



KERALA STATE ELECTRICITY BOARD Ltd

(Incorporated under the Companies Act, 1956)

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ABSTRACT

Execution of new MOU with M/s BPCL- KR for enhancing contract demand - Sanction accorded - Orders issued.

CORPORATE OFFICE (SBU-T)

BO (FTD)No.660/2022(DIRTSO-AE6/2022/1272)

Thiruvananthapuram, Dated: 26.07.2022

Read: 1. Note No. CETS/EE1/AEEI/AEIII/2022-23/456 dated 02.06.2022 of the Chief Engineer (Transmission South).
2. Note No. DIRT SO-AE6/2022/1272(1) dated 11.07.2022 of Director (T,SO,P&S) (Agenda Item No. 60/7/22).

ORDER

The 220 kV Substation, Ambalamugal was commissioned on 04.05.2012 at the BPCL-KR premises for the exclusive use of BPCL. As per the MOU executed on 30.04.2012 between BPCL and KSEBL in this regard, the O&M expenses of the substation shall be borne by BPCL-KR, until a new 66 or 110 kV substation is commissioned by KSEBL or for a minimum period of 3 years from the date of commissioning of 220 kV substation, whichever is earlier. After this period, BPCL shall bear the O&M expenses of the bays which are dedicated for their exclusive use.

BPCL requested for amendment of this clause, which assures that they will maintain all equipments dedicated to them directly and bear their replacement cost on continuous basis. Accordingly, a separate agreement was executed on 27.03.2014 between KSEBL and BPCL-KR, as per which the O&M charges for 220 kV bays was paid by BPCL-KR for 3 years from the date of commissioning of the substation as per CERC norms.

In 2018, BPCL requested to construct a 220 kV GIS substation inside their compound and to enhance their contract demand to 50 MVA at 220 kV level. For enhancing the contract demand to 50 MVA, one new 220 kV feeder bay (bay no. 209) was constructed and one transformer bay (bay no. 208) was modified to 220 kV feeder bay.

As per the B.O. Dated 03.12.2019, the existing MOU is to be cancelled and a new MOU is to be executed before enhancing the contract demand. However, considering the request of BPCL to charge the 220 kV cable feeder urgently and as directed by CMD, KSEBL, an affidavit was obtained from them on 14.01.2022 stating that they would execute MOU agreement within 45 days from the date of affidavit, and accordingly the 220 kV feeder outlets to BPCL (bay nos. 208 and 209) were charged and commissioned.

Subsequently, BPCL submitted a draft MOU, which was taken up with the LA&DEO for vetting. The LA&DEO remarked that since the revised MOU dated 30.04.2012 is attached as an annexure to the lease deed executed on 09.10.2013, which is a registered one, it is

advisable to change the new MOU (submitted by BPCL) to a formal contractual agreement. Also, the revised MOU dated 30.04.2012 is to be linked to the new agreement by adding a clause. Accordingly, a draft agreement was prepared by KSEBL and sent to BPCL. However, BPCL requested to continue with the MOU instead of agreement and also proposed changes in some of the clauses in the draft agreement as listed below, which are not acceptable to KSEBL

1) BPCL do not agree to the conversion of MOU to agreement, as their legal department has advised to maintain the status quo and to sign a new MOU for drawing power at 220 kV through the modified bays. BPCL further stated that as valid agreements are existing for power purchase, land lease and O&M, only a new MOU is sufficient. Moreover, the conversion of MOU to agreement would attract much more lengthy process at their side involving corporate legal and BPCL Board approval. Hence, they requested to sign a new MOU instead of agreement.

On this point, the Chief Engineer (TS) remarked that, since the feeding arrangement in the MOU dated 30.04.2012 has changed, the same is no longer valid. If conversion from MOU to agreement would take lengthy process at BPCL, then BPCL-KR may be requested to sign a new MOU for the time being and execute revised agreement within six months of signing the MOU, after completing their legal formalities.

2) BPCL stated that the entire assets of 220 kV Ambalamugal substation is with KSEBL and expenditure for the development/modification was incurred by BPCL as per regulations. As and when KSEBL starts feeding power from the proposed 110 kV substation, the 220 kV Substation, Ambalamugal would become like any other substation of KSEBL and BPCL should be treated as any other EHT consumer. Till such time, BPCL is agreeable to pay for the maintenance charges at the same terms and conditions as proposed in the new MOU.

On this, the Chief Engineer remarked that the demand of BPCL-KR cannot be considered as it is against the terms of the existing MOU and the O&M agreement. As per Clause 6.1 of the MOU dated 30.04.2012 it is stated that, "Operation and maintenance expenses of the entire substation shall be borne by BPCL-KR, until such time that KSEBL commissions their 110 kV substation, or for a maximum period of three years from the date of commissioning of 220 kV substation by BPCL-KR, whichever is earlier. After the commissioning of 220 kV and 110 kV transformers, BPCL-KR shall bear the operation and maintenance expenses including replacement cost in respect of the equipments dedicated only to BPCL-KR's use/service" Hence, the Chief Engineer suggested that the payment of O&M charges by BPCL as per the O&M agreement dated 27-03-2014 cannot be stopped even after commissioning of new 220/66 kV or 220/110 kV substation/feeder by KSEBL for its use or for providing power to any other consumer from the station.

The matter was placed before the Full Time Directors as per note read as 2nd above. Having considered the matter in detail, the Full Time Directors in the meeting held on 15.07.2022,

1) Resolved to accord sanction to Chief Engineer (Transmission South) to sign a new MOU with BPCL-KR for the time being with the conditions already agreed with them, and to execute a revised agreement within six months of signing the MOU, after completing the legal formalities by BPCL-KR.

2) Further resolved to insist that operation and maintenance expenses of 220 kV substation, Ambalamugal will be payable by BPCL-KF including replacement cost in respect of the equipments dedicated for their use/service, even after the commissioning of new 220/66 kV or 220/110 kV substation/feeder by KSEBL at Ambalamugal.

Orders are issued accordingly.

**By Order of the
Full Time Directors**

Sd/-

**LEKHA G
Company Secretary**

To:

Chief Engineer (Transmission South)

Copy to: The Chief Engineer (IT, CR&CAFs)/ Financial Adviser/ Chief Internal Auditor/
Company Secretary

The Deputy Chief Engineer, Transmission Circle, Kalamassery.

The TAs to CMD/ D(T, SO, P&S)/ D(D&SCM)/ D(GE)/ D(GC)/ D(REES, S, N, S&W)

The PA to Director (Finance, IT & HRM)

The CA to Secretary (Administration)

Stock File



Forwarded / By Order

[Signature]
Assistant Engineer