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RESOLUTION

No. 23/54/2017- R&R

Guidelines for Tariff Based Competitive Bidding Process for
Procurement of Power from Grid Connected Wind Power Projects

1. BACKGROUND

- 1.1. The wind power deployment in the country started in early 90s and with the conducive policy environment provided at Central and State level this segment has achieved the highest growth amongst the other renewable energy technologies. The present wind power installed capacity in the country is over 32.7 GW, providing around 9% of the total installed capacity. Globally India is at the 4th position in terms of wind power installed capacity after China, USA and Germany.
- 1.2. The Government of India has set an ambitious target of achieving 175 GW power capacity from renewable energy resources by 2022 and out of this 60 GW is to come from wind power.
- 1.3. The National Institute of Wind Energy (NIWE) assessed the wind power potential in the country to be over 302 GW at 100 meter above ground level. Most of this potential exists in seven windy States namely Andhra Pradesh, Gujarat, Karnataka, Madhya Pradesh, Maharashtra, Rajasthan and Tamil Nadu.
- 1.4. Earlier, the wind power was being procured by the Distribution Utilities at Feed-in-Tariff (FiT) determined by the respective State Electricity Regulatory Commission (SERC). FiT coupled with various incentives provided by the Central and State Government enabled the growth of the wind sector many folds since 2002. The country also has strong manufacturing base with annual capacity of around 10 GW.
- 1.5. One of the key objectives of the Electricity Act, 2003 is promotion of competition in the electricity sector. Section 63 of the Act provides for adoption of the tariff by the Appropriate Commission if the same has been determined through transparent process of bidding in accordance with the guidelines issued by the Central Government. The National Electricity Policy, 2005 also provides for competition in



the renewable energy sector to reduce the cost. The National Tariff Policy notified on 28 January 2016 also provides for encouraging procurement of renewable power through competitive bidding to reduce the tariff.

- 1.6. These Guidelines have been formulated for procurement of wind power through transparent process of bidding under Section 63 of the Act.

2. OBJECTIVES OF GUIDELINES

- 2.1. The objective of these Guidelines is to provide a framework for procurement of wind power through a transparent process of bidding including standardisation of the process and defining of roles and responsibilities of various stakeholders. These Guidelines aim to enable the Distribution Licensees to procure wind power at competitive rates in a cost effective manner.

3. APPLICABILITY OF GUIDELINES

- 3.1. These Guidelines are being issued under the provisions of Section 63 of the Electricity Act, 2003 for long-term procurement of electricity through competitive bidding process, by the 'Procurer(s)', from grid-connected Wind Power Projects ('WPP') having, (a) individual size of 5 MW and above at one site with minimum bid capacity of 25 MW for intra-state projects; and (b) individual size of 50 MW and above at one site with minimum bid capacity of 50 MW for inter-state projects.

Explanation:

- a) **Procurer(s):** The term 'Procurer(s)', as the context may require, shall mean the distribution licensee(s), or their Authorized Representative, or an Intermediary Procurer.
- b) **Authorised Representative of the Procurer(s):** In cases, where the distribution licensee(s), authorize any agency to carry out the tendering / bidding process on its behalf then the agency will be responsible for fulfilling all the obligations imposed on the 'Procurer(s)' during the bidding phase, in accordance with these Guidelines.
- c) **Intermediary Procurer**
 - (i) In some cases, an intermediary, between the distribution licensee(s) and the Wind Power Generator(s) (WPG) may be required either to aggregate the wind power to be purchased from different generators and sell it to the distribution licensee(s) or to enhance the credit profile. In such cases, the 'Intermediary Procurer' is essentially a trader, buying power from the WPG(s) and selling the same to one or more distribution licensees and shall carry out the bidding as per provisions of these Guidelines.
 - (ii) The Intermediary Procurer shall enter into a Power Purchase Agreement (PPA) with the WPG(s) and also enter into a Power Sale Agreement (PSA) with the

distribution licensee(s). The PSA shall contain the relevant provisions of the PPA on a back to back basis. The Intermediary Procurer may charge trading margin as notified by the Appropriate Commission or in the absence of such notification as mutually agreed with distribution licensee(s).

- (iii) As long as the Intermediary Procurer has followed these Guidelines for procurement of wind power, the distribution licensee(s) shall be deemed to have followed these Guidelines for procurement of wind power.

3.2. Unless explicitly specified in these Guidelines, the provisions of these Guidelines shall be binding on the Procurer, Authorised Representative and Intermediary Procurer. The process to be adopted in event of any deviation proposed from these Guidelines is specified in Clause 22 of these Guidelines.

4. APPROPRIATE COMMISSION

4.1. Subject to the provisions of the Electricity Act, 2003, Appropriate Commission would be as under:

- a) In case the wind power projects supplying power to Distribution licensee(s) of one State, the Appropriate Commission, for the purpose of these bidding Guidelines, shall be the State Electricity Regulatory Commission of the concerned State where the distribution licensee(s) is located.
- b) In case the wind power projects supplying power to Distribution licensee(s) of more than one State, the Appropriate Commission, for the purpose of these bidding Guidelines, shall be the Central Electricity Regulatory Commission.
- c) For cases involving sale of wind power from generating companies owned or controlled by Central Government, the Appropriate Commission shall be the Central Electricity Regulatory Commission.

5. PREPARATION FOR INVITING BID AND PROJECT PREPAREDNESS

The Procurer shall meet the following conditions:

5.1. Bid Documentation:

- a) Prepare the bid documents in accordance with these Guidelines and Standard Bidding Documents (SBDs) [consisting of Model Request for Selection (RfS) Document, Model PPA and Model PSA], notified by the Central Government, except as provided in sub clause (c) below.



