

**KERALA STATE ELECTRICITY REGULATORY COMMISSION
THIRUVANANTHAPURAM**

Present: **Shri. S. Venugopal, Member**
Shri. K. Vikraman Nair, Member

Petition No. OA 8/2018

In the matter of : Petition under section 86 (1) (e) of the Electricity Act, 2003 filed by M/s Minar Renewable Energy Projects Private Limited for the Pathamkayam SHEP.

Petitioner : M/s Minar Renewable Energy Projects Private Limited

Respondent : 1. Kerala State Electricity Board Limited
2. Energy Management Centre, Kerala

Petitioner represented by : Shri. Sureh Kumar, Senior Advocate
Shri Koshy P J Advocate
Shri.Mohan Kumar AG, General Manger(Projects)
Shri. Shahul Hameed, Project Co- ordinator
Shri Shafi, Managing Director
Shri. Shaji, Finance Manager
Shri. Anand, Engineer

Respondent represented by: Shri. Bipin Sankar, Deputy CE, TRAC
Shri K G P Nampoothiri, EE, TRAC
Shri. Edward P B, AEE, TRAC
Shri. Latha S V, AEE, TRAC
Shri. S Jayanthi, AEE O/o Director (T&SO)

Energy Management Centre represented by

Shri. Dinesh Kumar A N, Energy Technologist
Shri. Abhishek V R, Project Engineer

Daily Order dated 28.02.2019

1. M/s Minar Renewable Energy Projects Private Limited, (hereinafter referred to as M/s Minar or the petitioner) has filed a petition on 08.05.2018, before the Commission with following prayer.

“Determine the generic tariff for small hydro projects having capacity above 5MW for the year 2016-17 and subsequent years and to allow the

petitioner's project to have the benefit of such determination in the matter of purchase of power by the Kerala State Electricity Board;”

2. The Commission admitted the petition as OA 8/2018 and decided to determine the project specific tariff for the project. In order to determine the project specific tariff, the Commission vide the letter dated 04.06.2018 has directed the petitioner to submit the following details.
- (i) Copy of the detailed project report submitted to the State Government, including the cost estimate submitted to the Government
 - (ii) Actual cost of completion with supporting documents.
 - (iii) Details of the funding of the project.
 - (iv) Technical and parameters to be considered for determination of project specific tariff, which includes,
 - a. Capacity utilization of the project based on the past hydrology data
 - b. Auxiliary consumption
 - c. R&M expenses
 - d. Depreciation rate
 - e. Equity and its rate of return
 - f. Working capital requirements,
 - g. Income tax benefits if any, including the benefit of accelerated depreciation.
3. The petitioner vide letters dated 13.09.2018, and vide the affidavit dated 28th November 2018, submitted the details for the consideration of the Commission. The summary of the capital cost of the project claimed by the petitioner as per the documents submitted is given below.

Sl No	Particulars	Amount (Rs. Cr)		
		as per DPR	Loan sanction document by IREDA	Claimed by the petitioner
1	Land & site development	2.50	2.95	1.94
2	Civil works	21.57	10.89	14.57
3	Hydro Mechanical works		7.47	15.55
4	Electro-mechanical works	19.00	19.00	18.72
5	Transmission line	0.91	0.91	0.99
6	Project management expenses etc	1.98	4.70	4.90
7	Interest on term loan	5.79	5.54	8.42
8	Composite power evacuation arrangements	0.00	0.00	10.31
9	Refurbishment work due to flood	0.00	0.00	15.35
10	Total	51.75	51.46	90.75
11	Total capital cost (excluding item (7) & item (8))	51.75	51.46	65.09

4. The hearing on the petition was conducted on 26.2.2019. Sri. Adv. Suresh Kumar and Sri. Shahul Hameed, Project Co-ordinator presented the petition and answered to the queries raised by the Commission. Sri. Bipin Sankar, Dy.CE, KSEB Ltd and Sri. K.G.P Namboothiri, answered to the queries of the Commission.
5. The summary of the deliberations during the hearing and directions of the Commission therein is given below.
 - (i) The Commission during the hearing remarked that, the actual capital claimed is much higher than the project cost as per the DPR approved by the State Government and the project cost approved by IREDA as part of sanctioning loan for the project. The petitioner clarified that, cost claimed for composite power evacuation arrangements claimed by KSEB Ltd and the cost for refurbishment work due to flood in August 2018, are subsequent events and these items are not covered in the DPR approved by the State Government and the capital cost of the project approved by IREDA. The petitioner further claimed that, exact amount under these items are yet to be finalized.
 - (ii) Regarding the cost of refurbishment works due to flood in August 2018, the petitioner further submitted that, out of the total Rs 15.35 crore, the petitioner expecting an insurance coverage for Rs 9.00 crore. Along with the refurbishment works, the petitioner proposed additional civil works for an amount of about Rs 6.50 crore, for strengthening to protect the project from floods in the future.

The Commission directed the petitioner to submit the copies of the approval obtained from the project sanctioning authority, the State Government.

- (iii) Regarding the cost claimed towards cost of composite power evacuation arrangements, the petitioner submitted that, they are yet to remit the amount to KSEB Ltd. During the hearing, the representative of the KSEB Ltd submitted that, as per the scheme approved, the cost for the composite power evacuation scheme for the Pathamkayam project is only about Rs 8.00 crore.

The Commission directed the petitioner and respondent KSEB Ltd to submit the exact claim towards composite power evacuation scheme.

- (iv) The Commission has noted that, the cost of hydro mechanical works as per the loan sanction documents approved by IREDA is only Rs 7.47 crore as against the claim of Rs 14.57 crore. The petitioner clarified that, the amount claimed is as per the contract signed with the contractors for executing the hydro mechanical works. The petitioner further submitted that, there is an excessive increase in price of steel during the execution of the project and this has resulted in increase in cost of the hydro mechanical works.

The Commission directed the petitioner to submit the documents in support of their claim in this regard.

- (v) As per the details submitted before the Commission, the petitioner had entered into contract with M/s Taihe Electric Limited (Hong Kong) for the electro mechanical component with a total cost of USD 1.86 Million. As per the terms of the agreement, the payment to the supplier is also in USD, and the supplier also raised the invoices in USD. However, the petitioner had claimed that, they had paid Rs 18.07 crore to the supplier M/s Taihe Electric Limited. However, the petitioner has not submitted the documents regarding the date of effecting payment and the exchange rate of USD as on the date of the payment to the supplier.

Hence the Commission here by direct that, the petitioner shall submit all the documents related to the payment to the supplier M/s Taihe Electric Limited (Hong Kong) for supplying the electromechanical equipments, including the details of the date of effecting the payments, the exchange rate variation as on the date of payment etc.

- (vi) The Commission has also noted that, the interest on term loan claimed by the petitioner is much higher than the same as per the approved DPR and also as per the loan sanction document of IREDA. The petitioner submitted that, the project is under complete shutdown since the August-2018 due to the calamities happened due to the flood. The project is expected to re-commissioned only in June 2019. The interest on term loan during these period also included in the interest on term loan claimed as part of capital cost.

The Commission observed that, such claim on interest on term loan during the period of closure of the plant due to force majeure events cannot be a part of the capital cost.

6. The petitioner, M/s MINAR Renewable Energy Projects Private Limited and the respondent KSEB Ltd shall, submit the clarifications on the issues discussed under paragraph-5 above with all supporting documents and documentary evidences, and also additional details if any, within three weeks from the date of this order.

Sd/-
K. Vikraman Nair
Member

Sd/-
S. Venugopal
Member

Approved for issue

Sd/-
G. Jyothichudan
Secretary