

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 387/AT/2024**

**Coram:**

**Shri Jishnu Barua, Chairperson**

**Shri Ramesh Babu V., Member**

**Shri Harish Dudani, Member**

**Date of Order: 31<sup>st</sup> January, 2025**

**In the matter of:**

Petition under Section 63 of the Electricity Act, 2003 for the adoption of tariff for 900 MW Solar PV Power Projects (Tranche – XI) connected with the Inter-State Transmission System (ISTS) and selected through competitive bidding process as per the Guidelines dated 3.8.2017 issued by the Government of India read with subsequent amendment/clarification thereof.

**And**

**In the matter of**

**Solar Energy Corporation of India Limited,**  
6<sup>th</sup> Floor, Plate-B, NBCC Office Block Tower-2,  
East Kidwai Nagar  
New Delhi-110023

**....Petitioner**

**Versus**

**1. Avaada Energy Private Limited,**  
406, 4<sup>th</sup> Floor, Hubtown Solaris,  
N.S. Phadke Marg, Andheri East,  
Mumbai-400069.

**2. ReNew Solar Power Private Limited,**  
Commercial Block-1, Zone -6,  
Golf Course Road, DLF City Phase -V,  
Gurugram, Haryana-122009.

**3. Jakson Limited,**  
A-626, 6<sup>th</sup> Floor, DLF Tower A,  
Jasola New Delhi-110025.

**4. Eden Renewable Cadet Private Limited,**  
Unit No. 236 B&C, 1<sup>st</sup> Floor,  
DLF South Court, Saket  
Delhi -110017.

**5. New Delhi Municipal Council,**

Palika Kendra,  
Sansad Marg,  
New Delhi–110001.

**6. Adani Electricity Mumbai Limited,**

408, Old Village Eksar,  
Off SPV Road Devisad,  
Lane Telephone Exchange,  
Borivali (West) Mumbai–400103.

**7. AEML Seepz Limited,**

408, Old Village Eksar,  
Off SPV Road Devisad,  
Lane Telephone Exchange,  
Borivali (West) Mumbai–400103.

**8. Avaada GJSustainable Private Limited,**

C-11, Sector 65,  
Gautam Buddha Nagar, Noida–201301  
Uttar Pradesh.

...Respondents

**Parties Present:**

Ms. Mandakini Ghosh, Advocate, SECI  
Shri Rahul Ranjan, Advocate, SECI  
Shri Nehul Sharma, Advocate, AEML & AESL  
Shri Indrayudh Chowdhury, Advocate, AEML & AESL

**ORDER**

The Petitioner, Solar Energy Corporation of India Limited (hereinafter referred to as 'SECI'), has filed the present Petition under Section 63 of the Electricity Act, 2003 (hereinafter referred to as the 'Act') for the adoption of tariff of the 900 MW Solar Power Projects (Tranche-XI) connected with the Inter-State Transmission System ('ISTS') and selected through the competitive bidding process as per the "Guidelines for Tariff Based Competitive Bidding Process for Procurement of Power from Grid Connected Solar PV Power Projects" (hereinafter referred to as 'the Guidelines') dated 3.8.2017 issued by the Ministry of Power, Government of India. The Petitioner has made the following prayers:

*“(a) Adopt the tariff discovered in the tariff based competitive bid process for 900 MW Solar PV Power Projects;*

*(b) Approve Trading Margin of Rs. 0.07/kWh to be paid by the Distribution Companies/Buying Entity(ies) as specified in the Guidelines/signed PSA;*

*(c) Pass any other or further order which this Commission may deem fit and proper in the facts and circumstances of this case.”*

### **Submissions of the Petitioner**

2. The Petitioner, SECI, has submitted that it issued the Request for Selection ('RfS') along with the draft Power Purchase Agreement ('PPA') and draft Power Supply Agreement ('PSA') for the selection of the 2000 MW ISTS-connected Solar Power Projects (Tranche-XI) as per the Guidelines and floated the same on the ISN Electronic Tender System (ETS) e-bidding portal on 31.3.2023. In response, fourteen (14) bids were received, offering an aggregate capacity of 5050 MW and all were found to fully meet the technical criteria. As per the eligibility criteria mentioned in the RfS, ten (10) bidders were shortlisted for participating in the e-reverse auction. The e-reverse auction was conducted on 21.7.2023 on the ISN ETS e-bidding portal, and pursuant thereto, six bidders offering an aggregate capacity of 2000 MW were selected and issued Letters of Award on 28.7.2023. It is submitted that SECI had earlier filed a Petition No. 21/AT/2024 under Section 63 of the Act before the Commission for the adoption of 600 MW Solar Power Projects in respect of PPA with project companies of SAEL Industries Limited and corresponding arrangement under PSA with GUVNL. In the said matter, the Commission vide order dated 12.2.2024 held that the selection of bidders and the tariff has been discovered through a transparent process of competitive bidding in the present scheme (i.e., Tranche XI) in accordance with the Guidelines. Subsequently, SECI had filed a Petition No. 99/AT/2024 under Section 63 of the Act before the Commission for the adoption of 500 MW Solar Power Projects in respect of PPA with project company of Shiva Corporation India Limited (100MW), Jakson Limited (100

MW) and ReNew Solar Power Private Limited (300 MW), and corresponding arrangement under PSA with Uttar Pradesh Power Corporation Limited (UPPCL). The Commission, vide order dated 13.5.2024 in Petition No. 99/AT/2024, adopted the tariff for 500 MW Solar Power Projects tied up to supply power to UPPCL. For the balance capacity, the Commission granted liberty to SECI to approach the Commission for the adoption of tariff once such capacity is tied up and the PPAs and the PSAs for such capacity are executed. SECI has submitted that as on the date of filing of the present Petition, SECI has signed PSA for 200 MW capacity with Respondent No. 5, New Delhi Municipal Council (NDMC). The Petitioner has submitted that the price discovered is competitive and beneficial to the Buying Utilities/Distribution Companies as well as the consumers of the Buying Utilities/Distribution Companies. It has been further submitted that in addition to the tariff, there will be a trading margin of Rs. 0.07/kWh to be recovered from the distribution companies, which has been duly agreed to by the distribution companies in the PSA.

3. The Petitioner, vide its additional affidavit dated 1.11.2024, has submitted that subsequent to the filing of the present Petition, SECI has executed PPA dated 4.10.2024 for the 200 MW capacity with Respondent No. 8, Avaada GJSustainable Private Limited (a special purpose vehicle of Avaada Energy Private Limited) for onward supply to Respondent No.5, NDMC in terms of the PSA dated 17.9.2024. Further, the Petitioner has entered into the PSAs dated 14.10.2024 with Respondent No. 6, Adani Electricity Mumbai Limited, and with Respondent No. 7, AEML Seepz Limited, for 50 MW each. Further, the Petitioner, vide its affidavit dated 7.12.2024, has submitted that a Power Purchase Agreement dated 10.12.2024 was executed between the Petitioner and JGRJ One Solar Private Limited, a special purpose vehicle of Respondent No.3, Jakson Limited, for 50 MW with corresponding mapping to AEML Seepz Limited. Further another Power Purchase Agreement was

executed on 10.12.2024 between SECI and ReNew Ushma Energy Private Limited, a special purpose vehicle of Respondent No.2, ReNew Solar Power Private Limited, for 50 MW with corresponding mapping to Adani Electricity Mumbai Limited (AEML).

**Hearing dated 6.11.2024:**

4. During the course of the hearing on 6.11.2024, the learned counsel for the Petitioner, SECI, reiterated the submissions made in the pleadings and requested the Commission for the adoption of tariff for the balance 900 MW Solar PV Power Projects (Tranche XI) connected with the Inter-State Transmission System and selected through the competitive bidding process as per the Guidelines. After hearing the learned counsel for the Petitioner, notices were issued to Respondents as per the revised memo of parties to file their respective replies.

**Additional Affidavit of the Petitioner:**

5. The Petitioner, vide its Additional Affidavit dated 7.12.2024, has submitted that, at the time of the execution of the Power Sale Agreement (PSA) between (i) SECI and Adani Electricity Mumbai Limited (AEML) and (ii) SECI and AEML Seepz Limited, there was an inadvertent error in the preparation of Schedule B of the PSA. Specifically, the names of the Solar Power Developers were mistakenly swapped, resulting in the capacity allocated to Jakson Limited being incorrectly assigned to the PSA of Adani Electricity Mumbai Limited (AEML), while the capacity allocated to Renew Solar Power Private Limited was mistakenly attached to the PSA of AEML Seepz Limited. According to the original arrangement between (i) SECI and Adani Electricity Mumbai Limited (AEML), (ii) SECI and AEML Seepz Limited, the solar power capacity allocated to Renew Solar Power Private Limited was intended to be assigned to Adani Electricity Mumbai Limited (AEML), while the capacity allocated to

Jakson Limited was meant to be assigned to AEML Seepz Limited. Upon identifying the aforementioned inadvertent mistakes, the concerned parties engaged in discussions to address the issue. As a result of these deliberations, a corrected version of Schedule B was agreed upon and duly executed by all parties involved. Accordingly, the Petitioner has submitted the corrected copy of the PSAs executed with Adani Electricity Mumbai Limited and AEML Seepz Limited.

### **Hearing dated 10.12.2024**

6. During the course of the hearing on 10.12.2024, the learned counsel for the Petitioner submitted that none of the Respondents had filed any reply, and the matter may be reserved for order. Considering the submission made by the learned counsel for the Petitioner, the Commission reserved the matter for order.

### **Additional Affidavit of Petitioner**

7. The Petitioner, vide its Additional Affidavit dated 18.12.2024, has submitted that SECI has executed PPA dated 10.12.2024 for 50 MW capacity with ReNew Ushma Energy Private Limited, a SPV of Respondent No.2, Renew Solar Power Private Limited for onward supply to Adani Electricity Mumbai Limited in terms of the PSA dated 14.10.2024 and PPA dated 10.12.2024 for 50 MW capacity with JGRJ One Solar Private Limited, a SPV of Jackson Limited for onward supply to AEML Seepz Limited in terms of the PSA dated 14.10.2024.

### **Analysis and Decision**

8. We now proceed to consider the prayer of the Petitioner as regards the adoption of tariff under Section 63 of the Act in respect of the solar power projects discovered pursuant

to the competitive bid process carried out in terms of the Guidelines issued by the Government of India.

9. Section 63 of the Act provides as under:

*“Section 63. Determination of tariff by bidding process: Notwithstanding anything contained in Section 62, the Appropriate Commission shall adopt the tariff if such tariff has been determined through transparent process of bidding in accordance with the guidelines issued by the Central Government.”*

10. Thus, in terms of Section 63 of the Act, the Commission is required to adopt the tariff, on being satisfied that the transparent process of bidding in accordance with the guidelines issued by the Central Government has been followed in the determination of such tariff.

11. However, in the present matter, it is noted that in respect of the same bid process, i.e., the bid process conducted by SECI for the selection of the 2000 MW ISTS connected with Solar Power Projects under the RfS dated 31.3.2023 for Tranche XI, the Petitioner had earlier approached this Commission under Section 63 of the Act by way of Petition No. 21/AT/2024 for the adoption of tariff for the individual Solar Power Projects for the entire 2000 MW. In the aforesaid order, the Commission has already observed that the selection of the successful bidder(s) and discovery of the tariff of the Solar Power Projects has been done by SECI under Tranche XI bid through a transparent process of competitive bidding in accordance with Guidelines issued by the Ministry of Power, Government of India under Section 63 of the Act. However, keeping in view that at that point in time, SECI had executed the PPA only for 600 MW and the balance capacity was not tied up for want of identification of the distribution licensees/buying utilities, the Commission restricted the adoption of tariff for such 600 MW only while granting the liberty to SECI to approach the Commission for the adoption of tariff in respect of the balance capacity once such capacity is tied-up and the PPAs and PSAs for such capacity having executed. Hence, the Commission has already

examined the entire process of competitive bidding, in terms of Section 63 of the Act, to hold that the tariff of the solar power projects has been discovered by the Petitioner through a transparent process of competitive bidding in accordance with the Guidelines. The relevant extract of the order dated 12.2.2024 in Petition No. 21/AT/2024 is reproduced below:

*“24. In view of the aforesaid discussions, it emerges that the selection of the successful bidders has been done, and the tariff of the solar power projects has been discovered by the Petitioner, SECI, through a transparent process of competitive bidding in accordance with Guidelines issued by the Ministry of Power, Government of India under Section 63 of the Act. Therefore, in terms of Section 63 of the Act, the Commission adopts the individual tariff for the solar power project, as agreed to by the successful bidder, and for which the PPAs have been entered into by SECI on the basis of the PSA with the distribution licensees, which shall remain valid throughout the period covered in the PPAs and PSA as under:*

<b>Name of Successful Bidder</b>	<b>Project Company formed for executing PPA</b>	<b>Date of signing of PPA</b>	<b>Capacity of Project (MW)</b>	<b>Applicable Tariff (Rs./kWh)</b>
SAEL Industries Limited	SAEL SOLAR MHP1 Private Limited	11.01.2024	300	2.60
	SAEL SOLAR MHP2 Private Limited	11.01.2024	300	2.60
<b>Total</b>			<b>600</b>	

*25. For the balance capacity, the Petitioner is granted the liberty to approach the Commission for the adoption of tariff once such capacity is tied up and the PPAs and the PSAs for such capacity are executed, which will be considered by the Commission in accordance with the law”*

12. The Commission had adopted the tariff for 600 MW of the solar power projects out of the total capacity of 2000 MW, vide order dated 12.2.2024, in Petition No. 21/AT/2024, for which the PPAs and PSAs had been executed by the Petitioner. In Para 25 of the order dated 12.2.2024, the Commission had granted liberty to the Petitioner to approach the



Commission for the adoption of a tariff in respect of the balance capacity once such capacity is tied up and the PPAs and PSAs for such capacity are executed.

13. Subsequent to the order dated 12.2.2024 of this Commission in Petition No. 21/AT/2024, SECI executed the PPAs corresponding to the PSA signed with UPPCL for an aggregate capacity of 500 MW solar capacity out of balance of 1400 MW capacity under Tranche XI bid. Thereafter, SECI filed Petition No. 99/AT/2024 under Section 63 of the Act before this Commission for the adoption of the tariff of 500 MW Solar Power Projects, which came to be decided by the Commission vide order dated 13.5.2024. In the said order, the Commission held as under:

*“13. Keeping in view that the Commission, in an order dated 12.2.2024 in Petition No. 21/AT/2024, has already observed that the selection of successful bidders and discovery of tariffs for the Solar Power Projects (under Tranche XI) have been through a transparent process of competitive bidding in accordance with the Guidelines, we do not find any need to again examine this aspect in the present case. It is further noted that Respondents have not raised any objections with regard to the bid process as already examined by the Commission under order 12.2.2024. Accordingly, we adopt the individual tariff for the Solar Power Project, as agreed to by the Successful Bidder and for which the PPA has been entered into by SECI on the basis of the PSA with the distribution licensee, which shall remain valid throughout the period covered in the PPA and PSA as under:*

<b>S. No.</b>	<b>Name of Successful Bidder</b>	<b>Project formed by the Successful bidder for execution of PPA</b>	<b>Date of PPA signing &amp; Contracted Capacity</b>	<b>Applicable Tariff (Rs./kWh)</b>
1.	Shiva India Corporation Limited	MRS Green Energy Private Limited	25.01.2024 (100 MW)	2.60
2.	Jackson Limited	JGRJ One Solar Private Limited	29.02.2024 (100 MW)	2.60
3.	ReNew Solar Private Limited	Renew Solar Piyush Private Limited	23.04.2024 (300 MW)	2.60

14. *The Petitioner is further granted liberty to approach the Commission for the adoption of a tariff in respect of the remaining balance capacity once such capacity is tied up and PPAs and PSAs for such capacity are executed. The Commission will consider the same in accordance with the law.”*

Thus, in the aforesaid order, the Commission restricted the adoption of the tariff as prayed by SECI to the tune of 500 MW for which the PPAs and PSAs have been entered into by SECI with the Solar Power Developers and the Distribution Licensees/Buying Utilities respectively. Since the capacity to the tune of 900 MW still remained untied under Tranche XI Bid, SECI was granted the liberty to approach the Commission for the adoption of such capacity as and when tied up under the PPAs and the PSAs.

14. SECI has now approached the Commission seeking the adoption of tariff for the individual power project(s) for the balance capacity of 900 MW (i.e., balance capacity under Tranche XI) upon SECI having tied up only 300 MW capacity so far under the PPA with the successful bidder/its project company and the PSA with the Buying Utilities/Distribution Licensees. As per the submissions of the Petitioner, the 600 MW capacity is yet to be tied up under the PPAs and the PSAs. The details of the PPAs and the PSAs as entered into by SECI subsequent to the Commission’s order dated 13.5.2024 in Petition No. 99/AT/2024 are as under:

<b>S. No.</b>	<b>Name of Successful Bidder</b>	<b>Project Company formed by the Successful bidder for execution of PPA</b>	<b>Date of PPA signing</b>	<b>Contracted Capacity (MW)</b>	<b>Applicable Tariff (INR/kWh)</b>
1.	Avaada Energy Private Limited	Avaada GJSustainable Private Limited	4.10.2024	200	2.61
2.	ReNew Solar Power Private Limited	ReNew Ushma Energy Private Limited	10.12.2024	50	2.60

3.	Jakson Limited	JGRJ One Solar Private Limited	10.12.2024	50	2.60
<b>Total</b>				<b>300 MW</b>	

S. No.	Buying Utilities	Date of PSA signing	PSA Capacity (MW)	Applicable Tariff to Buying Utility (INR/kWh)
1.	New Delhi Municipal Council	17.9.2024	200	As per Article 1.1 read with Schedule B of the PSA:  Applicable Tariff payable to Solar Power Developer under PPA Plus Rs. 0.07/kWh (Trading Margin)
2.	Adani Electricity Mumbai Limited	14.10.2024	50	As per Article 1.1 read with Schedule B of the PSA:  Applicable Tariff payable to Solar Power Developer under PPA Plus Rs. 0.07/kWh (Trading Margin)
3.	AEML Seepz Limited	14.10.2024	50	As per Article 1.1 read with Schedule B of the PSA:  Applicable Tariff payable to Solar Power Developer under PPA Plus Rs. 0.07/kWh (Trading Margin)
<b>Total</b>			<b>300 MW</b>	

15. Keeping in view that the Commission, in order dated 12.2.2024 in Petition No. 21/AT/2024 and order dated 13.5.2024 in Petition No. 99/AT/2024, has already observed that the selection of successful bidders and discovery of tariffs for the Solar Power Projects (under Tranche XI) have been through a transparent process of competitive bidding in accordance with the Guidelines, we do not find any need examine this aspect again in the present case. It is further noted that Respondents have not raised any objections with regard

to the bid process as already examined by the Commission under orders dated 12.2.2024 and 13.5.2024. Accordingly, we adopt the individual tariff for the Solar Power Projects (under Tranche XI), as agreed to by the Successful Bidders and for which the PPAs have been entered into by SECI on the basis of the PSAs with the distribution licensees, which shall remain valid throughout the period covered in the PPA and PSA as under:

<b>S. No.</b>	<b>Name of Successful Bidder</b>	<b>Project Company formed by the Successful bidder for execution of PPA</b>	<b>Date of PPA signing</b>	<b>Contracted Capacity (MW)</b>	<b>Applicable Tariff (INR/kWh)</b>
1.	Avaada Energy Private Limited	Avaada GJSustainable Private Limited	4.10.2024	200	2.61
2.	ReNew Solar Power Private Limited	ReNew Ushma Energy Private Limited	10.12.2024	50	2.60
3.	Jakson Limited	JGRJ One Solar Private Limited	10.12.2024	50	2.60
<b>Total</b>				<b>300 MW</b>	

16. However, the Petitioner in the present petition has prayed to adopt the tariff for 900 MW Solar PV Power Projects (i.e., the remaining capacity under the said bid). In the past, the Commission has proceeded with the adoption of tariffs only to the extent of the awarded capacity that has been tied up under the PPAs and PSAs with the successful bidders/developers and the distribution licensees, respectively. In the present case, out of the balance capacity of 900 MW, the Petitioner has so far tied up only 300 MW under the PPA and PSA. However, given the emphasis on expeditious tariff adoption in recent times, the Commission has adopted the tariff without waiting for the tying up of the entire awarded capacity under the PPAs and PSAs. Therefore, in the present case, we consider it appropriate to proceed with the adoption of the tariff for the balance 600 MW capacity also without waiting for the tying up of the capacity under the PPAs and PSAs, albeit such

adoption shall be subject to the Petitioner tying up the balance 600 MW capacity under the PPAs and PSAs. Therefore, in terms of Section 63 of the Act, the Commission adopts the individual tariff for the balance 600 MW capacity also as under, subject to the Petitioner tying up the balance awarded capacity under the PPAs and PSAs:

<b>S. No.</b>	<b>Name of Successful Bidder</b>	<b>Capacity (MW)</b>	<b>Applicable Tariff (INR/kWh)</b>
1.	Eden Renewables Cadet Private Limited	300	2.60
2.	ReNew Solar Power Private Limited	250	2.60
3.	Jakson Limited	50	2.60
	<b>Total</b>	<b>600 MW</b>	

17. Prayer (a) of the Petitioner is answered in terms of paragraphs 15 and 16 above. Moreover, as soon as the balance awarded capacity is tied-up under the PPAs and PSAs, the Petitioner shall place on record the copies of such PPAs and PSAs in the present case. Also, in the event that the awarded capacity does not fructify into PPAs and PSAs, the Petitioner shall also place on record such development(s) on record in the file of the present case.

18. Article 10.3 of the PPA provides as under:

*“10.3 Payment of Monthly Bills*

*10.3.1 Subject to the provisions of Article 10.3.4, SECI shall pay the amount payable under the Monthly Bill/Supplementary Bill by the Due Date to such account of the SPD, as shall have been previously notified by the SPD as below.*

*10.3.2 All payments required to be made under this Agreement shall also include any deduction or set off for*

- i. deductions required by the Law; and*
- ii. amount claimed by SECI, if any, from the SPD, will be adjusted from the monthly energy payment. In case of any excess payment adjustment, 1.25% surcharge will be applicable on day to day basis.*

*The SPD shall open a bank account (the “SPD’s Designated Account”) for all Tariff Payments (including Supplementary Bills) to be made by SECI to the SPD, and notify SECI of the details of such account at least ninety (90) Days before the dispatch of*

*the first Monthly Bill. SECI shall also designate a bank account at New Delhi ("SECI Designated Account") for payments to be made by the SPD to SECI, if any, and notify the SPD of the details of such account ninety (90) Days before the Scheduled Commissioning Date. SECI and the SPD shall instruct their respective bankers to make all payments under this Agreement to the SPD's Designated Account or SECI's Designated Account, as the case may be, and shall notify either Party of such instructions on the same day."*

19. Article 10.4 of the PPA provides as under:

*"10.4 Payment Security Mechanism*

*Letter of Credit (LC):*

*10.4.1 SECI shall provide to the SPD, in respect of payment of its Monthly Bills and/or Supplementary Bills, a monthly unconditional, revolving and irrevocable letter of credit ("Letter of Credit"), opened and maintained which may be drawn upon by the SPD in accordance with this Article.*

*10.4.2 SECI through a scheduled bank open a Letter of Credit in favour of the SPD, to be made operative from a date prior to the Due Date of its first Monthly Bill under this Agreement. The Letter of Credit shall have a term of twelve (12) Months and shall be renewed annually, for an amount equal to:*

- i) for the first Contract Year, equal to 110% of the estimated average monthly billing;*
- ii) for each subsequent Contract Year, equal to 110% of the average of the monthly billing of the previous Contract Year.*

*10.4.3 Provided that the SPD shall not draw upon such Letter of Credit prior to the Due Date of the relevant Monthly Bill and/or Supplementary Bill, and shall not make more than one drawal in a Month.*

*10.4.4 Provided further that if at any time, such Letter of Credit amount falls short of the amount specified in Article 10.4.2 due to any reason whatsoever, SECI shall restore such shortfall before next drawl.*

*10.4.5 SECI shall cause the scheduled bank issuing the Letter of Credit to intimate the SPD, in writing regarding establishing of such irrevocable Letter of Credit.*

*10.4.6 SECI shall ensure that the Letter of Credit shall be renewed not later than its expiry.*

*10.4.7 All costs relating to opening, maintenance of the Letter of Credit shall be borne by SECI.*

*10.4.8 If SECI fails to pay undisputed Monthly Bill or Supplementary Bill or a part thereof within and including the Due Date, then, subject to Article 10.4.6 & 10.5.2, the SPD may draw upon the Letter of Credit, and accordingly the bank shall pay, an amount equal to such Monthly Bill or Supplementary Bill or part thereof, in accordance with Article 10.4.3 above, by presenting to the scheduled bank issuing the Letter of Credit, the following documents:*

- i. a copy of the Monthly Bill or Supplementary Bill (only for energy related bills) which has remained unpaid to SPD and;
- ii. a certificate from the SPD to the effect that the bill at item (i) above, or specified part thereof, is in accordance with the Agreement and has remained unpaid beyond the Due Date;”

20. Regulation 9(10) of the Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of trading licence and other related matters) Regulations, 2020 (hereinafter referred to as the “Trading Licence Regulations”) provides as under:

*“9(10) The Trading Licensee shall make payment of dues by the agreed due date to the seller for purchase of the agreed quantum of electricity through an escrow arrangement or irrevocable, unconditional and revolving letter of credit in favour of the seller. Such escrow arrangement or irrevocable, unconditional and revolving letter of credit in favour of the seller shall be equivalent to:*

- (a) one point one (1.1) times the average monthly bill amount (estimated average of monthly billing amounts for three months or actual monthly billing amount for preceding three months as the case may be) with a validity of one year for long term contracts;*
- (b) one point zero five (1.05) times of contract value for short term contracts.”*

21. The above provisions provide for the payment security mechanism to be complied with by the parties to the present Petition. Accordingly, the provisions of Articles 10.3 and 10.4 of the PPAs and Clause 10 of Regulation 9 of the Trading Licence Regulations shall be abided by all the concerned parties to the present Petition.

22. The Petitioner has also prayed to approve the trading margin of Rs.0.07/kWh. In this regard, Regulation 8(1)(d) of the Trading Licence Regulations dealing with trading margin provides as under:

*“For transactions under long term contracts, the trading margin shall be as mutually decided between the Trading licensee and the seller:...”*

23. The above provision gives the choice to the contracting parties to mutually agree on trading margin for long-term transactions. However, proviso to Regulation 8(1)(d) of the Trading Licence Regulations provides as under:

*“8(1)(d) \*\*\*\*\**

*Provided that in contracts where escrow arrangement or irrevocable, unconditional and revolving letter of credit as specified in clause (10) of Regulation 9 is not provided by the Trading Licensee in favour of the seller, the Trading Licensee shall not charge trading margin exceeding two (2.0) paise/kWh.”*

24. Regulation 8(1)(f) of the Trading Licence Regulations provides as under:

*“For transactions under Back to Back contracts, where escrow arrangement or irrevocable, unconditional and revolving letter of credit as specified in clause (10) of Regulation 9 is not provided by the Trading Licensee in favour of the seller, the Trading Licensee shall not charge trading margin exceeding two (2.0) paise/kWh.”*

25. The above two provisions are exceptions to the main provision as regards trading margin. In the present case, the distribution licensees, New Delhi Municipal Council, Adani Electricity Mumbai Limited, and AEML Seepz Limited, have agreed to a trading margin of Rs. 0.07/kWh, as agreed in the PSAs, which is in consonance with Regulation 8(1)(d) of the Trading Licence Regulations. For the balance capacity also, the trading margin shall be as per the provisions of the PSAs to be entered into between SECI and the distribution licensees. However, in case of failure by SECI to provide an escrow arrangement or irrevocable, unconditional, and revolving letter of credit to the solar generators, the trading margin shall be limited to Rs.0.02/kWh as specified in the Regulation 8(1)(d) and Regulation 8(1)(f) of the Trading Licence Regulations.

26. Prayer (b) of the Petitioner is answered accordingly.

27. Petition No. 387/AT/2024 is disposed of in terms of the above.

Sd/  
**(Harish Dudani)**  
Member

Sd/  
**(Ramesh Babu V.)**  
Member

Sd/  
**(Jishnu Barua)**  
Chairperson