

**KERALA STATE ELECTRICITY REGULATORY COMMISSION  
THIRUVANANTHAPURAM**

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

In the matter of : Approval for the purchase of 100MW RTC power from 01-03-2017 to 31-5-2017 and 100 MW power during peak hours (18:00 hrs to 24:00 hrs) from 01-03-2017 to 31-05-2017 on short term basis and adoption of tariff under Section 63 of the Electricity Act, 2003.

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

No. 1964/ DD(T) /PP200 MW/2016 / KSERC

**Order dated 19-12-2016**

1. Kerala State Electricity Board Limited (hereinafter referred to as KSEB Ltd) vide the latter No. KSEB/TRAC/Short term PP/ 2016-17/3309 dated 31.10.2016 had requested before the Commission for permission to invite short term tender for procurement of 100MW RTC power and additional 100MW power during peak hours (from 18.00hrs to 24.00 hrs) from 1-3-2017 to 31-5-2017, on short term basis through the Discovery of Efficient Energy Price (DEEP) e-bidding portal of Ministry of Power, to meet the power requirement of the State.
2. The Commission vide the letter No. 1812/DD(T)/2016/KSERC/1105 dated 04-11-2016, granted in principle approval for inviting tender for procurement of 100 MW RTC power and additional 100MW power during peak hours (from 18.00 hrs to 24.00 hrs) from 1.3.2017 to 31.5.2017 on short term basis through DEEP e-bidding portal of Ministry of Power, subject to the following conditions;
  - (i) *The in principle approval given is only for floating the tender and not for the purchase*
  - (ii) *The PPA shall be signed only after getting approval of the Commission*
  - (iii) *KSEB Ltd. may finalize the quantum of power to be contracted, considering the rates discovered in the tender, the rates of deviation settlement and rates in the power exchange.*

*(iv) The rate discovered through bid process and the same agreed to by KSEB Ltd, may be submitted before the Commission with all supporting documents and other relevant details to conduct prudency check and to grant approval of the Commission.*

3. Subsequently, KSEB Ltd, has filed a petition on 29-11-2016, for adoption of tariff under Section 63 of the Electricity Act 2003 for procurement of 100MW RTC power at Rs 3.25/ unit at Kerala periphery and 100MW peak power (18:00 hrs to 24:00 hrs) at Rs 3.65 / unit at Kerala periphery to M/s Tata Power Trading Company Ltd for the period from 1.3.2017 to 31.5.2017. In the petition, KSEB Ltd has submitted that,

(i) Government of India, Ministry of Power vide the notification No. 23/25/2011- R&R (Vol-III) dated 30-3-2016, has notified the guidelines for short term (i.e., for a period more than one day to one year) procurement of power by Distribution Licensees through tariff based bidding process using National e-bidding portal. In accordance with the provisions in Clause 6.2 of the guidelines, wide publicity was given by uploading the e-tender notice dated 27-10-2016 in the official web site of KSEBL and by publishing in two national dailies on 29-10-2016. The details of the tender notice are given below.

Period of supply	Duration of supply	Quantum (MW) on firm basis	Minimum Bid Qty (MW)
01-03-2017 to 31-05-2017	00:00 hrs to 24:00 hrs (RTC)	100	50
01-03-2017 to 31-05-2017	18:00 hrs to 24:00 hrs (Peak)	100	50

(ii) The bid documents were processed strictly based on the guidelines notified by the Govt. of India in compliance with the section 63 of the Electricity Act -2003. The non-financial bids were opened on 08-11-2016. There were 18 non-financial technical bids from 10 bidders. Since all the bidders had complied with the terms and conditions stipulated in the RFP, the Standing Committee decided to accept all the 18 non-financial technical bids and to proceed with the opening of their Initial Price Offers (IPO) on 15-11-2016.

- (iii) The Initial Price Offers of all the 18 bids were opened on 15-11-2016 at 11.00AM. Subsequently, on the same day, e-RA (e-Reverse Auction) was conducted.
- (iv) In the e-RA (e- Reverse Auction), M/s Tata Power Trading Company Ltd., turned out to be the successful bidder. Details of the offer is tabulated below.

Duration	Offered quantum (MW)	Rate at Kerala periphery (Rs/unit)	Generator/ Trader	Source
00:00 hrs to 24:00 hrs (RTC)	100	3.25	Tata Power Trading Company Ltd.	Jindal India Thermal Power Ltd. in ER
18:00 hrs to 24:00hrs (peak)	100	3.65	Tata Power Trading Company Ltd.	Jindal India Thermal Power Ltd. in ER

- (v) KSEB Ltd submitted that generally the rate of power discovered in the exchange during the summer months comes to around Rs.4.00/unit (excluding transmission charges and losses). It is further submitted that it is not possible to utilize Deviation settlement mechanism as a means for drawing power considering the stringent deviation volume limits set by Hon'ble CERC through CERC (Deviation Settlement mechanism and related matters) Regulations, 2012 and its subsequent amendments. Considering the above, the rate offered by M/s TATA Power Trading Company Ltd seems to be very attractive.
- (vi) The bid evaluation committee has recommended to issue Letter of Award to Tata Power Trading Company Limited for the procurement of 100MW RTC power and 100MW peak power ( from 18:00 hrs to 24:00 hrs), at the rate of Rs.3.25/unit and Rs.3.65/unit respectively at Kerala periphery, from 1-3-2017 to 31-5-2017, subject to the approval from Hon'ble Commission.
- (vii) KSEB Ltd has also submitted that, as per the provisions in Central Electricity Regulatory Commission (Open Access in inter-State Transmission) Regulations, 2008, the grant of open access for advanced scheduling shall be on first come first served basis subject to availability of transmission capacity after the grant of LTA and MTOA. Further, as per the regulation, 9(1) of the Central Electricity Regulatory Commission (Open Access in inter-State Transmission) Regulations, 2008, an application for advance scheduling for a bilateral

transaction may be submitted to the nodal agency upto the forth month, the month in which the application is made being first month .

- (viii) As per the reports of PGCIL, the CTU, there will be an enhancement in the availability of transmission corridor between NEW grid and SR by February 2017 with the commissioning of 765KV Angul-Srikakulam line. Further, it is also expected that the availability of transmission corridor will improve with the commissioning of Wardha-Nizamabad 765KV lines. Hence in order to seize this corridor getting available from March 2017, KSEBL has to submit application for Short Term Open Access for drawing the power proposed to contract with the bidder at the earliest possible, i.e. in the month of December 2016 itself , as per the regulations of Hon'ble CERC. However, since application for STOA has to be accompanied by a submission of affidavit regarding existence of valid contract, the approval of Hon'ble Commission is urgently required to enter into a PPA with the successful bidder and for applying STOA in December 2016 itself, to seize the corridor getting available by March 2017.
- (ix) Hence, KSEB Ltd prayed before the Commission that, approval may kindly be granted for the purchase of 100MW RTC power at Rs.3.25/unit at Kerala periphery and 100MW peak (18:00 hrs to 24:00 hrs) at Rs.3.65/unit at Kerala periphery quoted by Tata Power Trading Company Ltd., the lowest bidder in the e-Reverse Auction for the period from 1-3-2017 to 31-5-2017 and also for adoption of tariff under section 63 of the Electricity Act,2003.

#### **Analysis and Decision of the Commission**

4. The present petition is for approval for procuring 100MW RTC power at Rs.3.25/unit at Kerala periphery and 100MW peak (18:00 hrs to 24:00 hrs) at Rs.3.65/unit at Kerala periphery from Tata Power Trading Company Ltd., for the period from 1-3-2017 to 31-5-2017 on short term basis and also to adopt the tariff discovered in the bidding as per section-63 of the Electricity Act-2003. The bid process was done as per the guidelines notified by Government of India, Ministry of Power vide the notification No. 23/25/2011-R&R (Vol-III) dated 30-3-2016, for short term (i.e., for a period more than one day to one year) procurement of power by Distribution Licensees through tariff based bidding process using National e-bidding portal.
5. Based on the request of KSEB Ltd, the Commission granted in principle approval for inviting tender for procurement of 100 MW RTC power and

additional 100MW power during peak power (from 18.00 hrs to 24.00 hrs) from 1.3.2017 to 31.5.2017 on short term basis through DEEP e-bidding portal of Ministry of Power.

6. As per the details submitted, it is found that, KSEB Ltd has followed the 'guidelines notified by Government of India, Ministry of Power vide the notification No. 23/25/2011- R&R (Vol-III) dated 30-3-2016, for short term (i.e., for a period more than one day to one year) procurement of power by Distribution Licensees through tariff based bidding process using National e-bidding portal, for the procurement of 100 MW RTC power and additional 100MW power during peak hours (from 18.0 hrs to 24.0 hrs) from 1.3.2017 to 31.5.2017 on short term basis.
7. As per the 1<sup>st</sup> 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 4-11-2016, granted in principle approval for inviting tender for procurement of 100 MW RTC power and additional 100MW power during peak hours (from 18.00 hrs to 24.00 hrs) from 1.3.2017 to 31.5.2017 on short term basis through DEEP e-bidding portal of Ministry of Power. Accordingly, KSEB Ltd has initiated the bidding process and M/s TATA Power Trading Company Ltd has emerged as the lowest bidder for supplying 100 MW RTC power @Rs 3.25/unit and 100 MW peak power (from 18.00 hrs to 24.00 hrs) @Rs 3.65/unit, at the periphery of KSEB Ltd, from 1.3.2017 to 31.5.2017 on short term basis. KSEB Ltd submitted that, the bid evaluation committee, after analysis, has recommended to issue Letter of Award (LoA) to M/s TATA Power Trading Company Ltd. In compliance of the direction issued by the Commission given along with the in principle approval dated 04-11-2016 for initiating the bid process, KSEB Ltd yet to sign PPA with M/s TATA Power Trading Company Ltd for want of approval from the Commission. K S E B Ltd. has submitted that the rates discovered in the bid process is competitive compared to the power exchange rates during summer months. K S E B Ltd. has also submitted that the drawal of power under DSM is not possible considering the stringent deviation volume limits set by CERC.
9. Further, as per the clause-11 (4) of the guidelines notified by Government of India, Ministry of Power vide the notification No. 23/25/2011- R&R (Vol-III) dated 30-3-2016, for short term (i.e., for a period more than one day to one year) procurement of power by Distribution Licensees through tariff based bidding process using National e-bidding portal, 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

10. Considering the facts and circumstance as detailed above, the Commission adopts the tariff under Section 63 of the Electricity Act 2003 for the Purchase of 100 MW RTC power and 100 MW peak power (from 18:00 hrs to 24:00 hrs) from M/s Tata Power Trading Company Ltd, for the period from 01.03.2017 to 30.05.2017 on short term basis, as per the guidelines for short-term (i.e., for a period less than or equal to one year) procurement of power by distribution licensees through Tariff based bidding process notified by the Government of India, Ministry of Power, as detailed below.

Duration	Offered quantum (MW)	Rate at Kerala periphery (Rs/unit)	Generator/ Trader	Source
00:00 hrs to 24:00 hrs (RTC)	100	3.25	Tata Power Trading Company Ltd.	Jindal India Thermal Power Ltd. in ER
18:00 hrs to 24:00hrs (peak)	100	3.65	Tata Power Trading Company Ltd.	Jindal India Thermal Power Ltd. in ER

Petition disposed off. Ordered accordingly.

Sd/-  
S. Venugopal  
Member

Sd/-  
K.Vikraman Nair  
Member

Sd/-  
T.M.Manoharan  
Chairman

Approved for issue

**Santhosh Kumar.K.B**  
Secretary