Before the

MAHARASHTRA ELECTRICITY REGULATORY COMMISSION

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Case No. 194 of 2024

Petition of the Tata Power Company Limited- Distribution seeking approval for Medium Term Procurement of 200 MW Power and for approval of deviations sought in the Model Bidding Documents as notified by the Ministry of Power, Government of India, for Medium Term Procurement through competitive bidding process for meeting the demand from FY 2025-26 to FY 2026-27.

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Sanjay Kumar, Chairperson Anand M. Limaye, Member Surendra J. Biyani, Member

The Tata Power Company Limited- Distribution (TPC-D) : Petitioner

Appearance

For the Petitioner: : Adv. Shri. Venkatesh

ORDER

Date: 26 February 2025

 Petitioner, The Tata Power Company Limited – Distribution (TPC-D) has filed this Petition being Case No. 194 of 2024 on 15 November 2024 seeking approval for Medium Term Procurement of 200 MW Power and for approval of deviations sought in the Model Bidding Documents as notified by the Ministry of Power, Government of India, for Medium Term Procurement through competitive bidding process for meeting the demand from FY 2025-26 to FY 2026-27. The present petition has been filed under Section 63 of the Electricity Act, 2003, Regulations 19 of MERC (Multi Year Tariff) Regulations, 20.

2. Petitioner's main prayers are as under:

- *a)* To admit the present Petition; and
- b) To accord approval to TPC-D for initiating a competitive bidding process for the procurement of 200 MW Power in terms of Section 63 of the Electricity Act, 2003 under

3. Facts of the Petition are summarized as under:

3.1. TPC-D has tied up power on the long-term basis to meet the demand for the period from FY 2025-26 and FY 2029-30 as below:

S. No.	Quantum	Term	Approval Details
1	700.31 MW	Medium Term. (up to FY	Order dated 28.11.2023 in Case No.
		2028-29)	39 of 2023.
2	484.56 MW	Long Term. (some until	Renewable Power with TPREL and
		August 2047)	TPGEL under various arrangements,
			some of which have a term.

- 3.2. TPC-D submitted the Medium-Term Distribution Resource Adequacy Plan (MT -DRAP) in line with the requirement of RA Regulations, 2024 on 30 September 2024.
- 3.3. Accordingly, to meet the demand of TPC-D from FY 2025-26 to FY 2026-27 and applicable regulations, TPC-D proposed to procure 200 MW capacity through the competitive bidding route, in the interest of the consumer and to meet the mandate of universal supply obligation.
- 3.4. The Ministry of Power has issued the revised bidding documents on 29 January 2019, as described below:
 - (a) Single document as the "Standard Bidding Document" comprising both the Model Request for Qualification and the Model Request for Proposal and
 - (b) Model Agreement for Procurement of Power to be adopted by a distribution licensees for Procurement of Electricity from the Power Producers /Traders /Distribution Licensees through a process of open and transparent competitive bidding conducted by Distribution Licensees through an electronic platform (DEEP e-Bidding Portal) based on offer of the lowest tariff from power generating stations constructed and/or operated on FOO basis.
- 3.5. Notably, the bidding document prepared by TPC-D is based on the said Model Bidding Document notified by the MoP (and subsequent amendments) for Medium Term Procurement of Power on DEEP portal, with necessary proposed deviations as required for the kind approval of the Commission.
- 3.6. TPC-D in the instant Petition is seeking approval for the following:
 - (a) Procurement of 200 MW under Medium Term Power.
 - (b) Approval of the proposed Deviations/changes in the Model Bidding Document notified by MoP.

Power Procurement Plan

- 3.7. TPC-D shall enter into PPA with the Bidders selected through the competitive bidding process for power purchase for a period of 2 years during FY 2025-26 and FY 2026-27, which shall be extendable one-year or for lower period on mutually agreed basis on the terms, conditions and provisions of bidding. The details for the quantum sought to be procured is as under:
 - (a) 200 MW on Round The Clock (RTC) basis for RTC Availability of 85%.
 - (b) Power under "Lumpsum Tariff" option available under the Bidding documents.
- 3.8. On 3 July 2024, the Commission had issued the notification specifying the timelines for submission of MT-DRAP/Short-Term Distribution Resource Adequacy Plan along with associated activities for implementation of the Resource Adequacy Framework in the State of Maharashtra.
- 3.9. Accordingly, on 23 August 2024, TPC-D submitted a comprehensive submission detailing the sales figures from FY 2019-20 to FY 2023-24 and the hourly demand forecast data from FY 2025-26 to FY 2029-30 before the Commission, State Transmission Utility, and State Load Despatch Centre.
- 3.10. The sales forecast has categorized the load of TPC-D in four categories.
 - a. **Constant Load:** This load is expected to remain consistent throughout the day and over the year from existing consumers such as HPCL (80 MW), BPCL (30 MW), and RCF (10 MW). Although the said load may not experience any natural growth, certain consumers are planning to enhance their consumption in the future and to shift on higher voltage category. Thus, TPC-D has considered and factored in such natural enhancement in its calculations.
 - b. **Changeover Sales:** For projections, TPC-D has assumed that the present quantum of Change Over Sales would continue in the future and estimated the Change Over sales for FY 2025-26 to FY 2029-30 considering a nominal growth rate of about 2 % p.a.
 - c. **Sales with trend and Seasonal Variation:** From the existing sales, the balance sales, excluding the above two categories are expected to vary due to various reasons such as:
 - i. Increase in per-capita consumption.
 - ii. New regular loads getting added.
 - iii. Seasonal variation, daily variation due to weather and temperature; and
 - iv. Due to other factors.

For projections, TPC-D has relied on the past data. Such past data was then stripped of the Constant load and the Change Overload. The resultant values for the past years were then used for projection.

- d. **Major Load Addition:** Other than natural load growth, in certain categories of consumers, TPC-D expects a quantum or a Step Load addition, which has been considered into its projections. Such projection is based on the applications received from prospective consumers.
- 3.11. After categorizing the load of TPC-D in the above categories, for projecting the categorywise sale of direct consumers, TPC-D has considered the following factors:
 - (a) CAGR based on past trends
 - (b) Latest Sales data up to September, 2024
 - (c) Sales on OA
 - (d) Expected load addition
- 3.12. The above-mentioned sales have been determined at T<> D Interface and grossed up for transmission loss of 3.18% to arrive at the load at G<> T Interface, as below:

Projections of Sales for the period FY 2025-26 to FY 2029-30- Direct Sales

Sr No	Particulars	Mus	FY 25- Four	FY 25	FY 26	FY 27	FY 28	FY 29	FY 30
			Months						
Α	EHT								
1	Industries	Mus	274	841	1079	1257	1334	1424	1518
2	Commercial	MUs	35	105	111	118	135	163	203
3	Sewage Plant	MUs	0	0	0	0	0	0	0
4	Public Service	MUs	20	60	63	66	69	73	77
5	Railways	Mus	4	30	111	197	207	218	233
6	Total	MUs	332	1036	1365	1639	1746	1878	2031
В	нт								
1	Industries	Mus	375	1140	1187	1173	1276	1433	1548
2	Commercial	Mus	148	431	556	606	658	718	780
3	Group Housing Society	MUs	15	45	47	49	51	53	56
4	Public Services	Mus	26	80	89	98	107	115	122
5	Sewage Plant	Mus	0	0	5	30	52	69	77
6	Railways	Mus	34	129	139	146	152	159	166
7	Public Services and Government	Mus	0	0	20	21	22	23	24
8	EV Charging	Mus	5	15	15	15	15	15	15
9	Total	Mus	603	1840	2058	2137	2333	2585	278
С	LT								
1	Residential	Mus	272	751	845	983	1178	1402	165
2	LT Commercial < 20 KW	Mus	44	133	144	155	168	181	196
3	LT Commercial 20-50 KW	Mus	31	94	101	109	118	128	138
4	LT Commercial > 50 KW	Mus	131	392	423	457	493	533	575
5	LT Industries < 20 KW	Mus	8	23	25	27	29	31	34
6	LT Industries > 20 KW	Mus	75	224	242	262	283	305	330
7	LT Public Services	Mus	11	32	35	38	41	44	47
8	Lt Government Services and Hospital	Mus	2	5	6	6	7	7	8
9	LT EV Charging	Mus	3	15	16	18	20	22	24
10	Total	Mus	575	1669	1837	2054	2335	2653	300
D	Total EHT+HT+LT	Mus	1511	4545	5260	5831	6414	7116	782

Projections of Sales for the period FY 2025-26 to FY 2029-30- Change Over Sales

Sr No	Particulars	Mus	FY 25	FY 26	FY 27	FY 28	FY 29	FY 30
1	Consumption of Previous Year	Mus		1594	1626	1656	1704	1733
2	Increase in Natural Consumption	MUs		32	31	47	29	23
3	New Load Addition	MUs		0	0	0	0	0
4	Consumption for the Year	Mus	1602	1626	1656	1704	1733	1755

3.13. Based on the above-mentioned projections, the estimated requirement of Power at the G<> T interface is as follows:

Projections of Energy Requirement for the period FY 2025-26 to FY 2029-30 (including Open Access Sales)

Sr No	Particulars		FY 25	FY 26	FY 27	FY 28	FY 29	FY 30
1	Direct Sales		3509	3896	4192	4668	5238	5794
2	DL	1.02%	3545	3936	4235	4716	5292	5854
3	EHT Sales		1036	1365	1639	1746	1878	2031
4	Direct Requirement @ T ⇔ D		4581	5300	5874	6462	7170	7885
5	CO Sales @ T⇔ D		1602	1626	1656	1704	1733	1755
6	Total Requiremetn @ T <> D Interface		6183	6926	7530	8166	8902	9640
7	InSTS Requirement	3.18%	6386	7153	7778	8434	9195	9957

- 3.14. Based on the above-mentioned load projections, TPC-D submitted ST-DRAP and MT-DRAP on 30 September 2024.
- 3.15. For determining the capacity that is required to be tied up, TPC-D has also ascertained the quantum of Renewable Energy that is required to be tied up for meeting the Renewable Purchase Obligation.
- 3.16. Other considerations which have been incorporated while making the projections of capacity requirement. Such considerations are as under:
 - (a) Existing resources and already contracted resources (including 375MW hybrid from Apr-26), and shortages thereafter.
 - (b) Firm power requirement to meet peak demand as Capacity Credit (CC) factor is considered in case of solar/wind.
 - (c) Minimum 2 years commissioning period for new RE source whether Firm and Dispatchable Renewable Energy or Pumped Storage Plant or Battery Energy Storage System (FDRE/PSP/BESS).
 - (d) Short-term power is unreliable and costlier as compared to MT/LT.
 - (e) Thermal unit outages and adjusting hydro generation dynamically.
- 3.17. Thus, based on the above approach, data and assumptions, TPC-D submitted the ST-DRAP and MT-DRAP, as below:

Estimated Tie up of Capacity for Tata Power -G from FY 2025-26 to FY 2029-30

Sr No	Particulars		FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Α	Peak						
1	Peak	MW	1084	1156	1253	1332	1414
2	Diversity Factor	%	95%	95%	95%	95%	95%
3	Peak for Gap/Surplus	MW	1030	1098	1190	1265	1343
В	Existing PPAs- Thermal an	d Hydro					
1	Unit 5	MW	230	230	230	230	0
2	Unit 7	MW	85	85	85	85	85
3	Unit 8	MW	137	137	137	137	137
4	Hydro	MW	216	216	216	216	216
5	Total	MW	668	668	668	668	438
С	Wind Capacity						
1	Wind Capacity Tied Up	MW	349	600	600	600	600
2	CC Factor	%	15.1%	15.1%	15.1%	15.1%	15.1%
3=1*2	Effective Capacity	MW	52.54	90.40	90.40	90.40	90.40
D	Solar Capacity						
1	Solar Capacity Tied up	MW	400	524	524	524	524
2	CC Factor	%	25.9%	19.0%	19.0%	19.0%	19.0%
3=1*2	Effective Capacity	MW	104	100	100	100	100
E= Sum(A:D)	Total Available Capacity	MW	824	858	858	858	628
F=A3-E	Shortfall pior to Tie-Up	MW	206	240	332	407	715
G	Tie up		200	240	332		, 13
1	Medium Term- Source 1	MW	200	200			
2	FDRE -1 (Long Term)	MW	200	200	250	250	250
3	FDRE-2 (Long Term)	MW			230	230	300
4	PSP (Long Term)	MW					150
5	Short Term	MW	5	50	50	50	50
6= sum(1:5)	Total Tie-up	MW	205	250	300	300	750
0- 3um(1.3)	Total He-up	IVIVV	203	230	300	300	750
H= F-G6	Shortfall after Tie-up	MW	1	-10	32	107	-35

3.18. On the basis of the above computations, the proposed details of Medium Term and Long Term Tie up are as provided in the table below:

Sr No	Туре	Quantum in MW	Duration in Years	Power Supply From	Rationale for contracts
1	Medium Term FIRM	200	2	Apr-25	Reliable, economical as compared to short-term
2	Long-Term FDRE	250	25	Apr-27	To meet RPO and increasing demand economically
3	Long-Term FDRE	300	25	Apr-29	To meet demand in view of expiry of thermal Unit 5
4	Long-Term PSP	150	25	Apr-29	To meet evening peak effectively

TPC-D's proposal to procure 200 MW through Competitive Bidding Process

3.19. In terms of foregoing submissions, considering a need in the first two years (FY 2025-26 and FY 2026-27), TPC-D has proposed to procure the 200 MW RTC power on Medium Term Basis through competitive bidding process in DEEP Portal to meet its demand during FY 2025-26 and FY 2026-27

Approval of the Deviations in the Bidding Documents

3.20. Although the Model Bidding Document is issued by the Central Government on 29 January 2019, there are certain deviations and revisions required to make it suitable for the needs of Tata Power -D which also require approval of the Commission.

(a) Delivery Point as Maharashtra State boundary for bid evaluation

3.21. Clause 26.1 of the Model Agreement to Procurement of Power (APP) specifies the Delivery point as the point on Intra-State Grid where the power is supplied. While it is strictly not a deviation, the Delivery Point has been proposed to be specifically mentioned as Maharashtra STU Periphery. All generators (CTU connected, and STU connected) are allowed to participate in the bidding process. For inter-state projects, the bidder shall load the cost of ISTS transmission charges and cost of transmission losses as given by TPC-D. Such inclusion shall be used to bring all projects (CTU and STU connected) on one platform for bid evaluation. The charges and losses to be considered by the inter-state connected projects shall be provided by TPC-D at the time of bidding.

(b) Availability of Power-

3.22. Clause 5.1.4 of the Model APP specifies that the Contracted Capacity should have an Availability of 85% during peak hours. Furthermore, Clause 10.5 requires that the availability during the Off Peak should be 42.5% and the availability can be increased upto 85% with a notice of 30 days. However, since the power is being procured on RTC basis, there is no need to have separate Peak and Off Period in the contract. Therefore TPC-D proposed to remove Clause 10.4 and Clause 10.5 providing the Peak and Off-peak requirement of power.

(c) Minimum Capacity for Bidding.

3.23. Clause 1.1.5 of the Standard Bidding document, a bidder may bid for a capacity which is not less than 50% of the capacity that is sought by the Distribution Licensee to be purchased or 100 MW whichever is less. Therefore, to improve participation in the bidding process, such minimum capacity may be reduced to 50 MW for RTC period.

(d) Extension of APP

- 3.24. Clause 3.1.1 of the Model APP provides for extension of the term of the contract up to 25% of the of the Initial Contract Period or 1 year, whichever is lower.
- 3.25. TPC-D proposed that the extension period be modified as one-year or for lower period on mutually agreed basis on the terms, conditions and provisions of bidding. The plan for extension would be dependent on the availability of power from the 250 MW FDRE Power Plant, to be planned from FY28.
- 3.26. If the availability of the FDRE Power Plant is delayed (to be planned from FY28), TPC-D

would like to continue this source (i.e., procured under the present Petition) of power for a year or lower period on a mutually agreed basis. Pertinently, Clause 3.1.1 permits an extension only for 6 months (25% of the of the Initial Contract Period) however, since the tie-up is for 2 years. Therefore, Tata Power -D would like to seek an extension of 1 year or lower period on mutually agreed basis.

(e) Removal of Escrow Mechanism as Payment Security

- 3.27. Article 13 of the Model APP provides for Escrow arrangement and LC as the regular security mechanism. However, TPC-D proposed to remove the provision of Escrow Account and provide the security through only Letter of Credit, as it is having good credit rating, and 'Letter of Credit' would be adequate to cover the risk of non-payment. Furthermore, setting up of more security mechanisms would only increase the costs thereby eventually increasing the tariff to Consumers which may be avoided.
- 3.28. The Model Bidding Documents incorporating the above changes along with some other minor changes along with the reasons thereof has been provided along with the Petition.
- 3.29. On the successful completion of the bidding process followed by e-Reverse Auction, TPC-D sought liberty to approach the Commission for adoption of Tariff discovered through the Competitive bidding process under Section 63 of the Electricity Act, 2003.
- 4. At the e-hearing held on 17 December 2024, TPC-D reiterated the submissions made in the Petition. The Commission allowed the TPC-D to initiate the process for the procurement of 200 MW RTC Power on Medium Term Basis. The Commission reserved the matter for final Orders.

Commission's Analysis and Ruling:

- 5. The present Petition has been filed by TPC-D seeking approval for Medium Term Procurement of 200 MW RTC Power for a period of 2 years and approval of the proposed Deviations/changes in the Model Bidding Document notified by MoP for the competitive bidding under Section 63 of the Electricity Act 2003.
- 6. The Commission vide Order dated 28 November 2023 in Case No. 39 of 2023 while approving the Power procurement plan directed TPC-D to extend existing PPA with TPC-G by 5 years i.e. till March 2029, considering the prevailing transmission constraints.
- 7. The Commission notes that TPC-D based on the projections as mentioned in para 3.17 above submitted ST-DRAP and MT-DRAP on 30 September 2024. After analyzing the same, the Commission vide letter dated 18 November 2024 pointed out certain observations/deficiencies and directed TPC-D to resubmit the same along with MYT Petition. Accordingly, TPC-D has submitted its revised Resource Adequacy Plan along with MYT Petition filed under MYT Regulations 2024 which is presently sub-judice before the Commission.
- 8. Therefore, time being, the Commission has considered demand-projections submitted in present

Petition for purpose of this Petition. The Commission notes that TPC-D has made projections for future years considering tie-ups with existing resources and already contracted resources (including 375MW hybrid from Apr-26), and shortages thereafter. Capacity Credit (CC) factor in case of solar/wind, unreliability/ costliness of short-term power, thermal unit outages and dynamic hydro generation have also been considered.

- 9. As per projections made by TPC-D, there will be shortage of 206 MW and 240 MW in FY 2025-26 and FY 2026-27 and to fulfil this requirement, TPC-D has proposed to procure 200 MW RTC Power from the Medium-term contract through competitive bidding process on DEEP Portal.
- 10. The Commission notes that TPC-D has proposed to issue RFP for procurement 200 MW RTC power to meet the demand till FY 2026-27 by way of Medium-Term bidding process considering the load requirement, market scenario, in the interest of the consumers and fulfilling obligations as per RA Regulations, 2024
- 11. In view of foregoing, the Commission allows TPC-D for the procurement of 200 MW power under medium term for fulfilling the projected energy requirement during FY 2025-26 and FY 2026-27.
- 12. Further, the Commission notes the submission of TPC-D that Tender documents prepared by it are in line with the Competitive Bidding Guidelines issued by Ministry of Power, however with certain general deviations Delivery Point, Power Availability, Minimum Bidding Capacity, PPA extension and the removal of the Escrow Mechanism, etc.
- 13. The Commission notes the Central Government vide its letter No. 23/17/2013-R&R-Vol-VI (Part 2) dated 29th January 2019, has issued the revised bidding documents (i) a single document as the "Standard Bidding Document" comprising both the Model Request for Qualification and the Model Request for Proposal and (ii) Model Agreement for Procurement of Power to be adopted by distribution licensees for Procurement of Electricity from the Power Producers/Traders/Distribution Licensees through a process of open and transparent competitive bidding conducted by Distribution Licensees through an electronic platform (DEEP e-Bidding Portal) based on offer of the lowest tariff from power generating stations constructed and/or operated on FOO basis.
- 14. Further Ministry of Power vide resolution dated 30th January, 2019 issued revised Guidelines for Procurement of Electricity for Medium Term from Power Stations set up on Finance, Own and Operate (FOO) basis. According to which, any deviation in the model bidding documents shall be approved by the appropriate Commission. Related clauses are reproduced below:
 - "4. Any deviation from the Model Bidding Documents shall be made by the Distribution Licensees only with the prior approval of the Appropriate Commission. Provided, however, that any project specific modifications expressly permitted in the Model Bidding Documents shall not be construed as deviations from the Model Bidding Documents..."

- 15. The Commission notes that TPC-D has utilized the said Standard Bidding Documents with certain deviations and therefore has approached the Commission for approval to the deviations. Proposed deviations are related to procedural and contractual aspects for better participation in the bidding process.
- 16. Major deviation sought in the Standard bidding document are:
 - a. Point as Maharashtra State boundary for bid evaluation: Model PPA specifies the Delivery point as the point on Intra-State Grid, however TPC-D has proposed the same as Maharashtra STU Periphery. Bidders having inter-state projects shall bid by loading the cost of ISTS transmission charges and cost of transmission losses as given by TPC-D. Such inclusion shall be used to bring all projects (CTU and STU connected) on one platform for bid evaluation.
 - b. **Availability of Power:** As per Model PPA, the Contracted Capacity should have 85% Availability during peak hours and 42.5 % availability during the off-peak hours, which can be increased to 85% with a notice of 30 days. As TPC-D proposed to procure power on RTC basis, there is no need to have separate Peak and Off Period in the contract. Therefore, proposed to remove the Clauses accordingly.
 - c. Minimum Capacity for Bidding: As per the Standard Bidding document, Minimum Bid capacity is 100 MW or not less than 50% of the Total Bid, whichever is less. Therefore, to improve participation in the bidding process, such minimum capacity is proposed to be reduced to 50 MW for RTC period.
 - d. **Extension of APP:** Model APP provides for term extension up to 25% of Contract Period (6 Months in present case) or 1 year, whichever is lower. TPC-D has proposed to procure power from FDRE Power Plant from FY 2027-28 and if same is delayed, TPC-D has to continue the proposed present 200 MW for the period on a mutually agreed basis on the terms, conditions and provisions of bidding. Therefore, TPC-D would like to seek an extension of 1 year or lower period on a mutually agreed basis.
 - e. **Removal of Escrow Mechanism as Payment Security:** TPC-D has proposed non-consideration of the Escrow Account on account of the provision of Letter of Credit would be sufficient for Payment Security, as TPC-D is having good credit rating. Furthermore, setting up of more security mechanisms would only increase the costs thereby eventually increasing the tariff to Consumers which may be avoided. The Commission notes that in its earlier Order dated 1 June 2020 in Case No. 88 of 2020, it has allowed TPC-D to remove provision of payment security mechanism as letter of credit was found sufficient. The same is applicable for Escrow Account also.
 - f. Apart from the above, some minor changes have been incorporated in the model document are of the clarificatory nature and for the consistency with the deviations.
- 17. The Commission observes that for increasing tender participation and precautionary steps

- which may lead to a competitive Tariff, TPC-D has proposed above-mentioned deviations. Therefore, the Commission deems it appropriate to accept the deviation proposed by TPC-D.
- 18. In view of the above, the Commission accords approval to deviations proposed in RFP and Draft PPA for procurement of 200 MW RTC power on medium term basis.
- 19. Hence, following Order:

ORDER

- 1. Petition in Case No. 194 of 2024 is allowed.
- 2. Process for medium term procurement of 200 MW power on RTC basis for the Period from 1 April 2025 to 31 March 2027 is allowed.
- 3. Deviations proposed in RFP and Draft PPA for procurement of 200 MW Power on Medium term basis through competitive bidding process on DEEP Portal are allowed.
- 4. Post completion of bidding process, The Tata Power Co. Ltd. (Distribution) to approach the Commission for adoption of the Tariff under Section 63 of the Electricity Act, 2003

Sd/-(Surendra J. Biyani) Member Sd/(Anand M. Limaye)
Member

Sd/-(Sanjay Kumar) Chairperson

(Dr. Rajendra G. Ambekar) Secretary