



KERALA STATE ELECTRICITY BOARD LIMITED

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

Reg. Office : Vidyuthi Bhavanam, Pattom, Thiruvananthapuram - 695 004, Kerala

Phone: +91 471 2514473, 9446008581 E-mail: dca.cp@kseb.in

Web site www.kseb.in

Abstract

Pilot Scheme II - Procurement of aggregated power of 2500MW for 3 years (under Medium Term)- Tariff based competitive bidding conducted by Nodal Agency PFC Consultancy Limited (PFCCL) for supply to DISCOMS - requirement of power- proposal from PTC - in principle acceptance - Orders issued-

Corporate Office (Planning)

BO(FTD) No. 202/2021 (No: CE(C&T)/Pilot Scheme II -PTC/2020-21 Dtd 16-03-2021

- Ref:
1. DO No.3/PFCCL/2019-20/Pilot scheme- II/ 12-02-2020 of PFCCL
 2. PTC Letter No.C/PTC/M& TFG/Pilot Scheme-II/KSEB/32-34 dated 07-01-2021.
 3. Letter No. CE(C&T)/Pilot Scheme II -PTC/2020-21/317/ dated 01-02-2021 of Dy.Chief Engineer (Comml & Plg)
 4. Letter No.C/PTC/M& TFG/Pilot Scheme-II/KSEB/253 dated 04-02-2021.
 5. Letter No.CE(C&T)/Pilot Scheme II -PTC/2020-21/343/ dated 17-02-2021 of Dy.Chief Engineer (Comml & Plg)
 6. Letter No.C/PTC/M& TFG/Pilot Scheme-II/KSEB/587/ dated 04-03-2021.
 7. Note No. No: CE(C&T)/Pilot Scheme II -PTC/2020-21/1145/09-03-2021 of the Dy.Chief Engineer (Comml & Plg) with full powers of Chief Engineer submitted to the Full Time Directors (Agenda No.38/03/21)

ORDER

The Ministry of Power, Government of India on January 30, 2019 had notified guidelines for the procurement of aggregated power of 2500 MW under Pilot Scheme - II for three years (covered under Medium Term) facilitated by PFC Consulting Limited (PFCCL) as Nodal Agency and through an Aggregator to be appointed by PFCCL. The scheme envisaged the procurement of power through competitive Bidding process of e- reverse auction and L1 matching, on DEEP e - bidding portal conducted by PFCCL as the Nodal Agency. Accordingly PFCCL conducted tariff based competitive bidding in DEEP e bidding portal on 7.2.2020 and a tariff of Rs 3.26/kwh at CTU interconnection point was discovered against 2500MW.

The aggregator appointed by PFCCL is PTC, who will facilitate the procurement and supply the power between successful bidder and Distribution Licensee. It is informed by the PTC that the trading margin to be paid by a Discom to PTC for supplying power, is Rs 0.0173/kwh. Subsequently, PTC as per letter read as 1st above requested KSEB Ltd to inform the requirement of power. The matter was discussed in the Core Committee meeting held on 04-05-2020. In the meeting it was noticed that the consumption of power has fallen drastically due to lockdown as a result of the covid-19 outbreak and it will take a couple of months to stabilize. Hence it was decided that this purchase on medium term basis need not be considered for the immediate months and the matter was informed to the PTC on 15-05-2020.

Meantime based on the new ISTS regulations, PTC as per letter read as 2nd above again requested KSEBL to furnish the requirement of power under Pilot Scheme II on Medium term

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basis, stating that KSEBL may also look into the scheduling of power from Pilot scheme under STOA or MTOA, since no transmission charges is required to be paid for the power scheduled under STOA as per the new ISTS regulations 2020. Thus the landed cost at Kerala Periphery will be the discovered tariff of Rs. 3.26/kwh plus the applicable trading margin of Rs0.0173/kwh.

In this scenario, it was noticed that the power demand in the State had started slowly picking up consequent to the lifting of Covid -19 restrictions. On analyzing the next 3 years demand supply scenario, it was also observed that during the monsoon season there is generally surplus of power, whereas during summer season, there is deficit of power. Hence if RTC power is contracted for the entire 3 years as proposed by PTC, then the management of surplus power during monsoon season would be difficult. Also the rate of power is normally less in power market during this period. Apart from the above, the power available during day time from the upcoming renewable energy projects also needs to be considered. Under the above circumstances and as directed by Director(Transmission-System Operation), the appointed trader (PTC) as per the letter read as 3rd above was requested to explore the possibility of supplying power to KSEBL during our deficit period i.e. from March to June for three years, In this regard, PTC as per letter read as 4th above responded that the Scheme is for supply of power for twelve months in a year for three years, based on which bidding was conducted and hence Generators would not be interested to supply power only for four months. Further, selling power to other Utilities for the remaining period of the year, which is lean period, would not be feasible. It was also pointed out that if KSEBL could schedule power under the Scheme for at-least eight months after excluding four months of the monsoon season (July to October) then PTC would convince the generators for the supply of power to KSEBL for eight months in a year for three years at the discovered tariff.

The above response of the PTC was discussed in the power position meeting held on 06-02-2021 and PTC was again requested as per letter read as 5th above to explore the possibility of the scheduling of power for a period of six months instead of eight months with the preferred period of six months as from January to June in a year. The PTC as per letter read as 6th above has replied that they have explored contracting power for the period during six months from January to June in a year for three years with Successful Bidder(s) and that Jindal India Thermal Power Limited (JITPL) who have offered 270 MW capacity under Pilot Scheme-II have agreed to supply power under the said Scheme for the period as proposed by KSEBL. The power supply shall be only from January to June in a calendar year and there shall be no obligation from the parties for balance period of six months i.e. from July to December in a calendar year. It was pointed out that PTC/JITPL is ready to supply for additional months also in case KSEBL confirms the same before the execution of PSA under Pilot Scheme II.

Under above circumstances the matter was discussed in detail in the Core Committee meeting held on 08-03-2021. It was observed that the rate is reasonable when compared with the prevailing market rates and as per the PSA of the Pilot Scheme, the power can be scheduled only after getting approval of the Commission for payment of Tariff to the Aggregator in accordance with the provisions of the Agreement (b/w Utility & Aggregator) & APPP (Agreement for procurement of power on Pilot Scheme). After deliberations, the System Operation wing was instructed to analyze the necessity of contracting the power offered by JITPL during 2021 itself i.e. for the remaining months upto June 2021. It was also recommended by the Core Committee that in-principle acceptance for procuring power for a

period of six months i.e. from January to June in a year for three years under Pilot Scheme II, by scheduling power on short term basis, at the discovered tariff of Rs.3.26/kwh and at a trading margin of Rs 0.0173/kwh, as per the terms and conditions of draft PSA between Aggregator and Utility issued under Pilot Scheme II, may be communicated to PTC. It was also suggested that for proceeding further in this regard, PTC may be intimated to forward the draft agreement for scheduling power for six months in a year, for getting it vetted by the legal and finance wings of KSEBL and for taking up with the Commission for prior approval.

The matter was placed as per note read as 7 above for decision.

Having examined the matter in detail, the Full Time Directors in its meeting held on 09-03-2021 resolved to inform PTC the in-principle acceptance for procuring power for a period of six months i.e. from January to June in a year for three years under Pilot Scheme II, by scheduling power on short term basis, at the discovered tariff of Rs.3.26/kwh and at a trading margin of Rs 0.0173/kwh, as per the terms and conditions of draft PSA between Aggregator and Utility issued under Pilot Scheme II.

By Order of the Full Time Directors

Sd/-
LEKHA G.

Company Secretary in Charge

To

The Chief Engineer (Commercial & Planning),
The Chief Engineer (Trans & SO)
The Financial Advisor
The Deputy Chief Engineer(TRAC)

Copy to:

TA to the Chairman and Managing Director/PA to the Director (Finance)/TA to the Director (T-SO)/ TA to the Director (Dist, IT& HRM)/ TA to the Director (G-E & SCM)/ TA to the Director (G-C)/TA to Director (Planning & Safety, REES & Soura) /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