



# PFC Consulting Limited

**Fourth Round of Auction of Coal Linkages to IPP(s) having already concluded long term PPAs under Clause B(ii) of SHAKTI Policy**

## Pre Bid Presentation

*This presentation is for ease of understanding of the Scheme by the Bidders. In case of any discrepancies between this presentation and the Scheme Document, the provisions of the Scheme Document will prevail.*

**September 17, 2021**

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# BACKGROUND

# SHAKTI POLICY (1/3)

- MOC vide letter dated 22nd May, 2017 issued the guidelines for Signing of Fuel Supply Agreement (FSA) with Letter of Assurance (LoA) holders of Thermal Power Plants- Fading Away of the existing LoA-FSA Regime and Introduction of a New More Transparent Coal Allocation Policy for Power Sector, 2017- SHAKTI (**Scheme for Harnessing and Allocating Koyala (Coal) Transparently in India**), hereinafter referred to as the “**Policy**”.
  - Amendment to the Policy issued on March 25, 2019
- PFCCL now proposes to conduct **the fourth round** of auction of Coal Linkages, as per Paragraph B(ii) of the Policy, pursuant to a 2 (two) stage process conducted on the Electronic Platform, in the following sequence (“Auction”):
  - (a) Initial Price Offer (“IPO”) Stage; and
  - (b) Subsequent Price Offer (“SPO”) Stage.
- **Para B(ii)** of the Policy states that:
  - **CIL/SCCL may grant coal linkages on notified price on auction basis** for power producers/IPPs having already concluded long term PPAs (both under section 62 and section 63 of The Electricity Act, 2003) based on domestic coal.
  - Power producers/IPPs, participating in auction will **bid for discount on the tariff** (in paise/unit).

## SHAKTI POLICY (2/3)

- Accordingly, a Specified End Use Plant including a plant which qualifies as a CPP shall be eligible to participate in the auction
- In this context CPP shall mean power generating companies (that are not owned/controlled by the Central/State Government) that own and operate a captive generating plant in terms of Rule 3 of the Electricity Rules, 2005.
- CPP is permitted to participate in this auction for Coal Linkage:
  - a) if it is having a Concluded PPA as per paragraph B (ii) of the Policy;
  - b) to the extent such Coal Linkage is required for generating power to be delivered under a Concluded PPA; and
  - c) subject to compliance with the “Standard Operating Procedure for Captive Power Plants utilizing Coal allocated under SHAKTI B(ii)” dated April 20, 2021 issued by CEA.
- Rationalization of coal linkages between bidders shall be allowed. For the purpose of such linkage rationalization, higher of the discounts offered by the bidders (i.e. *discount offered on the existing source and the highest discount on the source where the linkage holder wants to transfer the linkage*), who intend to enter into linkage rationalization arrangement, shall be considered. Any savings accruing on account of this arrangement shall be passed on to the end consumers as per the provisions of linkage rationalization policy and SHAKTI Policy and the Amendment thereto.

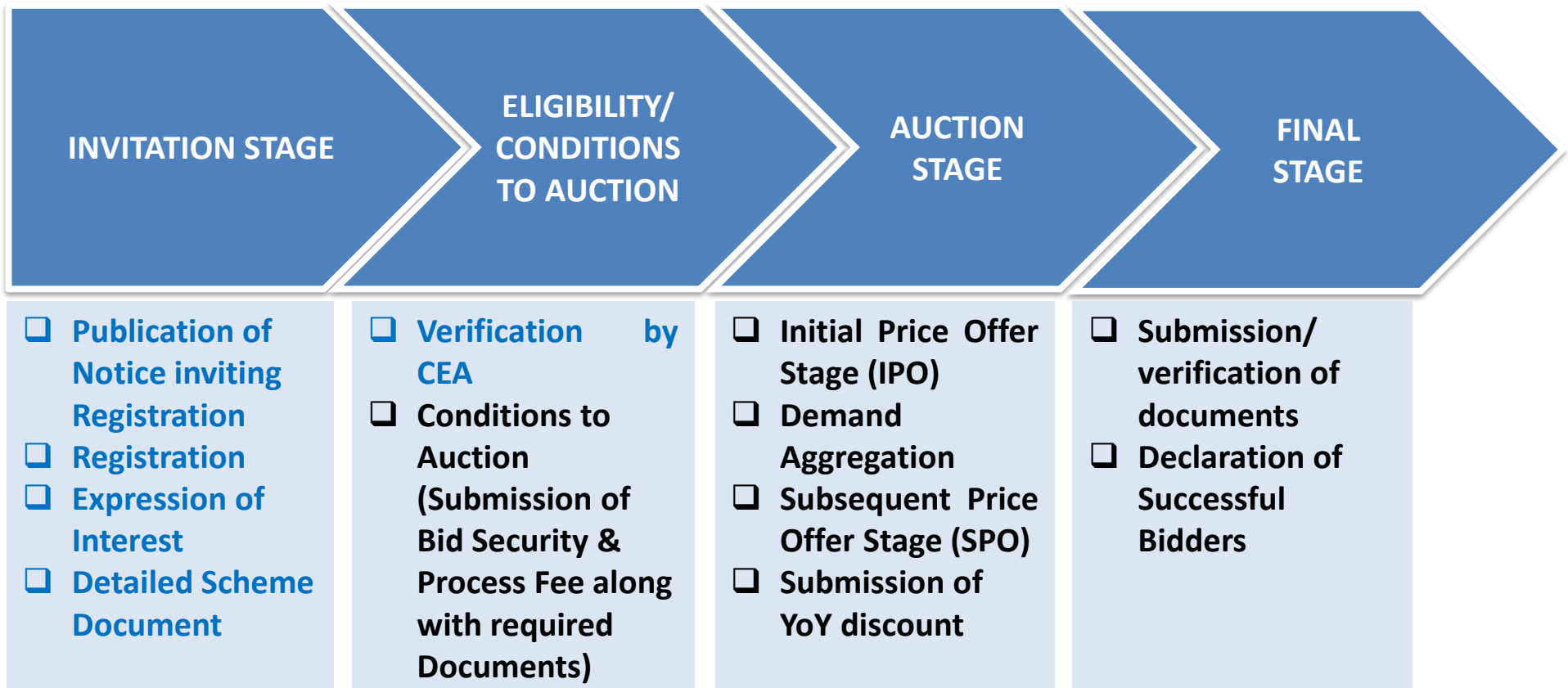
# SHAKTI POLICY (3/3)

- **Bid Evaluation Criteria shall be the non-zero Levellised Value of the discount** (applying a pre-notified discount rate) quoted by the bidders on the existing tariff for each year of the balance period of the PPA.
- **Discount by generating companies to be adjusted from the gross amount of bill** at the time of billing.
- Discount shall be computed with reference to scheduled generation from linkage coal supplied under this auction. (Applicable to both PPAs under Section 62 & Section 63 of the Electricity Act, 2003.)
- **PPA may be amended or supplemented mutually between the developer and the procurer** to pass on the discount to the procurer and the approval of the Appropriate Commission obtained, as per the provisions of the PPA or Regulations.
- **FSA shall be signed** with the successful bidders after the terms and conditions for signing of FSA are met and the **Appropriate Commission has approved** the amendment or supplement to the PPA.



# AUCTION PROCESS

# The E-Auction Process





# Timeline for Auction

Sl. No.	Event	Date
1.	End of receipt of queries on Scheme Document	Saturday, September 18, 2021
2.	Publication of Q&A	Tuesday, September 21, 2021
3.	End of submission of Bid Security, Process Fee and Undertaking, Affidavit, Power of Attorney and Board Resolution, as applicable.	Thursday, September 23, 2021
4.	Mock auction – IPO	Friday, September 24, 2021
5.	Mock auction – SPO	Saturday, September 25, 2021
6.	Submission of IPO	Monday, September 27, 2021
7.	Start of SPO	Tuesday, September 28, 2021
8.	Submission of YoY tariff discount stream	Wednesday, September 29, 2021

*The above timeline may be changed at the discretion of PFCCL; Bidders are required to check the MSTC website regularly for updates.*

# Registration, Submission of EOI

- **Notice Inviting Registration** regarding auction of coal linkages for IPPs/CPPs having already concluded long term PPAs was **issued on September 1, 2021** with registrations commencing on the MSTC provided link. Each Bidder's registration shall be linked to a specified end use plant and each specified end use plant shall be registered only once.
- **Request for Submission of EOI was also issued on September 1, 2021.** The information submitted by the Bidder as part of the EOI shall be verified by CEA, on the basis of the supporting documentation/information submitted by each Bidder.
- Last date of submission of Eoi was September 8, 2021.
- **Detailed Scheme Document was uploaded on September 09, 2021.**

# Eligibility Conditions (1/3)

## Basic Eligibility Criteria

- The Bidder having valid already Concluded PPAs in respect of the Specified End Use Plant(s) registered.
  - “Concluded PPA” shall mean a long term PPA (both under section 62 and section 63 of the Electricity Act, 2003), based on domestic coal, executed on or before May 17, 2017
- Bidder shall be required to submit the Verification Certificate for the Concluded PPA, as per the format specified in the Request for Submission of EOI

## Additional Eligibility Criteria

- A Bidder having valid already Concluded PPA(s) in respect of the Specified End Use Plant(s) and not having, in respect of such Specified End Use Plant(s), as on the last date of submission of EOI:
  - a) any coal linkage at all or having coal linkage for quantity which is less than 100% of their coal requirement, computed as per the Consumption Norms; and/or
  - b) any coal mine/coal block or having coal mine/coal block for quantity which is less than 100% of their coal requirement, computed as per the Consumption NormsFor the purposes hereof, (a) and/or (b) in respect of a Specified End Use Plant shall be referred to as “**Allocated Coal Block/Letter of Assurance (LOA)/Linkage**”.

# Eligibility Conditions (2/3)

## Additional Eligibility Criteria

- It is hereby clarified that with respect to such Specified End Use Plant, the Bidder whose:
  - i. coal block(s) has(ve) been deallocated and the bidder furnishes clearance of MOC to this effect, on or before the last date for submission of EOI; and/or
  - ii. letter of assurance (“LOA(s)”) / linkage(s) has(ve) been cancelled by the Ministry of Coal (“MoC”) / Standing Linkage Committee (Long Term) (“SLC(LT)”)),may also participate in the Auction, if such Bidder **does not, as on the last date of submission of EOI, hold any Allocated Coal Block/LOA/Linkage** in respect of such Specified End Use Plant.
- Provided, however that, with respect to the Specified End Use Plant, if a Bidder meets the Eligibility Criteria and has a letter of assurance / linkage / fuel supply agreement awarded under Paragraph B(iii) of the Policy in respect of such Specified End Use Plant(s), the same shall not be considered as the Allocated Coal Block/ Letter of Assurance (LoA) / Linkage
  - In that case, once FSA for B(ii) linkage is signed, Letter of Assurance (LoA)/ Linkage/ FSA for B(iii) will automatically be terminated, as per the letter of assurance / linkage / fuel supply agreement awarded under Paragraph B(iii) of the Policy in respect of such Specified End Use Plant(s).

# Eligibility Conditions (3/3)

## Additional Eligibility Criteria

- The Bidder should be the owner of the registered Specified End Use Plant(s).
- The Specified End Use Plant should have already been commissioned or should have a target commissioning date no later than March 31, 2022.
- The Bidder shall not have been convicted for wrongful utilization of coal by the Central Bureau of Investigation or any other governmental authority or statutory or judicial body.
- Existing linkage holders are not allowed to surrender their LoA/FSA to participate in this Auction

**Power of Attorney, Affidavit and Undertaking are required to be submitted as per format**

# Determination of CEA Approved Quantity

$$\text{CEA Approved Quantity (MTPA)} = \frac{\text{Eligible Energy Requirement (Kcal per annum)}}{10^9 \times \text{GCV of G13 Grade of Coal}}$$

**Eligible Energy Requirement (Kcal per annum)**

**[100% \* {Annual energy requirement of the Specified End Use Plant for the capacity# against which the Bidder has a Concluded PPA(s) less annual energy requirement of the Specified End Use Plant met through any captive coal mine(s) on the basis of peak-rated capacity (in kcal)\*}] less [adjustment for any existing coal linkage(s)\*\*]**

- In case a coal mine has been allocated for captive consumption of coal in a Specified End Use Plant, then the CEA Approved Quantity shall be net of grade adjusted coal requirement on the basis of the peak rated capacity of such captive coal mine
- Where a mine has been allocated for multiple plants, then the CEA Approved Quantity of the Specified End Use Plant shall be calculated after proportionately factoring the coal consumption from the said mine
- The annual energy requirement met through the captive coal mine shall be net of any energy requirement for the sale of power on merchant basis
- For the purpose of computation of CEA Approved Quantity, capacity shall be gross capacity at generation end
- All the calculations shall be done on the basis of the lower limits of that particular grade's GCV range
- Eligible Energy Requirement shall be calculated considering the norms for non-pit head power plant

# Conditions to Auction

Subject to satisfaction of the following conditions, the Eligible Bidder shall be entitled to participate in the Auction:

- **Submission of EOI**
- Payment towards **Bid Security and Process Fee** and (i) Rs. 100/tonne of Bid Security; and (ii) Rs. 11.80/tonne of Process Fee;
- An **undertaking** in the format required;
- A **power of attorney** in the format required;
- Certified true copy of the **relevant authorizations** authorizing the execution of power of attorney e.g. letter of authority, resolution of the board of directors, resolution of the shareholders etc.;
- An **affidavit** in the format required.

# Determination of Maximum Eligible Quantity

<b>A</b>	CEA Approved Quantity	10 MTPA
<b>B</b>	Bid Security and Process Fee submitted	Rs. 89.44 Crores
<b>C</b>	Bid Security and Process Fee required	Rs. 111.80/tonne

$$\text{Maximum Eligible Quantity (MTPA)} = \frac{B}{10^6 \times C} = 8 \text{ MTPA}$$

- The bidder's balance maximum eligible quantity shall be calculated on the basis of average/representative grade of the particular source.

Grade	Maximum Eligible Quantity
G1	4.86
G2	5.07
G3	5.31
G4	5.57
G5	5.86
G6	6.18
G7	6.54
G8	6.94
G9	7.39
G10	7.91
G11	8.00
G12	8.00
G13	8.00
G14	8.00
G15	8.00
G16	8.00
G17	8.00

Quantity reduces below cap

Quantity capped at 8 MTPA



# Bidding Parameters and Source-wise quantity

## Bidding Parameters

- Bidding shall be on the basis of the **levellised value of the year-on-year tariff discount stream for a source.**
- Year on year discount stream will be passed on to the DISCOM's through an amended PPA.

## Source-wise quantity

- Bidders shall be able to see the **Source wise quantity being offered during the SPO stage** of the auction process.
- Each source may have an indicative range of grades but for the purpose of energy balance, an **average/representative grade will be considered.**
- However, the **actual supply may vary** between/beyond a range of Grades / GCV as per the given source. The same shall not entail any quantity/tariff discount adjustment.

# Auction Approach ...



**Auction is designed in a way such that Bidders can obtain coal supplies from their preferred Source(s) by bidding for the highest discount using the right to choose.**

# Auction Approach

## Two stage Process

### **Stage 1 – IPO**

- Bidders have the opportunity to lock in their preferred Source(s) at a given price (discount on tariff) as deemed appropriate

### **Stage 2 – SPO**

- Bidders have the opportunity to pick up quantity from one or more Source(s) at a given price (discount on tariff)
- Auction will start at a Starting Discount and will proceed in reverse
- Bidders will get to see the source wise balance quantity available at the beginning of each round
- Bidders will get to see their provisional allocation on a real time basis (if they have bid in that round)

**Therefore, it is expected that**

**(i) Bidders will have the opportunity to select their most preferred Sources**

**(ii) Best possible value will be obtained for each Source (in terms of levellised discount)**

# IPO Stage of Auction

- The Auction shall be conducted in the sequence of IPO Stage and SPO Stage.
- Each **Eligible Bidder shall submit an IPO, for at least 1 (one) Source**, which shall be the Levellised Discount that the Eligible Bidder is willing to offer for a particular Source.
- Eligible Bidder can submit IPO(s) for more than 1 (one) and up to all the Sources and if the Eligible Bidder so chooses, it will have to **quote a different IPO Discount for each Source. [Min. 10 paise/kWh]**
- **IPO to remain encrypted** and shall be opened before SPO stage.
- **Submission of IPO for a particular source does not preclude the Bidders from bidding in other sources or the same source at a higher SPO discount** during E-auction.
- For example

Bidder	IPO Discount (paise/kWh)				
	Source 1	Source 2	Source 3	Source 4	Source 5
B1	11		15		
B2			10	11	
B3	10	11	12	13	
B4			11	10	15
B5			11		
B6			-		10
B7	-	-	-	-	-

# Aggregation of Demand...

Bidder	CEA Approved Quantity (MTPA) in G13 terms	Bid Security & Process Fee Deposited (Rs cr)	IPO Discount (paise/kWh)					Max Eligible Quantity (MTPA) in G13 terms
			Source 1	Source 2	Source 3	Source 4	Source 5	
B1	5	55.9	11		15			5
B2	10	78.26			10	11		7
B3	5	67.08	10	11	12	13		5
B4	10	89.44			11	10	15	8
B5	8	89.44			11			8
B6	5.85	65.403			-		10	5.85
B7	2	10	-	-	-	-	-	-
Total	45.85	455.523						38.85

- Bidder B2 & B4 submit a lower Bid Security & Process Fee than CEA Approved Quantity and hence their Maximum Eligible Quantity is capped as per Bid Security & Process Fee .
- Bidder B3 submits a higher Bid Security & Process Fee than CEA Approved Quantity and its Maximum Eligible Quantity is capped at CEA Approved Quantity.
- Bidder B7 submits Bid Security & Process Fee but does not submit an IPO and hence becomes ineligible to participate in the auction. Maximum Eligible Quantity of such a bidder is considered 0.

# Aggregation of Demand

**Maximum Allocable Quantity = 80% of Maximum Eligible Quantity** (calculated in terms of weighted average of the Source Grades) of all the Eligible Bidders who have submitted the IPO Discount

*Wherein:*

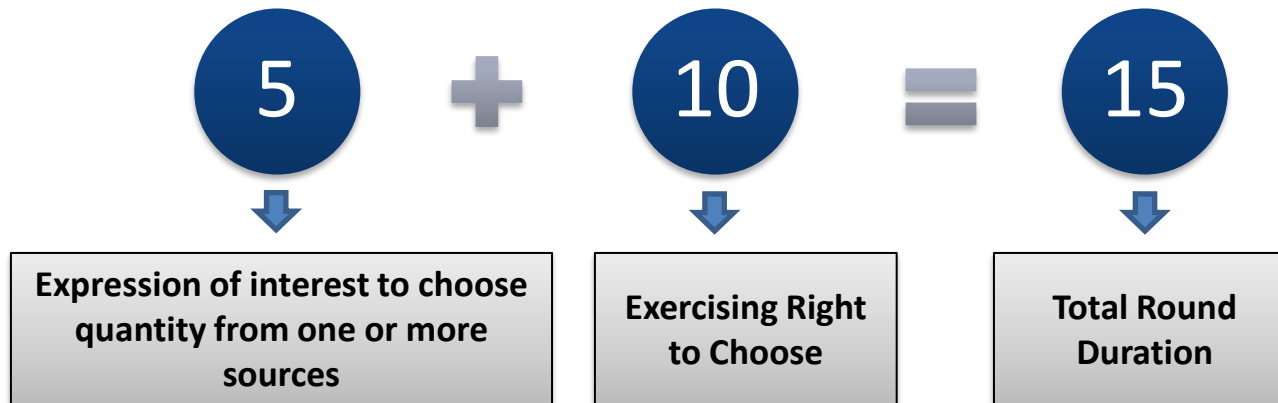
Weighted average of the Source Grade shall be the Grade corresponding to the Weighted Average Gross Calorific Value (GCV) of the Source Grades, wherein **Weighted Average Gross Calorific Value (GCV) shall be as under:**

	Source 1	Source 2	Source 3	Source 4	Source 5
<b>Representative Grade</b>	G9	G11	G13	G12	G10
<b>GCV (lower band) kCal / kg</b>	4600	4000	3400	3700	4300
<b>Quantity Offered (MTPA)</b>	10	15	10	10	5
<b>Weighted Average Source Grade GCV</b>	<b>3970</b>				
<b>Weighted Average Grade</b>	<b>G12</b>				

<b>Max Eligible Quantity (in G13 terms)</b>	38.85 MTPA
<b>Max Allocable Quantity (in G13 terms)</b>	31.08 MTPA
<b>Max Allocable Quantity (in terms of Weighted Average Grade, i.e. G12)</b>	<b>28.56 MTPA</b>

## SPO Stage...

### SPO Round Duration (in min.)



In case no bidder expresses interest to off take quantity at the prevailing discount, the auction shall move to the next round.

# SPO Stage...

## Round decrement

- The SPO Stage shall be held in rounds, wherein, the first round shall commence at a starting discount and each subsequent round will **commence in a decrement of 1 paise/kWh** on a right-to-choose basis.

Round	Starting Discount/SPO Discount (paise/kWh)
1	X
2	X-1
3	X-2

## IPO check during each round

- **IPO auto allocation shall happen in case of valid IPO discount**, subject to other conditions/constraints.
- **In case of a tie, proportionate adjustment** (as per the rules) shall be done.

## Exercise of choice

- **Source-wise quantity to be entered by the Bidder(s)** who have expressed interest to participate.
- Quantity entered are **subject to constraints like availability** and eligible balance requirements.
- Once any quantity is provisionally allocated to the Bidder from a particular source, then the **source get blocked to the bidder for any subsequent bids.**



# SPO Stage: Maximum Quantity-Bidder Source wise

Bidder	Source wise max quantity (depending on rep grade)					Total Quantity (MTPA)
	Source 1	Source 2	Source 3	Source 4	Source 5	
Qty available (MTPA) ->	10	15	10	10	5	50
Rep Grade ->	G9	G11	G13	G12	G10	Max Eligible Quantity (MTPA)
B1	3.70 (11p)	4.25	5.00 (15p)	4.59	3.95	5
B2	7.00	7.00	7.00 (10p)	7.00 (11p)	5.00	7
B3	3.70 (10p)	4.25 (11p)	5.00 (12p)	4.59 (13p)	3.95	5
B4	7.39	8.00	8.00 (11p)	8.00 (10p)	5.00 (15p)	8
B5	5.91	6.80	8.00 (11p)	7.35	5.00	8
B6	4.32	4.97	5.85	5.38	4.63 (10p)	5.85
<b>Total</b>						<b>38.85</b>

**Max Allocable Quantity** 28.56 MTPA

Representative Grade	G9	G11	G13	G12	G10
GCV (lower band) kCal / kg	4600	4000	3400	3700	4300

# SPO Round: Starting Discount x p/kWh

		SPO Round: Starting	x p/kWh
		Balance Max. All. Qty (before any IPO allocation - Not Displayed)	28.56
		IPO Allocation	0.00
		Net All. Qty (after any IPO allocation - Displayed)	28.56
SPO Allocation	0.00	End of Round Net All. Qty (after any SPO allocation - Not Displayed)	28.56

Starting Source-wise Balance Avl.->		Source 1	Source 2	Source 3	Source 4	Source 5	
Bidder	Starting Bal. Max. El. Qty	10.00	15.00	10.00	10.00	5.00	Ending Bal. Max. El. Qty
B1	5.00	--	--	--	--	--	5.00
B2	7.00	--	--	--	--	--	7.00
B3	5.00	--	--	--	--	--	5.00
B4	8.00	--	--	--	--	--	8.00
B5	8.00	--	--	--	--	--	8.00
B6	5.85	--	--	--	--	--	5.85
Total	38.85	Ending Source-wise Balance Avl. ↓					38.85
		10.00	15.00	10.00	10.00	5.00	

For simplicity and ease of understanding, all sources are assumed to be of the same grade, say G13.

# IPO Table

Bidder	IPO Discount (paise/kWh)				
	Source 1	Source 2	Source 3	Source 4	Source 5
B1	11		15		
B2			10	11	
B3	10	11	12	13	
B4			11	10	15
B5			11		
B6			-		10
B7	-	-	-	-	-

# SPO Round: 15p/kWh

		SPO Round: Starting 15 p/kWh	
		Balance Max. All. Qty (before any IPO allocation - Not Displayed)	28.56
		IPO Allocation	10.00
		Net All. Qty (after any IPO allocation - Displayed)	18.56
SPO Allocation	0.00	End of Round Net All. Qty (after any SPO allocation - Not Displayed)	18.56

IPO Allocation

Starting Source-wise Balance Avl. -->		Source 1	Source 2	Source 3	Source 4	Source 5		
Bidder	Starting Bal. Max. El. Qty	10.00	15.00	10.00	10.00	5.00	Ending Bal. Max. El. Qty	
B1	5.00	--	--	5.00	--	--	0.00	
B2	7.00	--	--	--	--	--	7.00	
B3	5.00	--	--	--	--	--	5.00	
B4	8.00	--	--	--	--	5.00	3.00	
B5	8.00	--	--	--	--	--	8.00	
B6	5.85	--	--	--	--	--	5.85	
Total	38.85	Ending Source-wise Balance Avl. ↓					0.00	28.85
		10.00	15.00	5.00	10.00			

- Bidder B1 and B4 had submitted IPO discount as 15 paise/kWh

# IPO Table

Bidder	IPO Discount (paise/kWh)				
	Source 1	Source 2	Source 3	Source 4	Source 5
B1	11		15		
B2			10	11	
B3	10	11	12	13	
B4			11	10	15
B5			11		
B6			-		10
B7	-	-	-	-	-

# SPO Round: 14p/kWh

SPO Round: Starting		14 p/kWh
Balance Max. All. Qty (before any IPO allocation - Not Displayed)		18.56
IPO Allocation		0.00
Net All. Qty (after any IPO allocation - Displayed)		18.56
SPO Allocation	4.00	End of Round Net All. Qty (after any SPO allocation - Not Displayed)
		14.56

SPO Allocation  
Blocked Source

Starting Source-wise Balance Avl. -->		Source 1	Source 2	Source 3	Source 4	Source 5	Ending Bal. Max. El. Qty
Bidder	Starting Bal. Max. El. Qty	10.00	15.00	5.00	10.00	0.00	
B1	0.00	--	--		--	--	0.00
B2	7.00	--	1.00	3.00	--	--	3.00
B3	5.00	--	--	--	--	--	5.00
B4	3.00	--	--	--	--		3.00
B5	8.00	--	--	--	--	--	8.00
B6	5.85	--	--	--	--	--	5.85
Total	28.85	Ending Source-wise Balance Avl. ↓					24.85
		10.00	14.00	2.00	10.00	0.00	

- B2 allocated 1 MTPA and 3 MTPA respectively from Source 2 and 3

# IPO Table

Bidder	IPO Discount (paise/kWh)				
	Source 1	Source 2	Source 3	Source 4	Source 5
B1	11		15		
B2			10	11	
B3	10	11	12	<b>13</b>	
B4			11	10	15
B5			11		
B6			-		10
B7	-	-	-	-	-

# SPO Round: 13p/kWh

		SPO Round: Starting	13 p/kWh
		Balance Max. All. Qty (before any IPO allocation - Not Displayed)	14.56
		IPO Allocation	5.00
		Net All. Qty (after any IPO allocation - Displayed)	9.56
SPO Allocation	2.00	End of Round Net All. Qty (after any SPO allocation - Not Displayed)	7.56

Starting Source-wise Balance Avl. -->		Source 1	Source 2	Source 3	Source 4	Source 5	Ending Bal. Max. El. Qty
Bidder	Starting Bal. Max. El. Qty	10.00	14.00	2.00	10.00	0.00	
B1	0.00	--	--		--	--	0.00
B2	3.00	--			--	--	3.00
B3	5.00	--	--	--	5.00	--	0.00
B4	3.00	--	--	1.20	--		1.80
B5	8.00	--	--	0.80	--	--	7.20
B6	5.85	--	--	--	--	--	5.85
<b>Total</b>	<b>24.85</b>	<b>Ending Source-wise Balance Avl. ↴</b>					<b>17.85</b>
		10.00	14.00	0.00	5.00	0.00	

- Bidder B3 had submitted IPO discount as 10 paise/kWh
- Bidders B4 and B5 respectively express 2 and 3 MTPA; i.e. total of 5 MTPA
- Allocation happens in the ratio of expressed quantity and proportionately reduced to the available source quantity of 2 MTPA



# IPO Table

Bidder	IPO Discount (paise/kWh)				
	Source 1	Source 2	Source 3	Source 4	Source 5
B1	11		15		
B2			10	11	
B3	10	11	12	13	
B4			11	10	15
B5			11		
B6			-		10
B7	-	-	-	-	-

# SPO Round: 12p/kWh

SPO Round:		Starting	12 p/kWh
		Balance Max. All. Qty (before any IPO allocation - Not Displayed)	7.56
		IPO Allocation	0.00
		Net All. Qty (after any IPO allocation - Displayed)	7.56
SPO Allocation	2.70	End of Round Net All. Qty (after any SPO allocation - Not Displayed)	4.86

Starting Source-wise Balance Avl. -->		Source 1	Source 2	Source 3	Source 4	Source 5	Ending Bal. Max. El. Qty
Bidder	Starting Bal. Max. El. Qty	10.00	14.00	0.00	5.00	0.00	
B1	0.00	--	--		--	--	0.00
B2	3.00	--			--	--	3.00
B3	0.00	--	--			--	0.00
B4	1.80	--	--		--		1.80
B5	7.20	2.00	--		0.70	--	4.50
B6	5.85	--	--	--	--	--	5.85
<b>Total</b>	<b>22.85</b>	<b>Ending Source-wise Balance Avl. ↓</b>					<b>15.15</b>
		8.00	14.00	0.00	4.30	0.00	

- No quantity left for IPO allocation to B3 on account of nil Balance Max. El. Qty.
- SPO allocations to B5

# IPO Table

Bidder	IPO Discount (paise/kWh)				
	Source 1	Source 2	Source 3	Source 4	Source 5
B1	11		15		
B2			10	11	
B3	10	11	12	13	
B4			11	10	15
B5			11		
B6			-		10
B7	-	-	-	-	-

# SPO Round: 11p/kWh

		SPO Round: Starting	11 p/kWh
		Balance Max. All. Qty (before any IPO allocation - Not Displayed)	4.86
		IPO Allocation	3.00
		Net All. Qty (after any IPO allocation - Displayed)	1.86
SPO Allocation	0.00	End of Round Net All. Qty (after any SPO allocation - Not Displayed)	1.86

Starting Source-wise Balance Avl. -->		Source 1	Source 2	Source 3	Source 4	Source 5	Ending Bal. Max. El. Qty
Bidder	Starting Bal. Max. El. Qty	8.00	14.00	0.00	4.30	0.00	
B1	0.00	--	--		--	--	0.00
B2	3.00	--			3.00	--	0.00
B3	0.00	--	--			--	0.00
B4	1.80	--	--		--		1.80
B5	4.50		--			--	4.50
B6	5.85	--	--	--	--	--	5.85
<b>Total</b>	<b>15.15</b>	<b>Ending Source-wise Balance Avl. ↓</b>					<b>12.15</b>
		8.00	14.00	0.00	1.30	0.00	

- No quantity left for IPO allocation to B1 and B3 on account of nil Balance Max. El. Qty.
- IPO allocation to B2
- No quantity left for IPO allocation to B4 and B5 because no quantity left for this source

# IPO Table

Bidder	IPO Discount (paise/kWh)				
	Source 1	Source 2	Source 3	Source 4	Source 5
B1	11		15		
B2			10	11	
B3	10	11	12	13	
B4			11	10	15
B5			11		
B6			-		10
B7	-	-	-	-	-

# SPO Round: 10p/kWh

		SPO Round: Starting 10 p/kWh	
		Balance Max. All. Qty (before any IPO allocation - Not Displayed)	1.86
		IPO Allocation	1.30
		Net All. Qty (after any IPO allocation - Displayed)	0.56
SPO Allocation	0.56	End of Round Net All. Qty (after any SPO allocation - Not Displayed)	0.00

Starting Source-wise Balance Avl. -->		Source 1	Source 2	Source 3	Source 4	Source 5	Ending Bal. Max. El. Qty
Bidder	Starting Bal. Max. El. Qty	8.00	14.00	0.00	1.30	0.00	
B1	0.00		--		--	--	0.00
B2	0.00	--				--	0.00
B3	0.00	--				--	0.00
B4	1.80	--	--		1.30		0.50
B5	4.50		0.56			--	3.94
B6	5.85	--	--	--	--	--	5.85
Total	12.15	Ending Source-wise Balance Avl. ↓					10.29
		8.00	13.94	0.00	0.00	0.00	

- No quantity left for IPO allocation to B2 on account of his already submitting a bid for this source at 11p level and because no quantity left for this source
- No quantity left for IPO allocation to B3 on account of nil Balance Max. El. Qty.
- IPO allocation to B4 but only to the extent of balance quantity of 1.3 from this Source 4
- No quantity left for IPO allocation to B6 on account of nil quantity in Source 5
- SPO allocation to B5
- Auction comes to a close with the conclusion of this round

# Energy adjustment during SPO Round: 15p/kWh...

Starting Source-wise Balance Avl. -->	Source 1	Source 2	Source 3	Source 4	Source 5
<b>Representative Grade</b>	G9	G11	G13	G12	G10
<b>Bidder</b>	10.00	15.00	10.00	10.00	5.00
<b>B1</b>	--	--	5.00	--	--
<b>B2</b>	--	--	--	--	--
<b>B3</b>	--	--	--	--	--
<b>B4</b>	--	--	--	--	5.00
<b>B5</b>	--	--	--	--	--
<b>B6</b>	--	--	--	--	--
<b>Total</b>	<b>Ending Source-wise Balance Avl. ↻</b>				
	10.00	15.00	5.00	10.00	0.00

## Status at the End of the Round...

- In the above example, the different source grades are considered.
- Energy adjustment calculation as per the grade of the allocated Source is shown through earlier 15p/kWh illustration.

# Energy adjustment during SPO Round: 15p/kWh

Calculations to arrive at the balance Bidder-wise Source-wise quantity eligible post IPO allocation

Bidder	Source wise max quantity (depending on rep grade)					Balance Energy (Mn kCal)
	Source 1	Source 2	Source 3	Source 4	Source 5	
Qty available (MTPA) ->	10.00	15.00	5.00	10.00	0.00	
Rep Grade ->	G9	G11	G13	G12	G10	
B1	0.00	0.00	0.00	0.00	0.00	0
B2	7.00	7.00	5.00	7.00	0.00	34,000
B3	3.70	4.25	5.00	4.59	0.00	17,000
B4	2.72	3.00	3.00	3.00	0.00	12,500
B5	5.91	6.80	5.00	7.35	0.00	27,200
B6	4.32	4.97	5.00	5.38	0.00	19,890
<b>Total</b>						<b>1,10,590</b>

## Status at the End of the Round

- Balance energy of Bidder B1 is 0 and so there is no balance source-wise quantity it is eligible for.
- Balance energy of Bidder B4 is reduced by GCV of 5 MTPA allocated in G10 grade (source 5).
- Eligible quantity that a Bidder can bid against a source is a minimum of the remaining quantity against EMD, quantity eligible as per balance energy requirement, and the quantity remaining in the source.



# Conclusion of Auction

The auction will come to an end as soon as any of the following conditions is met:

- a) the Maximum Allocable Quantity being provisionally allocated;
- b) the Balance Maximum Allocable Quantity or the Net Allocable Quantity, as the case may be, is lower than **100 TPA**;
- c) the SPO Discount reaches **10 paise/kWh**, which shall be the last round of the SPO Stage;
- d) there are no Eligible Bidders left in the Auction;
- e) the Maximum Eligible Quantity of all the Eligible Bidders has been provisionally allocated;  
or
- f) the Balance Maximum Eligible Quantity of each Eligible Bidder is lower than **100 TPA**.

# Submission of Tariff Discount Stream

The Provisional Successful Bidder shall submit a year-on-year tariff discount stream **for each Source for the remaining term of each concluded PPA**, subject to the following conditions:

- (a) Discount for each year shall be a **positive integer** number in paise/kWh;
- (b) The ratio of **minimum discount** on the tariff quoted to the **maximum discount** on the tariff quoted for any of the remaining years of the Concluded PPA **shall not be less than 0.7**;
- (c) The applicable discount factor to be considered to determine the Levellised Discount shall be the **Pre-notified Discount Rate** ;
- d) The levellised value of the year-on-year tariff discount stream post discounting at the Pre-notified Discount Rate **shall be equal to or more than the SPO Discount** and/or the Starting Discount, as the case may be, at which the Provisional Allocated Quantity has been allocated; and
- e) The Provisional Successful Bidder has to provide **year-on-year discount stream** for the remaining term of each of its Concluded PPA(s) from the date of completion of the Auction.

# Submission of Tariff Discount Stream ... Example 1

## For Bidding

Year	1	2	3	4	5	6	7	8	9	10
Tariff Discount Quote	10	10	10	11	12	12	12	12	12	12
Discount Factor*	1.00	0.92	0.84	0.77	0.71	0.65	0.60	0.55	0.51	0.47
Levellised Tariff	11.10									

- Auction completion date September 30, 2021
- Concluded PPA of the Bidder expires on November 04, 2030 i.e. 9 years, 1 month and 5 days from the date of completion of auction
- 1 month and 5 days from September 30, 2030 to October 04, 2030 to be considered as one full year
- \*Pre-notified Discount Rate used in the above example is 8.87%.

## Actual

Year	Nov 10, 2021 to Nov 09, 2022	Nov 10, 2022 to Nov 09, 2023	Nov 10, 2023 to Nov 09, 2024	Nov 10, 2024 to Nov 09, 2025	Nov 10, 2025 to Nov 09, 2026	Nov 10, 2026 to Nov 09, 2027	Nov 10, 2027 to Nov 09, 2028	Nov 10, 2028 to Nov 09, 2029	Nov 10, 2029 to Nov 04, 2030
Quote	10	10	10	11	12	12	12	12	12

# Submission of Tariff Discount Stream ... Example 2

## Multiple PPAs:

*Say the bidder has two different PPAs PPA 1 and PPA 2 for its plant for 10 years and 15 years. The discount offered is 11 paise. The bidder can provide two different streams as provided below: (assuming CERC discount rate of 8.87%)*

PPA 1	1	2	3	4	5	6	7	8	9	10
Tariff Discount Quote	10	10	10	11	12	12	12	12	12	12
Discount Factor	1.00	0.92	0.84	0.77	0.71	0.65	0.60	0.55	0.51	0.47
Levellised Discount	<b>11.10</b>									

PPA 2	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Tariff Discount Quote	10	10	10	11	12	12	12	12	12	12	12	12	12	12	12
Discount Factor	1	0.92	0.84	0.77	0.71	0.65	0.60	0.55	0.51	0.47	0.43	0.39	0.36	0.33	0.30
Levellised Discount	<b>11.29</b>														



**THANK YOU**

# The E-Auction Process

## PLATFORM

### Source Wise Quantity

Available quantity from each Source being offered during the auction process.

### Maximum Allocable Quantity

Maximum Quantity available for offtake during the auction process.

### Balance Maximum Allocable Quantity

The total quantity available for offtake during any round being net of any provisional allocations.

### Net Allocable Quantity

Balance Maximum Allocable Quantity net of any provisional IPO allocation in a round.

## BIDDER

### CEA Approved Quantity

The maximum quantity a Bidder is eligible for in terms of G13 grade.

### Maximum Eligible Quantity

The maximum quantity, across various grades, that a Bidder is allowed to bid for.

### Balance Maximum Eligible Quantity

The maximum eligible quantity net of any provisional allocations.

### Provisional IPO/SPO Allocation Quantity

The quantity provisionally allocated to a Bidder through IPO/SPO.

### Provisional Allocated Quantity

The sum of Provisional IPO and SPO allocated to a Bidder.

### Allocated Quantity

The quantity finally allocated to a Successful Bidder.