



KERALA STATE ELECTRICITY BOARD LIMITED

(Incorporated under the Companies Act, 1956)

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Abstract

Signing of Power Purchase Agreement with M/s NTPC Ltd for 90 MW ISTS Solar power on long term basis for 25 years – Sanctioned - Orders issued.

CORPORATE OFFICE (Commercial and Tariff)

B.O. (FTD) No. 591/2022 (CE(C&T)/ Solar/200MW Bid/2022-23) dated Tvp, 08.07.2022

Read: 1. Hearing before the Hon'ble KSERC on 10.06.2022. (OP 73/2021).

2. Letter No. CE (C&P)/Solar/200 MW Bid/2022-23/108 dated 10.06.2022 to M/s NTPC Ltd.

3. Letter No.CC:CD: Solar:KSEBL/90 MW PPA dated 21.06.2022 of M/s NTPC Ltd

4. Note No. CE(C&T)/ Solar/200MW Bid/2022-23 dated 25.06.2022 of the Chief Engineer (Commercial and Tariff) submitted to the Full Time Directors (Agenda No.93/6/22).

ORDER

KSEBL has invited tender on 18.09.2020 for the procurement of 200 MW ISTS Solar power through tariff based competitive bidding on All India basis. The Successful bidders M/s NTPC Ltd and M/s The TATA Power Company Limited were allotted quantum of 90 MW and 110 MW respectively @ Rs 2.97 per unit. Based on the orders of Full Time Directors dated 04.02.2021, Power Purchase Agreement was initialled with M/s NTPC Ltd and M/s The TATA Power Company Ltd on 05.02.2021.

KSERC vide order dated 21.06.2021 and 23.06.2021 has approved the initialled Power Purchase Agreements and also granted permission to sign the respective PPAs. Also granted permission to sign the PPA with M/s TP Saurya Limited, the 100% subsidiary of the successful bidder M/s Tata Power Company Limited as per their request.

The Full Time Directors meeting held on 04.08.2021 had observed that the rate is relatively high in comparison with the rate of various offers of SECI, discovered through bidding route and issued direction to reconsider the proposal. The rate offered by SECI for 300 MW power from Tranche IX was Rs 2.44 per unit (inclusive of trading margin of SECI @ 7 ps per unit). Accordingly both bidders were requested for reconsideration of rates. M/s TP Saurya Ltd on 27.09.2021 have reduced their offer price to Rs 2.44 per unit in place of Rs 2.97 per unit, whereas the NTPC Ltd has indicated no change.

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KSEBL had executed Power Purchase Agreement with M/s TP Saurya Ltd for procuring 110 MW Solar power @ Rs 2.44 per unit on 08.12.2021. The Transmission charges and losses waiver are applicable for this project as per the present MoP order. The impact of BCD on the tariff on Solar cells (25 %) and Modules (40 %) w.e.f 01.04.2022 as per MNRE order dated 09.03.2021 is to be finally determined by KSERC. Hon'ble KSERC vide order dated 28.01.2022 approved the reduced tariff @ Rs 2.44/unit for the procurement of 110MW of Solar Power for 25 years from the Scheduled Commissioning Date of M/s TP Saurya Ltd .

M/s NTPC Ltd had filed petition as Op No. 73/2021 before the Hon'ble KSERC, to direct KSEBL to sign the final PPA for 90 MW with NTPC as per KSERC order dated 21.06.2021 @ Rs 2.97 per unit. KSEBL in its counter affidavit requested the Hon'ble KSERC to dismiss the petition filed by M/s NTPC citing that there is drastic reduction in RE Solar cost in the country and there will be huge financial loss to Utility due to high offered price and probable increase in retail tariff due to this high rate during the contract period of 25 years. In response to KSEBL's argument that M/s TP Saurya Ltd had executed the agreement for 110 MW @ Rs 2.44 per unit in the same bid, Hon'ble KSERC directed to explore the possibility of reducing the tariff with M/s NTPC on mutual consensus and to submit the response in this regard to the Commission.

Accordingly in response to KSEBL's letter dated 10.06.2022 to match the tariff offered to Rs 2.44 per unit or lower in the best interest of State and Consumers, M/s NTPC Ltd vide letter dated 21.06.2022 offered a revised tariff of Rs 2.77 per unit for 90 MW. Also as per provisions of initial PPA, any implication on account of occurrence of any Change in Law post last date of bid submission i.e. 16.10.2020 shall be payable additionally by KSEBL to NTPC. It was also mentioned that this proposed offer is firm and final and available for one time only.

Considering the financial benefit of the tariff of Rs 2.77 per unit over the adopted tariff of Rs 2.97 per unit for 90 MW Solar power and also considering the fact that this project will aid KSEBL in meeting solar RPO of KSEBL during 2023-24, the Chief Engineer (Commercial and Tariff) as per the note read as 3rd above, suggested that the reduced rate offered by M/s NTPC Ltd @Rs.2.77 per unit may be brought to the attention of the Hon'ble KSERC as directed by the commission during the hearing held on 10.06.2022. Also as per the existing orders of MoP, there will be transmission charges and losses waiver for this project, if it is commissioned before 30.06.2025. This is secured unilaterally and without preconditions from Government of India

owned entity. So the reduction offered works to the advantage of KSEBL and can be rejected only to the consumer's detriment.

Having considered the matter in detail, the Full Time Directors in its meeting held on 27.06.2022 resolved to inform the reduced rate offered by M/s NTPC Ltd @Rs 2.77 per to the Hon'ble KSERC as additional submission considering the fact that the proposed offer of NTPC is firm and final and is available for one time only.

Orders are issued accordingly

By Order of the Full Time Directors,
Sd/-
LEKHA.G
Company Secretary in-charge

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. TA to CMD/ Director (T, SO, Plg & S)/ (Gen-E)/ (D & SCM)/ Gen (Civil)/ (REES, Soura, Nilaavu, Sports & Welfare)
3. PA to Director ((F, IT and HRM))
4. Senior CA to Secretary (Admin)/Company Secretary i/c/The Fair Copy Superintendent
5. Library / Stock File.

Forwarded by order


Assistant Executive Engineer