



KERALA STATE ELECTRICITY BOARD Ltd

(Incorporated under the Companies Act, 1956)

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ABSTRACT

Inter State Short Term Open Access by M/s Philips Carbon Black for collective transactions in power exchange - Request for open access for the capacity of 7 MW additionally added - Sanctioned - Orders issued.

CORPORATE OFFICE (SBU-T)

BO (FTD) No. 966/2022(DIRTSO-AEE3/2022/3248)

Thiruvananthapuram, Dated: 19.12.2022

Read: 1. Letter No. CESO/EELDI/Inter State OA/2022-23/623 dated 15.10.2022 of the Chief Engineer (Transmission & System Operation).
2. Ncte No. KSEB/TRAC/CG/Miscellaneous/2022-23/580 dated 29.11.2022 of the Chief Engineer (Commercial & Tariff).
3. Letter dated 02.12.2022 of the Unit head, PCBL, Kochi to the Chairman & Managing Director, KSEBL.
4. Ncte No. DIRTSO-AEE3/2022/3248 /179 dated 07.12.2022 of the Director (T.S.O,P&S) to the Full Time Directors (Agenda Item No. 29/12/22).

ORDER

M/s Philips Carbon Black Ltd (PCBL) has a 10 MW generating station at Kochi from where surplus power of up to 7 MW is injected to Kerala grid. PCBL plant is a waste heat recovery captive co-generation plant. PCBL is an Interstate Open access customer and is also an EHT consumer of KSEBL. NOC was given by SLDC for injection of 7 MW power through Interstate Short Term Open Access.

PCBL had started injection of power to the grid for sale through power exchange from May 2014 onwards. In the absence of Intra state Deviation Settlement Mechanism (DSM) in the State, in order to account for the deviations in schedule by PCBL, an agreement was executed between KSEBL and PCBL on 25.09.2017 and a supplementary agreement on 01.11.2019 for the settlement of deviations from schedule on a monthly basis, until the DSM for Intra state transmission system is notified by KSERC.

The terms of settlement for under injection/ over injection as per the agreements are as below:-

- The under injection of energy by the generator will be charged at the "marginal cost of power" during the billing cycle. The marginal cost is the highest power purchase cost per unit among all sources excluding charges of RGCCP, BSES, KDPP and BDPP or the highest sale rate of one unit of electricity by KSEBL through power exchanges. In case of power sourced from CGS/IPPs, the fixed charge (including capacity charges, RLDC charges and Transmission charges) component is to be computed on per unit basis based on the normative PLF.
- Over injection in any 15 minute time block is to be billed and credited to the generators account at a rate of Rs.2.02 per unit, which is the rate undertaken by PCBL for injection into the KSEBL grid.

The Chief Engineer (TSC) as per letter read as 1st above reported that PCBL has increased the generating capacity from 10 MW to 17 MW and has requested permission to

enhance the NOC quantum for Interstate STOA from 7 MW to 14 MW. The Chief Engineer stated that: the agreement already executed with PCBL for the settlement of deviations will have to be revised on account of the enhanced Open access quantum requested by PCBL. Seeking a direction on the matter, the Chief Engineer pointed out that during several occasions, PCBL was not scheduling power for sale through Power exchange when market rate is less than Rs. 2.00. As per the existing clauses of the agreement, KSEBL is forced to absorb the power in the most unwanted time blocks of power surplus and when SLDC is struggling to optimise the real time LGB.

The Chief Engineer (C&T) as per note read as 2nd above opined that any agreement with PCBL for enhancing the injection from 7 MW to 14 MW has to be executed only with the prior approval of KSERC and suggested that enhanced injection need to be allowed only after KSERC issues orders on the same.

PCBL as per letter read as 3rd above cited that if the commercial injection of power up to 14 MW is not permitted by KSEBL, they will be forced to stop the operation of the captive plant.

The matter was placed before the Full Time Directors for a decision as per note read as 4th above. It was decided that interim arrangement is necessary to permit the plant to be operated so that generation from the flue gases is not bottled up. As the generator is not selling power to KSEBL and to the power exchange alone, the injection shall not burden KSEBL as a distribution licensee.

Having considered the matter in detail, the Full Time Directors in the meeting held on 13.12.2022, resolved to request M/s Philips Carbon Black Ltd (PCBL) to immediately approach KSERC seeking a procedure for settlement of deviations with respect to the injection to the grid.

Further resolved to issue NOC to M/s PCBL for injection of the additional 7 MW of power by following the deviation settlement procedures as per the existing agreement with them, subject to the following:

1. Getting an undertaking from PCBL agreeing to the condition that the decision of KSERC on the deviation settlement procedure, as and when it is made, shall be applicable to them from the date of commencement of injection of the additional 7 MW power into the grid as an interim arrangement.
2. The clause in the existing agreement on Over injection may be modified such that "the deviation charges for any 15 minute time block is to be billed and credited to the generators account as per the Inter State DSM rate applicable for that time block or Rs. 2.02 per unit, whichever is lower"

Orders are issued accordingly.

**By Order of the
Full Time Directors**

Sd/-

**LEKHA G
Company Secretary**

To:

The Chief Engineer (Transmission System Operation).
The Chief Engineer (Commercial & Tariff).

Copy to: The Chief Engineer (IT, CR & CAPs)/ Financial Adviser/ Chief Internal Auditor/
Company Secretary
The TAs to CMD/ D(T,SO,P&S)/ D(D,IT & SCM)/ D(G-C)/ D(G-E &
HRM)/D(REES,S,N,S&W)
The PA to Director (Finance)
The Senior CA to Secretary (Administration)
Stock File.

Forwarded / By Order



Assistant Executive Engineer