



## SOLAR POWER DEVELOPERS ASSOCIATION

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**Sub: Representation for your kind intervention to expedite the delay in 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).**

Dear Dr Mishra,

Greetings from Solar Power Developers Association.

At the outset, the solar power developers commends the Hon'ble Prime Minister's proactive efforts in bolstering the efforts for fast tracking Green Energy Investment and resolve the COVID-19 bottlenecks to achieve 175 GW of Renewable Energy capacity addition by 2022.

We would like to draw your attention towards issues faced by some of the Solar Power Developers facing issues due to delay in the signing of PPA for 700 MW capacity to be developed at 1000 MW Solar Park in Dholera, Gujarat as part of the Dholera Special Investment Region (Dholera SIR). Dholera SIR is an ambitious project which aims to make Dholera a global manufacturing hub supported by world class infrastructure. Dholera Smart city project intends to be the first preference in India for multinational companies and businesses and has quickly garnered the reputation of the prime location for real estate investment in India.

The first bid was invited on 16.02.2019 for 1000 MW capacity with a ceiling tariff of Rs. 2.75 per unit. Owing to the operational challenges at the site, that tender was undersubscribed and received interest for only 300 MW. Finally, after reverse auction Tata Power Renewable Energy Limited was awarded 250 MW at the discovered tariff of Rs 2.75 per unit.

The second bid was invited on dated 24.06.2019 for balance 750 MW capacity. That bid was also undersubscribed and received a lukewarm response from single bidder for 50 MW capacity. That 50 MW was also awarded to single bidder Tata Power Renewable Energy Limited. Award of both the projects was then approved by the Gujarat Electricity Regulatory Commission(GERC) and are under construction.

It is pertinent to mention here that due to very difficult terrain at Dholera Solar Park locations, investors did not show interest in the region for developing solar projects at a ceiling tariff of Rs. 2.75 per unit.

Former

- Deputy National Security Advisor, Govt. of India
- Defence Secretary, Govt. of India
- Secretary Defence Production, Govt. of India
- Secretary Ministry of Health, Govt. of India
- Director General, Sports Authority of India

**Some of the key challenges at the site are:**

- a. Frequent Flooding:** The site at Dholera solar park largely constitutes of low lying lands which results in frequent flooding by rivers and coastal area near the Gulf of Cambay. As a result, the site remains waterlogged for almost nine months during a year, silty with clay and such wet soil makes it difficult to construct sustainable and strong foundations requiring additional measures for structures and modules.
- b. Unsuitable Ground water:** The depth of ground water is also about 1.5-2 meters having high chlorides and sulphates in water and surrounding environment on account of coastal area which entails high corrosion effects and further adds to costs and risk involved, requiring superior quality of design, quality of material and processes.
- c. Unsuitable for Bi-facial modules:** Due to the condition of the soil and frequent flooding, it is not possible to extract optimum value by deploying the latest technology of bi-facial modules.

Therefore, cost of developing and operating solar projects in Dholera is significantly higher in comparison to any other place.

Considering the low turnout in the bidding process and undersubscription, GUVNL discussed the causes with Solar Energy Corporation of India (SECI), GPCL (Implementing agency of solar park) and Department of Industrial Policy and Promotion (DIPP). As per the discussion held, SECI estimated that the ceiling tariff of Rs 2.75 per unit is quite low which impedes the response from the bidders. SECI itself has plans to develop 5000 MW in the Dholera SIR. However, the poor response in GUVNL bids has discouraged it from undertaking any bid process. SECI estimated the ceiling tariff for this solar park and proposed the tariff of Rs 3.06 per unit, subsequently GUVNL verified the assumptions of tariff and finalized the ceiling tariff of Rs 2.92 per unit.

GUVNL invited bids based on the higher ceiling tariff of Rs 2.92 per unit for balance 700 MW capacity in July 2020 after which they received response from seven investors for aggregate capacity of 1300 MW. After reverse auction capacity of 700 MW capacity was awarded to five investors at the tariff of 2.78 to 2.81 per unit. LOA was issued to developers subsequently on 09.10.2020. Date of PPA signing as per bid documents was 09.01.2021, but it is not yet signed. We have been given to understand that the tariff adoption process is facing some procedural challenges owing to the tariff of Rs 2.78-2.81 per unit. Unfortunately, the aforesaid tariff is being compared to other tariffs discovered by GUVNL in other bids which provide the flexibility to the bidders to select any site in the State. As you would appreciate, it would not be fair comparison considering the aforesaid challenges are not mitigated by selecting a different project site.

In this regard we would like to highlight that there is difference in the site conditions of Dholera SIR and any other site for development of solar project, which leads to difference in tariff, also complete bidding process was transparent, and tariff discovered was much lower than the ceiling tariff of Rs 2.92 per unit.

Solar project development in the Dholera SIR is already delayed by almost two years and running behind the original schedule of 1000 MW commissioning by February 21. Any further delay in PPA signing or rebidding on the grounds of higher tariff will further delay it by one more year. This will not only impact the target of 175 GW renewable project installation by 2022 but will also impact the investor sentiments, who have invested in technology advancement for development of solar project in the difficult terrain of Dholera SIR.

Kindly note that all the selected bidder in this bid, namely O2 Power, ReNew, Tata Power, SJVNL and Vena Energy have been waiting from last 5 months since Reverse Auction for signing the PPA. These bidders have already been shown demarcated land by GPCL (solar park developers), completed design of the power plants and some of them have already made payments for land related charges. A very limited time of 15 months was provided for execution and hence most of these developers have tied up financial closure and infused significant resources in the development of project.

**Request:**

Therefore, in view of the stated above, the solar power developers would draw your attention towards losing investor's confidence as there is no change in the current stance of GUVNL which will have a huge repercussion on investment environment in India and specifically in the State of Gujarat.

Therefore, we humbly request your kind support to intervene in resolving the matter by issuing needful advise in expediting the signing of PPAs to the successful bidders.

Thanking you.

*With warm regards*

Yours Sincerely

To,  
**Dr. P.K. Mishra**  
**Principal Secretary to Hon'ble PM**  
**Prime Minister Office,**  
**Govt. of India,**  
**South Block,**  
**New Delhi**



**Shekhar Dutt**