



# KERALA STATE ELECTRICITY BOARD LIMITED

(Incorporated under the Companies Act, 1956)

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## Abstract

Requirement of Solar Power under GoI CPSU Scheme, Tranche-III offer from M/s NTPC - orders issued.

### **CORPORATE OFFICE (Planning)**

B.O. (FTD) No. 535/2020 (CE(C&P)/Solar-NTPC/2020-21) dated Tvpm, 18.08.2020

Read: Note No. CE (C&P)/ Solar-NTPC/2020-21/385 dated 24.07.2020 of the Deputy Chief Engineer (C&P) with full powers of Chief Engineer. (Agenda No.7/8/20).

### ORDER

To accelerate installation of RE capacity in India and to promote "Make in India" initiative, the Government of India has issued Central Public Sector Undertaking (CPSU) Scheme phase II for setting up 12000 MW Grid-connected Solar Photo Voltaic (PV) Power Projects by Government producers for self use or for use by Government /Government entities either directly or through Distribution Companies (Discoms). M/s NTPC had intimated that they are looking forward to participate in the tender for implementing Solar PV capacity under Tranche\_III under Viability Gap Funding (VGF) based competitive bidding and they are in a position to offer Solar power upto 1000 MW under GoI CPSU Scheme Tranche -III to Discoms for use by Government / Government entities, at a tariff of Rs 2.75 / kWh for 25 years.

In the MNRE order dated 5<sup>th</sup> March 2019 for implementation of Central Public Sector Undertaking (CPSU) scheme, it is stated that Government producers can set up solar power plants using domestically manufactured solar PV cells and modules for generating solar power for self use or use by Government / Government entities, either directly or through DISCOMS. Transfer of this power from solar generator to end user can be done through a bilateral agreement between power generator and end user. However, services of concerned Discom can be taken to facilitate transfer of this solar power as per agreed terms and conditions between the generator/end user and Discom. The title of the solar power so produced by Government entity shall be transferred to power using entity in lieu of 'usage charges' as agreed through mutual agreement between the two government entities under the scheme.

In the MNRE order dated 03.07.2019 defining Scheme Modalities and role of Discoms in MNREs CPSU scheme Phase-II, it is defined in para 5 as given below.

- Discoms to facilitate supply of power by Government producers to other user Government entities by ensuring that the billing reflects 'usage charges' not more than Rs 3.50/unit, in addition to other charges.
- Since in such cases, Government Consumers will also be consuming power from sources other than solar, Discoms can just add one line in their bills to the Government Consumers stating that "this includes supply of power at usage charges of not more than Rs 3.50 per unit, in addition to other regulator mandated charges".

However, CPSU scheme also provides for transfer of power directly to any end user Government entity in Kerala under bilateral contract with NTPC with or without involvement of KSEBL.

The Deputy Chief Engineer (Commercial and Planning) with full powers of Chief Engineer as per the note read above has reported that if KSEBL is entering into Power Usage Agreement (PUA) with NTPC for supply of power by NTPC to identified Government entities, KSEBL will have to make prompt payment to NTPC monthly bills or else will attract delayed payment charges / penalties to KSEBL. As many of the Government entities are not prompt payers of Electricity charges and KSEBL is unable to disconnect their supply by nature of their essentiality to public, it will be difficult for KSEBL to realise the amount in time from Government entities. Moreover several offers are being received from other intermediaries such as SECI, NHPC etc offering solar power at competitive rates and solar RPO obligation on long term basis can be met from such proposals. KSEBL is also in the process of procuring 200 MW power from ground mounted grid connected solar PV plants through competitive bidding on All India basis with approval of KSERC.

Further, it is reported that if KSEBL is to supply power directly, cross subsidy surcharge would become unrealisable. Moreover the claims of NTPC on applicability of ISTS charges and losses waiver, meeting of RPO of Discoms etc under this scheme are not properly substantiated with relevant regulations. Accordingly it appears that signing of Power Usage Agreement (PUA) between Generator and Discom for further transfer of power to end user is not correctly aligned to the scheme notified by the Government of India.

In view of the above, the Deputy Chief Engineer (Commercial and Planning) with full powers of Chief Engineer in his note has suggested that KSEBL may take up the role of only a facilitator for supply of power by NTPC directly to identified government entities and may not directly enter into PUA with NTPC.

Having considered the matter in detail, the Full Time Directors in its meeting held on 12.08.2020, resolved to accord sanction to intimate M/s NTPC that KSEBL can take up the role of a facilitator only for supply of power by NTPC directly to identified government entities of Kerala, under the Gol CPSU Scheme, Tranche III, provided RPO benefit shall be passed on to KSEBL.

Orders are issued accordingly

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

To

The Deputy Chief Engineer (Commercial & Planning) with full powers of Chief Engineer.

Copy to:

1. The Financial Advisor/Chief Internal Auditor/LA & DEO
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3. PA to Director (Finance)
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Forwarded by order

  
Assistant Executive Engineer