

Before

UTTARAKHAND ELECTRICITY REGULATORY COMMISSION

Petition No. 34 of 2021 (Suo-Moto)

In the matter of:

Review of the Benchmark Capital Cost for Solar PV, Solar Thermal and Grid Interactive Rooftop & Small Solar PV Plants to be applicable for FY 2021-22 and onwards till reviewed/revised by the Commission.

AND

In the matter of:

Extension of the Control Period of the benchmark capital cost and generic tariff for the Solar PV Plants allowed to successful bidders by UREDA for development of Solar PV Plants having cumulative capacity of 200 MW and Solar PV Plant developers who have been allowed to execute PPA with UPCL with zero CFA for fulfilment of RPO compliance of UPCL.

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Shri D.P. Gairola Member (Law) - Chairman (I/c)

Shri M.K. Jain Member (Technical)

Date of Order: September 21, 2021

The Commission in exercise of powers vested in it under Section 61(h), 86(1)(e) read with Section 181(2)(zd) of the Electricity Act, 2003, notified the UERC (Tariff and Other Terms for Supply of Electricity from Renewable Energy Sources and non-fossil fuel based Co-generating Stations) Regulations, 2018 (hereinafter referred to as "RE Regulations, 2018") on 06.09.2018 which came into force from the date of notification and shall remain in force for a period of 5 years from the date of commencement until and unless reviewed earlier or extended by the Commission.

2. Regulation 11 of the RE Regulations, 2018 specifies as under:

"11. Control Period or Review Period

The Control Period or Review Period under these Regulations shall be of five years, of which the first year shall

be the financial year 2018-19.

Provided that the benchmark capital cost of Solar PV, Canal Bank & Canal Top Solar PV, Solar Thermal, Municipal Solid Waste based power projects, Refuse Derived Fuel based power projects and Grid interactive Roof Top and Small Solar PV projects may be reviewed annually by the Commission.

Provided further that the tariff determined as per these Regulations for the RE projects commissioned during the Control Period, shall continue to be applicable for the entire Tariff Period.”

The Commission vide its Suo-moto Order dated 07.06.2019 had reviewed the benchmark capital cost and levellised tariff for the solar energy based power projects commissioned on or after 01.04.2019 and re-determined the benchmark capital cost and levellised tariff applicable from 01.04.2019 and till further review by the commission. However, during FY 2020-21, due to Coronavirus (COVID 19) pandemic, the global supply chain of solar power modules was affected resulted into non-availability of generalised data of module price. Further, in line with the decision of Central Government, the State Government had declared COVID 19 epidemic because of which all construction activities alongwith other commercial activities had been disrupted for the solar power developers. Accordingly, the Commission taking cognizance of the situation at the time, extended the control period of benchmark capital cost and levellised tariff determined for FY 2019-20 by the Commission vide Suo-moto Order dated 07.06.2019 for solar energy based power plants till 31.03.2021 while the other terms & conditions shall be applicable in accordance with the RE Regulations, 2018.

3. Subsequently, the Commission based on the above-mentioned Regulation 11 of RE Regulations, 2018 issued a draft Order dated 30th July, 2021 in Misc. Application No. 19 of 2021 (Suo-Moto) in the matter of review of benchmark capital cost for Solar PV, Solar Thermal and Grid Interactive Rooftop & Small Solar PV Plants to be applicable for the projects to be commissioned during FY 2021-22 and onwards will review/revised by the Commission. The draft Order was also posted on the Commission's website and comments were sought from the stakeholders.
4. From the comments received from the various stakeholders on the draft Order in the matter of review of benchmark capital cost and generic tariff, the Commission observed that most of the stakeholders have made general statement regarding transportation/freight charges or custom clearance charges, prices & type of power conditioning unit and prices of cables & transformers. However, none of the stakeholders provided any financial or technical data in this regard. Further, as per Regulation 6 of RE Regulations, 2018, RE based generators are required to submit

plants' technical as well as financial details to the Commission for analysis, however, no details have been submitted by any of the developers till date.

5. The Commission also observed that many stakeholders approached the Commission requesting for the time extension for installation of Solar PV plants allotted to them by UREDA under 200 MW Solar PV plant scheme due to restrictions of movement of goods and people during March, 2021 & April, 2021 because of nationwide spread of COVID-19 and disruption because of monsoon from July, 2021 onwards. The Commission examined the submission of the stakeholders and observed that due to second wave of COVID-19, there was disruption in movement of goods and specially in hilly terrain. Further, in order to facilitate the ease of doing business and as a measure of relief to RE projects so that they can deal with the difficulties arising out of the restrictions imposed on account of second wave, MNRE vide its Office Memorandum dated 29.06.2021 allowed the entire period of disruption as time extension of development of RE projects. Further, as per Committee set by Union Home Ministry, GoI, the third wave of the coronavirus may reach its peak around October, 2021 or November, 2021 which may disrupt the smooth movement of goods and people again.
6. Accordingly, taking into consideration the time extension allowed by MNRE, non-availability of data and uncertainties regarding another wave of coronavirus in the upcoming months as indicated by the concerned ministry of GoI, the Commission is of the view that the benchmark capital cost and generic tariff determined by the Commission vide Suo-moto Order dated 07.06.2019 which was extended by the Commission vide its Order dated 11.05.2020 and 30.09.2020 till September, 2020 and March, 2021 respectively, shall continue to be applicable till March, 2022 while the other terms and conditions shall remain the same in accordance with the RE Regulations, 2018.
7. The Commission also observed that UREDA vide its letter dated 27.08.2021 submitted the current development status of the solar power plant allotted to successful bidders selected through competitive bidding process for development of Solar PV plants having cumulative capacity of 200 MW. UREDA vide its said letter referring to the various disruptions faced by the developers and also referring to MNRE's Office Memorandum dated 29.06.2021 requested the Commission to extend the time allowed to the developers for establishment of Solar PV plants till August 2021 vide its Order dated 31.03.2021 upto November, 2021 or to extend till March, 2022 in line with the control period fixed for the Solar PV plants to be developed under "मुख्यमंत्री

सौर स्वरोजगार योजना”.

8. The Letter of UREDA was forwarded to UPCL seeking comments. In reply, UPCL vide its letter dated 16.09.2021 requested the Commission that any extension which will protect the bid rate should not be allowed, however, if any developer wishes to commission its plant later than 31.08.2021, it should be allowed the lowest of the bid or the benchmark rates applicable for that period and moreover, the developers should also compensate UPCL for its loss against the availability of RE power based upon the terms mentioned in the RfP.
9. The Commission has gone through the request made by all the solar power plant developers for extension of date of commercial operation of the Solar PV plants allotted to them as well as letters of UREDA and UPCL. In the matter, it is pertinent to mention that the Commission had already allowed the extension till June 2020 vide its Order dated 01.02.2019 based on the request made by UREDA for extension of Control Period of benchmark capital cost and generic tariff for FY 2018-19 till March 2020 for setting up Solar PV plants having cumulative capacity of 200 MW. However, out of 200 MW only 148 MW capacity could be allotted to successful bidders selected through competitive bidding process. Accordingly, on the request of UREDA, the Commission allowed extension of Control Period of benchmark capital cost and generic tariff for FY 2019-20 till October, 2020 for the remaining 52 MW capacity.
10. It is also pertinent to mention that 12 nos. of developers who had executed PPA with UCPL at the tariff rate specified by the Commission for plants with subsidy of 70%, approached the Commission requesting for revision of tariff rate from 70% CFA to Non-CFA for solar energy based power plants which already have 25 years PPA with UPCL under Jawaharlal National Solar Mission stating that they had incurred expenditure for acquisition of land and/or converting waste land suitable for installation of solar power plant and also made advances to the installation firms. The Commission after hearing the parties in the matter vide Order dated 17.09.2019 accepted the request of developers and directed UREDA to issue revised LoA with zero subsidy to 12 nos. of developers and also directed UPCL to execute PPA with them. UREDA issued revised LoA to the said developers in September, 2019.
11. Subsequently, based on the representations made by various solar power plant developers, the Commission vide suo-moto Order dated 23.06.2020 allowed the time extension till 31.03.2021 by granting additional time of nine months and six months to the successful bidders selected for development of solar power plants having cumulative capacity of 148 MW and 52 MW

respectively considering disruption due to lockdown on account of coronavirus (COVID-19) pandemic. The same time extension was also applicable to above mentioned 12 nos. of solar power plant developers.

12. Thereafter, UREDA had filed a Petition before the Commission for extension of Control Period of benchmark capital cost and generic tariff applicable to respective selected developer upto August, 2021 for establishment of Solar PV plants having cumulative capacity of 200 MW and developers who have been allowed to execute PPA with UPCL with zero CFA for fulfillment of RPO compliance of UPCL due to restrictions on account of COVID-19. The Commission vide Order dated 31.03.2021 taking into consideration the submissions of UREDA and UPCL accepted the request of UREDA and granted time extension till August, 2021.
13. Based on the above discussion, it is explicitly clear that the Commission had allowed extension of benchmark capital cost and generic tariff for completion of the respective projects three times in couple of years. Further, during the proceedings of the Petition filed by 12 nos. of developers for revision of tariff and execution of revised PPA from 70% CFA to zero CFA for fulfilment of UPCL RPO requirement, it was apprised to the Commission that the projects were in advance stage as most of the developers had acquired land and placed order to the Solar module suppliers. However, developers are still seeking time extension for commissioning of projects on account of restriction due to spread of coronavirus after two years of issuance of revised LoA in September, 2019 by UREDA.
14. The Commission observed that LoA to bidders selected through competitive bidding process for development of Solar PV Plants having cumulative capacity of 148 MW, 52 MW and zero CFA were issued in June, 2019, November, 2019 and September, 2019 respectively. Here, it is worth mentioning that the Solar projects are required to be commissioned within twelve months from the date of allotment as per Solar Energy Policy 2013 as amended from time to time. However, the Commission taking cognizance of the various disruption due to spread of coronavirus allowed the extension for completion of projects with the bid rates till August, 2021.
15. Further, as mentioned earlier in this Order that MNRE vide its Office Memorandum dated 29.06.2021 has decided to allow time extension to RE projects for the entire period of disruption in order to facilitate the ease of doing business and as a measure of relief to RE projects so that they can deal with difficulties arising out of the restrictions imposed on account of the second COVID-19 surge. The relevant extract of the OM is as follows:

“However, in order to facilitate the ease of doing business and as a measure of relief to RE projects so that they can deal with difficulties arising out of the restriction imposed on account of the second COVID-19 surge, it has been decided that the entire period of disruption i.e. 1st April, 2021 to 15th June, 2021 (both dates inclusive), can be allowed as time-extension to RE projects, being implemented through Implementing Agencies designated by MNRE or under various schemes of MNRE...”

16. Based on the above Office Memorandum of MNRE vide which MNRE has decided to allow time extension of two and half month while the activities related to RE projects were covered under essential activities and were allowed to continue even during the lockdown situation and three time extensions have already been allowed by the Commission to the solar power plant developers to construct Solar PV plant at their bid tariff in the past, the Commission allows the extension of the Control Period of the respective Orders of benchmark capital cost and generic tariff applicable to selected bidders for completion of the solar projects upto 15th November 2021. However, in case of any delay beyond 15th November 2021, the lower of the prevailing tariff for the year FY 2019-20, as extended from time to time, and that determined through competitive bidding/PPA tariff shall be applicable till 31st March, 2022 on the upcoming projects.

17. Ordered Accordingly.

(M.K. Jain)
Member (Technical)

(D.P. Gairola)
Member (Law) - Chairman (I/c)