

KERALA STATE ELECTRICITY REGULATORY COMMISSION
THIRUVANANTHAPURAM

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

Petition No. OP 9/2017

- In the matter of : Petition for approval of Power Sale Agreement for 50MW Solar PV Project at Kasargod Solar Park developed by IREDA
- Petitioner : (1) Indian Renewable Energy Development Agency Limited, India Habitat Centre, East Court, Core-4A, 1st Floor, Lodhi Road, New Delhi- 110 003
(2) Solar Energy Corporation of India Limited.
D – 3, First Floor, Wing A, Relegare Building
District Centre, Saket, New Delhi -110 017
- Petitioners represented by : Shri. M G Ramachandran, Sr. Advocate
Shri. Abhinav Kumar, Deputy Manager, SECI
Shri. Abhilash Singh, GM, IREDA
Shri. Sreedharan. K, GM, RPCKL
- Respondent : Kerala State Electricity Board Limited
- Respondent represented by : Shri. Bipin Sankar, Deputy CE, KSEB Ltd.
Shri. K.G.P Nampoothiri, EE, KSEB Ltd.
Smt. Meharunnisa M, EE, KSEB Ltd.
Smt. Latha S.V, AEE, KSEB Ltd.
Smt. Smitha Mathew, AEE, KSEB Ltd.
Shri. Seema P Nayar, AE, TRAC, KSEB Ltd

Daily Order dated 14 .02.2018

1. M/s IREDA has filed a petition on 16th June 2017, for the approval of Power Sale Agreement for 50 MW Solar PV project at Kasargode Solar Park, Kerala with KSEB Ltd. Out of the 50MW, 36 MW was commissioned on 31.03.2017. The balance capacity was commissioned during September 2017.
2. Along with the original petition, the petitioner had submitted the following documents.
(1) MoU signed between SECI and KSEB Ltd and SECI, dated 18.2.2015.

- (2) Tripartite agreement between KSEB Ltd., IREDA and SECI dated 31.03.2015
- (3) Power sale agreement between IREDA and KSEB Ltd dated 31.03.2017
3. Clause-7 of the power sale agreement specifies the tariff for electricity generated from the project, which is extracted below.
- “Clause 7.0: The tariff will be at a levelized tariff of Rs.4.95/unit or the rate as approved by KSERC, whichever is lower. Both parties agree to review the tariff on completion of 15 years from the commercial operation date on mutually agreed terms. “*
4. The Commission conducted the hearing on the original petition on 29-08-2017 and vide daily order dated 30.08.2017, the Commission ordered as follows.
- “ The Commission noted that, the petitioner has not submitted the necessary and sufficient details for determining the tariff, including the ‘Capital Cost’ incurred by the project as per the EPC contract, other financial parameters for determining the tariff including the interest rate, O&M cost, RoE etc, Central Financial Assistance available/ availed etc. The Commission, therefore, direct the petitioner to file a proper petition for determination of tariff with necessary and sufficient details with supporting documents, latest by 20th September 2017, with a copy to KSEB Ltd.*
- The Commission may schedule hearing on the petition after appraising the documents submitted by the petitioner.”*
5. In compliance of the daily order of the Commission dated 30.08.2017, M/s IREDA submitted the revised petition on 11.12.2017. The petitioner has produced a copy of the Lol issued to the EPC contractor M/s Jackson Engineers Ltd, NOIDA, for design, engineering, supply, construction, erection, testing and commissioning of the project, for a total amount of Rs 269.29 crore. Further, the petitioner has produced an audit certificate for claiming the total project cost at Rs 310.88 crore, which includes cost for evacuation and solar park charges.
6. The petition was heard on 6.2.2018 at 11AM in the Court Hall of the Commission. Shri. M G Ramachandran, Senior Advocate, represented the petitioners and submitted that, EPC contractor is selected through competitive bidding. The tariff for the electricity generated from the project is arrived at Rs 4.95/unit through negotiations, which is less than the generic tariff determined by CERC for solar plants for the financial year 2016-17 and prayed before the Commission to approve the tariff at Rs 4.95/unit.

7. Adv. Mr. M G Ramachandran, further submitted that, till date about 40 MU of energy has been pumped to the KSEB Ltd system, but no payments were made for the same. This is affecting financials of the petitioner and hence requested before the Commission to approve an interim tariff for the electricity generated from the project and supplied to KSEB Ltd.
8. Sri K G P Namboothiri represented the respondent, KSEB Ltd and expressed the concern on the high capital cost of the project.
9. On examining the documents submitted and based on the deliberations, the Commission observed that the petitioner has not provided the necessary and sufficient details for determination of project specific tariff of the electricity generated from the 50 MW solar plant at Kasargod. Hence the Commission hereby orders that the petitioner IREDA to submit the following details, within 15 days from the date of this order.
 - (1) The date of commercial operation of the project as a whole
 - (2) The technical and other parameters to be adopted for determination of project specific tariff of the project.
 - (3) The details of the bidders who participated in the competitive bidding initiated for EPC contract, including the financial bid details, with supporting documents of the successful bidders.
 - (4) Cost of electromechanical equipments erected at the site, including excise duty challans remitted etc.
 - (5) Cost incurred for erection and commissioning, cost of civil works including the work contract tax paid.
 - (6) The copy of the contract agreement signed between the petitioner and the contractor for supply, erection and civil works.
 - (7) Clarify whether the EPC contract amount of Rs 269.29 crore is inclusive of the amount for O&M contract for 10 years from the CoD, with supporting documents.
 - (8) Central Finance Assistance available for constructing the evacuation facilities and the reason for not availing the same.
 - (9) The rationale for claiming additional overall charges @ 5.50% of the EPC contract amount and solar power charges.
 - (10) Financing pattern of the project with details of loan taken with interest rate and other conditions of loan
 - (11) The high solar park cost to be substantiated with proof.
 - (12) Any other relevant matters, so as to enable the Commission to arrive at a project specific tariff.

10. The Commission examined the request of IREDA for interim tariff and decide as follows:

The Commission vide the tariff order dated 17.4.2017 has approved the average cost of power purchase of KSEB Ltd for the year 2017-18 at Rs 3.90 per unit. The details are given below.

Sl No	Particulars	Quantity	Amount	Avg. Rate
		(MU)	(Rs. Cr)	(Rs/ kWh)
1	CGS	11000.05	3755.97	3.41
2	IPP- wind and SHPs	142	45.87	3.23
3	Traders	5729.8	2195.02	3.83
4	Short-term market	1946.98	778.79	4.00
5	Inter State Transmission charges (PGCIL)		563.7	
	Total	18818.83	7339.35	3.90

- (i) Therefore, the Commission decides to approve an interim tariff at the rate of Rs 3.90 per unit for the energy supplied by IREDA to KSEB Ltd, for making interim payments to the electricity generated and supplied from date of synchronization of the 1st unit.

Sd/-

K. Vikraman Nair
Member

Sd/-

S. Venugopal
Member

Sd/-

Preman Dinaraj
Chairman

Approved for issue

K B Santhosh Kumar
Secretary