



## KERALA STATE ELECTRICITY BOARD Ltd

(Incorporated under the Companies Act, 1956)

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

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### ABSTRACT

Mukkudam 4 MW SHEP by M/s Mukkudam Electro Energy Pvt Ltd (MEPL) - Decision on ceiling tariff and interim tariff reg - Sanctioned - Orders issued.

### **Corporate Office (Commercial & Tariff)**

B.O.(FTD) No.85/2024 (No.CML-EE-2-AEE-2/CE(C&T)/Mukkudam/2023-24) Thiruvananthapuram.

Dated:24-02-2024

Read:

1. B.O.(FTD)No:143/2023 (No:CML-EE-2-EE-2/CE(C &T)/Mukkudam-SHEP/2022-23) dated 23.03.2023.
2. Letter No:MEPL/MSHEP/2024-07 dated 22.01.2024 from M/s Mukkudam Electro Energy Pvt addressed to the Chairman & Managing Director, KSEBL.
3. OP No: 64/2023 dated 24.01.2024 of K erala State Electricity Regulatory Commission .
4. Note No.CML-EE-2-AEE-2/CE(C&T)/Mukkudam-SHEP/23-24/1336 dated 29.01.2024 submitted to the Director (Finance), KEBL.
5. Note No:DFA/ 25216 dated 03.02.2024 of the chief Engineer (Commercial & Tariff) submitted to Full Time Directors (Agenda No:25-02/2024).

### ORDER

KSEBL had initialed Power Purchase Agreement (PPA) with M/s Mukkudam Electro Energy Pvt Ltd (an own land category project on the complete risk and cost of the investor) for procurement of power from Mukkudam Small hydro Electric Project located at Parathodu stream in Periyar river basin at Devikulam Taluk in Idukki district.

As per the tariff clause in initialed PPA ,KSEBL will procure power from the project with tariff lower of project specific tariff or the tariff of any SHEP commissioned in Kerala during the year 2021-22 or mutually agreed tariff. Since initialed PPA is having mutually agreed clause, as per B.O read as 1<sup>st</sup> above, KSEBL decided that the tariff has to be arrived at by a committee of Director (Transmission, System Operations, Planning), Director (Generation-Electrical) and Financial Advisor after conducting negotiations with (M/s MEPL).

For arriving a mutually agreed tariff, the committee had conducted three rounds of discussions with M/s Mukkudam Electro Energy Pvt Ltd(M/s MEPL) highlighting the facts that the generation from the project is confined to monsoon period only and KSEBL's main concern is summer power management. Based on this the committee proposed a tariff of Rs.3.5/unit which is a reasonable one considering the fact that the project cost will be realized with in 10 years taking 10 MU generation annually. The committee had also highlighted the fact that the projects allocated under BOOT category has to be transferred back to GoK/KSEBL at free of cost after the BOOT period. However, this project is under own land category and no such transfer is envisaged. Therefore committee had remarked that this benefit must also be passed on to the consumers of the state.

In response, M/s MEPL had reported that the project would not be viable at Rs.3.5/unit and they would offer the tariff to Rs.4.55/unit as rock bottom rate. Meanwhile M/s MEPL had filed a petition before KSERC for determination of tariff and approval of PPA. M/s MEPL had also requested for an interim tariff since power has been injecting into KSEBL grid since 21.10.2023. KSERC had then directed KSEBL and the developer to go for one more round of discussion for arriving a mutually agreed tariff.

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KSERC also suggested during hearing that KSEBL should take steps to promote projects within the state. Subsequently in the discussion scheduled on 09.01.2024, the committee informed M/s MEPL that KSEBL has to promote young entrepreneurs in the state and at the same time informed that it is not mandate for KSEBL for purchasing power at a tariff fixed by KSERC if the tariff is not viable. Hence as a promotive step, a tariff of Rs 4/unit was proposed but M/s MEPL had once again reiterated their stand that the tariff cannot be further reduced beyond Rs.4.55/unit.

Subsequently as per note read as 2<sup>nd</sup> above, M/s MEPL has intimated that Kerala State Electricity Regulatory Commission (KSERC) is working on their request on interim tariff and requested KSEBL for an interim payment for the energy already injected to KSEBL grid citing financial crisis in their company that arose due to demand notices from their lenders. The Chairman and Managing Director has then directed to release a part payment of requested amount urgently.

In the mean time KSERC as per note read as 3<sup>rd</sup> above has approved an interim tariff at Rs 4.30/unit for the electricity generated and supplied to KSEBL grid from the 4 MW Mukkudam SHEP till KSERC fixes the project Specific tariff.

As per the tariff condition in the initialed PPA, tariff of the project will be lower of "Project Specific Tariff" or "the tariff of any SHEP commissioned in Kerala during the year 2021-22 which will be Rs.4.15/unit (Both Anakampoil and Arippara are having CoD in 21-22 with tariff @Rs 4.15/unit and Rs.4.30/unit respectively) or mutually agreed tariff (not yet arrived). Hence according to initialed PPA since mutually agreed tariff has not yet arrived, the tariff will be only Rs.4.15/unit, but KSERC had approved an interim tariff of Rs 4.30/unit.

According to the KSERC order, the excess payment/shortfall in payment, if any shall be adjusted in the future bills, without any claim on the belated payments by both the parties once the Commission approves the project specific tariff ie interest of excess payment made to the developer with respect to interim tariff cannot be claimed in future.

Based on KSERC interim tariff order, M/s MEPL on 29.01.2024 had raised bills for the months from October 2023 to December 2023 at KSERC approved interim tariff of Rs 4.3/unit for the energy fed into KSEBL grid since synchronization.

Subsequently, as per note read as 4<sup>th</sup> above, the matter was placed before the Director (Finance) and it was directed to place the matter before Full Time Directors. Also directed to make interim payment for the units injected as ordered by the Chairman and Managing Director with unit rate limited to Rs 4/unit. Accordingly interim payment was released to M/s Mukkudam Electro Energy(P) Ltd on 31.01.2024.

Accordingly the matter was placed before the Full Time Directors as per note read as 5<sup>th</sup> above. Having considered the matter in detail, the Full Time Directors, resolved to intimate KSERC that KSEBL will procure power from Mukkudam SHEP with an upper ceiling of Rs 4/unit.

Further resolved to raise objection before KSERC on the Interim tariff order of Mukkudam SHEP in OP No: 64/2023 dated 24.01.2024.

Orders are issued accordingly.

By Order of the Full Time Directors,

Signed by

Lekha G  
LEKHA G

COMPANY SECRETARY Date: 24-02-2024 15:25:00

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