GUJARAT URJA VIKAS NIGAM LIMITED

Sardar Patel Vidyut Bhavan, Second Floor, Commerce Deptt.,Race Course, Vadodara -390007
Phone (0265) 2340289(Direct) Fax: (0265) 2344543, 2337918, 2338164
PBX: (0265) 2310582-86 (Ext) 3221, Web: gseb.com
Corporate Identity No. CIN U40109GJ2004SGC045195

Ref. No. GUVNL/COM/GM (IPP)/RE/ 258

Date: 19/02/2021

To,
Secretary
Gujarat Electricity Regulatory Commission
6th Floor, GIFT ONE,
Road 5C, Zone 5,GIFT City,
Gandhinagar - 382355,
Gujarat, India.
Fax: 9

Fax: 91-79-23602054/23602055

Sub: 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

Respected Sir,

Please find attached herewith an application for amendment of the petition on above mentioned subject filed by GUVNL on 15.02.2021. The application (1-original plus 4 – copies) on affidavit is attached herewith. GUVNL has made payment of **Rs. 10,000/**to GERC on **19.02.2021** through NEFT (UTR No. BKIDN 21050502298) as per Schedule 24 of GERC (Fees, Fines and Charges) Regulations, 2005.

Thanking you,

Yours faithfully,

(Sailaja Vachhrajani) General Manager (IPP)

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 (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.

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
- Dakshin Gujarat Vij Company Ltd (DGVCL) Surat

APPLICATION ON BEHALF OF THE PETITIONER/ APPLICANT FOR AMENDMENT OF THE PRESENT PETITION

MOST RESPECTFULLY SHOWETH:

- 1) The petitioner on 15.02.2021 has filed a 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.
- 2) In the aforesaid petition, a copy of the proposed PPA to be signed with project developers under the "Policy for Development of Small Scale Distributed Solar Projects - 2019" had been attached and marked as Annexure E of the original petition by the petitioner.

- 3) In light of the fact that the matter is pending before Hon'ble Commission, the petitioner seeks permission of Hon'ble Commission to amend the petition in the following manner.
 - (a) The cause title of the petition may be replaced as follows.

"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 and approval of draft PPA."

(b) Para 19 of the Petition may be amended as under.

"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 draft PPA prepared in line with submissions mentioned at para 15 to 18 above is attached hereto and marked as Annexure E for approval of the Hon'ble Commission.

(c) The prayer at para 20(b) of the petition may be amended as under.

"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 and approve the draft PPA proposed at Annexure E of the petition.

- 4) A copy of the amended Petition is annexed hereto and marked as Annexure A.
- 5) It is submitted that present application is necessary for adjudication of all issues arising out of "Policy for Development of Small Scale Distributed Solar



Projects - 2019"issued by State Government vide GR dated 06.03.2019 and guidelines issued thereunder.

- 6) Further, the petitioner seeks permission of the Hon'ble Commission for joining State Transmission Utility (STU) i.e. Gujarat Energy Transmission Company (GETCO) as co-petitioner since the connectivity of the solar projects under the policy is to be granted by DISCOMs based on technical feasibility of injection of power into the grid certified by GETCO. In this regard, the petitioner hereby places on record the amended memo of parties which is appended herewith as Annexure B. The Petitioner is further serving a copy of the Petition along with the present Application to all newly joined Copetitioners.
- 7) It is submitted that the present Application is bonafide and made in the interest of justice. No harm or prejudice would be caused to any party if the present application is allowed.

Gujarat Urja Vikasa Nigam Lto

Date: 19.02.2021 Place: Vadodara

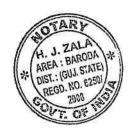
DECLARATION

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

Date: 19.02.2021

Place: Vadodara



BEFORE THE GUJARAT ELECTRICITY REGULATORY COMMISSION GANDHINAGAR

Filing No: Case No:

IN THE MATTER OF

NOTARIAL

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 (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 and approval of Draft PPA.

Sr. No. 5/39

Date: /912 12021

PETITIONER

Gujarat Urja Vikas Nigam Limited Sardar Patel Vidyut Bhavan, Race Course,

/adodara - 390 007 Fax: 0265-2344543

AND Others

AFFIDAVIT

I, Kishor Lakhani, son of Odhavjibhai Lakhani, aged about 32 years resident of Vadodara do hereby solemnly affirm and state as under:

- 1. I am the Junior 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.

/ERIFICATION:

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.

Date: 19.02.2021 Place: Vadodara

> My Commission Expires on 02/27:2023

Sworn Balare Me by...... Solemnly Affirmed Dec

NOTALLY (Govt. of INDIA)

Gujarat Urja V

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NOTARIAL





NOTARIAL

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 and approval of draft PPA.

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
- 5. Gujarat Energy Transmission Company Ltd (GETCO) Vadodara

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 and approval of draft PPA.

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.

VADODAR

- 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:
 - 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".
- 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 CoPetitioner Companies had issued Public Notice in newspapers on 03.10.2020
 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 provision of 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.

- (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 draft PPA prepared in line with submissions mentioned at para 15 to 18 above is attached hereto and marked as Annexure E for approval of the Hon'ble Commission.

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 and approve the draft PPA proposed at Annexure E of the petition.
- 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.



Date: 19.02.2021 Place: Vadodara

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 \

Date: 19.02.2021

Place: Vadodara

Annexure-B

ANNEXURE B

AMENDED MEMO OF PARTIES TO PETITION

PETITIONER

Gujarat Urja Vikas Nigam Limited

Sardar Patel Vidyut Bhavan

Race Course,

Vadodara - 390 007

AND

CO-PETITIONERS

 Madhya Gujarat Vij Company Ltd (MGVCL) Sardar Patel Vidyut Bhavan Race Course, Vadodara - 390 007

 Uttar Gujarat Vij Company Ltd (UGVCL) Visnagar Road, Mehsana-384001

 Paschim Gujarat Vij Company Ltd (PGVCL) Laximi Nagar, Nana Mava Main Road Rajkot

4. Dakshin Gujarat Vij Company Ltd (DGVCL) Nana Varachha Road, Kapodara Char Rasta, Surat

 Gujarat Energy Transmission Company Ltd (GETCO) Sardar Patel Vidyut Bhavan Race Course, Vadodara - 390 007

