

BEFORE THE HON'BLE KERALA STATE ELECTRICITY REGULATORY COMMISSION

In the matter of: In the matter of seeking interim order for approval for procurement of 200MW solar power from Inter State Transmission System grid connected solar photo voltaic projects through Solar Energy Corporation Limited on long term basis in accordance with Section 86(1) (b) of Electricity Act,2003 , section 63 and Regulation 76 of KSERC(Terms and conditions for determination of Tariff)Regulations,2018, to meet the Renewable Purchase Obligation of KSEB Ltd. as specified in KSERC(Renewable Energy& Net Metering)Regulations,2020 as amended from time to time.

Petitioner Kerala State Electricity Board Limited,
VydyuthiBhavan, Pattom,
Thiruvananthapuram – 695 004.

Respondent Managing Director
Solar Energy Corporation of India Limited.
New Delhi.

KSEBL MOST HUMBLY STATES THAT:

1. The petitioner, Kerala State Electricity Board Limited (KSEBL), is an integrated State Public Sector power utility company constituted by the State Government. KSEBL is carrying out the Generation, Transmission and Distribution functions through three strategic business units.
2. Being a distribution licensee, KSEBL is mandated to achieve the Renewable Purchase Obligation targets set by this Hon'ble Commission as per the Kerala State Electricity Regulatory Commission (Renewable Energy& Net Metering) Regulations,2020 and its subsequent amendments.
3. Meanwhile, India has committed before the UNFCCC to increase the share of installed electric power from non-fossil-fuel sources to 40 % by 2030 as a part of our Nationally Determined Contributions (NDCs).Accordingly, the Government of India has set a target of installing 175 GW of renewable energy capacity by the year 2022, which includes 100 GW from solar, 60 GW from wind, 10 GW from bio-power and 5 GW from small hydro-power.Out of the target of 100GW solar power, 40GW is targeted from Roof Top Solar (RTS) plants. In September last year at the United Nations Climate Action Summit, GoI had announced increasing the renewable energy target to 450 GW by 2030.

4. In accordance with these generation targets, Ministry of Power initially notified the RPO targets upto the year 2018-19.
5. In line with the upward revision in targets, Hon'ble Commission revised the earlier RPO targets notified vide KSERC(Renewable Energy Regulations), 2015 through the Multi Year Tariff order issued on 8-7-2019 as tabulated below.

Year		2019-20	2020-21	2021-22
Non Solar RPO to be met as per KSERC MYT order dtd 8-7-2019	(%)	8.00	9.00	10.25
	(MU)	1272.07	1535.92	1853.60
Solar RPO to be met as per KSERC MYT order dtd 8-7-2019	(%)	4.00	5.25	6.75
	(MU)	636.04	895.95	1220.66

6. Ministry of Power vide notification dated 14-6-2018, notified the RPO trajectory for the 3 years period (from 2019-20 to 2021-22)applicable uniformly for all states as tabulated below.

Long Term RPO trajectory	2019-20	2020-21	2021-22
Non Solar	10.25 %	10.25%	10.50%
Solar	7.25%	8.75%	10.50%
Total	17.50%	19.00%	21.00%

7. As per the order of Hon'ble Commission around 734MW of cumulative solar power plant capacity by the year 2021-22 is required to meet the target specified. The existing solar capacity in the State is only 188.19 MW. As per the targets notified by MoP, around 1141MW of cumulative solar power plant capacity is required by the year 2021-22.
8. As per the draft Electricity Amendment bill notified by MoP on 17-4-2020, severe penalties are proposed for shortfall in RPO achievement, i.e. fifty paise per kilowatt-hour for the shortfall in purchase in the first year of default, one rupees per kilowatt-hour for the shortfall in purchase in the second successive year of default and at the rate of two rupees per unit for the shortfall in purchase continuing after the second year.
9. Even though earnest efforts are taken by KSEBL to meet the RPO targets stipulated by Hon'ble Commission, there has always been a considerable shortage in achievement, due to following:
 - a) Non availability of adequate ground mounted solar generation sources inside the State due to land availability issues. Bids for purchase of 200MW of solar power from ground mounted solar PV projects were not successful due to lack of participation of bidders.
 - b) Floating solar projects in the State were also explored, but none have been implemented so far. NHPC initially planned for a 10MW solar project at West Kallada, but due to feasibility issues, the project was dropped. NHPC is now planning to

implement the project as 50MW, however, the implementation schedule is not finalized.

- c) The floating solar projects at Cheruthoni for 50MW and Ancharuli for 100MW planned for implementation in 2020-21 are delayed due to issues connected with forest clearance.
- d) For implementation of Rooftop solar projects, KSEBL had invited bids for 200MWp under RESCO(150MW) and EPC mode(50MW) with the approval of Hon'ble Commission. However, there was no participation in RESCO mode. Out of the 50MWp tender under EPC mode, KSEBL could get only 46.5MWp of tender.

10. As part of the Government of India's targets of achieving a cumulative capacity of 100 GW Solar PV installation by the year 2022, SECI has invited proposals for setting up of ISTS Connected Solar PV Projects (for an aggregate capacity upto 7GW) linked with setting up of Solar Manufacturing Plant (for an aggregate capacity of 2GW) in India on "Build Own Operate" basis.
11. SECI shall enter into Power Purchase Agreement (PPA) with the successful Bidders for purchase of Solar Power for a period of 25 years based on the terms, conditions and provisions of the RfS. Solar Power Developers selected by SECI shall be required to set up cumulative annual Solar Manufacturing Capacity of 2GW. The total Solar PV Power Plant capacity would be maximum of 7000MW for manufacturing capacity of 2000MW.
12. SECI shall enter into PPA with successful bidders/ Developers/ SPDs for a period of 25 years from the date as per the provisions of PPA and PSAs with States.
13. SECI vide the letter dated 7-8-2020 has intimated that they are proposing to bundle the power from the manufacturing linked tender with solar power from ISTS VIII & ISTS IX tender as per the provisions of the revised standard bidding guidelines. SECI has completed e-EA for ISTS IX and has offered solar power at following tariffs.

Sl.No.	Tranche	Quantity available (MW)	Quantity being offered (MW)	Tariff in Rs/kwh excluding SECI's trading margin (of Rs.0.07 Rs/unit)	SCOD
1	I Tranche	6200	500	2.66	2022
2	II Tranche	3000	250	2.92	2023
3	III Tranche	3000	250		2024
4	IV Tranche	3000	250		2025

A copy of the letter is enclosed as **Annexure-1**.

14. The proposed purchase of KSEBL is from the I Tranche having tariff of Rs.2.66/kwh. Trading margin of 7ps/unit is payable by the utilities to SECI as trading margin. The copy of the proposed PSA to be entered between SECI and DISCOMs and PPA to be entered between SECI and SPDs are attached as **Annexure- 2** and **Annexure-3**.

15. Ministry of Power vide notification dated 6-11-2019 has waived interstate transmission charges and losses for wind power for interstate transmission for sale by such projects commissioned till 31stDecember 2022. This waiver is applicable for a period of 25 years from the date of commissioning of such projects. The waiver is applicable for solar and wind projects entering into PPAs with all entities, including Distribution Companies for sale of power for compliance of their renewable purchase obligation. The waiver is allowed only to those solar and wind projects that are awarded through competitive bidding process in accordance with the guidelines issued by the Central Government. Central Electricity Regulatory Commission vide notification dated 4-5-2020 has notified the Central Electricity Regulatory Commission (Sharing of inter-State Transmission Charges and Losses) Regulations, 2020, wherein the waiver of inter-state transmission charges and losses has been implemented in line with the directions of MoP. Thereafter vide notification dated 5-8-2020, the waiver is extended till 30-6-2023 by MoP. The waiver of transmission charges and losses is expected to be available for the power procurement from SECI, as these Solar power projects are expected to achieve scheduled CoD in 2022.
16. Hon'ble Commission under section 86(1)(b) of the Electricity Act, 2003 is vested with the power to regulate electricity purchase of distribution licensees including the price at which electricity shall be procured from the generating companies through agreements for purchase of power for distribution and supply within the State.
17. The approval of PPA is governed by the provisions in KSERC (Terms and conditions for determination of Tariff) Regulations, 2018. Regulation 76 of the said Regulation deals with approval of power purchase agreement of licensee as extracted below:
"76. Approval of power purchase agreement- (1) 76. Approval of power purchase agreement. – (1) Every agreement for procurement of power by the distribution business/licensee from the generating business/company or licensee or from other sources of supply KSERC (Terms and Conditions for Determination of Tariff) Regulations, 2018 entered into after the date of commencement of these Regulations shall come into effect only with the approval of the Commission: Provided that the approval of the Commission shall also be required in accordance with this Regulation for any change to an existing agreement for power procurement, whether or not such existing agreement was approved by the Commission. (2) The Commission shall examine a petition for approval of Power Purchase Agreement having regard to the approved Power Procurement Plan of the distribution business/licensee and the following factors:-
(a) requirement of power under the approved Power Procurement Plan;
(b) adherence to a transparent process of bidding in accordance with guidelines issued by the Central Government under Section 63 of the Act;
(c) adherence to the terms and conditions for determination of tariff specified under Chapter VI of these Regulations where the process specified in clause (b) above has not been adopted;

*(d) availability (or expected availability) of capacity in the intra-State transmission system for evacuation and supply of power procured under the agreement; and
(e) need to promote co-generation and generation of electricity from renewable sources of energy.*

(3) Where the terms and conditions specified under chapter VI of these Regulations are proposed to be adopted, the approval of the power purchase agreement between the generating business/company and the distribution business/licensee for supply of electricity from a new generating station may comprise of the following two steps, at the discretion of the applicant:-

(a) approval of a provisional tariff, on the basis of a petition made to the Commission at any time prior to the petition made under clause (b) below; and

(b) approval of the final tariff, on the basis of a petition made not later than three months from the cut-off date.”

18. Thus, every agreement for procurement of power by the distribution business/licensee from the generating business/company or licensee or from other sources of supply entered into after the date of commencement of these Regulations shall come into effect only with the approval of the Commission.
19. It is humbly requested that Hon'ble Commission may kindly grant interim order for approval for procurement of 200MW solar power from Inter State Transmission System grid connected solar photo voltaic projects through Solar Energy Corporation Limited on long term basis in accordance with Section 86(1) (b) of Electricity Act,2003 , section 63 and Regulation 76 of KSERC(Terms and conditions for determination of Tariff)Regulations,2018, to meet the Renewable Purchase Obligation of KSEB Ltd. as specified in KSERC(Renewable Energy & Net Metering)Regulations,2020 as amended from time to time.
20. The petitioner humbly submits that the petitioner will be approaching Hon'ble Commission for approval of PSA after executing the PSA.
21. It is humbly submitted that in the hearing conducted on 13-10-2020 in the matter of procurement of solar power from National Hydro Power Corporation Ltd., Hon'ble Commission had allowed adjustment of the petition filing fee of Rs.10,000/- in NHPC matter against the petition filing fee in the instant petition. Therefore, separate petition filing fee has not been enclosed.

Prayer

In light of the above submission, the petitioner prays to Hon'ble Commission to grant an interim order approving the procurement of 200MW solar power from ISTS grid connected solar photo voltaic projects selected by SECI as per their offer letter dated 7-8-2020.

**Deputy Chief Engineer (Commercial & Planning)
With full powers of Chief Engineer**

-10-2020

Acc: as above