

**BEFORE THE GUJARAT ELECTRICITY REGULATORY COMMISSION
GANDHINAGAR**

Petition No. 2364 of 2024.

In the matter of:

Petition under Section 86(1)(b) of the Electricity Act,2003 for Approval of Battery Energy Storage Sale Agreement signed by Gujarat Urja Vikas Nigam Limited (GUVNL) with Solar Energy Corporation of India limited (SECIL) for procurement of 150 MW/300 MWh Energy Storage capacity procured by SECI under Tariff Based Competitive Bidding Process for 500 MW/1000 MW Pilot Project to be set up by the BESSD at Fatehgarh-III Substation of Power Grid in Rajasthan.

Petitioner: Gujarat Urja Vikas Nigam Limited

Represented by: Mr. Sourav Nandy along with Mr. Sumit Harwani, and
Mr. Prasun Kumar

V/s

Respondent No.1: Solar Energy Corporation India Limited

Represented by: No Body remain present

Respondent No.2: JSW Renew Energy Five Limited,

Represented by: No Body remain present

CORAM:

**Mehul M. Gandhi, Member
S.R. Pandey, Member**

Date: 08/08/2024.

DAILY ORDER

1. The matter was listed for hearing on 28.06.2024.

2. Mr. Sourav Nandy appearing on behalf of the Petitioner GUVNL submitted that the present Petition has been filed seeking approval of the Battery Energy Storage Sale Agreement (BESSA) dated 26.06.2023 with SECI (Intermediary Agency) for procurement of 150 MW/ 300 MWh Battery Energy Storage capacity from SECI's 500 MW/1000 MWh Pilot Project to be set up by the BESSD at Fatehgarh -III Substation in Rajasthan.

2.1. It is submitted that on July 22, 2022, the Ministry of Power (MoP), Government of India, established a trajectory for Renewable Purchase Obligation (RPO) and Energy Storage Obligation (ESO) until 2029-30, as amended from time to time. As per the notification, the ESO for the fiscal year 2023-24 is set at 1%, with subsequent yearly increments of 0.5% leading to a target of 4% for the fiscal year 2029-30. Further, Central Electricity Authority (CEA), while preparing the National Electricity Plan (NEP), 2023 has also calculated the ESS capacity required to integrate the upcoming Renewable Energy capacity in the country in order to satisfy the peak electricity demand.

2.2. It is submitted that as per NEP 2023 the energy storage capacity requirement is projected to be 16.13 GW (7.45 GW PSP and 8.68 GW BESS) in year 2026-27, with a storage capacity of 82.32 GWh (47.6 GWh from PSP and 34.72 GWh from BESS). The energy storage capacity required for 2029-30 is likely to be 60.63 GW (18.98 GW PSP and 41.65 GW BESS) with storage of 336.4 GWh (128.15 GWh from PSP and 208.25 GWh from BESS). By the year 2031-32, this requirement is expected to increase to 73.93 GW (26.69 GW PSP and 47.24 GW BESS) with a storage capacity of 411.4 GWh (175.18 GWh from PSP and 236.22 GWh from BESS).

2.3. He submitted that in accordance with the same, the Petitioner on behalf of its four Distribution companies has been entering into Energy Storage Purchase Agreements/Energy Storage Sale Agreement amongst others with various Energy Developers for procurement of Storage /power from time to time.

2.4. He submitted that SECI vide letter dated 07.12.2021 had requested GUVNL for giving consent for quantum of capacity requirement and if discovered rates are found

acceptable, based on that Battery Energy Storage Sale Agreement can be signed. The brief regarding tariff based competitive Bidding conducted by SECI is submitted as under.

a) Ministry of Power (MoP) vide No. 23/16/2020-R&R Part (1) dated 11th March 2022 has notified "Guidelines for procurement and utilization of Battery Energy Storage System as part of Generation, Transmission and Distribution assets, along with Ancillary Services".

b) SECI has been designated as a Nodal Agency for developing and facilitating the establishment of the Grid connected Battery Energy Storage Capacity in India in terms of the Policy /Guidelines issued by the Government of India.

c) SECI had initiated a Tariff Based Competitive Bid Process for development of 500 MW/1000 MWh of ISTS connected Battery Energy Storage Project (Project) on the terms and conditions contained in the Request for Selection Documents (hereinafter referred to as 'RFS) issued by SECI vide Rfs No SECI/C&P/PP/15/0001/22-23 dated 13.04.2022 and subsequent amendment.

d) In proposal dated on 07.12.2021 of SECI has provided details of calling bids of 1000MWh of standalone Battery Energy Storage System with provision of daily utilization of 2 hours and 2 nos of cycles with an annual average availability of 95% and round-trip efficiency of 85%. The project is to be connected with ISTS and commissioned within 18 months of signing of Agreement between Developers.

2.5. It is submitted that the Petitioner GUVNL vide letter dated 17.02.2022 has informed SECI for in-principal consent for procurement of 300 MW Battery Energy Storage System from 1000MWh tender capacity of SECI. The approval was conditional that discovered rates from competitive bidding followed by reverse auction undertaken by SECI are found acceptable and based on that Battery Energy Storage Sale Agreement (BESSA) can be done between SECI & GUVNL.

- 2.6. It is submitted that SECI vide letter dated 14.11.2022 has informed the Petitioner GUVNL that 30% of capacity shall be utilized for POSOCO (Grid India) for ancillary services, 40% of capacity shall be utilized for merchant capacity by developer & balanced 30 % of capacity (150 MW/300 MWh) shall be offered to DISCOMs on monthly capacity charges, where GUVNL may use excess generation for charging of BESS and while peak demand GUVNL can reutilized that stored energy.
- 2.7. On query of the Commission about discovered rate, he submitted that under SECI's 1000 MWh BESS tender capacity procured under Competitive bidding followed by e-RA, L1 price discovered is Rs. 10,83,500 per MW per month, additional facilitation charges of Rs. 5,417.50 per MW per month (0.5%) of applicable capacity charges, cumulatively capacity charges of Rs. 10,88,917.50 per MW per Month. On further query of the Commission about effective price of BESS, he submitted that the effective price of BESS capacity being offered is estimated to be Rs. 6,44,473.06 per MW per month. (excluding the applicable GST, taxes and duties if any) after grant from Power System Development Fund (PSDF). On the further query of the Commission about the levelized cost of storage, it is submitted that the levelized cost of storage is estimated to Rs. 6 per kWh considering the discount rate at 8.3% and life of project is of 12 years.
- 2.8. On further query of the Commission that is the discovered rate of the aforesaid BESS project justified? it is submitted that it is a pilot project, further, Storage rates discovered under GUVNLs' Standalone BESS pilot project Phase-II bid is in range of Rs. 448996-449996 per MW per Month and recently in the BESS project Phase- III it was discovered as Rs. 3,72,978 per MW per month. On part of rates discovered was reduced it is submitted that due to reduction in cost of material by 40-50%, which impacted the reduction in discovered rates. The Commission has asked the justification about variation in rates discovered in the earlier bid as well as present bid for such type of Battery Energy Storage System projects, in this regard the Petitioner agreed to file the submissions justifying the rates.
- 2.9. On the further query of the Commission, whether any deviations from Ministry of Power guidelines, in respect of Change in Law clause, Payment Security Mechanism and Letter

of Award to Letter of intent has been change by SECI in their tender document, in response to same, the Petitioner has given approval subject to alignment of various key provisions of agreements i.e., force Majeure, change in law, payment security mechanism, in line with GUVNL PPAs for procurement of RE power through competitive bidding process, it is submitted that SECI did not take in any deviation from the MoP guidelines.

2.10. On the further query of the Commission that how the project capacity is being allotted, in response to same it is submitted that in the aforementioned RfS., 60% of project capacity shall be procured by SECI and 40% of project capacity shall be identified as market component and in case of any reduction the project capacity, bifurcation of 60% and 40% shall be done on pro-rata basis. Further on the query of the Commission about the useful life of the project, it is submitted, it is of 12-year period and after the end of 12 years after commissioning of project the BESS developer will transfer the project to SECI at Re. 1/- with the project being free from any encumbrances.

3. We have considered the submissions made by the Petitioner. We note that Petitioner has filed present Petition seeking approval of Battery Energy Storage Agreement signed by GUVNL with Solar Energy Corporation of India Limited (SECIL) for procurement of 150MW/300MWh Energy Storage capacity procured by SECI under Tariff based Competitive Bidding Process from 500MW /1000MWh pilot project to be set up by the BESSD at Fatehgarh-III substation of Power Grid in Rajasthan.

4. We note that when the matter was called out, nobody was present on behalf of the Respondents although the hearing notice was issued. Moreover, the Commission has received email on 28.06.2024 from Advocate Mr. Rahul Ranjan on behalf of the Respondent No. 1 SECI submitting that due to sudden unexpected rains and heavy water logging, he missed the flight for Ahmedabad from New Delhi. Further, in the email dated 28.06.2024, he confirms that SECI has no objection to approval of the BESSA by the Commission as prayed for by the Petitioner GUVNL. SECIs consent may therefore kindly

be taken on record. We also note that no communication received from the Respondent No 2 JSW Renew Energy five Limited about its inability to remain present in today's hearing on 28.06.2024.

5. We note that the Petitioner has agreed to submit justification of the discovered rate in the Battery Energy Storage System rates, let it be filed within 2 weeks' time with a copy to others. All the parties are at liberty to file their further submissions if any, within one week's time, with a copy to other side.

6. Order accordingly.

Sd/-
[S.R. Pandey]
Member

Sd/-
[Mehul M. Gandhi]
Member

Place: Gandhinagar.
Date: 08/08/2024.

