



KERALA STATE ELECTRICITY BOARD LIMITED

(Incorporated under the Companies Act, 1956)

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ABSTRACT

Implementation of 50 MW Floating Solar Project at West Kallada under UMREPP of MNRE by NHPC - Intimating Levelised tariff - Orders issued.

Corporate Office (REES,S,N,S&W)

B.O.(FTD)No.11/2023/CE(REES)/CP/BAK/2022-23

Dated, Tvm 05.01.2023

- Read: 1.Letter No. NH/RE/Kerala/2021/572 dated 21.10.2021 of M/s. NHPC addressed to Chief Engineer (Commercial & Tariff)
2.Note No.CE(C&T)/Solar/Floating-NHPC/2022-23/1079 dated 07.12.2022 of the Chief Engineer (Commercial & Tariff)
3.Note No CE(REES)/ AEE 8/West Kallada FS/22-23/1603 dated 13.12.2022 of the Chief Engineer (REES) to the Full time Directors through the Director (REES, S, N, S &W) (Agenda-38/12/22).

ORDER

An MOU was signed between KSEBL and M/s. NHPC on 7-5-2014 for establishing a 50 MW Solar Power Plant at West Kallada, the first phase being 10 MW. The Government of Kerala sanctioned Rs. 13.8 Cr as VGF (Viability Gap Funding) on 30-07-2018 for the 10 MW project. Later Vide G.O dated 15.12.2021 revised Administrative Sanction was accorded to permit Viability Gap Funding for the Floating Solar project at West Kallada for an amount of Rs.11.83 Cr under the scheme Innovation & ESCOT utilizing the budget provision of the Financial year 2020-21. The proposed 50MW solar plant by M/s.NHPC has been received in-principle approval from MNRE for developing it as Solar park under Mode -8 of UMREPP Solar Park Scheme.

M/s. NHPC Ltd had been requested as per letter dated 22.07.2021 to intimate the tariff, including Viability Gap Funding of Rs.13.80 Cr and excluding Viability Gap Funding. As reply, as per letter read as 1st above, M/s NHPC had informed the discovered tariff as follows.

with Viability Gap Funding of Rs. 13.8 Cr - Rs 3.34/kWh
without Viability Gap Funding - Rs 3.47/kWh

It was also reported that the project has Central Finance Assistance of Rs.10 Cr (Max) by MNRE under UMREPP Solar Park Scheme.

Later, in the meeting held by the Hon'ble Minister for Electricity on 07.03.2022 with M/s. NHPC it was decided to intimate the indicative tariff acceptable to KSEBL for

the project after obtaining the tariff arrived from Floating Solar RfP bids invited by KSEBL on 10 reservoirs and that re tender procedures by M/s. NHPC will be done after that.

However the tariff offered by the developers for the 10 reservoirs Rfp bid was found to be too high. Hence the KSEBL vide B.O dated 12.08.2022, directed to cancel the ongoing RfP and to proceed for re tender for optimum capacity. But this RfP is now kept on hold, as M/s. ANERT with aid from World Bank is going to conduct state wide studies on water bodies for assessing their feasibility to set up Floating Solar Photo Voltaic.

On 25.08.2022, the Hon. Minister for Electricity held a meeting with KSEBL & NHPC and the following points were noted.

a) West Kallada floating project site has features similar to NTPC - Kayamkulam Floating Solar Plant, so similar tariff as Kayamkulam should be the indicative tariff.

b) At Kayamkulam the tariff arrived for 92MW is Rs.2.94/-. The project cost includes Rs.50.77Cr for a proposed 7Km long motorable road and bund to access the plant, which had not been build. Hence reduction in tariff of Rs.2.94/- at Kayamkulam was recommended.

c) The West Kallada project has Viability Gap Funding (VGF) and Central Finance Assistance (CFA), thus even after considering power evacuation expenses, the project cost will be about Rs.25Cr. lesser than Kayamkulam. So NHPC was requested to offer a tariff lesser than Rs.2.94/- of Kayamkulam plant.

d) An indicative tariff to be arrived by NHPC Within 2months from the date of the meeting.

Later, vide the online meeting convened by the Principal Secretary, Power on 31.08.2022, it was also directed that, since the West Kallada Floating Solar Project is being implemented in unusable land owned by farmers with 4% of tariff as monthly rent for the generation, NHPC shall explore the assistance from PMKUSUM program also.

The Chief Engineer (C&T) has formulated a levelised tariff for 50MW West Kallada FS project considering the tariff of NTPC Kayamkulam (92 MW -Rs.2.94). The ceiling tariff as per the input parameters submitted by NHPC and based on CERC guidelines is as follows.

(A) Without considering MAT & corporate tax (RoE @ 12%)

1) Levelised tariff for 25 years (Without benefit of accelerated depreciation) is
Rs. 3.03/kWh

2) Levelised tariff for 25 years (With benefit of accelerated depreciation) is
Rs. 2.78/kWh

The CE(C&T) has also communicated another tariff incorporating some additional parameters submitted by M/s. NHPC which are not as per the regulation and CERC order (these parameters were not considered for arriving the ceiling tariff of Kayamkulam FS project).

The tariff is

(B) 1) Levelised tariff for 25 years (Without benefit of accelerated depreciation)
Rs.3.55/kWh

2) Levelised tariff for 25 years (With benefit of accelerated depreciation)
Rs.3.29/kWh

The matter was placed before the Full Time Directors as per note read as 3rd above. Having considered the matter in detail, the Full Time Directors in its meeting held on 19.12.2022, resolved to inform M/s. NHPC that they shall invite tender within two weeks and submit the discovered rate without further delay.

Further resolved to ask M/s. NHPC whether they are serious in taking forward the project.

Orders are issued accordingly.

By Order of the Full Time Directors,

Sd/-

Lekha G.
Company Secretary

To :1.The Chief Engineer, Renewable Energy and Energy Savings.
2.The General Manager (RE), NHPC Ltd, NHPC -Office complex,
Sector-33, Faridabad, Haryana

Copy to:

The Financial Adviser/ The Chief Internal Auditor.
The Dy. Chief Engineer (IT)/ The RCAO/ RAO.
The TA to Chairman & MD/D(T,SO,P &S)/D(D,IT & SCM)/D(G-E&HRM)/
D(G-C)/D(REES,S,N,S&W)
The PA to Director (Finance)/Company Secretary,
The Legal Liaison Officer, Kochi

Forwarded / By Order



Assistant Executive Engineer