

KERALA STATE ELECTRICITY REGULATORY COMMISSION THIRUVANANTHAPURAM

File No.761/D (F&T)/2016/KSERC

Present: Shri T.M.Manoharan, Chairman
Shri.K.Vikraman Nair, Member
Shri. S. Venugopal, Member

In the matter of : Adoption of tariff as per Section 63 for Purchase of 100 MW evening peak power (from 18.30 hrs to 22.30 hrs) and 50 MW for the time blocks from 05.00 hrs to 18.30 hrs and 22.30 hrs to 24.00 hrs for the month of May -2016 by strictly following the revised guidelines issued by the Ministry of power, Government of India on short term basis from M/s PTC India Ltd.

Petitioner : Kerala State Electricity Board Limited,
Pattom, Thiruvananthapuram - 4

Order dated 23-05-2016

Background

1. KSEB Ltd, vide letter dated 11.4.2016 has requested before the Commission to permit for procuring 100MW evening peak power (from 18.30 hrs to 22.30 hrs) and 50 MW for the time blocks from 05.00 hrs to 18.30 hrs and 22.30 hrs to 24.00 hrs for the month of May -2016 by strictly following the revised guidelines issued by the Ministry of power, Government of India facilitating reverse auction through the national e-bidding portal developed through MSTC Ltd. by Government of India.
2. The Commission vide the letter dated 22-04-2016 has granted in principle approval for the same, as follows;
 - (i) *the Commission accords in principle approval for inviting tender for procurement of 100MW evening peak power (from 18.30 hrs to 22.30 hrs) and 50MW for the time blocks from 5 hrs to 18.30 hrs and 22.30 hrs to 24.00*

hrs for the month of May, 2016 by strictly following the revised guidelines dated 30-03-2016, issued by the Ministry of Power, Government of India facilitating reverse auction through the national e - bidding portal developed through MSTC Ltd by Govt of India.

(ii) KSEB Ltd shall submit the details of the bid process including rate derived through the bids, before the Commission, within the time limit prescribed in the guidelines.

(iii) KSEB Ltd shall also submit the petition for adoption of tariff and approval of PPA as prescribed in the bidding guidelines dated 30-03-2016

3. Subsequently, KSEB Ltd has filed a petition on 05.05.2016 for adoption of tariff as per clause 11.4 of the 'Guidelines for short-term procurement of power by Distribution Licensees through Tariff based bidding process' issued by Ministry of Power, Government of India vide the resolution dated 30-03-2006 for procurement of power from M/s PTC India Ltd for the period from 05-05-2016 to 31-05-2016 by KSEB Ltd. Vide the petition, KSEB Ltd has submitted that,

(i) KSEB Limited initiated the bidding process by registering in the National e-Bidding DEEP (Discovery of Efficient Electricity Price) portal and invited Short Term Bid as per e-tender Notice dated 22.04.2016 from the Generators /State Utilities /CPPs /Distribution Licenses /SEBs and trading licensees having valid trading license from Appropriate Commission. As per clause 6.2 of the Guidelines, wide publicity to tender notice had been given via official website of KSEB Limited and by publishing the same in two national dailies viz. The New Indian Express and Times of India. The quantum and time slots are detailed in Table 1 below:

Table 1

<i>Period</i>	<i>Duration</i>	<i>Quantum (MW) on Firm basis</i>
<i>05.05.2016 to 01.06.2016</i>	<i>22:30 hrs to 00:00 hrs</i>	<i>50</i>
<i>05.05.2016 to 31.05.2016</i>	<i>05:00 hrs to 18:30 hrs</i>	<i>50</i>
<i>05.05.2016 to 31.05.2016</i>	<i>18:30 hrs to 22:30 hrs</i>	<i>100</i>

(ii) KSEB Limited has completed the bid process strictly as per the guidelines issued by the Ministry of power.

- (1) As per Clause 7.2 (Bid Submission and Evaluation) of the revised Guidelines, a Standing Committee consisting of eleven members has been constituted for the evaluation of the Short Term Tenders.
- (2) As per the e-Tender Notice dated 22.04.2016, last date of submission of the Rfp bids through the DEEP portal was on 28.04.2016 at 2.00 PM. The technical non financial bids were opened by 03.00 pm on 28.04.2016.
- (3) All the bidders had mentioned the Sources and region from where they are offering power in the technical non financial bids. Offers were received for power from sources in Southern Region, Eastern Region and Western Region. Since all the bidders had complied with the terms and conditions stipulated in the RfP, KSEB Limited decided to accept all the eight technical non financial bids and proceeded to open the financial bids/ Initial Price Offer (IPO).
- (4) Initial price Offers (IPO) were opened as per the schedule given in the DEEP portal i.e. between 11.00 am and 01.00 pm on 29.04.2016. The e-portal generated Comparison statement for financial offer/Initial Price offer (IPO) was verified by the Standing Committee. All bidders had quoted rates at Kerala Periphery.
- (5) During the first stage of financial bidding viz. IPO price bids, M/s PTC India Limited turned out to be the successful bidder. Details of the offer is tabulated in the Table-2 below:

Table-2

Period	Duration	Quantum (MW) on Firm basis	Rate at Delivery Point (Rs/kWh)	Source of Power
05.05.2016 to 01.06.2016	22:30 hrs to 00:00 hrs	50 MW	Rs .3.23/-	Madhya Pradesh Power Management Co.Ltd(MPPMCL)
05.05.2016 to 31.05.2016	05:00 hrs to 18:30 hrs	50 MW	Rs .3.23/-	-do-
05.05.2016 to 31.05.2016	18:30 hrs to 22:30 hrs	100 MW	Rs .3.51/-	-do-

- (6) E-Reverse auction commenced at 01.00 pm and continued till 03.00 pm and witnessed by the Standing Committee members.

- (iii) *M/s PTC India Ltd, has offered the lowest rate during the e-Reverse auction Stage and the quantum offered by them is sufficient to meet the requirement of KSEB Ltd (Source : DVC -Eastern Region). Also the successful bidder has not put forward any deviations in terms and conditions of the Bid. The details of the offer is tabulated in the Table-3 below:*

Table-3

<i>Period</i>	<i>Duration</i>	<i>Quantum (MW) on Firm basis</i>	<i>Rate at Delivery Point</i>	<i>Source of Power</i>
<i>05.05.2016 to 01.06.2016</i>	<i>22:30 hrs to 00:00 hrs</i>	<i>50 MW</i>	<i>Rs.3.21/- (Three Rupees and Twenty one paise only) per kWh</i>	<i>DVC in Eastern Region</i>
<i>05.05.2016 to 31.05.2016</i>	<i>05:00 hrs to 18:30 hrs</i>	<i>50 MW</i>	<i>Rs .3.14/- (Three Rupees and Fourteen paise only) per kWh</i>	<i>DVC in Eastern Region</i>
<i>05.05.2016 to 31.05.2016</i>	<i>18:30 hrs to 22:30 hrs</i>	<i>100 MW</i>	<i>Rs .3.40/- (Three Rupees and Forty Paise Only) per kWh</i>	<i>DVC in Eastern Region</i>

- (iv) *The rate quoted above are at Kerala Periphery. The rates are very competitive and less than the prevailing rates in the power exchange.*
- (v) *On conclusion of the bid process, the Standing Committee constituted for the bid evaluation has certified the conformity of the bid process with the guidelines notified by Ministry of power and RfP as per clause 11.2 of the guidelines.*
- (vi) *KSEB Limited has issued Letter of Award (LoA) to M/s.PTC limited on 02.05.2016 as per the rate quoted mentioned in the ‘table-3’ above and in conformity with clause 7.16 of the guidelines and acknowledgement thereof has been obtained from the seller. KSEB Limited has also executed the Power purchase agreement, which is prepared in line with sub clause (vi) of clause 6.4 of the guidelines, with the seller on 03.05.2016.*
- (vii) *As per clause 11.4 of the guidelines, the Procurer(s) shall submit a petition to the Appropriate Commission for adoption of tariff within 2 days from the date of signing of PPA, unless the quantum of power procured and tariff determined are within the blanket approval*

granted by the Appropriate Commission in Annual Revenue Requirement (ARR) of the respective year. Accordingly, the instant petition is submitted before the Hon'ble Commission for kind consideration and adoption of tariff for the procurement of power from M/s.PTC limited by KSEB Limited.

- (viii) *Considering the facts and submissions made above, KSEB Limited humbly prays before the Hon'ble Commission to adopt the tariff derived through the 'Reverse e-auction' as per clause 11.4 of the 'Guidelines for short-term Procurement of Power by Distribution Licensees through Tariff based bidding process' issued by Ministry of Power, Government of India vide resolution dated 30.03.2016 for procurement of 100 MW from 18.30 hrs to 22.30 hrs at a rate of Rs.3.40/kWh and 50 MW each from 05.00hrs to 18.30 hrs and from 22.30 hrs. to 24.00hrs at a rate of Rs.3.14/kWh and Rs.3.21 /kWh respectively from M/s. PTC India Limited for the period from 05.05.2016 to 31.05.2016.*

Analysis and Decision of the Commission

4. The present petition is for adopting the *tariff derived through the 'Reverse e-auction' as per clause 11.4 of the 'Guidelines for short-term Procurement of Power by Distribution Licensees through Tariff based bidding process' issued by Ministry of Power, Government of India vide resolution dated 30.03.2016 for procurement of 100 MW from 18.30 hrs to 22.30 hrs at a rate of Rs.3.40/kWh and 50 MW each from 05.00hrs to 18.30 hrs and from 22.30 hrs. to 24.00hrs at a rate of Rs.3.14/kWh and Rs.3.21 /kWh respectively from M/s. PTC India Limited for the period from 05.05.2016 to 31.05.2016.*
5. Based on the request of KSEB Ltd and also conforming to the clause-4 of the guidelines for short-term (i.e. for a period of more than one day to one year) procurement of power by Distribution Licensees through Tariff based bidding process, the Commission vide the letter dated 22-04-2016 has granted in principle approval for inviting tender for procurement of 100MW evening peak power (from 18.30 hrs to 22.30 hrs) and 50MW for the time blocks from 5 hrs to 18.30 hrs and 22.30 hrs to 24.00 hrs for the month of May, 2016 by strictly following the revised guidelines dated 30-03-2016, issued by the Ministry of Power, Government of India facilitating reverse auction through the national e - bidding portal developed through MSTC Ltd by Govt of India. This approval was granted as per the clause-4 of the guidelines for short-term

(i.e. for a period of more than one day to one year) procurement of power by Distribution Licensees through Tariff based bidding process.

6. As per the details submitted, it is observed that, KSEB Ltd has followed the 'guidelines for short-term (i.e. for a period of more than one day to one year) procurement of power by Distribution Licensees through Tariff based bidding process' for procuring 100MW evening peak power (from 18.30 hrs to 22.30 hrs) and 50MW for the time blocks from 5 hrs to 18.30 hrs and 22.30 hrs to 24.00 hrs for the period from 05-05-2016 to 31-05-2016.
7. As per the 1st proviso to clause 11.4 of the 'guidelines for short-term (i.e. for a period of more than one day to one year) procurement of power by Distribution Licensees through Tariff based bidding process', if the quantum of power procured and the tariff determined are not within the blanket approval granted by the Commission in the Annual Revenue Requirement (ARR) of the respective year, then the licensee has to submit a petition to the Commission for adoption of tariff within 2 days from the date of signing the PPA and the Commission should communicate the decision within 7 days from the date of submission of the petition. The clause 11.4 of the guidelines is extracted below for ready reference.

11. Contract award and conclusion

11.1. The PPA shall be signed with the Selected Bidder(s) consequent to the selection process.

11.2. After the conclusion of bid process, the Standing Committee constituted for evaluation of RfP bids shall provide appropriate certification on conformity of the bid process evaluation according to the provisions of the RfP document. The Procurer shall provide a certificate on the conformity of the bid process to these Guidelines to the Appropriate Commission.

11.3. For the purpose of transparency, the Procurer shall make the bids public by indicating the tariff quoted by all the Bidders, after signing of the PPA or PPA becoming effective, whichever is later. While doing so, only the name of the Successful Bidder(s) shall be made public and tariffs quoted by other Bidders shall be made public anonymously.

11.4. If the quantum of power procured and tariff determined are within the blanket approval granted by the Appropriate Commission in Annual Revenue Requirement (ARR) of the respective year, then the same will be considered to have been adopted by the Appropriate Commission.

8. Since the licensee has not filed the application for Annual Revenue Requirement for the year 2016-17, the Commission has not granted blanket approval for the quantum of power procurement and tariff. However, the Commission vide the letter dated 22-4-2016 has granted in principle approval for inviting tenders for procurement of 100MW evening peak power (from 18.30 hrs to 22.30 hrs) and 50MW for the time blocks from 5 hrs to 18.30 hrs and 22.30 hrs to 24.00 hrs for the month of May, 2016 by strictly following the revised guidelines dated 30-03-2016, issued by the Ministry of Power, Government of India facilitating reverse auction through the national e - bidding portal developed through MSTC Ltd by Govt of India. Further, as per the clause-11 (4) of the guidelines, the Commission has to adopt the tariff derived through the bidding process as per the guidelines for short-term (i.e. for a period of more than one day to one year) Procurement of Power by Distribution Licensees through tariff based bidding process.

Orders of the Commission

9. Considering the facts and circumstance as detailed above, the Commission adopts the tariff under Section 63 of the Electricity Act 2003 for Purchase of power during the month of May 2016 on short term basis, as per guidelines issued by Ministry of Power, from M/s PTC India Ltd at delivery point as detailed below;

Period	Duration	Quantum (MW) on Firm basis	Rate at Delivery Point	Source of Power
05.05.2016 to 01.06.2016	22:30 hrs to 00:00 hrs	50 MW	Rs.3.21/- (Three Rupees and Twenty one paise only) per kWh	DVC in Eastern Region
05.05.2016 to 31.05.2016	05:00 hrs to 18:30 hrs	50 MW	Rs .3.14/- (Three Rupees and Fourteen paise only) per kWh	DVC in Eastern Region
05.05.2016 to 31.05.2016	18:30 hrs to 22:30 hrs	100 MW	Rs .3.40/- (Three Rupees and Forty Paise Only) per kWh	DVC in Eastern Region

Petition disposed of. Orders accordingly.

Sd/-

S. Venugopal
Member

Sd/-

K.Vikraman Nair
Member

Sd/-

T.M.Manoharan
Chairman

Approved for Issue

Sd/-

Secretary