



KERALA STATE ELECTRICITY BOARD LIMITED

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

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Abstract

Long term procurement of power on DBFOO basis – Deduction in monthly tariff payments due to non approval of fuel surcharge by KSERC in respect of 350 MW DBFOO contracts under Bid-2- unprecedented situation of non scheduling of power by M/s BALCO during 9-2021 and 10-2021 – general methodology to be adopted against the monthly payment for 350MW suppliers under Bid2 - Orders issued-

Corporate Office (Commercial and Tariff)

BO (FTD) No. 900 /2021 (No. CE(C&T)/DBFOO- JITPL/20-21) Tvpm Dtd 06 -12-2021

Ref: 1. G.O. (Ms) No.45/2014/PD dated Thiruvananthapuram 20-12-2014

2. G.O.(Ms)No.22/2017/POWER dated Thiruvananthapuram 21-10-2017

3. Letter No. 1420/DD(T)/DBFOO 450MW/2017/KSERC/1103 dated 22-2-2017

4. KSERC Orders dated 04-02-2020, 27-04-2020 and 14-08-2020

5. APTEL order dated 6-11-2020 and 20-11-2020

6. Note No.CE(C&T)/DBFOO- JITPL/20-21/807/07-12-2020 of the Chief Engineer (C&P)

7. BO(FTD) No.756/2020 (No.CE(C&T)/DBFOO/JITPL/2020-21/TVM/21-12-2020

8. Note No.CE(C&T)/DBFOO- JITPL/20-21/674/30-09-2021 of the Chief Engineer (C&T)

9. Note No.CE(C&T)/DBFOO- JITPL/20-21/687/05-10-2021 of the Chief Engineer (C&T)

10. Note No. CE(C&T)/DBFOO- JITPL/20-21/709/08-10-2021 of the Chief Engineer (Commercial & Tariff) submitted to the Full Time Directors (Agenda No.48/10/21)

11. Letter No.LA & DEO/R/129/2021 dated 03-11-2021 of the LA & DEO

12. Note No. CE(C&T)/DBFOO- JITPL/20-21/852/ dated 10-11-2021 of the Chief Engineer (Commercial & Tariff) submitted to the Full Time Directors (Agenda No.48/11/21)

ORDER

KSEBL had entered into 865 MW long term Power Sale Agreements on DBFOO basis with successful bidders of Bid1 and Bid2 after obtaining approval from Government as per GO read as 1st above. Hon'ble KSERC while issuing orders on 14-02-2020 and 27-04-2020 had disallowed a part of the fuel surcharges payable against 350MW non approved DBFOO PSAs executed under Bid2 by limiting tariff of these PSAs at Kerala Periphery to that of L1 Bidder, M/s BALCO under Bid2.

The matter of non-eligibility of M/s BALCO for monthly payment during 9-2021 due to non scheduling of power based on coal issues (non availability and wet coal issues) was brought to the notice of the Full Time Directors as per note read as 9th above. Since the tariff at Kerala periphery of M/s BALCO could not be obtained during 9-2021, the rate at which payment against the monthly bills of the 350MW suppliers under Bid2 is to be limited (in compliance with the orders of the Hon'ble Commission dated 14-08-2020) was not available. Thus based on the recommendation of the Chief Engineer (Commercial & Tariff), the Chairman Managing Director had directed that the rate to be considered to limit the monthly tariff payment of 350MW Suppliers under Bid2 to be taken as the lower of (i) Rs 4.35/kwh i.e. the rate of payment to BALCO during 8-2021 at Kerala periphery and (ii) the actual rate at Kerala Periphery of the respective Supplier, since the date of releasing payment for availing 1% rebate as per the PSA was 8-10-2021. While requesting ratification to this action of the Chief Engineer (Commercial & Tariff), as per note read as 10th above, it was directed to obtain legal opinion on the matter.

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15/12/2021

Meanwhile it was observed that M/s BALCO was continuing in the same status (coal issues) upto the last week of October 2021 and could schedule only 9.1725 MU during 10-2021. In this context continuing the payment of monthly tariff to 350MW suppliers under Bid2 with the rate of M/s BALCO during 8-2021 was reviewed and it was decided to obtain legal opinion on a general procedure/methodology to take care of similar situation during any month wherein the reference rate of BALCO is not available.

In this regard, two options were brought to the notice of LA & DEO and as directed as per note read as 10th above legal opinion was sought on the matter of payment to 350MW suppliers under Bid2. The LA and DEO as per paper read as 11th above opined that non- scheduling of power from M/s BALCO being an unprecedented situation, the matter may be brought to the notice of KSERC to arrive on a viable formula to decide the tariff of Bid2 Suppliers when reference rate of M/s BALCO for a particular month is not available. However during this intermittent period, the payment of monthly bills of the non approved 350MW Bid2 suppliers can be limited to that of their actual per unit cost at Kerala Periphery or Rs 4.29/kwh, whichever is lower.

Under the above circumstances and based on the legal opinion, the Chief Engineer (Commercial and Tariff) as per note read as 12 above placed the matter before the Full Time Directors for decision.

Having examined the matter in detail, the Full Time Directors in its meeting held on 12-11-2021 resolved to authorize the Chief Engineer (Commercial & Tariff) to make the monthly tariff payment of 350MW Suppliers under Bid2, when reference rate of M/s BALCO is not available during any month, by limiting their tariff to the lower of (i) Rs4.29/kwh i.e. matched tariff of 350MW Bid2 suppliers and (ii) the actual rate at Kerala Periphery of the respective Bid2 Supplier during that particular month and to take up the matter with Hon'ble KSERC for obtaining proper directives/ guidance.

Further resolved to formulate a policy order in line with the above instead of individual cases.

Orders are issued accordingly.

By Order of the Full Time Directors

Sd/-

LEKHA G.

Company Secretary in Charge

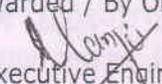
To

The Chief Engineer (Commercial & Tariff), The Chief Engineer (Trans & SO), The Deputy Chief Engineer(TRAC)

Copy to:

TA to the Chairman and Managing Director/PA to the Director (Finance)/TA to the Director (Trans-SO)/ TA to the Director (Dist& IT)/ TA to the Director (Gen & Ele)/ TA to the Director (Gen-C)/TA to Director (Planning, Safety & SCM) / TA to the Director (REES & Soura, Sports and Welfare)/ Company Secretary/Secretary (Administration)/ The Legal Advisor & Disciplinary Enquiry Officer/The Financial Adviser/The Chief Internal Auditor/The Fair Copy Superintendent, Office of the Secretary (Administration)/Library/Stock file/General Stock file.

Forwarded / By Order


Assistant Executive Engineer