



**SOLAR POWER DEVELOPERS ASSOCIATION**  
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**SPDA/PG/2021/264**

**February 01, 2021**

**To,**  
**Shri Indu Shekhar Chaturvedi**  
**Secretary**  
Ministry of New and Renewable Energy  
Government of India.

**Subject: Representation for your kind intervention regarding non signing of PPA for 700 MW capacity to be developed at 1000 MW Dholera Solar Park in Gujarat issued vide RFS dated 18.03.2020 (Phase IX).**

**Ref: GERC order dated 29.01.2021.**

Dear Sir,

Greetings from Solar Power Developers Association.

At the outset, the Solar Power Developers commend the Government of India's proactive efforts in bolstering the Green Energy Investment in light of challenges that emerged due to the pandemic.

We want to draw your attention to the recent events in Gujarat. It pains us to inform you that it has recently dealt a big blow to the renewable energy industry by backing out of the Letter of Awards (LoAs) for the prestigious Dholera Solar Park Project. It had taken Gujarat more than two years, and three bidding attempts to conclude the 1 GW Dholera Solar Park tender in 2020. This, now, goes back to a state of limbo with the Solar Power Developers being deserted midway and the sanctity of a well-followed, transparent bidding process being discarded blatantly. This comes when the Government of Andhra Pradesh's arbitrary actions, in their attempt to rescind duly enforceable PPAs, are under scrutiny by the High Court of Andhra Pradesh and the Supreme Court of India.

#### **World-Class Green City**

Gujarat's government announced the Dholera Solar Park to utilise the sizeable unused wasteland in 'Dholera Special Investment Region-DSIR' to supply solar power in and around the DSIR region aim of creating local employment. Chief Minister Vijay Rupani had approved it in April 2018. DSIR forms part of the prestigious multi-billion-dollar Delhi Mumbai Industrial Corridor and is the front runner amongst the proposed Smart Green Cities. It has often been endorsed as India's first Green City meant to be a model for developing futuristic smart cities in India.

One of the fundamental requirements of a Green City is that the power for all the developmental activities should be from green sources. However, owing to the rugged terrain within the DSIR, GUVNL has found it difficult to attract investments for the development of the ultra-mega solar power plant, which forms a vital component of the DSIR.



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**Dholera Ultra Mega Solar Power Park – a road to a successful tender**

The area designated for the Dholera Solar Park is silty, with a high composition of clay and swelling, making it challenging to construct sustainable foundations without additional structures and modules. Additionally, on account of it being a low-lying coastal land surrounded by rivers and in the Gulf of Cambay's proximity, the site remains flooded for about nine months in a year. Further, the groundwater depth of about 1.5 - 2.5 meters contains high chlorides and sulphates. The coastal area's surrounding environment entails high corrosion effects requiring superior quality design, materials, and processes, thereby further adding to the costs and risks. Therefore, given the unique and challenging geographical conditions, this project was expected to attract higher tariff bids.

Owing to the strategic importance for the DSIR region and the emphasis on the utilization of wasteland against fertile agricultural land, the Gujarat government appointed Gujarat Power Corporation Limited (GPCL) as the Solar Park Developer. After extensive groundwork, Gujarat Urja Vikas Nigam Limited (GUVNL -- the power procurement entity that procures power on behalf of all the DISCOMs of Gujarat) rolled out the tender for the Dholera Solar Park in January 2019 but failed to attract any bidder. GUVNL had to extend the bid several times to finally find bidders, who bid only 250MW capacity out of the total planned 1000MW capacity.

In the second attempt, GUVNL floated the tender for the remaining 750MW capacity in June 2019 to elicit interest from Tata Power for a mere 50MW. 700MW still went unsold. It is learned that the main reason for low participation in the aforesaid tendering process was the ceiling tariff of INR 2.75 per unit.

After the second attempt's failure, GUVNL investigated to ascertain the real tariff cap for the tender. For the project to be viable, the Solar Energy Corporation of India (SECI) suggested a ceiling cap of INR 3.06 per unit.

GUVNL rolled out the bid for the third time in March 2020 with a ceiling tariff of INR 2.92 per unit. GPCL was given the mandate to organize site visits, engage in discussions with solar power developers, garner investor confidence and ensure widespread participation in the latest bid process. GPCL conducted several meetings and site visits to guide the developer community and convince the Solar Power Developers to participate in the bid process.

The efforts of GUVNL and GPCL were deemed successful when the Dholera Ultra Mega Solar Power Park tender finally saw the light of day with a 1300 MW subscription for the remaining 700 MW of capacity. The reverse auction was conducted on 13th August 2020. The L1 tariff of INR 2.78 per unit was discovered well within the INR 2.92 per unit ceiling tariff set by GUVNL and similar to the prevailing tariff of INR 2.75 per unit at which the developmental works are underway at the DSIR. Elated with the bids' conclusion, GUVNL signed LoAs with all the bidders in October 2020 and filed for a tariff adoption at Gujarat Electricity Regulatory Commission (GERC). October 2020 also saw the commencement of developmental activities for the earlier bid out 300MW capacity solar power projects.



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### **The Undoing of a Successful Tender**

December 2020 saw a new development – another GUVNL solar bid of 500 MW saw a record low tariff of INR 1.99 per unit. This record low rate seems to have tantalized GUVNL into believing that such a tariff can be procured to develop solar power plants at the Dholera site. Surprisingly, when the development of a Solar Power project at the tariff of INR 2.75 per unit is underway at the DSIR, GUVNL decided to renege on the LoAs of the Dholera Solar Park and has now set out to re-open the already committed bids, thus completely disregarding agreed terms and conditions.

The shaken developer community rues how GUVNL has failed to acknowledge the unique challenges of different projects. After all, a tender where a developer is free to use agriculture private flat land at the radiation of his choice is not on the same footing as the Dholera project that utilizes wasteland.

Adding to the developers' dismay, both GUVNL and GERC seem to be blaming each other for this decision. The State Discom and the State Electricity Regulator seem to have disregarded GERC's previous orders, which had evaluated and approved the INR 2.75 per the unit tariff in Dholera Solar Park only a year ago while adopting the tariff of 250 MW bid in this park. GERC, in its order dated 23rd Oct 2019, given a detailed analysis of the developmental challenges at the Dholera Solar Park and, considering these unique challenges adopted the tariff of INR 2.75 per unit.

It is alarming that GERC, going beyond its statutory powers, is now questioning the INR 2.78 per unit rate. Similarly, GUVNL, which only three months ago filed a petition with the commission to adopt the tariff, has now requested withdrawal of the petition with no substantial change in economic assumptions. The most alarming prospect for the industry is the latest order of GERC (dated 29th January 2021), in which GERC is silent on the proposal of GUVNL seeking retendering of the Dholera bid to compare bid results with the rates of current bids for which LoA had already been awarded. This tactic of retendering a duly awarded LoA-signed bid to take advantage of rate fluctuations of future periods is unheard of and in complete disregard of the Standard Bidding Guidelines.

The State of Gujarat has worked tirelessly over the last two decades to develop an image of a State that believes in policy-driven economics, driving out arbitrariness and discrimination from the government's functioning. Such arbitrary decisions are bound to impact Gujarat's hard-earned reputation as a State and further impact the investor sentiment, which is already pitched strongly against state-sponsored bid processes considering the recent developments in the state of Andhra Pradesh.

The Gujarat government ought to have known that the successful investors, who won the Dholera Solar Project, have already started work on the project, investing considerable amounts in the process. Few have, in fact, already paid Solar Park charges to GPCL. GUVNL's move to back out from a concluded tender after awarding its LOA is condemnable and has completely shaken investor sentiments and trust. The brazen opportunism by the GUVNL greatly tarnishes India's image among the global investor community. It reflects poorly on our Hon'ble Prime Minister's promise of achieving the Paris agreement targets. Further, the Prime Minister's positioning of DSIR to be Gujarat government's model for Global Gujarat will be badly hit by the



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state government struggling to conclude a tender of 1 GW of Solar park, backtracking on it when developers have commenced work thereby causing irreversible delays in the development of the region.

In the background of deteriorating financial health of State Discoms, most international investors had stopped bidding in the Solar and Wind bids called by State Utilities. They had moved to SECI, NTPC, i.e., bids called by Central Procurement Agencies. Gujarat had been one exception, where investors had reposed their faith in the state government. But with this backout, Gujarat now joins the league of untrustworthy states. Winners of this bid -- ReNew Power (funding from Goldman Sachs, CPPIB, JERA, ADIA, GEF), O2 Power (funding from Temasek and EQT), Vena Energy (GIP), Tata Power (Petronas and multiple other investors in their renewable Invit), SJVNL (State Government entity) -- have significant foreign investors.

**Request:**

This backing out will severely dent not just Gujarat's but the whole country's investment image in the global platform. And India's overall environmental commitment through renewable energy will be impacted by this move.

Therefore, we humbly request your kind support to resolve the matter by issuing needful advice to expedite the signing of PPAs to the successful bidders.

We look forward to your favorable consideration in the matter.

Thanking you.

Yours Sincerely

Praveen Golash

Joint Secretary, SPDA

**CC:**

1. **To,**  
**Shri Amitesh Kumar Sinha,**  
**Joint Secretary,**  
**Ministry of New and Renewable Energy,**  
**CGO Complex, New Delhi**