant portion of the applicable tariff for procurement of power by the distribution licensee stated in Clause 8 of the said policy is reproduced below:

" Applicable Tariff

Tariff applicable under this Policy shall be as per following mechanism:

The tariff contracted in the competitive bidding process conducted by GUVNL at which PPAs are signed for procurement of Solar Power from projects located outside Solar Park prevailing as on 31st March (computed based on simple average of such tariff discovered and contracted over six months ending on 31st March) of any given year with an addition of Rs. 0.20 per unit shall be the applicable tariff at which the PPAs shall be signed during the immediately succeeding period of April to September by Obligated Entities with these Solar Projects under this policy and similarly the contracted tariff prevailing as on 30th September of any given year (computed based on simple average of such tariff discovered and contracted over six months ending on 30th September) with an addition of Rs. 0.20 per unit shall be the applicable tariff for PPAs to be signed during the immediately succeeding period of October to March. However, the above mechanism of applicable tariff shall be subject to approval of GERC. The obligated entities shall take one time approval of GERC. The Rs. 0.20 per unit addition in tariff is allowed for Rs. 0.12 per unit for saving in transmission loss as power will be injected in distribution grid and Rs. 0.08 per unit is to compensate for expensive land cost, higher capital investment and maintenance cost due to small size of projects

The above mentioned tariff shall be applicable for a PPA term of 25 years from Commercial Operation Date of the Projects."

As per the aforesaid Policy the applicable tariff for procurement of power by the licensee from the small scale distributed solar PV projects shall be different during different period of time during the year depending upon the tariff discovered under the competitive bidding process conducted by GUVNL and that the same shall remain valid for a PPA term of 25 years from the commercial date of operation of the projects. Moreover, the licensees (obligated entities) are required to obtain one-time approval of the said mechanism. The Policy also provides for incentive of Rs. 0.20 per unit towards savings in transmission loss of Rs. 0.12 per unit and Rs. 0.08 per unit as compensation towards high cost of land, high capital cost and higher maintenance cost due to small size of the projects.

13.8. It is also necessary to refer Clause 19 of the aforesaid Policy which reads as under:

".....19. Regulation:

The Hon'ble Gujarat Electricity Regulatory Commission shall be guided by this Policy while framing its rules, regulations and orders. …"

Thus, the provisions of the Policy are guiding factors for the Commission while framing its Rules, Regulations and Orders.

13.9. The competitive bidding guidelines dated 03.08.2017 framed by the Central Government under Section 63 of the Act with regard to the procurement of power from solar power projects consists of the provisions with regard to applicability of the said guidelines which provides that the same is applicable for the project having capacity of 5 MW and above, the relevant portion of the said guidelines is reproduced below:

"…….2.1 applicability of guidelines
2.1.1
These guidelines are being issued under the provisions of Section 63 of the Electricity Act, 2003 for long term procurement of electricity by the 'Procurers' from grid – connected Solar PV Power Projects ('Projects') having size of 5 MW and above, through competitive bidding….."

Thus, as per the Guidelines issued by MNRE, small scale solar projects having less than 5 MW capacity are not eligible to participate in the competitive bidding process.

13.10. We note that in view of above restriction on participation in competitive bidding process the policy is framed by the Government of Gujarat for promotion of small scale solar power projects having capacity of 0.5 MW and above but upto 4 MW. The policy will help the small investors to set up such plants on their own land or the land purchased by them and inject the energy generated by their plants into the grid. Since such small generators are not eligible to participate in the competitive bidding process carried out by the distribution licensees, the Policy is aimed at addressing this issue and directing the obligated entities to purchase power through a structured mechanism of tariff discovery from such small scale developers.

13.11. In the present case the procurement of power is at the tariff which consists of the tariff rate discovered under the competitive bidding process plus additional 20 paisa per unit. Thus, it is not a tariff discovered under Section 63 of the Act or the bidding carried out under aforesaid Section. It is also not a tariff determined by the Commission under Section 62 of the Act where the capital cost of the project, loan, interest on loan, working capital, interest on working capital, O&M charges etc. are considered on normative basis or on the basis of actual cost of the project. But the tariff is based on the tariff discovered under the competitive bidding process conducted during the past 6 months plus 20 paisa additional to be payable to the project developer by the procurer licensee. Thus, Petition is filed under Section 86 (1) (b) and (e) of the Electricity Act, 2003 for approval of power procurement including rate from small scale solar distributed generators by the distribution licensees.

13.12. We also note that the procurement of power at the tariff discovered under the competitive bidding carried out by the Petitioner for the different period i.e. from 1st April to 30th September of the year or for the period from 1st October to 31st March of the next year for procurement of power is required to be approved by the Commission. The tariff discovered under the aforesaid period will be adopted by the Commission under Section 63 of the Act. Further, the additional Rs. 0.20 per unit benefit given to the project developer consists of Rs. 0.12 per unit towards savings in transmission losses as there is no utilisation of transmission network for evacuation of power by the project developer who requires to supply power at 11 kV. The addition of Rs. 0.08 per unit is to compensate project developer for expensive land cost, higher capital investment and maintenance cost due to small size of the project. Thus, the policy has addressed the concerns of small project developers with the objective of facilitating and promoting speedier development of solar projects in multiple small packets of barren and uncultivable land in the State. This will also achieve the other objectives of the policy viz.

i. Provide visibility about available tariff for sale of power to small solar power project developers who cannot participate in competitive bidding.

ii. Mobilize local resources, enhance skill development and create employment opportunities in Solar Energy Sector by promoting small scale entrepreneurs.

iii. Help utilize the robust transmission and distribution network of State Utilities for large scale integration of Solar Projects with the grid.

iv. Strengthen the local grid and improve local voltage by encouraging distributed generation.

v. Encourage growth of local manufacturing facilities in line with the 'Make in India' programme.

Hence, the tariff mechanism seems to be appropriate and valid for procurement of power from the small scale distributed solar PV projects by the distribution licensees.

13.13. The Objector has raised the issue that the present petition is neither under Section 62 nor under Section 63 of the Act and therefore it cannot be approved. We note that the present Petition is filed by the licensee to seek approval of the Commission under Section 86 (1) (b) & (e) of the Electricity Act, 2003 for the mechanism applicable for power procurement from the small scale distributed solar generators. Therefore, it is not a case where the tariff has to be determined or discovered under Section 62 or 63 of the Act. The Objection is therefore not acceptable and the same is rejected.

13.14. The Objector has raised the issue that Section 61 (c) and (d) of the Act provides that while framing the tariff Regulations the factors which would encourage competition, efficiency, economical use of resources, good performance and optimum investment as well as safeguarding the consumers interest and at the same time, recovery of the cost of electricity in a reasonable manner need to be considered by the Commission. We note that the mechanism of applicable tariff proposed for approval by the Petitioner based on Government of Gujarat policy dated 06.03.2019 addresses the issues of competition, efficiency, economical use of resources, good performance and optimum investment as well as allowing recovery of the cost of electricity. Since, the tariff discovered under the competitive bidding process for above 5 MW projects fulfill the criteria of Section 61(c) of the Act and the additional 20 paisa per unit protects the interest of generators. Thus, the reasonable returns are available to the Project Developers. Hence, the principles specified in Section 61 (c) and (d) are not violated in the present case.

13.15. The Objector has raised various other issues as stated in para 7 above including the admissibility and maintainability of the Petition. We note that the present Petition is under Section 86 (1)(b) and (e) of the Electricity Act, 2003 read with GoG Policy for Development of Small Scale Distributed Solar Power Projects – 2019. It is therefore necessary to refer the same as reproduced below:

> *"…….*
> *86. (1) The State Commission shall discharge the following functions, namely: -*
> *……*
> *(b) regulate electricity purchase and procurement process of distribution licensees including the price at which electricity shall be procured from the generating companies or licensees or from other sources through agreements for purchase of power for distribution and supply within the State;*
> *……*

As per aforesaid provision, the State Commission is mandated to regulate the electricity purchase and procurement process of distribution licensees including

(i) Price at which electricity shall be purchased from the generating company or licensee or other sources by the distribution licensee,
(ii) Process for procurement of power,
(iii) Purchase of power done through agreement by the distribution licensee.

> *"…….*
> *86. (1) (e)*
> *……*
> *(e) promote congenration and generation of electricity from renewable sources of energy by providing suitable measures for connectivity with the grid and sale of electricity to any person, and also specify, for purchase of electricity from such sources, a percentage of the total consumption of electricity in the area of a distribution licence;*
> *……"*

As per aforesaid provision, the State Commission is required to promote the co-generation and generation of electricity from renewable sources by providing suitable connectivity with the grid for the renewable energy generators, sale of electricity to any person and also to specify the renewable purchase obligation of the obligated entities by specifying the percentage of total consumption of electricity in the area of distribution licensee. Thus, the Act mandates the State Commission to promote the renewable energy by way of aforesaid measures.

13.16. In pursuance of the above mandate the Commission has notified the renewable purchase obligation for the obligated entities in the State of Gujarat through GERC (Procurement of Energy from Renewable Sources) Regulations, 2010 and subsequent amendments thereto. Vide Second Amendment, 2018 the Commission has specified the trajectory for renewable purchase obligation of the obligated entities in terms of energy in kWh as under:

Year	Minimum Quantum of purchase (in %) from renewable energy sources (in terms of energy in kWh).			
	Wind (%)	Solar (%)	Others (Biomass, Bagasse,	Total (%)
(1)	(2)	(3)	(4)	(5)
2018-19	7.95	4.25	0.50	12.70
2019-20	8.05	5.50	0.75	14.30
2020-21	8.15	6.75	0.75	15.65
2021-22	8.25	8.00	0.75	17.00

From the above, it is clear that the obligated entities are required to comply with the renewable purchase obligation by consumption of different percentage of energy from wind, solar and other sources of their total consumption during different financial years.

13.17. The total consumption of the four distribution licensees of the Petitioner, i.e. DGVCL, PGVCL, MGVCL, UGVCL for FY 2018-19 to FY 2020-21 has been estimated in MYT Orders dated 31.03.2017 as under:

Approved GUVNL Cost from FY 2018-19 to FY 2020-21

(Rs Crores)

Sr. No.	*Particulars*	*FY 2018-19*	*FY 2019-20*	*FY 2020-21*
1	*Energy handled (MUs)*	*91973*	*96426*	*101205*

Taking into consideration the above requirement of energy and the RPO targets as stated in the previous paragraph. Thus, the Petitioner is required to procure substantial quantum of renewable energy specifically from solar during 2018-19 to 2020-21. The said quantum would further increase in FY 2021-22 in view of increased RPO targets. Thus, the energy requirement from solar projects during the period up to FY 2021-22 has to be met by the Petitioner through procurement of power from the renewable energy sources which include solar energy which is the subject matter of the present Petition. We, therefore, decide the procurement of energy from small scale distributed Solar PV Projects as per the mechanism of applicable tariff proposed by the Petitioner in term of the GoG Policy dated 06.03.2019 would help the obligated entities in achieving their targets.

13.18. The present Petition is under Section 86(1)(b) and 86(1)(e) read with GoG policy for development of   Therefore, the contention of the Objector that the present Petition is not maintainable is not accepted and the same is rejected.

13.19. The Objector has raised the issue as to whether the determination of tariff for purchase and sale of power falls under the jurisdiction of the Commission or Government. It is clarified that the determination of tariff of distribution licensee, transmission licensee and generation company is the function of the Commission as specified under Section 62, 64 and 86 (1)(a) of the Electricity Act, 2003, where the Commission determines the tariff based on the Regulations framed under Section 61 of the Act. The Commission is also empowered to adopt the tariff discovered under Section 63 of the Act. The Petitioner and the State Government are not having any jurisdiction to decide the same and the Petition also does not envisage so. The GoG policy dated 06.03.2019 as referred above also recognised that the mechanism of applicable tariff for procurement from power for Solar PV power projects of 0.5 MW to 4 MW is subject to the approval of the Commission. Therefore, it is undoubted that determination of tariff for the purchase and sell of power by the distribution licensee falls within jurisdiction of the Commission and not in the jurisdiction of the Government or GUVNL.

13.20. The Objector has raised the issue as to whether it is possible to determine the cost of generation in the absence of details such as project cost, loan amount, interest on loan, loan, interest on working capital, maintenance cost etc. which Commission has been doing in other cases. We clarify that the tariff determination under Section 62 read with Section 86(1)(a) and 64 is done under the tariff Regulations notified by the Commission under Section 61 and is based on normative parameters i.e. period of loan, interest on loan, working capital, interest on working capital, O&M charges, income tax, capital cost, depreciation, energy generation from the project etc. The Commission may also determine the tariff of the generating company by considering actual project cost, actual loan & interest threon, actual working capital & interest thereon, actual O&M charges, depreciation, income tax, energy generation etc. The Commission may also adopt the tariff discovered under the competitive bidding process where the tariff is quoted by the bidders and the lowest bidder is selected and its tariff is adopted by the Commission under Section 63. Thus, the tariff determination has two options where the final approval of the Commission is necessary.

13.21. As stated above, all the relevant issues connected with the matter are dealt with by the Commission in earlier para. Accordingly, the Commission has decided to allow the Petition of GUVNL as per the Government of Gujarat Policy dated 06.03.2019.

13.22. We further clarify that the procurement of power by the distribution licensee from small distributed generators of 0.5 to 4 MW capacity under the Government Policy dated 06.03.2019 is an optional scheme where the generator and the licensees are eligible to sell and/or purchase the energy if they wish to do the same. The scheme is for promotion of distributed solar energy generation in the State where the small generators have an option to set up the plant and sell the energy to the distribution licensees at a rate which is comparatively higher than the rate discovered under the competitive bidding process. Thus, it is an option given to the small solar generators who desire to sell the energy at the tariff discovered under competitive bidding process plus Rs. 0.20 per unit additional. It is not compulsory for the generators to accept the tariff if it is not economically viable for them.

14. In view of the above, we decide to approve the mechanism of applicable tariff for purchase of power under the Government of Gujarat Policy for development of Small Scale Distributed Solar Projects – 2019 as proposed by the Petitioner with the following directives:

1. The Petitioner shall place on its website the applicable tariff on which it will buy the energy generated from Small Scale Distributed Solar Power Projects of the capacity of 0.5 to 4 MW.
2. The rate will be updated every 6 months.
3. The Petitioner shall submit a statement showing the details of PPAs executed with the Small Scale Distributed Solar Power Projects Generators to the Commission at the end of every quarter beginning from 01.04.2020 onwards.

15. We order accordingly.

16. With this order the present petition stands disposed of.

Sd/-	Sd/-	Sd/-
[P. J. THAKKAR]	**[K. M. SHRINGARPURE]**	**[ANAND KUMAR]**
Member	**Member**	**Chairman**

Place: Gandhinagar.
Date: 08.08.2019.

Annexure- C

GUIDELINES FOR IMPLEMENTATION OF POLICY FOR DEVELOPMENT OF SMALL SCALE DISTRIBUTED SOLAR PROJECTS-2019

Government of Gujarat
Energy and Petrochemicals Department
G. R. No. SLR/11/2019/51/B1
Sachivalaya,Gandhinagar
Date:-15/11/2019.

READ: This Department G.R. No. SLR/11/2019/51/B1 dt. 6th March, 2019

PREAMBLE:

State Government has notified POLICY FOR DEVELOPMENT OF SMALL SCALE DISTRIBUTED SOLAR PROJECTS-2019 vide GR dated 6th March, 2019 referred to allowing any individuals, company or body corporate or association or body of individuals, cooperative society of individual / farmers or artificial juridical persons for setting up of solar plant of 0.5 MW to 4 MW capacity for sale of energy to the DISCOMS.

RESOLUTION:

Accordingly, after due consideration, the State Government is pleased to issue the following guidelines for implementation of Policy for Development of Small Scale Distributed Solar Projects-2019.

(1) The eligible entity shall make an application to Local DISCOM with following details.

a) Name / Communication Address / Mobile Number / email of the Applicant-
b) Type of Applicant-
(Individual/Partnership/Company/Society/etc with relevant supporting document like Memorandum and Articles of

Association, Duly executed Partnership Deed, Memorandum of society, Identity and Address Proof in case of Individual)

c) Site Address where the Plant is to be set up-

d) Name of the Substation at which the power is to be fed- ___________ Taluka:______ Dist:________

e) Proposed capacity of solar plant : _________MW AC

   i. DC capacity of Solar Modules proposed for the project: _______ MW DC

   ii. Make and rating of the modules to be deployed.

f) Rated/Nominal AC Output of the Inverter/s: ____MW AC

   i. Make and rated/nominal AC Output of the Inverters

g) Details of the land where the plant is proposed to be set up:

   i. Land Area : ____________ hectare

   ii. Survey Number:_________ Village; _________

      1. Taluka: ______ District: _________

h) Non refundable Application processing fee of Rs.5 per KW plus GST by DD in favour of Local DISCOM.

(2) Local DISCOM in consultation with GETCO, shall undertake necessary due diligence with respect to documents submitted by the applicant and undertake technical feasibility study in light of GERC Connectivity Regulations and determine interconnection point for the project proposed by applicant,

(3) Local DISCOM shall complete the technical feasibility study and determine the interconnection point within 30 days from the date of receipt of complete applications and convey the same to the applicant OR seek additional documents from the applicants if the application is incomplete.

(4) Local DISCOM shall forward the application to GEDA for further processing along with the copy of confirmation of technical feasibility.

(5) GEDA shall process the applications, other than incomplete applications, within 15 no of days from the date of receipt of the application and issue registration certificate to the project developer.

(6) A non refundable processing fee of Rs. 5 per kW plus GST shall be paid in favour of GEDA along with the application for registration of the project with GEDA.

(7) GUVNL / DISCOMs shall sign Power Purchase Agreements with developers who have been registered by GEDA. The developers shall declare Scheduled Commercial Operation Date (SCOD) of their project in the PPA which shall be a date within the period of 12 months from the date of signing of PPA. (Note: GUVNL shall sign PPAs for the projects which will be connected directly at GETCO's 66 KV Sub-station level, whereas DISCOMs will sign PPA for the projects connected at 11 KV level).

(8) The applicant shall furnish a Performance bank guarantee @ Rs. 5 Lacs / MW to GUVNL / DISCOM, which shall be released by GUVNL / DISCOM to the applicant, if the Plant is commissioned on or before the scheduled date of commercial operation of the solar power plant subject to terms of the PPA. In case of delay in commissioning of plant beyond SCOD, the Liquidated Damages of Rs 3000 per MW per Day subject to ceiling of Rs 5 lacs / MW shall be levied on the developer on delayed capacity and shall be recoverable by GUVNL/DISCOMS from the Bank Guarantee.

(9) Within the period of 6 months from the date of signing of PPA, the developers shall submit following documentary evidences to GUVNL / DISCOM as well as GEDA:-

a) Documents establishing clear ownership of the land in the name of applicant OR legal possession of the land in the name of the applicant through a long term lease deed for a period of 25 years from the proposed Scheduled Commercial Operation Date of the project.

b) In case the developer wants to develop the project on the land already owned by him, such developer shall submit the 7/12 extracts of the land on which the solar power plant is to be installed, in the name of the applicant.

(10) The applicant shall take permission / certification of Chief Electrical Inspector to energize the transmission / electrical line prior to submission of intimation for commissioning to GUVNL / DISCOM / GETCO / GEDA as per clause(19) of this guideline. The Office of Chief Electrical Inspector shall, within 10 days from receipt of request by the applicant, grant permission / certification to energize the transmission / distribution line OR convey the reasons for refusal and requirement of resubmission of request etc to the applicant.

(11) The applicant shall obtain the certificate of GETCO / DISCOM of having charged the transmission / electrical line.

(12) No Government land shall be allotted for the project. In cases where the land is agriculture land and have applied for conversion of land to non-agriculture, the commissioning shall be taken up by GEDA only upon submission of the N.A. permission by the applicant.

(13) The capacity of the solar projects shall range from 0.5 MW to 4 MW subject to following:

a) Irrespective of the aggregate DC capacity of all the solar modules to be deployed in the project, the rated output of the invertor capacity in AC shall not exceed the contracted AC capacity mentioned in the PPA. The technical details of the Invertor along with the datasheet specifying the rated/Nominal AC output of the Inverter shall be submitted.

b) During the entire life span of solar plant, at no given point within a 15 minutes time slot, the injection into the grid shall exceed the contracted capacity in AC as mentioned in the power purchase agreement.

(14) The GUVNL / DISCOMs, beginning from 2019 shall announce the average tariff discovered at which the PPAs are to be signed, in addition to the 20 paise per unit as per the provisions of the policy on a six monthly basis.

(15) The projects to be set up under this policy shall be exclusively for sale of power to GUVNL / distribution licensees for fulfillment of RPO i.e. projects under this policy for sale of power to third party or captive use shall not be permissible.

(16) It shall be the sole responsibility of the Applicant to bear the capital cost of the project including the cost of transmission / electrical line from the plant site to the interface point at the GETCO Substation, providing ABT compliant meter and RTU at the interface point, all the statutory requirements including ROW for laying the transmission / electrical line etc. Government/ GEDA /DISCOM/ SLDC shall be absolved of any such responsibility that shall arise at a later date on account of the ownership of the land/ ROW issues etc.

(17) The Energy & Petrochemicals Department / GEDA/ GUVNL / DISCOM shall not provide any financial support towards the setting up of the solar power plant.

(18) The application shall be governed by all the terms and conditions specified in the Policy for development for small scale distributed solar projects -2019 notified by the Government of Gujarat vide its GR No. SLR/11/2019/51/B1 dated 6 March, 2019 and the relevant regulations of the GERC, prevailing and modified from time to time.

(19) The applicant shall forward an ADVANCE Intimation to GEDA and the Concerned DISCOM or GETCO regarding the commissioning of the solar plant at least FIFTEEN days before the proposed date of commissioning, and submit the following documents at least SEVEN days before the proposed date of commissioning.:

a) Complete lay out of the plant giving the details of rating, make and number of solar PV modules, make rating and number of invertors (data sheet of the manufacturer of invertors specifying the rated output of the invertor in AC) and IEC certificate of the invertors.

b) Copy of the power purchase agreement signed with the GUVNL / DISCOM.

c) Copy of the certificate of the Chief Electrical Inspector permitting energization of the transmission line.

d) Copy of the certificate of the GETCO / DISCOM of having charged the transmission / electrical line.

e) Documentary evidence & certification from GETCO / DISCOM of the installation of the ABT meter and RTU at the interconnection point.

(20) The commissioning certificate of the solar plant shall be issued by GEDA upon verification of the plant installation and witnessing of the generation of electricity by a representative authorized by local DISCOM / GETCO.

(21) The metering of the electricity generated from the solar plant and fed to the gird at the interconnection point shall be done by GETCO / DISCOM on monthly basis, which shall form the basis for the payment of the energy fed at the rate agreed in the PPA.

(22) Post Commissioning of the solar power plant, during the entire period of the PPA, the applicant shall not replace the solar modules, whether damaged or otherwise, without prior consent of GUVNL / DISCOM

(23) Any change in ownership of the project shall be allowed after expiry of one year from commissioning of the project, with prior approval of GUVNL/DISCOMS and without any fees / charges for facilitating such change.

(24) After Commissioning of the Project, in the event of any termination on account of default on the part of the developer under the provisions of the PPA, the developer shall be liable to pay to GUVNL/DISCOMS towards compensation an amount equivalent to six months billing based on PPA tariff considered on normative Capacity Utilization Factor (CUF) of 19%.

(25) The GEDA registration shall be valid for a period of one year from the date of its registration and the PPA should be signed within such period.

By order and in the name of the Governor of Gujarat.

(Anita Zula)
Under Secretary to The Government of Gujarat
Energy & Petrochemicals Department

Copy to:

- *The Principal Secretary to H.E. The Governor of Gujarat, Raj Bhavan,Gandhinagar.
- The Principal Secretary to the Hon'ble Chief Minister, Sachivalaya, Gandhinagar
- The P.S. to Hon. Dy. Chief Minister, Sachivalaya, Gandhinagar.
- The P.S. to Hon. Minister (Energy), Sachivalaya, Gandhinagar.
- The P.S. to Hon. MoS (Energy), Sachivalaya, Gandhinagar
- The Secretary, Ministry of Power, GoI, Shram Shakti Bhavan, New Delhi
- The Secretary, Ministry of New & Renewable Energy, CGO Complex, New Delhi

- *The Secretary, Central Electricity Regulatory Commission, New Delhi
- The Chairman, Central Electricity Authority, New Delhi
- The Joint Secretary to the Chief Secretary, Sachivalaya, Gandhinagar
- *The Secretary, GERC, Gift City, Gandhinagar
- *The Registrar, Gujarat High Court, Ahmedabad
- *The Secretary, Vigilance Commission, Gandhinagar
- The Additional Chief Secretary, Finance Department, Sachivalaya, Gandhinagar
- The Principal Secretary, Climate Change Department, Sachivalaya, Gandhinagar
- The Principal Secretary, Revenue Department, Sachivalaya, Gandhinagar
- The Resident Commissioner, Gujarat State, New Delhi
- *The Secretary, Gujarat Legislature Secretariat, Sachivalaya, Gandhinagar
- The Account General, Ahmedabad/Rajkot.
- All Departments of Secretariat, Sachivalaya, Gandhinagar
- All Branches of Energy & Petrochemicals Department
- The Chairman, Power Finance Corporation Limited, New Delhi
- The Managing Director, Gujarat Power Corporation Ltd. Gandhinagar
- The Managing Director, Gujarat Urja Vikas Nigam Limited, Vadodara
- The Managing Director, Uttar Gujarat Vij Company Limited, Mehsana
- The Managing Director, Madhya Gujarat Vij Company Limited, Vadodara
- The Managing Director, Dakshin Gujarat Vij Company Limited, Surat
- The Managing Director, Paschim Gujarat Vij Company Limited, Rajkot
- The Managing Director, Gujarat State Electricity Corporation Limited, Vadodara
- The Managing Director, Gujarat Energy Transmission Corporation Limited, Vadodara
- The Director, Gujarat Energy Development Agency, Gandhinagar
- The Chief Executive Officer, Torrent Power Limited, Lal Darwaja, Ahmedabad
- Dy. Section officer's Select file
- *By Letter

Annexure- D

→ DE(RE) 12/02/2021

434
8/2/21

Dr. Nisarg Joshi
Deputy Secretary

सत्यमेव जयते
Government of Gujarat

No. SLR/11/2019/51(P2)/B1
Government of Gujarat
Energy & Petrochemicals Department
Sachivalaya, Gandhinagar.
Phone : 079-23250779
Fax No: 079-23250797
06th February 2021

8 FEB 2021

To
Managing Director,
Gujarat Urja vikas Nigam Limited,
Sardar Patel Vidhyut Bhavan,
Race Course Road, Vadodara

C.F.M. (comm)
Dy. CAO (Solar/Wind/Acctt)
D.E.(IPP)
P.A.
Manager (CC)
Sr.Asstt. (Trans)/ J.E.(Trans)

11 FEB 2021

Subject: "Policy for development of Small Scale Distributed Solar Projects – 2019".

Ref.: GM (IPP), GUVNL's letter No. GM/COM/GM(IPP)/RE/32, 05th January 2021.

Sir

With the reference to above subject, I am directed to convey that your proposal received vide reference letter has been examined by the State Government. Accordingly, the State Government is in principally agreed to the following:

A. Inclusion of Change in law under the PPA for SSDSP-2019 Policy as tariff under this policy is linked to the tariff discovered under the Competitive bidding process wherein Change in law is allowed under the PPA. Also, to protect the interest of smaller developers against risk / uncertainty arising from Changes in Indirect Tax structure isto be implied to include Change in Law provision under the PPA for SSDSP-2019 Policy.

B. Increasing Commissioning time period from 12 months to 18 months considering the difficulties likely to be faced by smaller project developers in securing land, approvals etc, and to avoid the issues of extension in PPA time line in future, by suitably amending the Small Scale Distributed Solar Projects – 2019 policy.

C. The issue of Change in Ownership is already being governed in Clause-23 of guideline for implementation of Policy for Development of Small Scale Distributed Solar Project-19. However, in clause 23 that no change in ownership of the project is allowed from the date of application to expiry of one year from commission of the Project. The same shall be allowed with

G.M(IPP)

prior approval of GUVNL/DISCOMs without any fees/charges for facilitating such change after completion of this period.

Further, I am also directed to forward the approved minutes of the meeting held on 04/01/2021 under the chairmanship of Hon. MoE on Policy for development of Small Scale Distributed Solar Projects-2019 alongwith the approved procedure for processing application under SSDSP-2019. It is requested to do necessary actions thereof.

Encl.: As above.

Yours faithfully

(Dr. Nisarg Joshi)
Deputy Secretary to Govt.

Annexure- E

________ GUJARAT VIJ COMPANY LIMITED

Draft Power Purchase Agreement (PPA)

FOR PURCHASE OF POWER UNDER GOVERNMENT OF GUJARAT'S "POLICY FOR DEVELOPMENT OF SMALL SCALE DISTRIBUTED SOLAR PROJECTS – 2019"

Contents

This Power Purchase Agreement is made and entered into at Vadodara on this __day of _____ between ___(name of applicant)__,being (individual / company / properitership firm / partnership firm etc)__________ (incorporated under _____Act,__) ____ having CIN No. / Identity No./ Registration No._______________ and its registered Office / address at ____ (hereinafter referred to as "Power Producer", which expression shall, unless repugnant to the context or meaning thereof, include its successors and assignees) as party of first part.

AND

_____ Gujarat Vij Company Ltd incorporated under the Companies Act 1956 (1 of 1956) having its Registered office at-------------------, (hereinafter referred to individually, as ”DISCOM” or "Power Procurer", which expression shall, unless repugnant to the context or meaning thereof, include its successors and assignees) as party of the second part.

WHEREAS Govt. of Gujarat vide Resolution G.R. No.SLR-11-2019-51-B1 dated 06.03.2019 has issued the “Policy for Development of Small Scale Distributed Solar Projects – 2019”

AND, WHEREAS Govt. of Gujarat vide GR No. SLR-11-2019-51-B1 dated 15.11.2019 has issued the “Guidelines for implementation of policy for development of small scale distributed solar projects – 2019”

AND, WHEREAS the Policy for Development of Small Scale Distributed Solar Projects – 2019 stipulates that DISCOM / GUVNL may purchase solar power to fulfil their RPO from Small Scale Distributed Solar Projects for which the applicable tariff shall be as per the mechanism stipulated in the policy.

AND, WHEREAS, Gujarat Urja Vikas Nigam Ltd (GUVNL) had filed a petition no 1802 of 2019 under section 86(1)(b) & (e) of The Electricity Act, 2003 before the Honourable Gujarat Electricity Regulatory Commission for approval of the mechanism of applicable tariff for purchase of power under the Government of Gujarat Policy for development of Small Scale Distributed Solar Projects – 2019 and Hon’ble Commission has approved the same vide order dated 08.08.2019.

AND, WHEREAS the Power Producer desires to set-up such Solar Photovoltaic Technology based Power Plant of ……………… MW capacity (Insert capacity not more than 4 MW) at the location details specified as per Schedule 4 using new Solar Photovoltaic Grid Interactive power plants.

AND, WHEREAS, Gujarat Energy Development Agency, which is a facilitation and nodal agency under the “Policy for Development of Small Scale Distributed Solar Projects – 2019” has registred the Solar Power Proejct of Power Producer vide letter no. ____ dated ____.

AND, WHEREAS, the Power Producer has taken responsibility to set up requisite power injection system into the Grid System of DISCOM / GETCO.

AND, WHEREAS the DISCOM agrees to purchase such power for fulfillment of their RPO .

AND, WHEREAS, the Parties hereby agree to execute this Power Purchase Agreement setting out the Terms & Conditions for sale of power by Power Producer to DISCOM.

NOW THEREFORE IN VIEW OF THE FOREGOING PREMISES AND IN CONSIDERATION OF THE MUTUAL COVENANTS AND CONDITIONS HEREINAFTER SET FORTH, DISCOM AND THE POWER PRODUCER, EACH TOGETHER WITH THEIR RESPECTIVE SUCCESSORS AND PERMITTED ASSIGNS, A PARTY AND COLLECTIVELY THE PARTIES, HEREBY AGREE AS FOLLOWS:

ARTICLE 1: Definitions

1.1 For all purposes of this Agreement, the following words and expressions shall have the respective meanings set forth below:

"Agreement" shall mean this Power Purchase Agreement executed hereof, including the schedules hereto, amendments, modifications and supplements made in writing by the Parties from time to time.

“ALDC” shall mean the Area Load Dispatch Centre of respective DISCOM.

“Approvals” means the permits, clearances, licenses and consents as are listed in Schedule 3 hereto and any other statutory approvals.

"Billing Period" means (subject to Article 6.1 of the Agreement) the calendar month ending with the Metering Date. The first Billing Period shall commence from the Commercial Operation Date and end with the Metering Date corresponding to the month in which the Commercial Operation Date occurs.

“Billing Date” shall be the first Business Day after issuance of SEA by SLDC of each Billing Period.

“Business Day” shall mean a Day other than Sunday or a statutory holiday on which banks remain open for business in Vadodara.

“Change in Law” shall have the meaning ascribed thereto in Article 9 of this Agreement.

“Commissioning” with respect to the project as certified by GEDA shall mean when all equipments as per rated capacity has been installed and energy has flown into the grid.

"Commercial Operation Date (COD)" shall be the date certified by GEDA upon successful commissioning of the full capacity of the Project.

“CERC” means Central Electricity Regulatory Commission.

“**Competent Court**” means the Supreme Court of India or any High Court, or any tribunal or any similar judicial or quasi-judicial body that has jurisdiction in relation to issues relating to the Project.

“**Contracted Capacity**” shall mean …… [Insert capacity] MW AC contracted with DISCOMs for supply by the Power Producer at the Delivery Point from the Solar Power Project. In any 15 minute time block during the entire term of PPA, the injected power shall not exceed the Contracted AC Capacity as well as the inverter capacity shall not exceed Contracted AC Capacity.

“Contracted CUF” shall mean the maximum capacity utilization factor of 30% in relation to the contracted capacity of the project and DISCOMs shall not be obliged to purchase power generated from the project beyond such CUF in a Contract Year. For illustration, CUF shall be calculated based on the annual energy injected and metered at the Delivery Point. In any Contract Year, if ‘X’ MWh of energy has been metered at the Delivery Point for ‘Y’ MW Project capacity, CUF= (X MWh/(Y MW*8760)) X100%;

"**Contract Year**" shall mean, with respect to the initial Contract Year, the period beginning on the Commercial Operation Date and ending at 12.00 midnight on 31st March of that Fiscal Year i.e. a period of twelve months commencing on April 1 and ending on following March 31. Each successive Contract Year shall coincide with the succeeding Fiscal Year, except that the final Contract Year shall end on the date of expiry of the Term or on Termination of this Agreement whichever is earlier.

"**Delivery Point / Interconnection Point**" shall be the point or points of connection at which Electricity is delivered into the Grid System of the DISCOM.

All expenses including losses between the Project and the Delivery Point shall be paid by the Power Producer without any reimbursement by DISCOM. All expenses including wheeling charges and losses in relation to the transmission and distribution beyond the Delivery Point shall be borne by DISCOM.

"Delivered Energy" means the kilowatt hours of Electricity actually fed and measured by the energy meters at the Delivery Point and as certified by Gujarat SLDC. In case of net import of energy during a month, the Power Producer shall be required to make payment to DISCOM at the rate of HT Temporary Tariff as determined by GERC from time to time. In case of net export of energy during a month, the Power Producer shall be eligible for the receiving agreed tariff from DISCOM for such net delivered energy.

"Discom(s)" means one or more of the following distribution companies:

a) Madhya Gujarat Vij Company Limited

b) Dakshin Gujarat Vij Company Limited

c) Uttar Gujarat Vij Company Limited and

d) Pashim Gujarat Vij Company Limited

"Due Date of Payment" in respect of a Tariff Invoice means the date, which is 30th day from the date of receipt of such invoices by the designated official of the DISCOM.

"Electricity" shall mean the electrical energy in kWh (kilowatt-hours).

"Electricity Laws" shall mean the Electricity Act, 2003 and the relevant Rules, Notifications, and amendments issued there under and all other Laws in effect from time to time and applicable to the development, financing, construction, ownership, operation or maintenance or regulation of electric generating companies and Utilities in India, the rules, regulations and amendments issued by the GERC / CERC from time to time.

"Emergency" means a condition or situation of physical damage to GETCO's / DISCOM's electrical system including the Grid System, which threatens the safe and reliable operation of such system or which is likely to result in disruption of safe, adequate and continuous electric supply by GETCO or DISCOM Grid System or could endanger life or property.

"Expiry Date" shall mean the date occurring after twenty five (25) years from the Commercial Operation Date of the project.

"Financing Documents" mean the agreements and documents (including asset leasing arrangements) entered/to be entered into between the Power Producer and the Financing Parties relating to the financing of the Project.

"Financing Parties" shall mean the parties financing the Project, pursuant to the Financing Documents.

"Force Majeure Event" shall have the meaning set forth in Article 8.

"GERC" means the Gujarat Electricity Regulatory Commission.

"GoI" shall mean the Government of the Republic of India and any agency, legislative body, department, political subdivision, authority or instrumentality thereof.

"GoG" shall mean the Government of the State of Gujarat and any agency, legislative body, department, political subdivision, authority or instrumentality thereof.

"Government Instrumentality" shall mean the GoI, the GoG and their ministries, inspectorate, departments, agencies, bodies, authorities, legislative bodies.

"Grid System" shall mean CTU / STU / Discom's power transmission system / distribution system through which Delivered Energy is evacuated and distributed.

"Interconnection Facilities" in respect of the Power Producer shall mean all the facilities installed by the Power Producer to enable DISCOM to receive the Delivered Energy from the Project at the Delivery Point, including transformers, and associated equipment, relay and switching equipment, protective devices and safety equipment and transmission lines from the project to GETCO's nearest sub-station / DISCOM's Network.

"Installed Capacity" shall mean the AC capacity of the Project at the generating terminal(s) and *and shall not exceed Contracted Capacity.*

"KV" shall mean Kilovolts.

"kWh" shall mean Kilowatt-hour.

"Law" shall mean any valid legislation, statute, rule, regulation, notification, directive or order, issued or promulgated by any Governmental Instrumentality.

"Metering Date" for a Billing Period, means the midnight of the last Day of the calendar month.

"Metering Point" shall mean the point at which energy shall be measured and supplied to DISCOM and shall be determined by DISCOM.

"Monthly Charge" shall have the meaning set forth in Article 5.

"MW" means Megawatts.

"Must Run Status" shall mean that Project shall not be directed by the DISCOM to shut down or back down due to variations in the generation/consumption patterns or any commercial parameters, merit order dispatches or existence/apprehension of any other charges or levies related to dispatch or incidental thereto except Force Majeure Events and emergency.

“O & M Default” shall mean any default on the part of the Power Producer for a continuous period of ninety (90) days to (i) operate and/or (ii) maintain (in accordance with Prudent Utility Practices), the Project at all times.

“Performance Bank Guarantee” shall mean the irrevocable unconditional bank guarantee submitted by the Power Producer for an amount calculated at Rs 5 lakhs / MWin accordance with the GoG Policy for Development of Small Scale Distributed Solar Projects - 2019.

“Project” shall mean a Solar Photovoltaic Grid Interactive Power Station to be established by the Power Producer at the location details specified as per Schedule 4 for supply of contracted solar capacity of _____ MW and shall have a separate boundry and shall also include land, buildings, plant, machinery, ancillary equipment, material, switch-gear, transformers, protection equipment and the like necessary to deliver the Electricity generated by the Project to DISCOMs at the Delivery Point.

"Project Site" means any and all parcels of real property, rights of way, easements and access roads located at the location details specified as per Schedule 4, upon which the Project and its related infrastructure will be located as described in Schedule 1 hereto.

"Prudent Utility Practices" shall mean those practices, methods, techniques and standards, that are generally accepted for use in electric utility industries taking into account conditions in India, and commonly used in prudent electric utility engineering and operations to design, engineer, construct, test, operate and maintain equipment lawfully, safely, efficiently and economically as applicable to power stations of the size, service and type of the Project, and that generally conform to the manufacturers' operation and maintenance guidelines.

“**SBI 1 Year MCLR Rate**” means 1 year Marginal Cost of Funds Based Lending Rate (MCLR) fixed by State Bank of India (SBI) / any replacement thereof by SBI for the time being in effect applicable for 1 year period, as on 1st April of the respective financial year in accordance with regulations and guidelines of Reserve Bank of India. In absence of such rate, any other arrangement that substitutes such rate as mutually agreed to by the Parties.

“Scheduled COD” or “Scheduled Commercial Operation Date” shall mean the date …………………. (Insert a date within **12 (twelve) months** from the date of execution of the PPA.)

“SEA” means the State Energy Account issued by State Load Dispatch Centre, Gujarat and amendment thereto.

“SLDC” means the State load dispatch center as notified by the State Government.

“STU or State Transmission Utility” shall mean the Gujarat Energy Transmission Company Limited (GETCO).

“Tariff” shall have the meaning set forth in Article 5.

“Tariff Invoices” shall have the meaning set forth in Article 6.

“Technical Limits” means the limits and constraints described in Schedule 1, relating to the operations, maintenance and dispatch of the Project.

“Term” means the term of the Agreement as defined in Article 10.1.

“Voltage of Delivery” means the voltage at which the Electricity generated by the Project is required to be delivered to the DISCOM which shall be ________ kV.

1.2 Interpretation:

a) This agreement shall be governed by the “Policy for Development of Small Scale Distributed Solar Projects – 2019” issued by Govt. of Gujarat vide Resolution G.R. No.SLR-11-2019-51-B1 dated 06.03.2019 and “Guidelines for implementation of policy development of small scale distributed solar projects – 2019” issued vide GR No. SLR-11-2019-51-B1 dated 15.11.2019.

b) Unless otherwise stated, all references made in this Agreement to "Articles" and "Schedules" shall refer, respectively, to Articles of, and Schedules to, this Agreement. The Schedules to this Agreement form part of this Agreement and will be in full force and effect as though they were expressly set out in the body of this Agreement.

c) In this Agreement, unless the context otherwise requires (i) the singular shall include plural and vice versa; (ii) words denoting persons shall include partnerships, firms, companies and Discom (iii) the words "include" and "including" are to be construed without limitation and (iv) a reference to any Party includes that Party's successors and permitted assigns.

ARTICLE 2: Licences, Permits

The Power Producer, at its sole cost and expense, shall acquire and maintain in effect all clearances, consents, permits, licenses and approvals required from time to time by all regulatory / statutory competent authority (ies) in order to enable it to perform its obligations under the Agreement. DISCOM will render all reasonable assistance to the Power Producer to enable the latter to obtain such clearances without any legal obligation on part of DISCOM.

Provided, however, non-rendering or partial rendering of assistance shall not in any way absolve the Power Producer of its obligations to obtain such clearances. Nor shall it mean to confer any right or indicate any intention to waive the need to obtain such clearances.

ARTICLE 3: Obligations

3.1 Obligations of the Power Producer:

(i) The Power Producer shall obtain all statutory approvals, clearances and permits necessary for the Project at his cost in addition to those Approvals as listed in Schedule 2.

(ii) The Power Producer shall submit the documents as listed at Schedule 3, within 6 months from the date of signing of PPA.

(iii) The Power Producer shall construct, operate and maintain the Project during the term of PPA at his cost and risk including the required Interconnection Facilities and in close co-ordination with GETCO/ DISCOM's feasibility.

(iv) The Power Producer shall sell all the power generated from identified Solar Photovoltaic Grid-Interactive Power Plants to DISCOM and shall not sell to any third party nor consume for captive use other than reasonable auxiliary consumption.

(v) The Power Producer shall seek approval of GETCO/ DISCOMs in respect of Interconnection Facilities.

(vi) The Power Producer shall undertake at its own cost construction/ upgradation of (a) the Interconnection Facilities, (b) the Transmission Lines and as per the specifications and requirements of GETCO/ DISCOMs, as notified to the Power Producer at clause 5 of schedule 1.

(vii) The Power Producer shall undertake at its own cost maintenance of the Interconnection Facilities, excluding the transmission line beyond the Sending Station as per the specifications and requirements of GETCO/ DISCOMs, as notified to the Power Producer, in accordance with Prudent Utility Practices.

(viii) The Power Producer shall operate and maintain the Project in accordance with Prudent Utility Practices.

(ix) The Power Producer shall be responsible for all payments on account of any taxes, cesses, duties or levies imposed by the GoG or its competent statutory authority on the land, equipment, material or works of the Project or on the Electricity generated or consumed by the Project or by itself or on the income or assets owned by it.

(x) For evacuation facility and maintenance of the transmission, the Power Producer shall enter into separate agreement with GETCO/ DISCOMs, if applicable.

(xi) To procure start up power required for the plant from respective Discom.

(xii) Fulfilling all other obligations undertaken by him under this Agreement.

(xiii) Post commissioning of the solar power plant, during the entire period of the PPA, the Power Producer shall not replace the solar modules, whether damaged or otherwise, without prior consent of DISCOM.

(xiv) Power Producer shall not change the shareholding / ownership of the project before completion of one year from the date of COD. Any change in ownership of the project shall be allowed only after expirty of one year from commissioning of the project with prior consent of DISCOM

3.2 Obligations of DISCOM:

(i) DISCOM shall grant Must Run Status to the Project subject to the provisions of applicable regulations and grid code.

(ii) DISCOM shall be obliged to buy power only upto Contracted CUF of 30% in a contract year

3.3 Liquidated Damages for Delay in Commissioning the Project / Solar Photovoltaic Grid Interactive Power Plant beyond Scheduled Commercial Operation Date

If the project is not commissioned by its Scheduled Commercial Operation Date due to reasons other than mentioned below, the Power Producer shall pay to the DISCOM the Liquidated Damages for delay at the rate of Rs. 3000 per day per MW for the capacity delayed beyond SCOD subject to ceiling of Rs 5 Lacs / MW. Commissioning of the project capacity shall be allowed for the capacity which is ready for commissioning as on SCOD and commissioning of balance capacity, if any, which is delayed beyond SCOD shall be allowed only at one go when full contracted capcity is ready for commissioning. In case of delay of more than 1 year, DISCOM assumes no obligation and has right to recover Liquidated Damages and also to terminate the Power Purchase Agreement for uncommissioned capacity as per provisions of Article 10.

1. The project cannot be Commissioned by Scheduled Commercial Operation Date because of Force Majeure event; or
2. The Power Producer is prevented from performing its obligations because of material default on part of DISCOM.
3. Power Producer is unable to achieve commercial operation on Scheduled Commercial Operation Date because of delay in transmission facilities/ evacuation system for reasons solely attributable to the GETCO / DISCOM

ARTICLE 4: Synchronisation, Commissioning and Commercial Operation

4.1 Synchronization, Commissioning and Commercial Operation

4.1.1 The Power Producer shall give at least fifteen (15) days written notice to the SLDC / ALDC / DISCOM as the case may be, of the date on which it intends to synchronize the Power Project to the Grid System.

4.1.2 Subject to Article 4.1.1, the Power Project may be synchronized by the Power Producer to the Grid System when it meets all the connection conditions prescribed in the Grid Code and otherwise meets all other Indian legal requirements for synchronization to the Grid System.

4.1.3 The synchronization equipment and all necessary arrangements / equipment including Remote Terminal Unit (RTU) for scheduling of power generated from the Project and transmission of data to the concerned authority as per applicable regulation shall be installed by the Power Producer at its generation facility of the Power Project at its own cost. The Power Producer shall synchronize its system with the Grid System only after the approval of GETCO / SLDC / ALDC and GEDA.

4.1.4 The Power Producer shall immediately after each synchronization / tripping of generator, inform the sub-station of the Grid System to which the Power Project is electrically connected in accordance with applicable Grid Code.

4.1.5 The Power Producer shall commission the Project within SCOD.

4.1.6 The Power Producer shall be required to obtain Developer and/ or Transfer Permission, Key Plan drawing etc, if required, from GEDA. In cases of conversion of land from Agricultural to Non-Agriculture, the commissioning shall be taken up by GEDA only upon submission of N.A. permission by the Power Producer.

4.1.7 The Power Producer shall be required to follow the Forecasting and Scheduling procedures as per the Regulations issued by Hon'ble GERC from time to time. It is to clarify that in terms of GERC (Forecasting, Scheduling, Deviation Settlement and Related Matters of Solar and Wind Generation Sources) Regulations, 2019 the procedures for Forecasting, Scheduling & Deviation Settlment are applicable to all solar generators having combined installed capacity above 1 MW connected to the State Grid / Substation including those connected via pooling stations.

4.1.8 **Early Commissionning:** The Power Producer shall be permitted for full commissioning of the Project even prior to the SCOD (Schedule Commercial Operation Operation Date) provided they submit the documents listed at Schedule 3.

4.1.9 **Penalty for Delay in Commissioning:** The Project shall be commissioned by the Scheduled Commercial Operation Date. In case of failure to achieve this milestone, the Liquidated Damages shall be applicable as per Article 3.3.

4.2 Performance Bank Guarantee

4.2.1 The Performance Bank Guarantee No. ________ dated _______ issued by _______ Bank [PBG shall be from the list of banks approved by Finance Department, Govt. of Gujarat vide GRs issued from time to time] and furnished by Power Producer to DISCOM shall be for guaranteeing the commissioning / commercial operation of the project up to the Contracted Capacity within SCOD.

4.2.2 If the Power Producer fails to commission the project on or before Scheduled Commercial Operation Date, DISCOM shall have the right to encash the Performance Bank Guarantee without prejudice to the other rights of the Power Producer under this Agreement as per Article 3.3.

4.2.3 DISCOM shall release the Performance Bank Guarantee upon successful commissioning of full contracted capacity after adjusting Liquidated Damages (if any) as per Article 3.3.

4.3 Dispatch and Scheduling

4.3.1 The Power Producer shall be required to schedule its power as per the applicable Regulations / Requirements / Guidelines of CERC / GERC / SLDC / RLDC and maintain compliance to the Grid Code requirements and directions, as specified by ALDC / SLDC / RLDC from time to time. Any deviation from the schedule will attract the provisions of applicable Regulation / Guidelines / Directions and any financial implication on account of this shall be to the account of the Power Producer.

4.4 Restrictions on use of Fossil Fuels

4.4.1 Post commissioning of the solar power plant, during the entire period of the PPA, the Power Producer shall not use fossil fuels for generation of power and injection into the grid.

ARTICLE 5: Rates and Charges

5.1 DISCOM shall pay to the Power Producer every month for the Delivered Energy as certified in the SEA by Gujarat SLDC, for the Term of this Agreement from the COD, The Tariff payable by DISCOM for energy purchased shall be as below.

5.2 DISCOM shall pay a fixed tariff of **Rs. 2.83 / unit** as declared by GUVNL as per GoG Policy and as agreed by the Parties, upon commissioning of Project (as certified by GEDA) for the net Delivered Energy as certified in SEA published by Gujarat SLDC during the period of 25 years life of the Project.

5.3 For each KVARH drawn from the grid, the Power Producer shall pay to GETCO / DISCOM at the rate determined by GERC from time to time.

5.4 In case of delay in commissioning of the Project beyond SCOD, the provisions as per Article 4.1.9 shall be applicable.

5.5 In the event of Change in Shareholding/ Substitution of Promoters triggered by the Financial Institutions leading to signing of fresh PPA with a New Entity, an amount of Rs. 1 Lakh per Project per Transaction Plus GST @18% as Facilitation Fee (non-refundable) shall be deposited by the developer to DISCOM.

5.6 The Intra-State ABT is already implemented in the State. Energy certified by SLDC in the SEA shall be considered for monthly energy bill. The other provisions of Intra-State ABT and Open Access and Other Regulations of GERC / CERC and amendments thereto from time to time shall be applicable. The provisions of GERC (Forecasting, Scheduling, Deviation Settlement and Related Matters of Solar and Wind Generation Sources) Regulations, 2019 as amended from time to time shall be applicable.

ARTICLE 6: Billing and Payment

6.1 Billing Provision

The Billing will be on monthly basis. DISCOM will be billed by the Power Producer based on energy as certified by SEA of Gujarat SLDC following the end of each month for the energy supplied. Any bill raised after a period of three years from the date of certification of SEA shall be barred by limitation and shall not be payable.

6.2 Payment

DISCOM shall make payment of the amounts due in Indian Rupees within thirty (30) days from the date of receipt of the Tariff Invoice by the designated office of the DISCOM.

6.3 Late Payment

For payment of Monthly bill by DISCOM, if paid after Due Date of Payment, a late Payment charge shall be payable by DISCOM to the Power Producer at the rate of seven (7) percent in excess of the SBI 1 year Marginal Cost of Funds Based Lending Rate (MCLR) per annum / any replacement thereof by SBI, on the amount of outstanding payment, calculated on a week or part thereof basis viz.

$$= \frac{(\text{SBI MCLR rate} + 7\%)}{52} \quad \text{per week or part thereof.}$$

6.4 Rebate

For payment of Monthly Bill by DISCOM, if paid before Due Date of Payment, a Rebate shall be deducted by DISCOM at the rate of seven (7) percent in excess of the applicable SBI 1 year Marginal Cost of Funds Based Lending Rate (MCLR) per annum / any replacement thereof by SBI, on the amount paid before due date, calculated on a week or part thereof basis viz.

$$= \frac{(\text{SBI MCLR rate} + 7\%)}{52} \quad \text{per week or part thereof.}$$

6.5 Disputes:

In the event of a dispute as to the amount of any Tariff Invoice, DISCOM shall notify the Power Producer of the amount in dispute and DISCOM shall pay the Power Producer 100% of the undisputed amount within the due date provided either party shall have the right to approach the GERC to effect a higher or lesser payment on the disputed amount. The Parties shall discuss within a week from the date on which DISCOM notifies the Power Producer of the amount in dispute and try and settle the dispute amicably. Where any dispute arising out of or in connection with this agreement is not resolved mutually then such dispute shall be submitted to adjudication by the GERC under Section 79 or 86 of Electricity Act 2003 and the GERC may refer the matter to Arbitration as provided in the said provision read with Section 158 of Electricity Act 2003. For dispute beyond the power conferred upon the GERC, such dispute shall be subject to jurisdiction of High Court of Gujarat. If the dispute is not settled during such discussion then the payment made by DISCOM shall be considered as a payment under protest. Upon resolution of the dispute, in case the Power Producer is subsequently found to have overcharged, then it shall return the overcharged amount with an interest of SBI 1 year Marginal Cost of Funds Based Lending Rate (MCLR) per annum plus 7% for the period it retained the additional amount. DISCOM / Power Producer shall not have the right to challenge any Tariff Invoice, or to bring any court or administrative action of any kind questioning/modifying a Tariff Invoice after a period of three years from the date of the Tariff Invoice is due and payable.

ARTICLE 7: Metering and Communication

7.1 Reading, Correction and Installation of Meters

(i) The metering point will be at the receiving end of GETCO substation / DISCOM Network as the case may be. For the purpose of energy accounting the Power Producer shall install ABT compliant meter at the metering point at the cost of consumer.

(ii) To optimize costs, common dedicated 11 KV transmission line may be set up by a cluster of adjoining developers with appropriate metering at their respective end of project as well as common meter for such project developers at the Interconnection Point. In such case, the energy injection by Power Producer at receiving end shall be worked out on the basis of metering of common meter appropriately apportioned as per meter reading at sending end meter of Power Producer by DISCOM / SLDC / ALDC.

(iii) Interface metering shall conform to the Central Electricity Authority (Installation and Operation of Meters) Regulations 2006 and amendment thereto. GETCO / DISCOM / SLDC / ALDC shall stipulate specifications in this regard.

(iv) For facilitating energy accounting & certification, the meters shall mandatorily be equipped with Automatic Meter Reading (AMR) system as per specifications stipulated by GETCO / DISCOM / SLDC / ALDC.

(v) In addition to main meter, a back up meter shall be required to be installed by the power producer. In the event that the Main Metering System is not in service as a result of maintenance, repairs or testing, then the Backup Metering System shall be used during the period the Main Metering System is not in service and the provisions above shall apply to the reading of the Backup Metering System.

7.2 Sealing and Maintenance of Meters.

(i) The Main Metering System and the Backup Metering System shall be sealed in the presence of representatives of Power Producer and GETCO / DISCOM.

(ii) When the Main Metering System and / or Backup Metering System and / or any component thereof is found to be outside the acceptable limits of accuracy or otherwise not functioning properly, it shall be repaired, re-calibrated or replaced by the Power Producer and / GETCO / DISCOM at Power Producer’s cost, as soon as possible.

(iii) Any meter seal(s) shall be broken only by GETCO / DISCOM’s representative in the presence of Power Producer representative whenever the Main Metering System or the Backup Metering System is to be inspected, tested, adjusted, repaired or replaced.

(iv) All the Main and Check Meters shall be calibrated at least once in a period of three years.

(v) In case, both the Main Meter and Check Meter are found to be beyond permissible limit of error, both the meters shall be calibrated immediately and the correction applicable to main meter shall be applied to the energy registered by the Main Meter at the correct energy for the purpose of energy accounting / billing for the actual period during which inaccurate measurements were made, if such period can be determined or, if not readily determinable, shall be the shorter of:

A. the period since immediately preceding test of the relevant Main meter, or

B. one hundred and eighty (180) days immediately preceding the test at which the relevant Main Meter was determined to be defective or inaccurate.

7.3 Records

Each Party shall keep complete and accurate records and all other data required by each of them for the purposes of proper administration of this agreement and the operation of the Power Plant. Among such other records and data, the Power Producer shall maintain an accurate and up-to-date operating log at the Power Plant with records of:-

a) Fifteen (15) minutes logs of real and reactive power generation, frequency, transformer tap position, bus voltage(s), Main Meter and Back up Meter Readings and any other data mutually agreed;

b) any unusual conditions found during operation / inspections;

c) chart and printout of event loggers, if any, for system disturbances/ outages;

d) All the records will be preserved for a period of 36 months.

ARTICLE 8: Force Majeure

8.1 Force Majeure Events:

a) Neither Party shall be responsible or liable for or deemed in breach hereof because of any delay or failure in the performance of its obligations hereunder (except for obligations to pay money due prior to occurrence of Force Majeure events under this Agreement) or failure to meet milestone dates due to any event or circumstance (a "Force Majeure Event") beyond the reasonable control of the Party experiencing such delay or failure, including the occurrence of any of the following:

i) acts of God;

ii) typhoons, floods, lightning, cyclone, hurricane, drought, famine, epidemic, plague or other natural calamities;

iii) acts of war (whether declared or undeclared), invasion or civil unrest;

iv) any requirement, action or omission to act pursuant to any judgment or order of any court or judicial authority in India (provided such requirement, action or omission to act is not due to the breach by the Power Producer or DISCOM of any Law or any of their respective obligations under this Agreement);

v) inability despite complying with all legal requirements to obtain, renew or maintain required licenses or Legal Approvals;

vi) earthquakes, explosions, accidents, landslides; fire;

vii) expropriation and/or compulsory acquisition of the Project in whole or in part by Government Instrumentality;

viii) chemical or radioactive contamination or ionizing radiation; or

ix) damage to or breakdown of transmission facilities of GETCO/ DISCOMs;

x) Exceptionally adverse weather condition which are in excess of the statistical measure of the last hundred (100) years.

b) **Force Majeure Exclusions:** Force Majeure shall not include the following conditions, except to the extent that they are consequences of an event of Force Majeure:

1. Unavailability, Late Delivery or Change in cost of plants and machineries, equipment, materials, spares parts or consumables for the project;
2. Delay in performance of any contractor / sub contractor or their agents;
3. Non performance resulting from normal wear and tear experience in power generation materials and equipments;
4. Strike or Labour Disturbances at the facilities of affected parties;
5. In efficiency of finances or funds or the agreement becoming onerous to perform, and

6. Non performance caused by, or concerned with, the affected party's
    I. Negligent and intentional acts, errors or omissions;
    II. Failure to comply with Indian law or Indian Directive; or
    III. Breach of, or default under this agreement or any Project agreement or Government agreement.

c) The affected Party shall give notice to other party of any event of Force Majeure as soon as reasonably practicable, but not later than 7 days after the date on which such Party knew or should reasonably have known of the commencement of the event of Force Majeure. If any event of Force Majeure results in a breakdown of communication rendering it not reasonable to give notice within the applicable time limit specified herein, then the party claiming Force Majeure shall give notice as soon as reasonably practicable after reinstatement of communication, but not later than one day after such reinstatement. Such notice shall include full particulars of the event of Force Majeure, its effects on the Party claiming relief and the remedial measures proposed, and the Affected Party shall give the other Party regular (and not less than monthly) reports on the progress of those remedial measures and such other information as the other party may reasonably request about the situation.

d) The affected Party shall give notice to the other Party of (1) cessation of relevant event of Force Majeure; and (2) cessation of the effects of such event of Force Majeure on the performance of its rights or obligations under this agreement, as soon as practicable after becoming aware of each of these cessations.

e) To the extent not prevented by a Force Majeure event, the affected party shall continue to perform its obligations pursuant to this agreement. The affected party shall use its reasonable efforts to mitigate the effect of any event of Force Majeure as soon as practicable.

8.2 Available Relief for a Force Majeure Event:

No Party shall be in breach of its obligations pursuant to this agreement to the extent that the performance of its obligations was prevented, hindered or delayed due to a Force Majeure event. However, adjustment in tariff shall not be allowed on account of Force Majeure event.

For avoidance of doubt, neither Party's obligation to make payments of money due and payable prior to occurrence of Force Majeure events under this Agreement shall be suspended or excused due to the occurrence of a Force Majeure Event in respect of such Party.

ARTICLE 9: Change in Law

9.1 Definition

9.1.1 "Change in Law" shall refer to the occurrence of any of the following events notified after the date of signing of PPA.

a) the enactment, bringing into effect, adoption, promulgation, amendment, modification or repeal, of any statute, decree, ordinance or other law, regulations, notice, circular, code, rule or direction by Governmental Instrumentality or a change in its interpretation by a Competent Court of law, tribunal, government or statutory authority or any of the above regulations, taxes, duties charges, levies etc. that results in any change with respect to any tax or surcharge or cess or similar charges levied by the Competent Government on the generation of electricity (leviable on the final output in the form of energy) or sale of electricity.

b) Introduction / modification / changes in rates of safeguard duty and/or antidumping duty and /or custom duty including surcharge thereon which have direct effect on the cost of solar PV modules.

9.2 Relief for Change in Law

9.2.1 In case of Change in Law on account of 9.1.1 (a) above results in the Power Producer's costs directly attributable to the Project being decreased or increased by one percent (1%), of the estimated revenue from the Electricity for the Contract Year for which such adjustment becomes applicable or more, during Operation Period, the Tariff Payment to the Power Producer shall be appropriately increased or decreased with due approval of GERC.

9.2.2 In case of Change in Law on account of 9.1.1 (b) above, the Power Producer shall be allowed an increase / decrease in tariff of 1 paise / unit for every increase / decrease of Rs. 2 Lakh per MW in the Project Cost incurred upto the Schedulded Commercial Operation Date upon submission of proof of payment made by the Power Producer towards safeguard duty and/or anti-dumping duty and/or custom duty to the concerned Authority and with due approval of GERC. This increase / decrease in tariff due to this change in cost of solar PV modules shall be limited to actual DC capacity or 150% (One hundred & fifty percent) of contracted AC capacity, whichever is lower.

9.2.3 The Power Procurer / DISCOM or the Power Producer, as the case may be, shall provide the other Party with a certificate stating that the adjustment in the Tariff Payment is directly as a result of the Change in Law and shall provide supporting documents including proof of payment to substantiate the same and such certificate shall correctly reflect the increase or decrease in costs.

9.2.4 The revised tariff shall be effective from the date of such Change in Law as approved by GERC.

ARTICLE 10: Term, Termination and Default

10.1 Term of the Agreement: This Agreement shall become effective upon the execution and delivery thereof by the Parties hereto and unless terminated pursuant to other provisions of the Agreement, shall continue to be in force for such time until the completion of a period of 25 years (Twenty Five) from the Commercial Operation Date of the Project. This Agreement may be extended for a further period on mutually agreed terms and conditions at least one hundred eighty (180) days prior to the Expiry Date.

Survival: The expiry or termination of this Agreement shall not affect any accrued rights, obligations and liabilities of the Parties under this Agreement, including the right to receive penalty as per the terms of this Agreement, nor shall it affect the survival of any continuing obligations for which this Agreement provides, either expressly or by necessary implication, which are to survive after the Expiry Date or termination including those under Article 8 (Force Majeure), Article 10 (Term, Termination and Default), Article 11 (Dispute Resolution), Article 12 (Indemnity), Article 13 (Miscellaneous Provisions), and other Articles and Schedules of this Agreement which expressly or by their nature survive the Term or termination of this Agreement shall continue and survive any expiry or termination of this Agreement

10.2 Events of Default:

10.2.1 **Power Producer's Default:** The occurrence of any of the following events at any time during the Term of this Agreement shall constitute an Event of Default by Power Producer:

a. Failure to commission the project by scheduled commercial operation date beyond the period mentioned in Article 3.3

b. Fails to supply power in terms of the PPA

c. O & M Default on part of Power Producer

d. Failure or refusal by Power Producer to perform any of its material obligations under this Agreement.

e. Power Producer fails to make any payment required to be made to DISCOM under this agreement within three (3) months after the due date of a valid invoice raised by the DISCOM on the Power Producer.

f. If the Power Producer (i) assigns or purports to assign its assets or rights in violation of this agreement; or (ii) transfers or novates any of its rights and / or obligations under this agreement, in violation of this agreement.

g. If the Power producer becomes voluntarily or involuntarily the subject of proceeding under any bankruptcy or insolvency laws or goes into liquidation or dissolution or has a receiver appointed over it or liquidator is appointed, pursuant to Law, except where such dissolution of the Power producer is for the purpose of a merger, consolidation or reorganization and where the resulting entity has the financial standing to perform its obligations under this Agreement and creditworthiness similar to the Power Producer and expressly assumes all obligations under this agreement and is in a position to perform them; or

h. The Power Producer repudiates this agreement.

i. Failure to maintain the shareholding/ownership of the project before completion of one year from the date of COD. Any change in ownership of the project shall be allowed only after expiry of one year from commissioning of the project with prior consent of DISCOM.

j. Occurrence of any other event which is specified in this Agreement to be a material breach / default of the Power Producer or commits any other acts or omissions as laid down in the PPA and is also unable to cure any of the aforesaid within the cure period, as may be provided in the PPA, the Solar Power Generator shall be construed to be in default.

10.2.2 **DISCOM's Default:** The occurrence of any of the following at any time during the Term of this Agreement shall constitute an Event of Default by DISCOM:

a. Failure or refusal by DISCOM to pay any portion of undisputed monthly bill for a period of 90 days after due date.

b. DISCOM repudiates this Agreement.

c. If DISCOM becomes voluntarily or involuntarily the subject of proceeding under any bankruptcy or insolvency laws or goes into liquidation or dissolution or has a receiver appointed over it or liquidator is appointed, pursuant to Law, except where such dissolution of DISCOM is for the purpose of a merger, consolidation or reorganization and where the resulting entity expressly assumes all obligations under this agreement and is in a position to perform them.

10.3 Termination:

10.3.1 **Termination for Power Producer Default:** Upon the occurrence of an event of default as set out in sub-clause 10.2.1 above, DISCOM may deliver a "Default Notice" to the Power Producer in writing, with a copy to the representative of the lenders to the Power producer with whom the Power Producer has executed the Financing Agreements which shall specify in reasonable detail the Event of Default giving rise to the default notice, and calling upon the Power Producer to remedy the same. Where a "Default Notice" has been issued with respect to an Event of Default, which requires the co-operation of both DISCOM and the Power Producer to remedy, DISCOM shall render all reasonable co-operation to enable the Event of Default to be remedied without any legal obligations.

a. At the expiry of 30 (thirty) days from the delivery of this default notice and unless the Parties have agreed otherwise, or the Event of Default giving rise to the default notice has been remedied, the Power Producer shall have liability to make payment toward compensation to DISCOM equivalent to six (6) months' billing at normative CUF of 19% of the charges for its contracted capacity. This compensation shall be applicable only in case of termination of project after commissioning of project. Further, the DISCOM shall have the right to recover the said damages by way of forfeiture of bank guarantee, if any, without prejudice to resorting to any other legal course or remedy.

b. In addition to the levy of damages as aforesaid, in the event of a default by the Solar Power Generator, the lenders shall be entitled to exercise their rights to seek substitution of the Solar Power Generator by a selectee, in accordance with the substitution agreement and in concurrence with DISCOM. However, in the event the lenders are unable to substitute the defaulting Solar Power Generator within the period stipulated by DISCOM, DISCOM may terminate the PPA by issuing a "Termination Notice"

c. The lenders in concurrence with DISCOM, may seek to exercise right of substitution under Article 10.3.1 (a.) by an amendment or novation of the PPA in favour of the selectee. The Solar Power Generator shall cooperate with DISCOM to carry out such substitution and shall have the duty and obligation to continue to operate the Power Project in accordance with this PPA till such time as the substitution is finalized. In the event of Change in Shareholding/Substitution of Promoters triggered by the Financial Institutions leading to signing of fresh PPA with a New Entity, an amount of Rs. 1 Lakh per Project per Transaction as Facilitation Fee (non-refundable) shall be deposited by the developer to DISCOM.

10.3.2 **Termination for DISCOM's Default:** Upon the occurrence of an Event of Default as set out in sub-clause 10.2.2 above, the Power Producer may deliver a Default Notice to DISCOM in writing which shall specify in reasonable detail the Event of Default giving rise to the Default Notice, and calling upon DISCOM to remedy the same.

DISCOM with the prior consent of the Power Producer may novate its part of the PPA to any third party, including its Affiliates within the period of 7 days following the expiry of notice period. In the event the aforesaid novation is not acceptable to the Power Producer, or if no offer of novation is made by the defaulting Procurer/ DISCOM within the stipulated period of 7 days, then the Power Producer may terminate the PPA and require the defaulting Procurer/ DISCOM to pay to the Power Producer, damages, equivalent to 6 (six) months billing at normative CUF of 19%, or balance PPA period whichever is less, of charges for its contracted capacity, with the Project assets being retained by the Power Producer.

In the event of termination of PPA, any damages or charges payable to DISCOM, for the connectivity of the plant, shall be borne by DISCOM.

ARTICLE 11: Dispute Resolution

11.1 All disputes or differences between the Parties arising out of or in connection with this Agreement shall be first tried to be settled through mutual negotiation.

11.2 The Parties hereto agree to attempt to resolve all disputes arising hereunder promptly, equitably and in good faith.

11.3 Each Party shall designate in writing and communicate to the other Party its own representative who shall be authorized to resolve any dispute arising under this Agreement in an equitable manner and, unless otherwise expressly provided herein, to exercise the authority of the Parties hereto to make decisions by mutual agreement.

11.4 In the event that such differences or disputes between the Parties are not settled through mutual negotiations within sixty (60) days, after such dispute arises, then it shall be adjudicated by GERC in accordance with law.

ARTICLE 12: Indemnity

12.1 Power Producer's Indemnity: The Power Producer agrees to defend, indemnify and hold harmless DISCOM, its officers, directors, agents, employees and affiliates (and their respective officers, directors, agents and employees) from and against any and all claims, liabilities, actions, demands, judgments, losses, costs, expenses, suits, actions and damages arising by reason of bodily injury, death or damage to property sustained by third parties that are caused by an act of negligence or the willful misconduct of the Power Producer, or by an officer, director, sub-contractor, agent or employee of the Power Producer except to the extent of such injury, death or damage as is attributable to the willful misconduct or negligence of, or breach of this Agreement by, DISCOM, or by an officer, director, sub-contractor, agent or employee of the DISCOM.

12.2 DISCOM's Indemnity: DISCOM agrees to defend, indemnify and hold harmless the Power Producer, its officers, directors, agents, employees and affiliates (and their respective officers, directors, agents and employees) from and against any and all claims, liabilities, actions, demands, judgments, losses, costs, expenses, suits, actions and damages arising by reason of bodily injury, death or damage to property sustained by third parties that are caused by an act of negligence or the willful misconduct of DISCOM, or by an officer, director, sub-contractor, agent or employee of DISCOM except to the extent of such injury, death or damage as is attributable to the willful misconduct or negligence of, or breach of this Agreement by, the Power Producer, or by an officer, director, sub-contractor, agent or employee of the Power Producer.

ARTICLE 13: Miscellaneous Provisions

13.1 Governing Law: This Agreement shall be interpreted, construed and governed by the Laws of India.

13.2 Insurance: The Power Producer shall obtain and maintain necessary policies of insurance during the Term of this Agreement consistent with Prudent Utility Practice.

13.3 Books and Records: The Power Producer shall maintain books of account relating to the Project in accordance with generally accepted Indian accounting principles.

13.4 Waivers: Any failure on the part of a Party to exercise, and any delay in exercising, exceeding three years, any right hereunder shall operate as a waiver thereof. No waiver by a Party of any right hereunder with respect to any matter or default arising in connection with this Agreement shall be considered a waiver with respect to any subsequent matter or default.

13.5 Limitation Remedies and Damages: Neither Party shall be liable to the other for any consequential, indirect or special damages to persons or property whether arising in tort, contract or otherwise, by reason of this Agreement or any services performed or undertaken to be performed hereunder.

13.6 Notices: Any notice, communication, demand, or request required or authorized by this Agreement shall be in writing and shall be deemed properly given upon date of receipt if delivered by hand or sent by courier, if mailed by registered or certified mail at the time of posting, if sent by fax when dispatched (provided if the sender's transmission report shows the entire fax to have been received by the recipient and only if the transmission was received in legible form), to:

In case of the Power Power Producer:

Name: ______________

Designation: _________

Address: _____________

Ph. Nos.: _______ Fax No.: ________

In case of DISCOM:

Designation: ________________

Address : __________________

Ph. Nos.: ____________________

13.7 Severability:

Any provision of this Agreement, which is prohibited or unenforceable in any jurisdiction, shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof and without affecting the validity, enforceability or legality of such provision in any other jurisdiction.

13.8 Amendments:

This Agreement shall not be amended, changed, altered, or modified except by a written instrument duly executed by an authorized representative of both Parties. However, DISCOM may consider any amendment or change that the Lenders may require to be made to this Agreement.

13.9 Assignment:

Neither Party shall assign this Agreement nor shall any portion hereof without the prior written consent of the other Party, provided further that any assignee expressly assume the assignor's obligations thereafter arising under this Agreement pursuant to documentation satisfactory to such other Party. However, such assignment shall be permissible only for entire contracted capacity.

Provided however, no approval is required from DISCOM for the assignment by the Power Producer of its rights herein to the Financing Parties and their successors and assigns in connection with any financing or refinancing related to the construction, operation and maintenance of the Project.

In furtherance of the foregoing, DISCOM acknowledges that the Financing Documents may provide that upon an event of default by the Power Producer under the Financing Documents, the Financing Parties may cause the Power Producer to assign to a third party the interests, rights and obligations of the Power Producer thereafter arising under this Agreement. DISCOM further acknowledges that the Financing Parties, may, in addition to the exercise of their rights as set forth in this Section, cause the Power Producer to sell or lease the Project and cause any new lessee or purchaser of the Project to assume all of the interests, rights and obligations of the Power Producer thereafter arising under this Agreement.

13.10 Entire Agreement, Appendices:

This Agreement constitutes the entire agreement between DISCOM and the Power Producer, concerning the subject matter hereof. All previous documents, undertakings, and agreements, whether oral, written, or otherwise, between the Parties concerning the subject matter hereof are hereby cancelled and shall be of no further force or effect and shall not affect or modify any of the terms or obligations set forth in this Agreement, except as the same may be made part of this Agreement in accordance with its terms, including the terms of any of the appendices, attachments or exhibits. The appendices, attachments and exhibits are hereby made an integral part of this Agreement and shall be fully binding upon the Parties.

In the event of any inconsistency between the text of the Articles of this Agreement and the appendices, attachments or exhibits hereto or in the event of any inconsistency between the provisions and particulars of one appendix, attachment or exhibit and those of any other appendix, attachment or exhibit DISCOM and the Power Producer shall consult to resolve the inconsistency.

13.11 Further Acts and Assurances:

Each of the Parties after convincing itself agrees to execute and deliver all such further agreements, documents and instruments, and to do and perform all such further acts and things, as shall be necessary or convenient to carry out the provisions of this Agreement and to consummate the transactions contemplated hereby.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their fully authorized officers, and copies delivered to each Party, as of the day and year first above stated.

FOR AND ON BEHALF OF POWER PRODUCER M/S. **Authorised Signatory** **WITNESSES** **1. ________________________** **( )** **2. ________________________** **( )**	FOR AND ON BEHALF OF DISCOM **DISCOM** **WITNESSES** **1. ________________________** **( )** **2. ________________________** **( )**

SCHEDULE 1: Parameters and Technical Limits Of Supply

1. Electrical Characteristics

- Three phase alternating current
- Nominal declared frequency : 50.0 Hz
- Final Voltage at Delivery Point: _____

Short circuit rating: As a part of the detailed design process, the Power Producer shall calculate the short circuit rating (minimum and maximum), and supply this information to DISCOM / GETCO.

Note: The tolerances & Electrical characteristics variations and Basic Insulation level will be as per relevant grid code and CEA standards.

2. Quality of Service

The Power Producer shall be responsible for the delivery of energy conforming Performance Standards for Transmission and Bulk Supply as approved by GERC.

The maximum current and voltage waveform distortion shall be in accordance with the limits prescribed under Central Electricity Authority (Grid Standards) Regulations 2010, as amended from time to time.

3. Power Factor

The Power Producer shall maintain the Power Factor as per the prevailing GERC regulations and as may be stipulated / specified by GETCO / DISCOM from time to time. The Power Producer shall provide suitable protection devices, so that the Electric Generators could be isolated automatically when grid supply fails.

Connectivity criteria like short circuit level (for switchgear), neutral Grounding, fault clearance time, current unbalance (including negative and zero sequence currents), limit of harmonics etc. shall be as per Grid Code.

4. Technical Limits of Voltage

(i) The nominal steady state electrical characteristics of the system are as follows:

a) Three phase alternating current at 50 Hertz plus or minus 0.5 Hertz

b) Nominal voltage of 11 KV

(ii) The Project shall be designed and capable of being synchronized and operated within a frequency range as per relevant Grid Code and voltage of ____ KV.

(iii) Operation of the Project outside the nominal voltage and frequency specified above will result in reduction of power output consistent with generator capability curves.

5. Specification of Electrical Energy Delivery

a) The generation voltage from the Solar Photovoltaic Grid Interactive Power Project of M/s. ______________________ is ____ KV. It uses unit connection of generator, generator transformer and unit transformer.

b) The generated power at ____ KV will be stepped up to ____ KV at the Project Site and connected ____ KV at for the purpose of interconnection with the Grid System.

SCHEDULE 2: Approvals

1. Consent from the GETCO / DISCOM for the evacuation scheme for evacuation of the power generated by the __ MW Solar Photovoltaic Grid Interactive Power Projects (to be taken before signing of PPA).
2. Approval of the Electrical Inspectorate, Government of Gujarat for energization of the transmission line and the solar project installed at the Project Site.
3. Certificate of Commissioning of the Solar Photovoltaic Grid Interactive Power Project issued by GEDA.
4. Permission from all other statutory and non-statutory bodies required for the Project
5. Clearance from Department of Forest, Ecology and Environment, if required

SCHEDULE 3: Documents to be submitted within six months from date of signing of PPA.

a) Documents establishing clear ownership of the land in the name of Power Producer OR legal possession of the land in the name of the Power Producer through a long term lease deed for a period of 25 years from proposed scheduled commercial operation date of the project.

b) In case the power producer wants to develop the project on the land already owned by him, such power producer shall submit the 7 / 12 extracts of the land on which the solar power project is to be installed, in the name of power producer.

SCHEDULE 4: Project Location Details

CAPACITY (MW)	LOCATION DETAILS	SUB-STATION / LINE / METERING / INTERCONNECTION DETAILS