

KSEB

കേരളം സംസ്കൃതം



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KERALA STATE ELECTRICITY BOARD LIMITED

(Incorporated under the Companies Act, 1956)

Reg. Office: Vidyuthi Bhavanam, Pattom, Thiruvananthapuram-695004, Kerala, India.

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Abstract

Adjudication of dispute of Station Heat Rate (SHR) in the Power Supply Agreement entered with Jhabua Station under DBFOO basis – Sanctioned - Orders issued.

CORPORATE OFFICE (Planning)

B.O. (DB) No. 499/2020 (CE(C&P)/DBFOO-Jhabua/2020-21) dated Tvp, 29.07.2020

Read: 1. Note No. CE (C&P)/DBFOO-Jhabua/2020-21/361 dated 14.07.2020 of the Chairman and Managing Director.

2. Proceedings of the 54th meeting of Board of Directors held on 17.07.2020 vide Agenda No. 20-7/2020.**ORDER**

During 2014, KSEBL had entered into 865 MW long term Power Supply Agreements (PSA) through two tariff based competitive bids (Bid1-450MW & Bid2-400MW) invited as per the DBFOO (Design, Build, Finance, Own and Operate) guidelines issued by Ministry of Power, after obtaining approval from the Government on 20.12.2014. M/s Jhabua Power Ltd (JPL) was one of the successful bidders in both the bids and had offered 115 MW against Bid 1 and 100 MW against Bid 2 from their 600 MW power plant situated at Seoni, Madhya Pradesh. The long term PSAs with M/s Jhabua Power Ltd (JPL) for supplying 115 MW from 01.12.2016 and 100 MW from 01.10.2017 were executed on 31st December 2014 and 26th December 2014 respectively. The term of the PSAs is 25 years from the date of execution of the respective PSAs. Accordingly, JPL started supplying power against the first PSA with effect from 22nd December 2016 and the second PSA with effect from 1st October 2017.

A dispute arose on the Station Heat Rate (SHR) to be followed to claim fixed charges and fuel charges on commencement of power supply from JPL as per PSA 1. KSEBL has adopted the Net SHR of 2465.2 Kcal/kwh specified in the Completion Certificate furnished by JPL for PSA 1, for computation of fixed charges and fuel charges. However the claims raised by JPL for the monthly bills of PSA 1 (115 MW) including fixed and fuel charges from January 2017 onwards were not in accordance with the provisions in the PSA and they had adopted SHR value of 2347.9 kCal/kWh for computation of Fixed charge and 2465.2kCal/kwh for computation of fuel charge.

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03/08/2020

Since M/s Jhabua Power Ltd had disputed the SHR adopted by KSEBL for calculation of Fixed Charges and Fuel Charges for PSA 1, an Expert Committee was constituted with Internal Audit team of KSEB Ltd and experts from KSEBL's thermal generating stations to analyse and submit report on the value of SHR to be taken for the calculations of monthly fixed charges and fuel charges on the basis of the executed PSA and the documents submitted by the firm. Based on the report of the Expert Committee and the request of JPL, the Full Time Directors meeting held on 19.12.2017 decided to take up with KSERC for approval of SHR value of 2347.9 kCal/kWh and petition was filed by JPL before KSERC. However for PSA 2 for computation of both Fixed charges and Fuel charges, JPL had considered SHR of 2347.9 kCal/kWh as per the completion certificate furnished for PSA 2, which was admitted by KSEBL also. Subsequently JPL withdrew the petition stating that State Commission has no jurisdiction and approached CERC.

The petition was filed by M/s Jhabua Power Ltd before the CERC and the decision of CERC in its order dated 25.05.2020 was to consider SHR of 2347.9 kCal/kWh for payment of Fixed Charges and SHR of 2465.2 kCal/kWh for payment of fuel charge for both the PSAs. The financial implication of the CERC order as per the claim of JPL is Rs 69.14 Cr for principal amount for both PSAs.

The matter was placed before the Director Board as per note read 1 above. It is reported that the Advocate of KSEBL who appeared before CERC has opined to file an appeal before the Appellate Tribunal for Electricity (APTEL) against the order of the CERC which is clearly erroneous and contrary to the provisions of the PSAs. Also it was requested to consider whether KSEBL may exercise the option of further discussion with M/s Jhabua Power Ltd by the Expert Committee to explore the possibility of settling the matter as per the decision of FTD dated 19.12.2017.

Having considered the matter in detail, the Board of Directors in its meeting held on 17.07.2020,

Resolved to authorize the Expert Committee constituted by the meeting of Full Time Directors held on 18.06.2020 to discuss with M/s Jhabua Power Ltd for negotiation and settlement for adopting a single SHR of 2347.9 kCal/kWh for computation of Fixed charges and Fuel charges.

Resolved also to file appeal before APTEL at the earliest as per the advice of the Advocate of KSEBL who appeared before CERC and if a settlement is arrived with M/s Jhabua Power

Limited after negotiation with them by the committee deputed by the Board, the appeal can be withdrawn.

Resolved further to reconstitute the Expert Committee constituted by the Full Time Directors in its meeting held on 18.06.2020 by including Shri Rajan P, Director (Transmission & System Operation) also.

Orders are issued accordingly

By Order of the Director Board,
Sd /-
LEKHA.G
Company Secretary in-charge

To

1. The Deputy Chief Engineer (Commercial & Planning) with full powers of Chief Engineer.
2. The Deputy Chief Engineer (TRAC)
3. The Expert Committee Members (Sri. Bipin Joseph, Director (Generation Civil), Sri Rajan P, Director (Transmission & System Operation), Smt. Sabeeda K, DAO, PPA Cell, O/o the CIA, Sri. G. Ajith Kumar DAO, TRAC, Sri. SijiKumar, Asst Law Officer, O/o the LA & DEO)

Copy to:

1. The Financial Advisor/Chief Internal Auditor/LA & DEO
2. TA to CMD/ Director (T& SO)/ (SCM &Gen-E)/ (D,IT& HRM)/ Gen(Civil) /(Plg&Safety)
3. PA to Director (Finance)
4. Senior CA to Secretary/Company Secretary i/c/The Fair Copy Superintendent
5. Library / Stock File.

Forwarded by order


Assistant Executive Engineer