



KERALA STATE ELECTRICITY BOARD Ltd

(Incorporated under the Companies Act, 1956)
Registered Office: Vidyuthi Bhavanam, Pattom,
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ABSTRACT

Pathamkayam SHEP 8MW -KSERC approved PPA -Decision on Exit Clause & releasing difference amount - Sanctioned - Orders issued.

Corporate Office (Commercial and Tariff)

B.O.(FTD) No.118/2024 (No.CML-EE-2-AEE-2/CE(C&T)/Pathamkayam /2023-24) Thiruvananthapuram.

Dated:23-03-2024

Read:

1. B.O. (FTD) No.66/2018/CML-EE2-AEE-2/PKMSHEP/2017-18/1048 dated 08.01.2018.
- 2.Kerala State Electricity Regulatory Commission Order dated 06.09.2019 on Petition No.OA/8/2018 and corrigendum dated 14.11.2019.
3. Minutes of the meeting convened by C hairman and Managing Director , KSEBL dated 21.08.2020.
4. Letter from M/s Minar Renewable Energy Projects Pvt Ltd dated 06.02.2024 submitted to Chairman and Managing Director , KSEBL.
5. KSERC order on OP:53/2022 dated 08.02.2024.
6. Note No. DFA/ 32522 dated 03.02.2024 of the chief Engineer (Commercial & Tariff) submitted to Full Time Directors (Agenda No.30-03/2024).

ORDER

Pathamkayam Small Hydro Electric Project was allotted to M/s Minar Renewable Energy Projects Pvt Ltd (M/s Minar) by Government of Kerala as a Captive Power Plant (CPP) through a competitive bidding process on BOOT basis for 30 years. Subsequently Government allotted change in category from CPP to Independent Power Projects (IPP) and the capacity of Pathamkayam project was revised from 4MW to 8MW and category conversion from CPP to IPP was ratified. But the implementation agreement already signed on 10.04.2015 between M/s Minar and Government of Kerala has not yet been modified in line with the change in project category. The project was commissioned on 14.08.2017 and draft Power Purchase Agreement was approved by KSEBL and forwarded to the generator on 22.01.2018 for initialing and submitting before KSERC for approval.

Later an interim tariff of Rs.3.49/ unit was approved by KSEBL as per B.O. read as 1st above, for the power purchased from Pathamkayam SHEP from the date of CoD ie. 14/8/2017 till KSERC approves the tariff and PPA in respect of the project. KSERC as per order read as 2nd above had fixed the project specific tariff of the Pathamkayam project @ Rs.3.94/unit with the benefit of accelerated depreciation. Aggrieved by KSERC order, M/s Minar had filed a petition before the

APTEL on project specific tariff which was pending before APTEL.

Subsequently M/s Minar has raised the invoice of June 2020 at KSERC approved tariff of Rs.3.94/unit wherein it was informed by KSEBL that payment at KSERC approved tariff can be admitted only on signing the PPA.

Subsequently in the meeting convened by then Chairman and Managing Director with M/s Minar as per minutes read as 3rd above, it was decided that KSERC approved tariff of Rs.3.94/unit will be admitted on signing the PPA.

M/s Minar vide letter dated 18.09.2020 had requested modifications to the PPA and KSEBL on 12.01.2021 had forwarded the modified draft PPA. However M/s Minar has returned the duly initialled PPA only by 02.08.2021 reserving their right to raise the contentions for modifications in PPA before KSERC during the proceedings for the approval of PPA.

Meanwhile as per letter read as 4th above the developer, M/s Minar has requested for releasing the difference amount of the approved tariff (Rs.3.94/unit) and the billing tariff (Rs 3.49/unit) from 2016-17. Since the PPA was not approved, Chairman and Managing Director had directed that difference amount cannot be paid.

Now as per order read as 5th above KSERC has approved the draft Power purchase agreement duly initialled by KSEBL and M/s Minar with the inclusions/modifications as approved by KSERC and directed both parties to sign the PPA with in one month.

KSERC also directed both parties to take up the matter of making amendments in Implementation agreement due to change in project category from CPP to IPP and to execute a supplementary PPA.

As per tariff clause 5.4 approved by KSERC "*Tariff for power generated from the project shall be Rs. 3.94 per unit as determined by the KSERC vide order dated 06.09.2019 in OA 8/2018 and corrigendum dated 14.11.2019, and its amendments, if any*". Accordingly, KSEBL shall be liable to accept the revised tariff in future due to the outcome of APTEL order /competent courts . And if agreed to revise the tariff based on amendments in clause 5.4, as directed by KSERC, there may not be any possibility to exit from the contract in the event of tariff hike, if any due to the outcome of APTEL order.

In this circumstances as per note read as 6th above, it was suggested to include" Exit Clause"duly considering possibility of a tariff revision in future due to outcome of APTEL order /competent courts in the KSERC approved PPA before signing the PPA to protect the interest of both parties. But if Exit clause is to be included in PPA, delay can occur in signing of PPA and hence difference in amount of KSERC approved tariff from 2016-17 to till date may be released. Also the upcoming invoices for the power supplied in subsequent months may also be processed at Rs.3.94/unit.

Having considered the matter in detail, the Full Time Directors, resolved to include Exit clause in KSERC approved PPA of Pathamkayam SHEP with mutual consent of M/s Minar Renewable Energy Projects Pvt Ltd considering the future tariff revisions .

"In case the tariff determined by KSERC as per order in OP No:8/2018 dated 06.09.2019 and corrigendum dated 14.11.2019 is amended by the decision of Hon'ble APTEL or any other competent court/authority and if the same is not acceptable to either party, then they are at liberty to exit from PPA , subject to clause 12 of Kerala small Hydro Power Policy 2012 by giving notice with in a period of 60 days from the date of any such orders, intending their desire to exit from PPA with in a period of 120 days from the date of above said notice."

Further resolved to release the difference in amount of the KSERC approved tariff (Rs.3.94/unit) and the KSEBL approved interim tariff (Rs.3.49/unit) from 2016-17 to till date after the signing of PPA and to process upcoming invoices for the power supplied from Pathamkayam SHEP in subsequent months at KSERC approved rate of Rs.3.94/unit.

Orders are issued accordingly.

By Order of the Full Time Directors/

Signed by

Lekha G

Date: 23-03-2024 12:12:35

LEKHA G

COMPANY SECRETARY

To

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

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