

SATURDAY | 24 MARCH 2025

## Case Update



### CERC Dismisses Juniper Green Energy's Petition Seeking Return of Bank Guarantee, Holds It was Obligated to Execute the PPA Post-Tariff Adoption.

DATED: 24/03/2025



Juniper Green Energy Pvt. Ltd. ("JGEPL") filed Petition No. 275/MP/2024 before the Central Electricity Regulatory Commission ("CERC") under Sections 79(1)(b) and 79(1)(f) of the Electricity Act, 2003, seeking a declaration that its bid dated 17.09.2023 had expired on 30.06.2024, thereby relieving it of the obligation to execute a Power Purchase Agreement ("PPA") with Damodar Valley Corporation ("DVC"). Additionally, the Petitioner sought directions for REC Power Development and Consultancy Limited ("REC") to return the Bank Guarantee deposited towards Earnest Money Deposit. The petition was filed pursuant to the liberty granted by the CERC by its order dated 02.08.2024 in Petition No. 193/AT/2024.

JGEPL had submitted a bid on 17.09.2023 for a 50 MW wind power project under a Request for Selection ("RfS") issued by REC. Following an e-Reverse auction conducted on 17.11.2023, JGEPL was declared a successful bidder at a tariff of Rs. 3.58/unit. REC issued a Letter of Award ("LoA") on 06.02.2024, which the Petitioner unconditionally accepted on the same day. Under the RfS, the PPA was to be executed within 60 days of LOA issuance, subject to tariff adoption by the CERC. The Petitioner extended its bid validity until 30.06.2024 but declined further extensions. On 23.04.2024, Damodar Valley Corporation filed Petition No. 193/AT/2024 for tariff adoption before CERC. The CERC adopted the tariff pursuant to the said petition on 01.08.2024, following which REC requested the JGEPL to execute the PPA. However, JGEPL refused, citing bid expiry and project cost escalations.

The CERC examined (i) whether the Petitioner's bid had expired on 30.06.2024, rendering the LoA invalid, (ii) whether REC Power Development and Consultancy Limited's request for the Petitioner to execute the Power Purchase Agreement should be set aside, and (iii) whether REC Power Development and Consultancy Limited should return JGEPL's Bank Guarantee without deductions. The CERC noted that bid was initially valid until 15.03.2024 and was extended to 30.06.2024. DVC filed the tariff adoption petition before the CERC on 23.04.2024, well before the extended bid validity expired. Clause 15.1 of the RfS explicitly states that the Power Purchase Agreement can only be signed after tariff adoption by the CERC, which occurred on 01.08.2024. CERC observed that once the LoA was accepted, the Petitioner was bound to comply with subsequent obligations, including PPA

execution. JGEPL's refusal to execute the PPA based on bid expiry was found to be without merit, as the process adhered to prescribed timelines.

REC requested the Petitioner to execute the PPA on 05.08.2024 and 08.08.2024. The CERC noted that DVC had taken timely steps to ensure compliance with contractual obligations. Delays in the process were attributed to the JGEPL's actions, including a 41-day delay in re-submitting project documentation. Thus, CERC rejected the JGEPL's claim that increased project costs justified non-performance of contractual obligations. Under Clause 11.7 of the Rfs, failure to execute the PPA entitles DVC or REC to encash the Earnest Money Deposit. Thus, the CERC held that the Petitioner's request for an unconditional refund of the Bank Guarantee was untenable.

The CERC ruled against the Petitioner on all issues, affirming that the LoA remained valid despite the expiration of bid validity, that the Petitioner was obligated to execute the PPA post-tariff adoption, it was also held that REC was justified in its request for PPA execution, and that JGEPL was not entitled to a refund of the Bank Guarantee. Petition No. 275/MP/2024 and IA No. 64/2024 were dismissed in their entirety.

The CERC upheld the contractual obligations outlined in the RfS, emphasizing adherence to bidding conditions and regulatory approvals. This decision reinforces the principle that contractual commitments made under competitive bidding processes must be honoured, particularly in regulated procurement frameworks.

Click [here](#) to read the CERC's Order

*Damodar Valley Corporation was represented before the Central Electricity Regulatory Commission by Mr. Shri Venkatesh (Founding Partner), Mr. Bharath Gangadharan (Counsel) and Mr. Kartikay Trivedi (Associate) Of SKV Law Offices.*