



KERALA STATE ELECTRICITY BOARD LIMITED
(Incorporated under the Companies Act, 1956)

CIN :U40100KL2011SGC027424

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ABSTRACT

Talabira Pit Head Power Project – New proposal - Sanctioned - Orders issued
Corporate Office (Commercial & Tariff)

BO.(FTD) No.671/2021(CE(C&T)/CML-EEI-AEEVI/NLC-Talabira/2021-22) dated TVPM, 17.09.2021

- Read:-
1. PPA dated 03.01.2011 between KSEBL & NLCIL
 2. Deed of Amendment dated 07.10.2014 between KSEBL & NLCIL
 3. Letter No.NLCIL/CGM/PBD/Sirkali-PPA/2017 dated 01.02.2017 of M/s.NLCIL
 4. Letter No.CML-EEI/2015/CE(C&T)/Sirkali/01 dated 01.04.2017 of the Chief Engineer (Commercial & Tariff)
 5. MoP allocation vide letter No.06/01/2010-St.Th(Vol.I) dated 19.11.2020
 6. Note No.CML-EE1-AEEVI/NLC-Talabira/2020-21/931 dated 12.01.2021 of the Chief Engineer (Commercial & Tariff) submitted to Full Time Directors
 7. Letter No.CML-EE1-AEEVI/NLC-Talabira/2020-21/300 dated 22.01.2021 and 63 dated 14.06.2021 of the Chief Engineer(Commercial & Tariff) .
 8. E-mail dated 28.4.2021 & 02.06.2021 of M/s.NLCIL
 9. Core Committee meeting held on 12.07.2021
 10. Note No.CE(C&P)/CML-EEI-AEEVI/NLC-Talabira/2020-21/495 dated 10.08.2021 of the Chief Engineer (Commercial & Tariff) submitted to the Full Time Directors (Agenda 3/9/21)

ORDER

KSEBL executed PPA read as 1st above with NLC India Ltd (NLCIL) on 03.01.2011 for procuring power from coal based Sirkali project Phase I (3x660MW), proposed in Nagapattanam district of Tamilnadu and a Deed of Amendment, read as 2nd above, on 07.10.2014. But, this power station could not be materialized due to delay in land acquisition.

Later, M/s.NLCIL intimated, as per letter read as 3rd above, that Talabira II & III coal blocks in Odisha were allotted to NLCIL for meeting coal requirements of already operational NTPL TPS (2x500MW) and the proposed Sirkali project. Since the transportation of coal over a distance of 1650 km through Road/Rail/Sea was uneconomical, NLCIL decided to develop a pithead power station at Talabira (3200MW) to honour and substitute this project

with already signed PPA of Sirkali project. KSEBL reconfirmed the PPA already signed for Sirkali towards Talabira project and agreed to take 400MW, as per letter read as 4th above. The proposed levelized Tariff is Rs.3.06/kWh (Fixed Charge - Rs.2.08/kWh & Variable charge -Rs.0.98/kWh)

M/s.NLCIL has requested KSEBL to furnish fresh consent for Talabira project as stipulated in Regulation 2(1) of CERC Tariff Regulations, 2019-24 dated 07.03.2019, for availing already consented quantum of 400MW. The Full Time Directors in the meeting held on 20.01.2021, accorded sanction to issue fresh consent in line with CERC Regulation for the procurement of 400MW from Talabira project subject to the following conditions:

- *the project has to be completed within the committed time schedule of 52 months for 1st unit and subsequent unit in 6months thereafter.*
- *KSEBL will not be responsible for any escalation in tariff due to time escalation incurred by NLCIL*
- *NLCIL shall provide quarterly progress report of the mine and project development to KSEBL*

Accordingly, KSEBL issued a fresh consent to NLCIL, as per letter read as 7th above dated 22.01.2021, subject to the conditions mentioned above, for Talabira project for availing already consented quantum of 400MW.

As per the allocation of Ministry of Power, read as 5th above, the PPAs need to be amended to reflect the location of the plant and any other concomitant change that may happen because of the change in location. Hence, NLCIL submitted a draft amendment PPA, read as 8th above. The draft PPA were modified after incorporating the comments received from LA & DEO, CIA, Chief Engineer (SO) etc. The conditions specified in the consent letter were incorporated in the preamble, Clause 7.1 and 10.2.5.v of the PPA. The modified '2nd Deed of Amendment' were forwarded to M/s.NLCIL, as per letter read as 7th above dated 14.06.2021, for concurrence on the Terms and Conditions.

But, NLCIL denied the amendments proposed by KSEBL in Clause 7.1 and Clause 10.2.5.v, stating the following:

"the final schedule of commissioning will be based on several unforeseen and uncontrollable factors including force majeure conditions that may arise during the course of any project implementation more particularly in the present pandemic situation. In the cost plus model of PPA, these aspects are dealt with appropriately by an Independent Regulatory Authority applying proper prudence check on the reasonability of the project cost, implementation time etc."

The original PPA for Sirkali project was signed between KSEBL and NLC on 03.01.2011, when KSEBL was facing acute power shortage. But the project is still in the tendering stage and the project completion might take another 4-5 years. The power scenario in the country is undergoing tremendous changes. India is moving towards 'One Nation, One Grid, One Frequency, One Price' frame work by adopting Market Based Economic Dispatch (MBED). Keeping an eye on this, utilities are unwilling to sign up for long term agreements with Generating Companies.

The matter was placed before Core committee meeting held on 12.07.2021. Considering the delay in completing the said project and in view of the changes in power sector, the Core Committee decided the following:

- In the changed scenario of demand in power market, availability of new projects with KSEBL, MBED draft policy declared by Ministry of Power etc, NLC may be intimated to offer the power on medium/ short term basis. After 5 years, on analysis of the then market conditions and demand of KSEBL, the possibility of extending the PPA with mutual consent may be explored. Also, the possibility to tie up a reduced quantum may also be explored.
- NLC may be Intimated that KSEBL will not withdraw any conditions specified in the fresh consent dated 22.01.2021 which was later incorporated by KSEBL in the draft PPA.

The Chief Engineer (Commercial & Tariff), in the note read as 10th above, has suggested to intimate NLCIL to offer the power from Talabira Pit Head Power Station on medium/ short term basis and the possibility to tie-up a reduced quantum. It was also suggested to intimate that KSEBL will not withdraw any conditions specified in the fresh consent dated 22.01.2021 which was later incorporated by KSEBL in the draft PPA.

In view of the above, the matter was submitted before Full Time Directors, in the meeting held on 10.09.2021, for decision.

Having considered the matter in detail, the Full Time Directors in its meeting held on 10.09.2021, resolved to accord sanction for the following:

1. To intimate M/s.NLCIL to offer the power from Talabira Pit Head Power Station on medium/ short term basis.
2. To request M/s.NLCIL to intimate the possibility to tie-up a reduced quantum.

3. To intimate M/s.NLCIL that KSEBL will not withdraw any conditions specified in the fresh consent dated 22.01.2021 which was later incorporated by KSEBL in the draft PPA.
4. To submit the draft PPA before the Full Time Directors.

Orders are issued accordingly.

By order of the Full Time Directors,

Sd/-

LEKHA G
Company Secretary

To

The Chief Engineer(Commercial & Tariff)

Copy to:-

The Financial Advisor/ The Chief Internal Auditor

The Chief Engineer (IT)

TA to Chairman & Managing Director /

Director (Distribution & IT) /

Director (Transmission & System Operation) /

Director (Planning, Safety & SCM) /

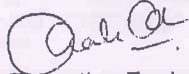
Director (Generation-Electrical) /

Director (Generation-Civil) / Director (REES including Soura)

PA to Director (Finance) / The Company Secretary / Sr CA to Chief Vigilance Officer

Library/Stock file

Forwarded by order,


Assistant Executive Engineer