



## KERALA STATE ELECTRICITY BOARD Ltd

(Incorporated under the Companies Act, 1956)

Registered Office: Vidyuthi Bhavanam, Pattom,

Thiruvananthapuram – 695 004

CIN: U40100KL2011SGC027424

Website: www.kseb.in

### ABSTRACT

Establishing of Letter of Credit against Jhabua Power Limited (Bid #2) with contracted capacity of 100MW - Sanctioned - Orders issued.

### CORPORATE OFFICE(COMMERCIAL & TARIFF)

BO (FTD)No.200/2023(COM-AEE9/2023/53)

Thiruvananthapuram, Dated: 13.04.2023

- Read: 1. PSA executed between KSEBL and M/s.Jhabua Power Limited dated 31.12.2014.
2. Letter no.JPL/BD/KSEB/2023/04 of M/s. Jhabua Power Limited dated 09.02.2023.
- 3.Note No.CE(C&T)/DBFOO/LT Jhabua/2022-23/1482 dated 06.03.2023 of the Chief Engineer (Commercial & Tariff) to the Full Time Directors(Agenda:32/3/23)

### ORDER

Kerala State Electricity Board Limited has entered into long term Power Supply Agreements under Design Build Finance Own and Operate (DBFOO) basis with the following Generators and the details of approval of these Power Supply Agreements (PSAs) are as below. Kerala State Electricity Regulatory Commission (KSERC) has not approved the PSAs other than L1 of Bid 1 and Bid 2 citing deviation from the bidding guidelines.

| Sl No.       | Name of firm     | Quantum (MW) | Tariff as on Bid date | KSERC Approval Status  |
|--------------|------------------|--------------|-----------------------|--|
| <b>Bid 1</b> |                  |              |                       |  |
| 1            | Jindal power Ltd | 200          | 3.6                   | Approved   |
| 2            | Jhabua Power Ltd | 115          | 4.15                  | Provisional Approval and drawal of power permitted as per GoK/KSERC order. |
| <b>Bid 2</b> |                  |              |                       |  |
| 3            | BALCO            | 100          | 4.29                  | Approved   |
| 4            | JITPL            | 100          | 4.29                  |  |

|              |                  |            |      |  |
|--------------|------------------|------------|------|--|
| 5            | Jhabua Power Ltd | 100        | 4.29 | Not Approved but drawal of power permitted as per GoK/KSERC order. |
| 6            | Jindal power Ltd | 150        | 4.29 |  |
| <b>Total</b> |                  | <b>765</b> |      |  |

As per clauses 23.2 and 23.1.3 of the Power Supply Agreement, the utility shall provide to the supplier an unconditional, revolving and irrevocable Letter of Credit (LC) for an amount equivalent to 20% of annual capacity charge (the minimum monthly payment) (the "Letter of Credit") (LC) which may be drawn upon by the supplier for recovery of payment due against the monthly invoice, the Letter of Credit (LC) shall be modified once every year to reflect the revision in Fixed Charge. M/s. Jhabua Power Limited as per letter read as 3<sup>rd</sup> above had requested for establishing LC issued in favour of the firm in respect of Bid#2 (100MW). LC has not been issued to unapproved contracts in Bid #2.

Though unapproved, based on intimation from the firm that power will be regulated in case of non renewal of LC, the Board of Directors of KSEB Ltd in its meeting held on 25.01.2022 decided to renew the LC of Bid 1 in the light of summer season and difficult power scenario. Accordingly Letter of Credit that expired on 16.12.2022 was renewed in respect of Bid #1 (115MW).

M/s. Jhabua Power Limited has intimated that in case of non-establishment of LC for Bid 2(100MW), the power being supplied will be regulated as per the following schedule.

| Sl.No. | Date  | % of power to be regulated  | Quatum of power |
|--------|---|-----------------------------|-----------------|
| 1      | 15.03.2023 to<br>31.03.2023                 | 25% of contracted<br>power  | 25MW            |
| 2      | 1 <sup>st</sup> April 2023 to<br>30.03.2023 | 50 % of contracted<br>power | 50MW            |
| 3      | 1 <sup>st</sup> May 2023 onwards            | 100 % of contracted power   | 100MW           |

As per MoP circular of 6/2020 and Electricity (Late Payment Surcharge & related matters) Rules 2022, for scheduling power, POSOCO has to ensure from Genco's declaration that there is adequate payment Security Mechanism (PSM), otherwise, Power supply can be regulated. As NTPC is in the management of Jhabua Power due to corporate restructuring, they are insisting for adequate PSM for the PSAs of Jhabua Power. In this situation, if the Generator regulates the supply as mentioned above, it may lead to adverse situations and dire the power management in the forthcoming summer season.

Having examined the matter in detail, the Full Time Directors in its meeting held on 13.03.2023 resolved to accord sanction to establish Letter of Credit in favour of M/s. Jhabua Power Limited in respect of Bid#2 (100 MW) considering the adverse

consequences to be faced, in case of power regulation as mentioned by M/s.NTPC, in upcoming summer months of 2023.

Orders are issued accordingly.

**By Order of the  
Full Time Directors**

5d/-

**LEKHA G  
Company Secretary**

To:

The Chief Engineer (Commercial & Tariff)  
The Chief Engineer ( Trans & SO )

Copy to: The Financial Advisor/ Chief Internal Auditor/ Company Secretary/ LA & DEO  
The TA to CMD/ Director (T,SO,P,S & Ge-Ele)/ (Dist, IT, SCM, REES & Soura)/  
Gen (Civil)  
The PA to Director (Finance & HRM)  
The Senior CA to Secretary (Admin)  
Stock file.

Forwarded / By Order



Assistant Executive Engineer