



ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION

4thFloor, Singareni Bhavan, Red Hills, Hyderabad - 500 004

THE FIRST DAY OF JUNE TWO THOUSAND AND TWENTY TWO

:Present:

Justice C.V. Nagarjuna Reddy, Chairman

Sri P. Rajagopal Reddy, Member

Sri Thakur Rama Singh, Member

O.P. No. 17 of 2022

Between:

1. Southern Power Distribution Company of Andhra Pradesh Limited, Besides Srinivasa Kalyana Mandapam, Tiruchanur Road, Tirupathi - 517501
2. Eastern Power Distribution Company of Andhra Pradesh Limited, P&T Colony, Seethammadhara, Visakhapatnam - 530 020
3. Central Power Distribution Company of Andhra Pradesh Limited Beside Polytechnic College, ITI Road, Vijayawada- 520 008

..... Petitioners

AND

1. M/s Sembcorp Energy India Limited,
5th Floor, Tower C, Building No 08,
DLF Cyber city, Gurgaon -122002,
Haryana, India.

.....Respondent

The original petition came up for hearing on 06-04-2022 in the presence of Sri P. Shiva Rao, Advocate for the petitioners and Sri. Vishrov Mukherjee, Counsel for the respondent, the Commission delivered the following:

ORDER

The Central Power Distribution Company of Andhra Pradesh Limited (APCPDCL) for and on behalf of the three APDISCOMs (APCPDCL, APEPDCL and APSPDCL) has filed this petition with the following averments:

1. That APCPDCL for and on behalf of three (3) DISCOMs proposes to Procure power from Sembcorp Energy India Limited with levelised tariff of Rs.3.84 /Kwh for aggregated load of 625 MW (500 MW firm capacity and 125 MW open capacity) from the plant located at Krishnapatnam, Nellore District, A.P.
2. That APDISCOMs in the year 2014 initiated competitive bidding process by issue of Request for Qualification (RFQ) as per standard bidding guidelines issued by ministry of power under section 63 of Electricity Act, for procurement of 1000/2400 MW of power in DBFOO (Design, Build, Finance, Own, and operate) mode from the thermal power plants based on Domestic / Imported Coal with a tenure of 25 years. The last date for submission of pre qualification application was December 15th, 2014. After the scrutiny of the above RFQ 22 bidders purchased the Request for Proposal (RFP documents) on January 8th, 2015. The last date for submission of said bid was June 25th, 2015 by which date the following 12 bids were received.
 - a. NCC Power Projects Limited
 - b. Ind-Barath Power (Madras) Limited
 - c. KVK Nilachal Power Limited
 - d. East Coast Energy Private Limited
 - e. Lanco Power Limited
 - f. Korba West Power Company Limited
 - g. R K M Powergen Pvt. Limited
 - h. Essar Power M.P. Limited
 - i. MB Power (Madhya Pradesh) Limited
 - j. Jindal India Thermal Power Limited

k. DB Power Limited

l. RattanIndia Nashik Power Limited (Formerly known as Indiabulls Realtech Limited)

3. That the bid evaluation committee was formed by the Government of A.P. vide Lr. No. 1929/Power I (1)/2014 dt: 21.01.2015 comprising the CMD, APTRANSCO / Chairman, APPCC, Hyderabad to evaluate the bids along with CMDs of DISCOMs, Legal Adviser of APPCC & PFC consultants.
4. That the bid evaluation committee meeting was held on dt:15-09-2015. During the meeting approval was given for opening of financial bids of the qualified bidders who met the qualification requirements. The bids of KVK Neelachal Power Ltd and Essar Power MP Ltd were not processed as bid Security was not submitted. The details of the bid evaluation of the parties are enclosed as Annexure-1.
5. From the averments of the petitioner, it is clear that M/s. Sembcorp Energy India Limited (previously known as M/s.NCC / M/s.Sembcorp Gayatri) submitted its bid for Rs.4.35/Unit (FC Rs.2.56 + VC Rs.1.79). The said offer among the other conditions, inter alia, contains a stipulation that the fuel to be used is 70% Domestic Coal and 30% Imported Coal.
6. As per the terms of the RFP and as requested by APDISCOMs, M/s Sembcorp Energy India Ltd vide their letter dated 05-02-2016, offered revised tariff to Rs 4.23 (Fixed charge: Rs 2.44/kwh Variable Charge: Rs 1.79/kwh) with coal mix of 70% Domestic a 30 % Imported Coal, so as to match with the LI bidder. The offered quantum is 500 MW (400 MW Firm a 100 MW Open capacity). Other bidders did not extend their bid, and thus their bids are not considered.
7. Thereafter the coal prices witnessed considerable changes on account of which M/s. Sembcorp has approached the DISCOMs ON 03.10.2018 with a proposal to use 100% domestic coal of MCL. This however was subject to APDISCOMs agreeing for enhancement of bid Contracted Capacity from 500MW to 660MW with a PPA tenor of 15 years, in which case the tariff would be @ Rs.4.57 per kwh (Rs.2.40 per unit towards Fixed cost and Rs.2.17 per unit towards Variable cost).

8. Based on the above offer ,approval was accorded by GOAP vide letter dt.12.02.2019 for procurement of 500 MW firm power from M/s.Sembcorp Energy India Limited for a period of 8 years subject to approval of this power procurement plan by APERC and subject to adoption of tariff together with the approval of the PSA as per Section 63 of the Electricity Act 2003.
9. Consequent to the above, LoA has been issued to M/s Sembcorp Energy India Ltd vide Lr.No.APSPDCL /TPT/ CGM/IPC/DE-I/F. DBFOO/D.No.129 dt 18-02-2019. It was stated in the said LoA that all other terms & conditions specified in the bid documents together with the terms of the PSA will be applicable.
10. During further course of time more particularly with the onset of Covid Pandemic, M/s. Sembcorp Energy India Ltd agreed to supply power with revised tariff of @ Rs.4.10 per kwh (Rs.1.93 per unit towards fixed cost and Rs.2.17 per unit towards Variable cost) for contracted capacity of 625 MW (from one dedicated unit of SGPL 2 x 660 MW capacity) vide their communication dt:16-06-2020, agreed to supply power for a period of 15 years with a committed capacity of 500MW (80% of 625) with 100% domestic Coal together with an option to avail balance Power of 125MW Open Capacity with domestic/imported coal as a first right of refusal.
11. Further, M/s Sembcorp Energy India Ltd considering the downward trend of market came forward to deliberate with the DISCOMs for sale of their power at a further negotiated price but with a PSA period of 12 years as against earlier agreed 8 years The details of progressive negotiation are as follows:

Details of Tariff negotiations	Fixed Cost (F.C) per Kwh	Variable Cost (V.C) per Kwh	Total cost Per Kwh	References / Acceptance communicated
As per LOA dt: 18.02.2019	Rs. 2.40	Rs. 2.17	Rs. 4.17	LOA dt: 18.02.2019
On 16.06.2020	Rs. 1.93	Rs. 2.17	Rs. 4.10	Vide letter SEIL/ COM-PS/ APTRANSCO /LT2400 /20-21, dt.16.06.2020
On 16.12.2020	Rs. 1.82	Rs. 2.17	Rs. 3.99	Vide letter dt. 18.12.2020
On 04.12.2021	Rs. 1.67	Rs. 2.17	Rs. 3.84	Vide letter dt. 04.12.2021

12. As a consequence of above negotiations between the parties, M/s Sembcorp Energy India Ltd has

agreed to reduce the tariff and thus offered to supply power at Rs.3.84/Kwh (fixed cost of Rs 1.67/Kwh and variable cost of Rs.2.17/kWh) for a period of 12 years, subject to written confirmation on acceptance of the same within 30 days of the receipt of this communication, by the APDISCOMs towards signing of the PSA,as also subject to waiver off the STU Charges for the un-availed open capacity (Ref clause 5.5 of PSA) during the contract period.

13. Subsequently on the request of APDISCOMs, the Govt, of AP, Vide letter dated 31.12.2021, accorded permission for issue of revised LoA to M/s Sembcorp Energy India Ltd for procurement of 625 MW base capacity (500 MW firm capacity and 125 MW open capacity) at an offered price of Rs 3.84/Unit (FC: 1.67/Unit and VC; 2.17/Unit) as on this date with allowable escalations as per the revised PSA for a period of 12 years with effect from 13.12.2023 or completion of transmission line by APDISCOMs, whichever is earlier.
14. As per the approval given by GoAP the APDISCOMs have issued revised Letter of Award (LoA) to M/s. Sembcorp Energy India Limited on 31.12.2021 with tariff of Rs.3.84 per kwh (Rs. 1.67 per unit towards fixed cost and Rs. 2.17 per unit towards Variable cost) for a contracted capacity of 625 MW (500 MW firm capacity and 125 MW open capacity) for a period of 12 years, However, the said LoA is subject to adoption of tariff by this commission together with the approval of the PSA as per Section 63 of Electricity Act 2003.
15. The above petition has been taken on record by the Commission and assigned O.P. No. 17 of 2022. As per the directions of the commission, the DISCOMs have got publication of a public notice on 01.03.2022 prominently in Sakshi and The Times of India, calling upon all the interested persons/stakeholders to put forth their objections / suggestions/comments on the petition filed by the DISCOMs for adoption of tariff under Case-I Long Term PPA entered with M/s. Sembcorp Energy India Limited. Copies of the filings were also made available in the websites of APERC & DISCOMs. It has been mentioned in the public notice that, the Commission is intending to hear all the interested persons in the public hearing scheduled on the subject matter on 06.04.2022.

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16. During the public hearing, APCPDCL has made a brief presentation on the contents of their petition and prayer. It was observed that there were no objections or comments received from the public.
 17. After careful examination of the points submitted by the Applicant, perusal of the records submitted by APCPDCL during the hearing, including the evaluation committee certificates, this Commission is of the opinion that the process of procurement has been carried out in a transparent manner, on e-procurement platform.
 18. Section 63 of the Electricity Act, 2003 provides for adoption of tariff, if such tariff has been determined through a transparent process of bidding in accordance with the guidelines issued by the Central Government . As per Section 63, the Commission while dealing with the petition under section 63 for adoption of tariff, needs to ascertain whether bidding was done as per the statutory framework, and tariff is discovered by a transparent process. When it is found that the bid process was done in a transparent manner as per the guidelines and the certificate is issued by Evaluation Committee, recommending the reduced prices through negotiations, the Commission is required to adopt the tariffs so discovered, in accordance with the provisions of the Act, and Guidelines issued by Ministry of Power, Government of India.
 19. Having considered the above, the Commission is of the opinion, that the Bidding Process for procurement of power through case-I route from M/s. Sembcorp Energy India Limited, for contracted capacity of 625 MW (500 MW firm and 125 MW open capacity) with levelized tariff Rs.3.84 per kWh (Rs. 1.67 per unit towards fixed cost and Rs. 2.17 per unit towards Variable cost) , for a period of 12 years, with effect from 13.12.2023 or completion of transmission line by APDISCOMs, whichever is earlier, has been done in a transparent manner, and the negotiated tariff is also observed to be competitive and in accordance with the existing market conditions, and the same is in compliance with the provisions of the Electricity Act, 2003, and Standard Bidding Documents issued by the Ministry of Power, Government of India.

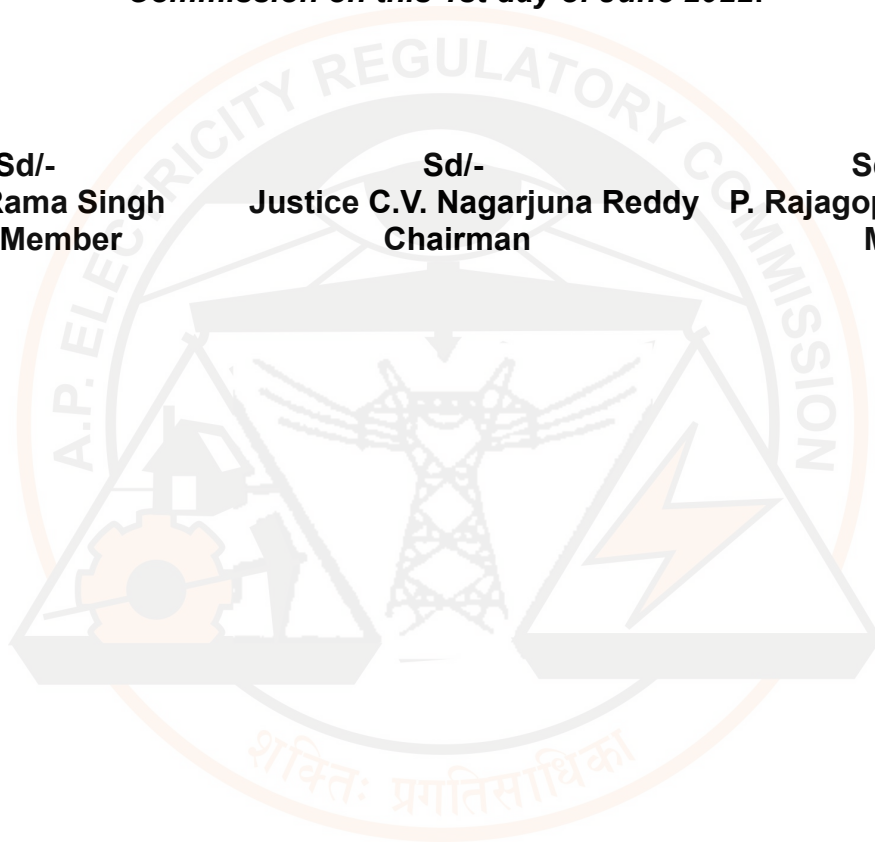
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20. Accordingly, this Commission hereby adopt the Tariffs, u/s 63 of the Electricity Act, 2003, with regard to procurement of power from M/s. Sembcorp Energy India Limited, for contracted capacity of 625 MW (500 MW firm and 125 MW open capacity) with levelized tariff Rs.3.84 per kWh (Rs. 1.67 per unit towards fixed cost and Rs. 2.17 per unit towards Variable cost) , for a period of 12 years, with effect from 13.12.2023 or completion of transmission line by APDISCOMs, whichever is earlier and also approve the PSA dt 31.12.2021.

***This order is signed by the Andhra Pradesh Electricity Regulatory
Commission on this 1st day of June 2022.***

**Sd/-
Thakur Rama Singh
Member**

**Sd/-
Justice C.V. Nagarjuna Reddy
Chairman**

**Sd/-
P. Rajagopal Reddy
Member**



Annexure-1

4. FINANCIAL BIDS AND OFFERS OF VARIOUS BIDDERS:

Sl.No	Name of the Bider	Contracted Capacity qualified at RFO stage (MW)	Contracted Capacity submitted under Bid at REF stage (MW)	Capacity, Name & Location of Power Station	Fixed Charge (Rs./kWh) (a)	Fuel Charge (Rs./kWh) (b)	Tariff (Rs/kWh) (a+b)
1	East Coast Energy Private Limited	488.5	488.5	1320 MW Thermal Power Project at Srikakulam, Andhra Pradesh	2.86	1.41	4.27
2	NCC Power Projects Limited	500	500	1320 MW Thermal Power Project at SPSR Nellore, Andhra Pradesh	2.56	1.79	4.35
3	Korba West Power Co. Limited	540	540	1260 MW Thermal Power Project at Raigarh, Chhattisgarh	3.5	0.99	4.49
4	MB Power (Madhya Pradesh) Limited	374.15	374.15	1200 MW Thermal Power Project at Anuppur, Madhya Pradesh	3.63	1.06	4.69
5	Jindal India Thermal Power Limited	400	400	1200 MW thermal Power Project at Angul, Odisha	3.79	1.04	4.83
6	Lanco Power Limited	1181	1181	1320 MW Thermal Power Project at Korba, Chhattisgarh	4.09	0.89	4.98
7	RattanIndia Nasik Power Limited (Formerly known as Indiabulls Realtech Limited)	1350	1242	2700 MW Thermal Power Project at Nashik, Maharashtra	3.36	1.89	5.25
8	R K M Powergen Pvt. Limited	300	300	1440 MW thermal Power Project at Champa, Chhattisgarh	3.52	1.87	5.39
9	DB Power Limited	489	303	1200 MW Thermal Power Project at Champa, Chhattisgarh	4.31	1.41	5.72
10	Ind - Barath Power (Madras) Limited	500	500	600 MW Thermal Power Project at Sasthavinallur & Kallakurichi, Tuticorin, Tamil Nadu	3.15	3.16	6.31