

**KERALA STATE ELECTRICITY BOARD LIMITED**

(Incorporated under the Companies Act, 1956) CIN:U40100KL2011SGC027424

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**.Abstract**

Issuing Letter of Comfort to M/s Cochin Hydro Power(Pinavoor) Pvt Ltd regarding power purchase from Pinavoor SHEP with a capacity of 7MW- Sanctioned. Orders issued

**Corporate Office (Commercial and Tariff)**

BO (FTD) No. 44/2024 (No.CML-EE-2-AEE-2/CE(C&T)/Pinavoor /2023-24) Tvpm,

Dated 29.01.2024

Read:

1. GO(Ms) No: 8/2023/POWER/ TVM dated 01.08.2023 of Power Department, Government of Kerala.
2. Letter No:CHPP/PSHP/KSEB/01 dated 27.11.2023 received on 30.11.2023 from M/s Cochin Hydro Power (Pvt )Ltd addressed to the Chief Engineer(Commercial & Tariff)
3. Note No. DFA /21086 dated 09.01.2024 of the Chief Engineer (Commercial & Tariff) submitted to Full Time Directors. (Agenda No:38-01/2024)

**ORDER**

Government of Kerala as per note read as 1<sup>st</sup> above had allotted Pinavoor SHEP (7MW) as per clause 7.3 "Projects identified by Private persons on their own land" of SHP policy 2012 of Gok ( own land category on the complete risk and cost of the investor) with an annual generation of 19.08 MU with CUF of 31.12% identified at Kuttumpuzha Panchayath , Kothamangalam Taluk, Ernakulam district .

It was also mentioned that since the project is under Own land category,Implementation agreement is not needed and the developer should remit upfront premium of Rs 1,05,00000/- to Energy Management centre.The project should achieve CoD with in three years from the date of allotment.The Gok allotment order also clearly mentioned that KSEBL is not fully/partially liable to purchase power from the project and will allow non discriminatory open access as per Kerala small hydro policy 2012.

Now M/s Cochin Hydro Power (Pvt )Ltd as per note read as 2<sup>nd</sup> above had requested KSEBL for issuance of Letter of Comfort (LoC) for the purchase of power generated from Pinavoor (7 MW) Small Hydro Project for the purpose of availing loan from financial institutions.

This project is a run off river project where the generation would be confined to monsoon period only, when the demand will be considerably low . The projects which are allocated under the BOOT category is to be transferred back to GoK/ KSEBL at free of cost after the BOOT period.

However, this project is under own land category and that situation is not there for Pinavoor SHEP.

Considering these limitations of SHEPs, KSEBL has already decided not to purchase power from Kozhiyilakuthu (1.5MW) and Palakuzhi (1MW) SHEPs and decided to allow non discriminatory open access as per small hydro policy 2012 since the proposed tariff is not financially viable.

In spite of these constraints, as per Techno Economic Feasibility Report, expected generation from the Pinavoor project during summer months is 3.36 MU and annual peak generation is 3.18 MU which can be considered positively.

As far as Own land category projects are concerned, KSEBL had issued Provisional LoC for Ezhamkadavu Mini HEP (350 KW) at a tariff lower of average pooled power purchase cost of the year in which the CoD of the project is approved or project specific tariff or mutually agreed tariff. Also KSEBL has also initialled PPA with Mukkudam SHEP (4 MW) at project specific tariff or the tariff of any SHEP commissioned in Kerala during the year 2021-22 or mutually agreed tariff whichever is lower. And a committee has been formulated for conducting negotiations with M/s Mukkudam Electro Energy Pvt Ltd to arrive at a mutually agreed tariff, but even after four rounds of negotiation meetings, a mutually agreed tariff could not be arrived.

Latest tariff determined by KSERC for SHEPs Anakampoil (8MW) and Arippara (4.5 MW) are Rs 4.15/unit and Rs 4.30/Unit respectively, which comes under BOOT category.

However, the RPO obligation (Hydro Power) can be met from KSEBL's own projects and the rate of renewable energy especially Solar has come down drastically. Hence this proposal at a reasonable tariff similar to solar/wind long term contracts (intermittent and must run Sources), as a matter of promoting internal generation with an upper ceiling tariff of Rs 3.5/unit.

Accordingly the matter was placed before the Full Time Directors as per note read as 3<sup>rd</sup> above. Having considered the matter in detail, the Full Time Directors, resolved to accord sanction to issue provisional Letter of comfort for purchasing power from Pinavoor SHEP (7 MW) subject to the following conditions.

- (a) The developer has to limit the capital cost with in regulatory norms specified by KSERC.
- (b) Tariff from the project shall be lower of project specific tariff determined by KSERC, or the average pooled power purchase rate of KSEBL for the year in which CoD of the

project is achieved or the lowest tariff at which KSEBL entered into a long term contract with Solar or wind projects near to the date of achieving CoD of the proposed project.

(c) The upper ceiling of the tariff will be Rs 3.5/unit.

Orders are issued accordingly

By Order of the Full Time Directors,

**Sd/-**  
LEKHA G.  
Company Secretary

To

1. The Chief Engineer (Commercial & Tariff)
2. The Deputy Chief Engineer( TRAC)

Copy to:

1. The Financial Advisor/Chief Internal Auditor/LA & DEO
2. The TA to CMD/ Director (T,SO,Plng )/ D(D ,IT SCM,Safety )/ D(Gen (Civil))/D(Gen Ele ,REES,Soura,& S&W).
3. The PA to Director (Finance & HRM )
4. The Senior CA to Secretary (Admin)/Company Secretary
5. Library / Stock File.

Forwarded/ By Order

  
Assistant Engineer