

THIRUVANANTHAPURAM

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

Petition No. OP 53/19

In the matter of : Petition filed by KSEB Ltd seeking approval of Power Sale Agreement (PSA) for 200MW wind power with the Solar Energy Corporation of India Limited on long-term Basis

Petitioner : M/s Kerala State Electricity Board Limited.

Petitioner represented by : Shri. Sasankan Nair, DCE, KSEBL
Sri. K. G. P. Nampoothiri, Executive Engineer, KSEBL
Smt. Supyiya Jasmine G, EE, KSEBL
Smt. Latha S.V, AEE, KSEBL
Smt. Vijayalakshmi V, AEE, KSEBL

Respondent : M/s Solar Energy Corporation of India Limited (SECI)

Respondent represented by : Shri. Tarun Mubhija, Deputy Manager, SECI

Daily Order dated 28.10.2019

1. KSEB Ltd on 01.07.2019, has filed a petition before the Commission for the approval of Power Sale Agreement (PSA) for 200MW Wind power with Solar Energy Corporation of India Limited (SECI) on long term basis in accordance with Section 86(1)(b) of the Electricity Act, 2003 read along with Section 63 of the Electricity Act, 2003 and Regulation 76 of the KSERC (Terms and Conditions for determination of Tariff) Regulation, 2018 to meet the Renewable Purchase Obligation (RPO) of KSEB Ltd.

2. The summary of the issue raised in the petition submitted by KSEBL is as follows,
 - (1) As per the projected consumption pattern and the RPO targets, KSEBL has to meet 925 MW from Non-Solar Renewable Energy (RE) sources by the year 2021-2022. However, the existing non-Solar capacity in the State is only about 273 MW.
 - (2) The Central Government has evolved a scheme for setting up 2500MW Wind Power Projects in the Country to meet the Non-Solar RPO of “non-windy” States. The Central Government identified SECI, a CPSU under the administrative control of the Ministry of New and Renewable Energy (MNRE), as the nodal agency for implementation of this scheme. SECI shall act as an intermediary procurer under the guidelines for tariff based competitive bidding process for procurement of power from grid connected wind power projects issued by the Ministry of Power, Government of India vide the gazette resolution dated 08.12.2017.
 - (3) Based on the requirement of KSEB Ltd, SECI has allotted 200MW wind power to K S E B Ltd. with applicable tariff of Rs. 2.83 per unit + a trading margin of Rs.0.07 per unit, which they have derived through competitive bidding. The PSA was signed by both the parties on 14.06.2019.
 - (4) KSEB Ltd further submitted that, as per the Section 86(1)(b) of the Electricity Act, 2003, and Regulation 76 of the KSERC (Terms and conditions for the determination of Tariff) Regulation, 2018, every agreement for procurement of power by KSEB Ltd from generating station /companies entered into, after the date of commencement of KSERC(Terms and conditions for the determination of tariff) Regulations, 2018 will come into effect only with the approval of the Commission.
 - (5) K S E B Ltd., therefore prayed before the Commission to approve the initialed PSA for procuring 200MW wind power through SECI on long term basis.
3. The Commission admitted the petition as OP No 53/2019. The hearing on the petition was conducted on 16.9.2019. Sri. K G P Nampoothiri presented the petition on behalf of K S E B Ltd. Sri. Tarun Mubhija representative of SECI clarified that the 200MW power is proposed to be made available from the two sources, viz, 75 MW from Gujarat and 125 MW from Karnataka.

4. The Commission observed that Article 3.3 of the initialed PPA between M/s SECI and K S E B Ltd. provide as under,

Buying Entity shall be liable to bear all the transmission losses as determined by appropriate commission from time to time in respect of the power evacuated from the delivery points to its receiving substation(s).

Ministry of Power, Government of India vide notification dated 13.2.2018, has waived the interstate transmission charges and losses for a period of 25 years from CoD for Wind and Solar Projects commissioned till 31.3.2022. The Central Electricity Regulatory Commission, in line with the order of the Central Government dated 13.2.2018, has amended the CERC (Sharing of Interstate Transmission Charges and Losses) Regulations, 2010, vide notification No. L-1/44/2010- CERC dated 27th March 2019, exempting from charges and losses for the use of ISTS for a period of 25 years from date of Commercial Operation of Wind and Solar Projects commissioned between 13.2.2018 till 31.3.2022, which is extracted below;

“(aa) No transmission charges and losses for the use of ISTS network shall be payable for the generation based on solar and wind power resources for a period of 25 years from the date of commercial operation of such generation projects if they fulfill the following conditions:

- (i) Such generation capacity has been awarded through competitive bidding process in accordance with the guidelines issued by the Central Government;*
- (ii) Such generation capacity has been declared under commercial operation between 13.2.2018 till 31.3.2022;*
- (iii) Power Purchase Agreement(s) have been executed for sale of such generation capacity to all entities including Distribution Companies for compliance of their renewable purchase obligations.”*

Hence, the Commission hereby directs the petitioner K S E B Ltd. and the respondent M/s SECI to modify the Article 3.3 of the PSA, incorporating the above provision to the effect for the entire period of the PSA of 25 years . The buying entity K S E B Ltd. shall not be liable to pay interstate transmission charges and shall also not be liable to bear any transmission losses for entire term of the PSA.

5. K S E B Ltd. may submit the modified PSA after incorporating the amended Clause for final approval of PSA.

6. K S E B Ltd. / SECI may also submit additional documents / orders issued by Central Govt. and CERC which the petitioner and respondent have relied while finalizing the contract.

Sd/-
K. Vikraman Nair
Member

Sd/-
S. Venugopal
Member

Sd/-
Preman Dinaraj
Chairman

Approved for issue

G Jyothichudan
Secretary