



KERALA STATE ELECTRICITY BOARD LIMITED

(Incorporated under the Companies Act, 1956)

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298
25/6/2022

Abstract

Setting up of 100 MW SPV project by SECI at Cheemeni, Kasargod, Kerala – Sanctioned - Orders issued.

CORPORATE OFFICE (Planning)

B.O. (FTD) No. 427/2020 (CE (C&P)/Solar Park-Ksd-Cheemeni/2020-21) dated Tvpm, 23.06.2020

Read: Note No. CE (C&P)/Solar Park-Ksd-Cheemeni/2020-21/229 dated 04.06.2020 of the Deputy Chief Engineer (Commercial and Planning) with full powers of Chief Engineer (Agenda No.8/6/20).

ORDER

The Deputy Chief Engineer (Commercial and Planning) with full powers of Chief Engineer as per the note read above has reported that SECI had intimated their willingness to develop 100 MW in the Solar park at Kasargod on handing over 475 acres of land by Government of Kerala to RPCKL/KSEBL on similar terms and conditions for the 50 MW Solar PV Project developed by the IREDA and on-going Project of 50 MW of THDCIL. SECI has also intimated that considering the various techno-commercial assumptions, tariff so arrived shall be lower of INR 3.05/kWh or the tariff as determined by the Hon'ble KSERC as per provisions of Power Sale Agreement to be executed between KSEBL & SECI. The CUF of the project proposed by SECI is 24.18%.

The Methodology for the project implementation as detailed by SECI is:

- i) The Project(s) shall be Designed, Built, Owned, Operated and Funded by SECI. The selection of EPC Contractor for the implementation of the Project shall be done through e-tendering followed by e-reverse auction.
- ii) Land for the development of the Project shall be provided by the Government of Kerala through RPCKL/ KSEBL. All charges related to land and connectivity to be charged by the RPCKL shall be charged to the Project cost.
- iii) KSEBL shall enter into Power Purchase Agreement on long term basis at a tariff determined on cost plus basis based on discovered project cost from competitive bidding process carried out by SECI and other parameters based on applicable appropriate commission regulations.

- iv) KSEBL shall provide connectivity for the Project and also facilitate all statutory clearances and approvals for supply of Power from the Project to the state network.
- v) KSEBL shall obtain the approval of PPA from the State Commission.

SECI has intimated that the project is envisaged to be completed in 16 months (or mutually agreed time) from the date of signing of Power Sale Agreement.

The Deputy Chief Engineer (Commercial and Planning) with full powers of Chief Engineer had also reported that considering the levelised tariffs in the Solar PPAs executed by KSEBL / tariff in the offers received from intermediaries such as NHPC/SECI for procurement of solar power, the tariff discovered through tariff based competitive bidding in the country is much lower than the normative tariff determined by regulatory commission. The Generic Tariff for 25 years with the benefit of accelerated depreciation determined by KSERC for Solar PV projects for 2019-20 is Rs 3.35 / unit, whereas the tariff discovered through competitive bid process and adopted by CERC in various recent orders for solar projects is in the range of Rs 2.44 to Rs 2.61 per unit. The generic tariff for projects with COD on a particular year will be fixed by the respective commission based on normative parameters. The project specific tariff fixed by the commission will vary from the generic tariff only in capital cost. The lower of the generic tariff / project specific tariff determined by the Commission will be fixed for the project. Hence there are less chances for a better tariff determined by respective commissions whereas in tariff based competitive bidding for RE projects, due to aggressive competition, the rates discovered are better because developers opt for soft loans, aggressive debt:equity ratio, better O&M techniques to bring down O&M expenses etc which will bring down the cost below normative parameters, thus lowering the tariff.

Based on the above, the Deputy Chief Engineer (Commercial and Planning) with full powers of Chief Engineer had suggested that instead of considering the offer of SECI on nomination basis, the possibilities of tariff based competitive bidding may be explored for allotment of project in the solar park. The tariff so discovered through competitive bidding has to be adopted by KSERC as per Section 63 of Electricity Act 2003 and PPA has to be approved by KSERC.

Considering the matter in detail, the Full Time Directors in its meeting held on

11.06.2020, resolved to accord sanction to intimate M/s SECI that the allotment of 100 MW Solar PV Project in the solar park at Cheemeni, Kasargod will be done based on tariff based competitive bidding upon handing over 475 acres of land by Government of Kerala to RPCKL/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
2. TA to CMD/ Director (T, SO & Safety)/ (SCM & Gen-E)/ (D,IT& HRM)/ Gen(Civil)
3. PA to Director (Finance)/DIRECTOR C PLANNING & SAFETY)
4. Senior CA to Secretary/Company Secretary i/c/The Fair Copy Superintendent
5. Library / Stock File.

Forwarded by order


Assistant Executive Engineer

Note submitted

Sub:- Setting up of 100 MW SPV project by SECI at Cheemeni, Kasargod, Kerala -reg:-

1. Note was put up before FTD on 04.06.2020, suggesting that the possibilities of tariff based competitive bidding may be explored for setting up of 100 MW SPV project at Cheemeni, Kasargod instead of considering the offer of SECI on nomination basis.
2. FTD meeting on 11.06.2020 approved the same. Based on the same, Draft B.O put up for approval..