



KERALA STATE ELECTRICITY BOARD Ltd

(Incorporated under the Companies Act, 1956)

Registered Office: Vydyuthi Bhavanam, Pattom, Thiruvananthapuram – 695 004

CIN: U40100KL2011SGC027424 Web: www.kseb.in

Phone :04712514366

Email :cect@kseb.in

ABSTRACT

Initialing of Power Purchase Agreement (PPA) with Palakkad Small Hydro Company Ltd for procuring power from Palakuzhy SHEP (1MW) - further negotiations reg - Sanctioned - Orders issued.

Corporate Office (Commercial & Tariff)

B.O.(FTD) No. 123/2024 (No. CML-EE-2-AEE-2/CE(C&T)/Palakuzhy /2023-24) Thiruvananthapuram.

Dated:27-03-2024

- Read: 1. B.O. (FTD) No:398/2023 (No.CML-EE-2-AEE-2/CE(C&T)/palakuzhi-SHEP/2023-24) dated 17.08.2023.
2. Letter No:B/223/2023/Power dated 22.12.2023 of Additional Chief Secretary Government of Kerala.
3. Letter No:PSHC/PMHP/KSEB/2023-24/2629 dated 03.01.2024 addressed to the Chief Engineer, Commercial & Tariff.
4. Note No:DFA/25998 dated 07.02.2024 of the Chief Engineer (Commercial & Tariff) submitted to Full Time Directors, KSEBL.(Agenda No:35-03/2024)

ORDER

Government of Kerala (GoK), allotted Palakuzhy SHEP (1MW) as a special case to Palakkad District Panchayath after exempting it from normal bidding route on 14.02.2011. Accordingly, Palakkad District Panchayath has requested execution of Power Purchase Agreement (PPA) between KSEBL and Palakkad Small Hydro Company Ltd (M/s PSHCL) for Palakuzhy SHEP for obtaining financial assistance. KSEBL had initially decided to purchase power at generic tariff of 5.54/Kwh or *project specific tariff keeping project cost capped at agreed capital cost of Rs 6.47 crore per MW whichever is lower*"

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. Also the projects which are allocated under the BOOT 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 Palakuzhy SHEP. Considering this KSEBL as per B.O. read as 1st above had decided not to purchase power from Palakuzhy SHEP (1 MW) and decided that KSEBL will allow non-discriminatory open access as per Kerala Small Hydro Policy 2012 since the tariff projected by the developer is not viable.

As per letter read as 2nd above, the Additional Chief Secretary, Power Department has forwarded the minutes of meeting between KSEBL and M/s PSHCL in the presence of Electricity Minister and Local self Government Minister for further action from KSEBL end. In the meeting Director, KSEBL had reported that KSEBL is demanding APPC(Average Pooled Power Purchase Cost) rate /project specific

15/6/2024

tariff which ever is lower. Also pointed that power from this project would not be available during peak/summer months when power demand will be considerably high. The Palakkad Small hydro company officials intimated that APPC rate is not acceptable to them and the major part of the project has already been completed based on the decision of KSEBL to purchase power @Rs. 5.54/unit. The meeting decided to enter in Power purchase agreement at mutually agreed tariff or project specific tariff keeping project cost capped at agreed capital cost of Rs.6.47 Crore per MW whichever is lower" subject to approval of KSERC.

According to clause 5.4 in the approved draft PPA, "Tariff for power generated from the project shall be the average pooled power purchase cost of the year in which the CoD of the project is approved or project specific tariff keeping project cost capped at agreed capital cost of Rs.6.47 Crore per MW whichever is lower".

As per letter read as 3rd above, M/s PSHCL, has requested KSEBL to take necessary actions to finalise the PPA based on the Minutes of meeting between KSEBL and PSHCL in the presence of Hon'ble Minister for Electricity and Hon'ble Minister for Local Self Government dated 25.10.2023.

Accordingly, the matter of fixing an upper ceiling tariff @ Rs.3.5/unit for the power from Palakuzhy SHEP since it is a run off river project and to have further negotiations with M/s PSHCL for arriving a mutually agreed tariff was placed before the Full Time Directors as per note read as 4th above.

Having considered the matter in detail, the Full Time Directors, resolved to proceed with initialing of PPA with M/s PSHCL for purchasing power from Palakuzhy 1MW SHEP at a mutually agreed tariff or project specific tariff keeping project cost capped at agreed capital cost of Rs.6.47 Crore per MW whichever is lower subject to approval of KSERC with a ceiling tariff of Rs.3.5/unit.

Also resolved to conduct negotiation with M/s PSHCL for arriving a mutually agreed tariff by the committee of Director (Transmission, System Operations, Planning), Director (Generation- Electrical) and Financial Advisor already constituted for Mukkudam SHEP.

Further resolved to cancel the already issued B.O. (FTD)No:398/2023 (No.CML-EE-2-APP-2/CE(C&T)/palakuzhi-SHEP/2023-24) dated 17.08.2023 in which KSEBL had decided not to purchase power from Palakuzhy SHEP (1 MW) and decided that KSEBL will allow non-discriminatory open access as per Kerala Small Hydro Policy 2012.

Orders are issued accordingly.

By Order of the Full Time Directors

Sd/-

E.KHAG
COMPANY SECRETARY

To

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

31516/2024

Copy to

The Company Secretary / Chief Engineer (IT,CR&CAPS) / Financial Advisor / LA&DEO / Chief
Internal Auditor / Chief Vigilance Officer

The TA to the Chairman & Managing Director / Director (Generation-Civil) / Director
(Distribution, Safety, SCM & IT) / Director (Transmission, SO & Planning) / Director (Generation -
Electrical, REES, SOURA, Sports & Welfare)

The PA to the Director (Finance & HRM)

The Sr.CA to the Secretary (Administration)

The RCAO/ RAO

Stock File.

Forwarded / By Order



Assistant

Engineer