

KERALA STATE ELECTRICITY REGULATORY COMMISSION
THIRUVANANTHAPURAM

Present : Sri. Preman Dinaraj, Chairman
: Adv.A.J.Wilson, Member (Law)

Petition No. O.P. 49/ 2020

In the matter of Approval of Supplementary PPA between M/S KINESCO Power and Utilities Private Limited (KPUPL) and Kerala State Electricity Board Limited (K.S.E.B.Ltd) for reduction of contract demand from 18000 KVA to 13000KVA at 110 KV in respect of KPUPL Kakkanad Licensee Area at Kochi.

Petitioner : The Chief Executive Officer,
M/s KPUPL, Kochi.

Respondent : M/s KSEB Ltd., Thiruvananthapuram

Date of Hearing : 07.01.2021

Order dated 07 .01.2021

1. The Chief Executive Officer, M/s KINESCO Power and Utilities Private Limited (hereinafter referred to as the petitioner or M/s KPUPL), filed a petition before the Commission on 22.12.2020 for approval of supplementary Power Purchase Agreement to be entered into with KSEB Limited for reduction of contract demand from 18000 KVA to 13000 KVA at 110 KV between KSEB Ltd and KPUPL in respect of Kakkanad Licensee Area for the period till 09.06.2022 from the date of signing of the Agreement.

Background

2. M/s KPUPL is an electricity distribution licensee authorized to distribute electricity in the areas of Infopark Phase-1, KINFRA Export Promotion Industrial Park (KEPIP) at Kakkanad, Kochi and KINFRA Hi Tech Park at Kalamassery, KINFRA integrated Industrial & Textiles Park at Kanjikode and KINFRA Mega Food Park at Kozhippara, Palakkad.
3. M/s KPUPL had entered into a Power Purchase Agreement (PPA) with KSEBL for a Contract Demand of 18000 KVA (18MVA) at 110KV voltage level at KINFRA/KEPIP Park at Kakkanad on 10.06.2016 for a period of one year from the effective date. This PPA was extended for a further period of five years, ie.,

till 09.06.2022 on the same terms and conditions. The supply for KPUPL is drawn at 110KV Kakkanad Substation through a double circuit overhead line from 220KV KSEB Ltd Substation at Brahmapuram.

4. In their Petition dated 18.12.2020, the petitioner has submitted that due to the outbreak of Covid-19 pandemic in the Nation and the subsequent impact on the business of their consumers, there is a fall in the consumption of energy in the industrial parks since March 2020. Also, it has been submitted that, it has become difficult for anyone to estimate the duration of this down trend and some of their major consumers have demanded reduction in contract demand and the same is being given to them.
5. In view of the above, KPUPL requested KSEB Ltd to reduce their contract demand from 18000 KVA (18 MVA) to 13000 KVA (13 MVA) at 110 KV. Vide letter No. KSERB/TRAC/R1/2020/1188 dated 14.12.2020, the Respondent KSEB Ltd informed the Petitioner that the Board had accorded sanction for reduction of contract demand from 18000 KVA at 110 KV to 13000 KVA at 110 KV with effect from the date of initialling of the same by both parties.
6. Subsequently, a draft Supplementary Power Purchase Agreement for reduction of contract demand from 18000 KVA to 13000 KVA, mutually initialled by the Chief Executive Officer, KPUPL and Deputy Chief Engineer (Commercial and Planning), KSEB Ltd in respect of M/s KPUPL Kakkanad Licensee Area at Kochi has also been submitted before the Hon'ble Commission. The petitioner has requested to approve the draft Supplementary agreement for reduction of contract demand of KPUPL Licensee Area at Kakkanad to the extent of 13000 kVA at 110 KV.
7. The Commission had admitted the said Petition as OP No. 49 of 2020 and conducted the hearing through Video Conferencing on 07.01.2021 at 11 AM.
8. Sri.T.M.Ajith Kumar, Chief Executive Officer and Sri. Sanjeev.M.S., Resident Engineer attended the hearing on behalf of M/s KPUPL and presented the matter. They explained the circumstances that the filing of this petition for reduction of contract demand was due to the Covid-19 Pandemic. They further confirmed that the validity of the period of PPA has to be extended till 09.06.2022. Sri. Manoj, Executive Engineer representing KSEB Ltd. clarified that the Original Agreement was executed for a period of one year from 10.06.2016 and was extended for a further period of five years, ie., till 09.06.2022. The power factor in the draft Supplementary Agreement was changed in tune with the consequential changes made by the Commission in the Tariff Order issued for the control period 2018-19 to 2021-22 in OA No.15/2018 dated 8th July 2019.

Analysis and Decision of the Commission

9. The Commission has examined the petition and scrutinized the draft Supplementary Agreement initialed by both parties in detail. The draft Supplementary Agreement which is initialed and agreed to by both parties, include the following conditions:
- 1) The Agreement shall remain valid up to 09.06.2022.
 - 2) **Article 3.2** of the existing PPA shall be modified as “*KSEB Limited shall supply to KPUPL at the point of supply at Kakkanad and KPUPL shall take from KSEBL power upto a total quantity of 13000 kVA at KEPIP, Kakkanad for its own use and for the purpose of supply to the consumers within the area of supply as provided in the licence for distribution of electricity*”;
 - 3) **Article 8.6** of the PPA dated 10.06.16 shall be modified as:
“If the power factor drops below 0.95 lag, the following extra charge or charges for the entire reactive energy as determined by the Commission shall be payable by KPUPL”;
“*Below 0.95 lag and upto 0.90 lag, the following extra charge or charges for the entire reactive energy as determined by the Commission shall be payable by KPUPL*”;
“*Below 0.95 lag and upto 0.90 lag-0.50% of the energy charges for every reduction of 0.01 fall in power factor below 0.95 and upto 0.90*”;
“*Below 0.90 - 1% of the energy charge for every reduction of 0.01 fall in power factor from 0.90*”.
 - (4) In **Schedule IIA**, the **3rd row** is amended as “Rate for supply shall be at the tariff approved by the Commission from time to time”;
 - (5) In **Schedule IIA**, the **4th row** is amended as “Maximum output required by KPUPL, Kakkanad is 13000 kVA at 110 KV”;
 - (6) All the terms and conditions of the Articles of the PPA entered by the parties on 10.06.2016 shall hold good in respect of the Supplementary PPA executed for the purpose for change in contract demand from 18000 kVA at 110 KV to 13000 KVA at 110 KV also, except for those specified herein above “.
10. The Commission is of the view that the draft Supplementary Agreement is legally in order. The other Article relating to the term of the Agreement contained in the draft Supplementary Agreement need not be changed and is acceptable. But as far as Clause 8.6 of the PPA dated 10.06.2016, the Commission further directs that the above power factor conditions shall be subject to revision automatically wherever any change in the power factor conditions is notified by the Commission. This will enable the Petitioner to avoid unnecessary periodical amendments in the PPA consequent to any changes in power factor notified by the Commission. The other conditions as suggested by both the Petitioner and the Respondent is accepted. Hence, following clause in the draft Supplementary Agreement shall be modified as suggested below:

(1) The **Article 8.6** of the PPA dated 10.06.16 shall be modified as:

“Below 0.95 lag and upto 0.90 lag, the following extra charge or charges for the entire reactive energy as determined by the Commission shall be payable by KPUPL”;

Below 0.95 lag and upto 0.90 lag-0.50% of the energy charges for every reduction of 0.01 fall in power factor below 0.95 and upto 0.90”;

Below 0.90 - 1% of the energy charge for every reduction of 0.01 fall in power factor from 0.90”;

Or as notified by the Commission from time to time.

(4) In **Schedule IIA**, the **3rd row** is amended as “Rate for supply shall be at the tariff as decided by the Commission from time to time”.

Orders of the Commission

11. The contract demand in the PPA is reduced from 18000 KVA at 110 KV to 13000 KVA at 110 KV with effect from the date of initialing of the same by both parties.
12. The draft Supplementary Agreement submitted by M/S KPUPL and KSEB Ltd duly initialed by both parties is hereby approved subject to the modifications suggested at Para 10.
13. A copy of the Supplementary PPA entered between the parties shall be submitted to the Commission within one month from the date of signing of the Agreement.

Sd/-

**Adv.A.J.Wilson
Member**

Sd/-

**Preman Dinaraj
Chairman**

Approved for issue,

**C.R. Satheeshchandran
Secretary (i/c)**

