



KERALA STATE ELECTRICITY BOARD LIMITED

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

Reg. Office :VydyuthiBhavanam, Pattom, Thiruvananthapuram - 695 004, Kerala

Phone: +91 471 2514473, 9446008581 E-mail: dce.cp@kseb.in

Web site www.kseb.in

.Abstract

Mukkudam 4 MW SHEP by M/s Mukkudam Electro Energy Pvt Ltd- Approving and initialling Modified draft PPA - Sanctioned -Orders issued

Corporate Office (Commercial and Tariff)

BO (FTD) No. 143/2023 (No.CML-EE-2-AEE-2/CE(C&T)/Mukkudam-SHEP / 2022-23) Tvp, Dtd 23.03.2023

Read:

1. B.O(FTD)No.972/2021/CML-EE-2-AEE-2/MukkudamSHEP/2021-22/CE(C&T) dated 31.12.2021.
2. Letter No CML-EE-2-AEE-2/MSHEP/2021-22/CE(C&T)/297 dated 01.01.2022 of the Chief Engineer (Commercial &Tariff).
3. BO(FTD)No:781/2022(No:CML-EE-2-AEE-2/CE(C&T)/Mukkudam-SHEP/2022-23)Tvp, Dtd 19.09.2022.
4. Note No:COM/AE1/2022/157(3)/1423 dated 25.02.2023 of the Chief Engineer (Commercial &Tariff)(Agenda :10/3/23).
5. Letter No:B1 /28/2023/PD dated 03.02.2023 from Additional Chief Secretary, Power Department.
6. Letter no:MEPL/MSHEP/2022-23/ dated 04.03.2023 from M/s Mukkudam Electro Energy Pvt Ltd.
7. Note No:CML-EE-2-AEE-2/2022 CE(C&T) /1550/2022-23 dated 17.03.2023 of the Chief Engineer (Commercial &Tariff) submitted to Full Time Directors. (Agenda-52/3/23).

ORDER

Government of Kerala has allotted Mukkudam SHEP to M/s Mukkudam Electroenergy Pvt Ltd as per the provisions of the Kerala Small Hydro Power policy 2012 with an installed capacity of 1 MW. KSEBL has issued provisional Letter of Comfort (LoC) for 1 MW to the developer M/s Mukkudam Electroenergy Pvt. Ltd on 07.07.2018. Further Government of Kerala has approved enhancement of capacity of Mukkudam SHEP from 1 MW to 4 MW.

Based on the request of M/s Mukkudam Electroenergy Pvt Ltd KSEBL had accorded sanction to issue provisional LoC for procuring power from the 4 MW Mukkudam SHEP as per B.O read as 1st above.

In the LoC issued to developer, KSEBL had expressed the willingness to procure additional 3 MW of power at the lower of project specific tariff or the tariff of any SHEP commissioned in Kerala during the year 2021-22 or mutually agreed tariff subjected to certain conditions.

Subsequently, the Chief Engineer (Commercial and Tariff) issued the provisional LoC for M/s Mukkudam Electroenergy Pvt Ltd as per letter read as 2nd above. As per B.O read as 3rd above, KSEBL has approved the draft Power Purchase Agreement for 4 MW Mukkudam SHEP and authorised Chief Engineer (Commercial and Tariff) to initial the PPA on behalf of KSEBL and provide the same to the developer.

As per clause 7.3 of Kerala SHEP Policy 2012 of Government of Kerala - "Projects identified by Private persons on their own land", implementation agreement is not applicable. Since Mukkudam Small Hydro Electric Project was allocated on own land category (complete risk and cost of the investor), implementation agreement is not applicable for M/s Mukkudam also. Hence the Draft PPA already approved needs to be modified accordingly.

The developer had intimated that the project specific tariff as calculated by them would be around Rs 5.2 -5.3 /unit. As far as tariff of project is concerned, KSERC approved generic tariff applicable for the SHEPs having installed capacity of and below 5 MW is 5.53/unit with the benefit of accelerated depreciation. Now KSERC vide order in OP.65/2021 dated 08.03.2023 have approved the levelised tariff for the electricity generated from 4.5MW Arippara SHEP(CoD declared on 13.10.2021) at Rs 4.3/unit considering accelerated depreciation.

Mean while as per letter read as 5th above, Power Department has sought a detailed report on letter of Energy Management Centre(EMC) Mukkudam SHEP. The EMC had mentioned in the letter to Government of Kerala that 80% of the Mukkudam project construction has been completed and proposed commissioning of project would be by June 2023. EMC has also mentioned that as the project specific tariff expected for this project might not be suitable for KSEBL for signing PPA, a Letter of Rejection of

PPA application may be issued so that they can go for sale of power through other prospective clients through open access.

In response, M/s Mukkudam as per letter read as 6th above requested to ignore the letter from EMC since EMC did not possess any authority to make such a request to KSEBL without the consent of developer. M/s Mukkudam also clarified that based on the LoC issued by KSEBL dated 01.01.2022 they had secured debt Finance of Rs 19.16 Cr from IREDA and IFCI Venture Capital Funds and they had already made an investment of more than Rs 20 Cr including Rs 11.35 Crore debt and 85% of the project work is completed .

Accordingly the matter was placed before the Full Time Directors as per note read as 7th above. Having considered the matter in detail, the Full Time Directors in its meeting held on 18.03.2023 resolved to approve the modified draft Power Purchase Agreement for initialing by M/s Mukkudam Electro Energy Pvt Ltd and KSEBL at project specific tariff or the tariff of any SHEP commissioned in Kerala during the year 2021-22 or mutually agreed tariff which ever is lower and the tariff to be arrived at by a committee of Director(Transmission, System Operations, Planning & Safety), Director (Generation- Electrical& HRM) and Financial Advisor after conducting negotiations with M/s Mukkudam Electro Energy Pvt Ltd subject to the following conditions;

- (a) The developer has to limit the capital cost within regulatory norms reduced by the eligible MNRE ,grant/Subsidy/Any other benefits.
- (b) Tariff applicable to excess generation over designed energy must be as per KSERC regulation. In the event of any conditions not specified in the KSERC Regulation, the relevant clauses of CERC regulation shall be applicable.
- (c) The benefit of infirm power injected in to the grid by the developer prior to CoD shall be passed on to the consumer while determining the tariff as the tariff period is computed from date of CoD.

Further resolved to authorize the Chief Engineer (Commercial and Tariff) to initial the PPA on behalf of KSEBL and provide the same to the developer.

Further resolved to cancel the already issued BO approving the Draft PPA BO(FTD) No:781/2022(No:CML-EE-2-AEE-2/CE(C&T)/Mukkudam-SHEP/2022-23)Tvpm dated 19.09.2022.

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 & Safety)/ (Gen-E&HRM)/ D(D ,IT & SCM)/ Gen (Civil) / D(REES, SOURA,Nillavu, Sports & Welfare)
3. The PA to Director (Finance & HRM)
4. The Senior CA to Secretary (Admin)/Company Secretary i/c/The Fair

5. Copy Superintendent
Library / Stock File.

Forwarded/ By Order



Assistant Engineer