

**Before the
TRIPURA ELECTRICITY REGULATORY COMMISSION
Bidyut Bhavan, Bhutoria, Banamalipur, Agartala, Tripura-799 001
phone nos: 0381-2300137 , 0381-2326372,
website : <https://terc.tripura.gov.in>**

Petition No. : 02 of 2023.

Final Order No. 04 of 2023.

Date of hearing on : 12-01-2023.

(order reserved on 12-01-2023).

IN THE MATTER OF : Procurement of 100 MW ISTS connected Solar Power from SECI's manufacturing linked Solar Scheme by TSECL

AND

IN THE MATTER OF : Purchase of Energy under Clause 3.1(A) of TERC (Tariff procedure) Regulation 2004.

AND

IN THE MATTER OF : Petition under section 62 of the Electricity Act, 2003 read with clause 3.1(A) of TERC (Tariff procedure) Regulation 2004.

CORAM

1. Sri. D. Radhakrishna, Hon'ble Chairman

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Petitioner :

1. Tripura State Electricity Corporation Ltd.

Bidyut Bhavan Complex, Banamalipur, Agartala, Tripura.

Respondent:

Solar Energy Corporation of India Limited;

6th floor, Plate-B, NBCC Office Block

Tower – 2, East Kidwai Nagar, New Delhi 110 023.

Brief facts of the Petition:

1. The Petitioner, Tripura State Electricity Corporation Ltd. is a company incorporated under the Companies Act, 2013 and having its Registered Office at Bidyut Bhavan Complex, Banamalipur, Agartala, Tripura, (hereinafter referred to as “TSECL”)
2. The Respondent Solar Energy Corporation of India is a company incorporated under the Companies Act, 1956 and having its Registered Office at 6th floor, Plate-B, NBCC Office Block Tower – 2, East Kidwai Nagar, New Delhi 110 023 (hereinafter referred to as “SECI”).
3. The Petitioner submits as under :
 - (a) The Respondent SECI has proposed offer for solar Power to Tripura at discovered price of Rs. 2.61/kWh including Trading Margin of Rs. 0.07 (seven paise)/kWh. SECI has been selected cumulative capacity of 12 GW under manufacturing link scheme in 4 trenches with 3000 MW per trenches. As on 1st April, 2022 only 1000 MW quantum is available in trench-1. At present, TSECL falls under RPO obligation. The status of RPO obligation since 2014-15 of TSECL as per TERC Regulations with projection up to Financial Year 2024-25 is attached as ANNEXURE-“A”. It has seen from RPO obligations report that TSECL needs to procure Solar Power to meet the obligation and as on March 2022, TSECL has accumulated 538.25 MUs Solar obligations. The proposed scheme of purchase by SECI is likely to be commenced by April, 2024 i.e. 2 years from the effective date of PPA. The

purchase of above mentioned quantum of power was principally agreed by Dy. Chief Minister, Govt. of Tripura. The Terms & Condition and Financial involvement of Power Sale Agreement (PSA) was vetted by Board of Directors. Subsequently, TSECL signed the Power Purchase Agreement with SECI for purchase of 100 MW Solar Power on 22/07/2022 attached as ANNEXURE-“B”, which will commence after two years from the signing date of agreement.

(1) It is to mention that the Ministry of Power (MoP), Govt. of India has announced an extension to the interstate transmission system (ISTS) charges waiver on Solar and wind energy project commission up to 30th June, 2025. The waiver applies to ISTS charges only and not losses.

(2) The project if not commissioned within 30th June, 2025 the ISTS charges will be applicable for transmission of said power as per prevailing Regulation of sharing of Transmission Charges and losses of CERC. The present rate of ISTS charges is Rs.2.52 Lakh per MW per Month for Tripura.

(3) As per clause of PSA, the Tri-Partite Agreement (TPA) signed between Reserve Bank of India, Central Government and State Government shall qualify as State Government Guarantee covering the security for payment of energy charges and as well as and termination compensation if any.

(b) SECI has been nominated by the Govt. of India as Nodal agency for implementation of MNRE Scheme for setting up of ISTS connected Solar Power project linked with the project. Accordingly, SECI will signed

Power Purchase Agreement (PPA) with the selected Solar Power Developer for procurement of 3000 MW Solar Power.

- (c) The target of Tripura was fixed at 105 MW which consists of 70 MW (Land based solar) and 35 MW (solar roof-top). In the present circumstance, we cannot comply with the existing RPO obligation. Any further enhancement of the RPO obligation in the proposed amended act will cause huge financial burden for the Discom, because of its non-compliance.
- (d) Under these circumstances, to meet the RPO obligation authority has approved to procure 100 MW Solar Power from SECI.
- (e) In accordance with the power conferred under Para-6.4 of the Tariff Policy notified on 28- 01-2016, GOI, MOP notified the long term growth trajectory of Renewable Energy Obligation (RPO) for Non-Solar & Solar uniformly for all states / Union Territories for further 3 year period from 2019-20 to 2021-22 which is as under:

Long term RPO trajectory	2019-20	2020-21	2021-22
Non-Solar	10.25%	10.25%	10.50%
Solar	7.25%	8.25%	10.50%
Total	17.50%	19.00%	21.00%

(f) The target of Tripura was fixed at 105 MW by MOP, GOI which consists of 70 MW (Land based solar) and 35 MW (solar roof-top).

(g) **FINANCIAL IMPLICATION:** The yearly financial involvement for procurement of 100 MW Solar power will be around Rs.37.0 Crore. The details calculation of financial implication as under:

MW	PAF	CUF	Yearly MU Available	Rate	Yearly Amount (Rupees in Crores)
100	85%	19%	141.474	2.61	36.92

(h) In this regard it is to mention that the ISTS charges for Solar Project commissioned up to 30th June, 2025 is being waived by MOP, GOI. Beyond that the ISTS charges will be additional.

(i) **State Government Guarantee :** The Buying Entity i.e. TSECL shall extend the State Government Guarantee, in a legally enforceable form, such that there is adequate security, both in terms of payment of energy charges and termination compensation if any [*for the purpose of this clause, the Tri-Partite Agreement (TPA) signed between Reserve Bank of India, Central Government and State Government shall qualify as State Government Guarantee covering the security for payment of energy charges*]. The Buyer shall ensure that upon invoking this guarantee, it shall at once, pass on the same to the SPD(s), to the extent the payments to the SPD(s) in terms of the PPA are due.

Provided that in cases where the Buying Entity is neither covered by Tri-Partite Agreement (TPA) nor is able to provide the State Government Guarantee, the Buying Entity shall pay to SECI an additional risk premium of Rs 0.10/kWh, which shall be credited to the payment security fund maintained by the SECI.

PRAYER : Approve the Terms & Condition and Financial implication for procurement of ISTS connected 100 MW Solar Power from SECI's Manufacturing linked Solar Scheme at a fixed rate of Rs.2.61/kWh including trading margin of 7 Paise of SECI. The rate is Fixed & Firm.

4. Proceedings in the Case:

1. The Minutes / Memorandum of the Meeting held on 6th January 2023 are as follows:

No. F. 38 /TERC/09/ 12-17

Dated the 6th Jan 2023

MEMORANDUM

Sub : Hearing on 12th Jan 2023

The Commission has received a letter from DGM Commercial & Tariff TSECL vide no DGM /C&SO/TC/101/1197-1200 dt 8/12/2022 in the subject "Filing for procurement of 100 MW ISTS connected Solar Power from SECI's Manufacturing linked Solar Scheme.

Accordingly the Commission has fixed the hearing on the subject matter on **12th Jan 2023** in the Court Room of TERC at 11.30 AM .

All concerned are hereby take necessary action accordingly.

Sd/-

06/01/2023

(Mrs Sujata Das Chakrabarti)

Secretary

TERC, Agartala

Copy to

1. The Secretary (Power), Govt. Of Tripura New Secretariat Complex Agartala, Tripura.(Enclosure copy of the letter) .
2. The Managing Director TSECL. Bidhyut Bhavan Banamalipur Agartala.
3. The Managing Director SECI 6th Floor Plate B NBCC office Block Tower New Delhi. Email. corporate@seci.co.in
4. The Director General TREDA Pandit Nehru Complex Gorkhabasti, Agartala.
5. The Addle General Manager (Mr A K Naik) email. aknaik@seci.co.in
6. The DGM Commercial & Tariff TSECL. Agartala

Sd/
06/01/2023
Secretary
TERC, Agartala

2. The Minutes / Memorandum of the Meeting held on 9th January 2023 are as follows:

No. F. 38 /TERC/09/33-38

Dated the 9th Jan 2023

MEMORANDUM

Sub : Hearing on 12th Jan 2023

Considering the request from Solar Energy Corporation of India (SECI) The Commission has refixed the hearing time on 12.01.2023 at 11 AM instead of 11.30 AM in the subject “Filing for procurement of 100 MW ISTS connected Solar Power from SECI’s Manufacturing linked Solar Scheme.

All concerned are hereby take necessary action accordingly.

Sd/-
09/01/2023
(Mrs Sujata Das Chakrabarti)
Secretary
TERC, Agartala

Copy to

1. The Secretary (Power) ,Govt Of Tripura New Secretariat Complex Agartala, Tripura.
2. The Managing Director TSECL. Bidhyut Bhavan Banamalipur Agartala.
3. The Managing Director SECI 6th Floor Plate B NBCC office Block Tower New Delhi. Email. corporate@seci.co.in
4. The Director General TRENDA Pandit Nehru Complex Gorkhabasti Agartala.
5. The Addl. General Manager (Mr A K Naik) email. aknaik@seci.co.in
6. The DGM Commercial & Tariff TSECL. Agartala

Sd/
09/01/2023
Secretary
TERC, Agartala

3. This Petition was heard on 12th January 2023 and the details are as under :

Petition No. 02 Of 2023 Daily Order No. : 02 of 2023

In the matter of Filing for procurement of 100 MW ISTS connected Solar Power from SECI's manufacturing linked Solar Scheme by TSECL

CORAM

Sri D Radhakrishna, Hon'ble Chairman, TERC.

For Petitioner : (1) Ms.Sujata Sarkar, DGM TSECL
(2) Sri Ashim Bhoumik, Sr. Manager TSECL

For Respondent :

(1) Tanya Sareen, Advocate,
(2) U Sinha, Addl. Secretary Power
(3) Sri Parthasarathi Roy, Project Officer TRE
(4) Sri Debabrata Pal, Sr. Manager TSECL

DAILY ORDER

Date of hearing : 12-01-2023

Date of Order : 12-01-2023

1. Heard all the parties present.
2. The petitioner is requested to make a payment of **Rs. 1,00,000/-** (Rupees One Lakh) as per Schedule Cl. 18 (19.2(ii)) of TERC(Miscellaneous Provisions Relating To Petitions, Fees Etc.) Regulation, 2016.
3. Order is reserved.

The Secretary, TERC is directed to inform all concern.

Sd/

12.02.2023

**Sri D Radhakrishna,
Hon'ble Chairman, TERC.**

5. The submissions of the Petitioner are as follows:

As per TSECL, the RPO demands are not meet since 2006. Even the POC charges were Rs 3,00,00,000/- in 2008 which tends to zero presently. According to the Central Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2022, TSECL should adhere to the schedule of drawal and injection of electricity. Although in the present scenario, our state is having surplus power, but if in any case one of the machines or any generating source goes out of order, our state will face a deficiency of power. Figuring the current situation in markets, power is available well in advance but in real time, if face problem of power deficiency.

According to the legal advisor of SECI, TSECL has signed a PPA on 22.07.2022 with SECI for purchase of 100 MW solar powers. The power project will commence by 2024. As per the notification of MoP, Govt. of India regarding the exemption of ISTS charges, it is announced that ISTS charger waiver applies to the projects commissioned until June 30, 2025, thereafter ISTS charges will be levied.

As per the TPA, PSA provides a detailed payment security measure where TSECL have to submit a letter of credit to SECI so that in case TSECL fails to make the payment, the letter of credit will come to force. It will be a layer by layer security.

SECI will buy power from power generator and then it will be supplied to TSECL. In order to safeguard the interest of the generators, so that they get their payment, SECI extend payment security measures to the generators, and similarly on back to back basis they will take the payment security mechanisms from TSECL also.

In addition to the letter of credit and TPA, SECI also suggested for a payment security fund, which is truly optional and will favour TSECL interest. This payment security fund will support payment of at least 3 months.

As per the provision of the PSA, in the interest of the corporation, SECI has provided a fixed capacity which will be given to the corporation. As mentioned in the provision 6.8.3(Criteria of generation) of Page 26 of PSA, TSECL can purchase energy up to 266.14 million kWh(MU), anything beyond this capacity, it will be TSECL's decision whether they will procure it or not. However, the PSA provide a scheme that clearly mentions that anything between the min. energy and max. energy being generated from the generators, SECI will supply to the DISCOM. So the financial implication will be calculated and will depend on the capacity of the energy injected.

Petitioner pointed out the CUF to be bit higher. As per SECI, the CUF 19% is just a parameter which is adopted generally across the country.

6. Further observations of the Commission :

Section 62. (Determination of tariff), reads under :

(1) The Appropriate Commission shall determine the tariff in accordance with the provisions of this Act for –

(a) Supply of electricity by a generating company to a distribution licensee:

Provided that the Appropriate Commission may, in case of shortage of supply of electricity, fix the minimum and maximum ceiling of tariff for sale or purchase of electricity in pursuance of an agreement, entered into between a generating company and a licensee or between licensees, for a period not exceeding one year to ensure reasonable prices of electricity;

(b) transmission of electricity ;

(c) wheeling of electricity;

(d) retail sale of electricity:

Provided that in case of distribution of electricity in the same area by two or more distribution licensees, the Appropriate Commission may, for promoting competition among distribution licensees, fix only maximum ceiling of tariff for retail sale of electricity.

(2) The Appropriate Commission may require a licensee or a generating company to furnish separate details, as may be specified in respect of generation, transmission and distribution for determination of tariff.

(3) The Appropriate Commission shall not, while determining the tariff under this Act, show undue preference to any consumer of electricity but may differentiate according to the consumer's load factor, power factor, voltage, total consumption of electricity during any specified period or the time at which the supply is required or the geographical position of any area, the nature of supply and the purpose for which the supply is required.

(4) No tariff or part of any tariff may ordinarily be amended, more frequently than once in any financial year, except in respect of any changes expressly permitted under the terms of any fuel surcharge formula as may be specified.

(5) The Commission may require a licensee or a generating company to comply with such procedures as may be specified for calculating the expected revenues from the tariff and charges which he or it is permitted to recover.

(6) If any licensee or a generating company recovers a price or charge exceeding the tariff determined under this section, the excess amount shall

be recoverable by the person who has paid such price or charge along with interest equivalent to the bank rate without prejudice to any other liability incurred by the licensee.

Clause 3.1(A) Purchase of Energy

(1) Source of energy purchased, purchase rate, quantum of energy purchased, escalation/rebate adjustment clause in the purchase rate, if any, may be given along with all the relevant details. Whether there is any dispute on purchase rate and if yes, the details thereof may be submitted.; Also indicate the maximum and minimum power down in MW from each source and date and time of such drawal and similar data from own generation.

(2) Whether any power purchase agreements (PPA), if required, have been entered into which will be in force during the period for which the tariff has been proposed. Copies of PPAs are to be enclosed.

(3) Whether the Commission has approved the purchase and procurement process as per the Act and if not, details and reasons thereof.

(4) Whether any procurement is made from co-generation/renewable sources of energy. If yes, details thereof may be submitted; if not, plans for such procurement may be indicated.

(5) Merit Order Purchase Planning and detailed justification for purchase from each source.

7. The Commission after hearing the submissions of the Petitioner and the Respondent, passed the following order :

ORDER

- 1.** The Commission is of the opinion that Tripura / India needs a lot more solar power as part of its net-zero emission plans. Currently solar accounts for around 7% of India's electricity generation. The Commission is of the opinion as the population of the Tripura is increasing and the consumption of electricity is also increasing day by day.
- 2.** More power from cheaper sources would make cheaper power to the retail customers and this is one of the objectives of the Electricity Act. However, for the economic growth of this State it is essential that the job opportunities which should have come had this Solar power been produced at Tripura should not be deprived and therefore the Respondent is directed to ensure that the manpower employed for the production of this 100 MW power should be done through a special dispensation given to young engineers which are coming from Tripura State and feasibility of giving employment to them is also to be seen by the Respondent and this would pave way to unemployed engineers of this State.
- 3.** It is said on the part of TSECL that despite having clear log in hand they have signed the agreement way back in July 2022. As a matter of fact both the parties should have taken prior approval to it and should not have taken Commission for granted. The commission therefore make it abundantly clear that in future the approval, etc may not be taken in anticipation of approval, which may please be noted.
- 4.** In view of the above observations, the Commission approves the of Power Purchase Agreement on the Terms & Condition and Financial implication for procurement of ISTS connected 100 MW Solar Power from SECI's Manufacturing linked Solar Scheme at a fixed rate of Rs.2.61/kWh including trading margin of 7 Paise of SECI;

5. In view of the above directions and order, this Petition is disposed off.
6. The Secretary, TERC is directed to inform to all concerned.

This order is corrected and signed on this 03rd day of March 2023.

Sd/
(D . Radha Krishna)
Chairman
TERC, Agartala

Certified True Copy
Sd/
03.03.2023
(Ms Sujata Das Chakrabarti)
Secretary
TERC , Agartala