

**KERALA STATE ELECTRICITY REGULATORY COMMISSION
THIRUVANANTHAPURAM**

**Present : Sri. T. M. Manoharan, Chairman
Sri. K. Vikraman Nair, Member
Sri. S. Venugopal, Member**

Petition No. O.P. 14 of 2016

In the matter of approval of Supplementary Power Purchase Agreement (SPPA) to be entered into by Kanan Devan Hills Plantations Company Private Limited with KSEB Ltd for additional power of 2000kVA

Petitioner : Kanan Devan Hills Plantations
Company Private Limited (KDHPCL),
KDHP House, Munnar 685612

Respondent : Kerala State Electricity Board Ltd.,
Thiruvananthapuram

Order dated 20/12/2016

1. The Executive Director, Kanan Devan Hills Plantations Company Private Limited (herein after referred to as the petitioner or KDHPCL) has filed a petition before the Commission on 21.11.2016 seeking approval of the draft Supplementary Power Purchase Agreement (SPPA) to be entered into with KSEB Ltd, for additional power of 2000kVA (2MVA) at 11kV, over and above the existing contract demand of 7000kVA (7MVA) as per the Power Purchase Agreement (PPA) dated 26.10.2016.
2. KDHPCL, in their petition, has submitted the following:
 - (1) Kanan Devan Hills Plantations Company Private Limited, was issued License under Section 14 of the Electricity Act 2003 for distribution of electricity in Munnar, Kerala vide Notification Nos.1/2007 dated 9th January 2007 and 2/2007 dated 23rd March 2007 of the Kerala State Electricity Regulatory Commission.
 - (2) Tata Tea Limited, presently Tata Global Beverages Limited, the earlier Sanction Holder/Licensee, transferred its electricity distribution utility and connected assets in favour of KDHPCL under Indenture dated 23rd June 2007 registered as document No 1937/07 as from 18th June 2007.

- (3) Petitioner entered into a PPA with KSEB on 26th October 2016 for purchase of power to the tune of 7MVA, after obtaining approval of the Commission.
 - (4) The petitioner intends to avail additional 2 MVA power to deal with the acute shortage of power prevailing in the Licensed Area of the Petitioner.
 - (5) It is reported by KDHPCL that the Petition is filed without prejudice to the Civil Appeals No 2144 /2011 and 5122/2012 pending before the Hon. Supreme Court of India.
3. The KDHPCL submitted the draft Supplementary Power Purchase Agreement, duly initialled by them and KSEB Ltd along with petition for approval.

Analysis and Decision of the Commission

4. The Commission had, vide the common order dated 30-07-2015 in petition OP No. 33/2012 and in OP No. 19/2015, approved the Power Purchase Agreement for purchasing 7 MVA power from KSEB Ltd, wherein the Commission had ordered as follows.

“(i) The draft PPA submitted by the Second Petitioner namely M/s Kanan Devan Hill Plantations Company Private Ltd, and the respondent KSEB Ltd is hereby approved.

(ii) The Second Petitioner namely M/s Kanan Devan Hill Plantations Company Private Ltd, and the respondent KSEB Ltd are directed to execute power purchase agreement in accordance with the draft PPA approved by the Commission.

(iii) KSEB shall issue appropriate orders for implementing the decisions taken on consensus in the discussions with the petitioners in this regard.

(iv) The above directions shall be complied with on or before 30.09.2015 and a report on compliance of the above directions shall be submitted on or before 31.10.2015.

This order issued by the Commission in these petitions are subject to the decisions of the Hon’ble Supreme Court in CA 2144/2011.”

5. KDHPCL submitted a copy of the PPA entered into between KDHPCL and KSEB Ltd, for availing 7 MVA of power from KSEB Ltd, before the Commission on 27th October 2016.
6. The PPA dated 27th October 2016 between the petitioner and KSEB Ltd is for a period of five (5) years from date of signing of PPA. However, the period proposed for the SPPA is 2 years. With the additional power of 2MVA, the total contract demand of the petitioner becomes 9 MVA.

7. As per Regulation 8 of the Kerala Electricity Supply Code, 2014, 9 MVA power can be supplied at the voltage of 33 kV and above only. However, the existing 7 MVA contract demand is connected at 11 kV only and the proposed additional power of 2 MVA is also proposed to be connected at 11 kV supply voltage level. In this connection, clause 4.3 of the PPA dated 26.10.2016 states as follows;

“ The point of supply shall be shifted to the EHT substation to be constructed at Munnar within a period of 3 years from the date of this agreement or such other period as approved by the Hon. Commission to ensure reliable and safe operation of the grid and in accordance with the provisions in the Kerala State Electricity Grid Code, 2005 notified by the Hon. Commission.”

8. Regarding the construction of 66 kV substation at Munnar by KSEB Ltd on cost sharing basis and to provide supply at 33 kV to KDHPCL, the Commission had, vide order dated 18.8.2015 in OP No. 17/2014, ordered as follows;

Both the petitioner namely KDHPCL and the respondent namely KSEB Ltd are directed to discuss the various techno-economic options relating to the construction of transmission line with sufficient capacity from Pallivasal generating station to Munnar and the construction of sub -station at Munnar, in view of all the relevant facts. The discussion shall be completed on or before 31-10-2015 and a report on various options with detailed techno-economic aspects shall be submitted to the Commission on or before 16 - 11 - 2015. After considering such proposals the Commission will take appropriate decision on the project cost as well as on the sharing of cost. The OP No.17/2014 is therefore found to be premature and it is disposed of with the above directions.

9. In compliance of the above direction of the Commission, the KSEB Ltd vide its letter No. KSEB/TRAC/KDHPCL-O.P-17of 2014/R1/2695 dated 1.4.2016 submitted that;

Now, Board has accorded administrative sanction for the work of providing 33kV EHT supply to KDHPCL, for an estimate amounting to Rs 22.13 Crore (Rupees twenty two Crore thirteen lakh only)

It is humbly submitted that out of the estimated cost of Rs 2213 lakhs, an amount of Rs 936 lakhs is exclusively meant for meeting demand of consumers of KSEB Ltd at Marayoor. Similarly an amount Rs 17 lakhs is for the exclusive purpose of KDHPCL. The balance amount of Rs 1260 lakhs is meant for drawal of 66kv double circuit feeder and establishment of 66kV substation at Munnar which are intended for utilisation by both M/s KDHPCL and KSEB Ltd in proportion to their loads.

10. In this petition, the Commission is not going in to the prudence of the proposal of construction of 66kV substation on cost sharing basis at this

stage, since the subject matter of the petition is for additional power allocation of 2 MVA to KDHPCL from KSEB Ltd to meet their obligation to supply power to the consumers in the licensed area. The total demand of KDHPCL will come to 9 MVA and as per Regulation 8 of the Kerala Electricity Supply Code, 2014 the supply is to be availed at least at 33kV. The supply at 11 kV can be taken only upto 3 MVA and the same is already addressed while approving the original PPA for availing 7 MVA and three years' time is granted as per clause 4.3 to construct EHT substation and shift the point of supply to EHT substation.

11. All the terms and conditions of SPPA will be governed by the original PPA approved by the commission vide order dated 30.7.2015 and the SPPA is for availing additional power to the tune of 2MVA to meet the demand of the consumers in the area of distribution.

Orders of the Commission:

12. Considering the facts and circumstances of the case, the Commission orders as follows;
 - (i) The draft Supplementary Power Purchase Agreement submitted by the Petitioner KDHPCL, duly initialled by both the petitioner and the respondent KSEB Ltd is hereby approved without any modifications.
 - (ii) The terms and conditions will be governed by the original PPA executed on 26.10. 2016 between KSEB Ltd and KDHPCL.
 - (iii) This agreement shall remain valid for a period of 2 years from the date of signing the agreement.
 - (iv) A copy of the signed SPPA entered between the parties shall be submitted to the Commission for records.

This order issued by the Commission is subject to the decisions of the Hon'ble Supreme Court in CA 2144/2011 and 5122/2012.

Petition is disposed of accordingly.

Sd/-
K. Vikraman Nair
Member

Sd/-
S. Venugopal
Member

Sd/-
T.M.Manoharan
Chairman

Approved for issue

Santhosh Kumar.K.B
Secretary