

**PUNJAB STATE ELECTRICITY REGULATORY COMMISSION  
SCO NO. 220-221, SECTOR 34-A, CHANDIGARH**

**Petition No. 8 of 2010  
Date of Order: 14.07.2010**

In the matter of : Petition under Section 63 of the Electricity Act, 2003 for Adoption of Tariff for Rajpura Thermal Power Project at Village Nalash near Rajpura, Distt. Patiala (Punjab).

AND

In the matter of: Punjab State Electricity Board, The Mall, Patiala  
(now Powercom)

Present: Shri Jai Singh Gill, Chairman  
Shri Satpal Singh Pall, Member  
Shri Virinder Singh, Member

**ORDER**

1. This petition has been filed by Punjab State Electricity Board (now Powercom) under Section 63 of the Electricity Act 2003 (hereinafter referred to as the Act) for adoption of tariff determined through an international competitive bidding process for supply of electricity from the Rajpura Thermal Power Project (RTPP).

2. The petitioner (procurer) has submitted that a wholly owned Special Purpose Vehicle (SPV) in the name of Nabha Power Limited (NPL) with its registered office in the PSEB Building, The Mall, Patiala was incorporated on 9.4.2007 under the provisions of the Companies Act 1956 to develop RTPP with a contracted capacity of 1200 MW  $\pm$  10% on a Build, Own and Operate (BOO) basis through international tariff based competitive bidding as per Guidelines issued by Ministry of Power, Government of India (Guidelines). It has been further submitted that NPL completed various

preliminary project development activities as per the Guidelines and carried out the bid process in its capacity as the authorized representative of the procurer. It is also stated that in compliance with order dated 27.5.2009 passed by the Commission in Petition No.5 of 2009 filed by the procurer for permission to issue a letter of intent to Lanco Infratech Limited, the applicant squeezed the two stage bid process by issuing the Request for Qualification (RFQ) and Request for Financial Proposal (RFP) simultaneously and thereafter conducted another competitive bidding process to select the developer for RTPP.

3. Giving details of the bidding process, the petitioner has indicated that of the total number of seven bidders only one was disqualified at the RFQ stage. The non-financial bids of the balance six were thereafter opened on 3.11.2009 and on the basis of the recommendations of the Evaluation Committee, the financial bids of the same six qualified bidders were opened on 16.11.2009. The bids received were subjected then to an evaluation process by PFC Consulting Limited who had been appointed as consultants for the purpose of overseeing bid process. The consultants submitted their recommendations to the Evaluation Committee which after consideration thereof referred the matter to the NPL Board. The Board of Directors of the NPL in its 35<sup>th</sup> meeting held on 17.11.2009 decided that M/s L&T Power Development Limited was the successful bidder. After approval of the Chairman of the then PSEB who was authorized to take all decisions regarding RTPP, a letter of intent was stated to have been issued to M/s L&T Power Development Limited on 19.11.2009 for setting up two thermal units of 660 MW each and the supply of 2x617.10 MW contracted capacity to the petitioner. The letter of intent was duly accepted by M/s L&T Power Development Limited in their letter of 26.11.2009. In accordance with the terms of RFP, the Power Purchase Agreement was signed on 18.1.2010 to procure the entire power generated from this project for a period of 25 years. The petitioner has also informed that as per financial bid

of M/s L&T Power Development Limited, the evaluated levelized tariff is Rs.2.890 per kwh. The petitioner has finally prayed that the tariff quoted by M/s L&T Power Development Limited in respect of RTPP be adopted by the Commission under section 63 of the Act. The contracted capacity of the project with a Unit configuration of 2x660 MW has subsequently been revised from 1234.2 MW to 1320 MW by way of a revised configuration of 2x700 MW under clause 3.1.1 A of the PPA.

4. The Commission observes that in case of tariff discovery through a competitive bidding process undertaken under Section 63 of the Act, the Commission is essentially to adopt the tariff on being satisfied that a transparent process of bidding in accordance with the Guidelines has been followed in determination of such tariff. The Commission notes that the petitioner has in compliance of para 6.1 of the Guidelines signed the PPA with NPL on 18.1.2010 after acquisition of 100% shares of Powercom by the developer as per provisions of the RFP thereby transferring NPL on that date to the successful bidder. The petitioner has further confirmed compliance of para 6.2 of the Guidelines by the Evaluation Committee constituted by the petitioner and NPL for evaluation of bids which has provided appropriate certification that the evaluation is in accordance with the provisions of the bid documents. A certificate from the procurer that the bid process is in conformity with the Guidelines also stands submitted. As per requirements of para 6.3 of the Guidelines the evaluation of bid was also made public through an advertisement in The Tribune, The Economic Times, The Times of India, Ajit and Punjab Kesri on 4.2.2010. Further, in pursuance of para 6.4 of the Guidelines, the signed PPA and certification from evaluation committee and procurer have been submitted to the Commission for adoption of tariff as per Section 63 of the Act. The Commission accordingly observes that the necessary documents supporting compliance of the provisions of paras 5.9, 6.1, 6.2, 6.3 and 6.4 of the Guidelines have been placed on record by the petitioner.

5. Based on submissions in the petition, the documents placed on record and the factual position as brought out above, the Commission concludes that tariff discovery for the RTPP has been carried out through a transparent process of bidding in conformity with the Guidelines. Accordingly, in terms of Section 63 of the Act, the Commission adopts the evaluated levelized tariff of Rs.2.890 per kwh for supply of power to the procurer by NPL. The petition is disposed of accordingly.

**Sd/-**  
**(Virinder Singh)**  
**Member**

**Sd/-**  
**(Satpal Singh Pall)**  
**Member**

**Sd/-**  
**(Jai Singh Gill)**  
**Chairman**

Chandigarh  
Dated: 14.07.2010