

**KERALA STATE ELECTRICITY REGULATORY COMMISSION**  
**THIRUVANANTHAPURAM**

**Present : Shri T K Jose, Chairman**  
**Adv. A.J Wilson, Member**  
**Shri B Pradeep, Member**

**OP No 02/2023**

In the matter of : Petition for Approval of Tariff for ANERT 2MW  
Kuzhalmannam Solar PV project.

Petitioner : Agency for New and Renewable Energy Research  
and Technology (ANERT)

Petitioner represented by : Shri Narendra Nath Veluri IFS, CEO  
Shri Ajith Gopi, Addl. Chief Tech, Manager

Respondent : Kerala State Electricity Board Ltd (KSEB Ltd)

KSEB Ltd represented by : Shri M.P Rajan, Dy. Chief Engineer  
Smt Latha S.V, Executive Engineer  
Shri Shine Raj, Asst: Executive Engineer  
Smt Asha A.V, Asst: Engineer

Date of the hearing : 14.12.2023, 02.00 PM

Venue : Court Hall of the Commission

**Order dated 30.01.2024**

1. Agency for New and Renewable Energy Research and Technology (hereinafter referred to as the petitioner or ANERT) on 22.10.2022 has filed a petition before the Commission with the following prayers;
  - (a) *Determine the tariff for generation and sale of electricity by the petitioner to the KSEB Ltd taking into account the following;*
    - (i) *The Government direction as per the letter No. 8198/PS2/2015/PD dated 07.12.2015.*
    - (ii) *The decision of the meeting held at the chamber of the Secretary, Power Department, GoK for signing an interim tariff at APPC rate for interim payment.*
    - (iii) *The initialed PPA between ANERT and KSEBL dated 30<sup>th</sup> November 2021 based on the daily order of the Commission dated 28.08.2021.*
    - (iv) *DPR, cost of completion, source of fund and other details, as per the directions of the Commission vide its daily Order dated 09.02.2022 in Petition OP No. 24/2021.*

(b) *Pass such further order to orders as this Hon'ble Commission may deem just and proper in the circumstances of the case."*

2. Background of the petition filed by M/s ANERT is given below;

- (1) M/s Agency for New and Renewable Energy Research and Technology (ANERT) is an organisation established by State Government in the year 1986 under Societies Act, 1860.
- (2) ANERT has installed and commissioned a 2MW Solar PV project at Kuzhalmannam in Palakkad District. The project was commissioned on 09.12.2016 and CoD declared on 19.12.2016. The project has already generated and fed more than 1.1 MU of power since its commissioning. The minimum CUF is 14% and maximum CUF is 19%.
- (3) The Secretary to Government vide the letter dated 07.12.2015 requested **KSEB Ltd to sign the PPA with the ANERT at the rate fixed by KSERC in respect of the 2MW Kuzhalmannam project, as an IPP.** In anticipation of signing the PPA with KSEB Ltd, ANERT awarded the work to M/s Bosch Ltd on 28.11.2015 at the tendered cost of Rs 14.58 crore. As per the KSERC notification No. 442/CT/2015/KSERC dated 11.11.2015, the generic tariff prevailing at the time of awarding the work was Rs 7.04/unit.
- (4) In the meeting held on 13.01.2020 in the chamber of the Secretary, Power Department, GoK, it is decided that until the PPA is signed between KSEB Ltd and ANERT, as an interim measure, KSEB Ltd shall release payment to ANERT at the Average Pooled Purchase Cost (APPC) rate to ANERT.
- (5) KSEB Ltd vide its order dated 16.12.2020 decided to initial the PPA and requested the ANERT to file petition before KSERC for the approval of the initialled PPA and tariff. KSEB Ltd also ordered to release interim payment to ANERT at the APPC rate for the year 2016-17 @Rs 2.69/unit from the CoD of the project i.e., 19.12.2016 until a tariff approved by the Commission come into force.
- (6) KSEB Ltd and ANERT initialled the draft PPA on 04.12.2020. Clause 6.3 of the initialled PPA deals with tariff, which is extracted below.

“6.3 Tarif.  
Tariff for power generated from the project shall be APPC for the FY 2016-17 subject to the approval of KSERC.”
- (7) M/s ANERT filed a petition on 23.03.2021, before the Commission with the following payers.
  - (a) Determine the tariff for generation and sale of electricity by the petitioner ANERT to the KSEB Ltd taking into account Government direction as per the letter No. 8198/PS2/ 2015/PD dated

07.12.2015, in the generic tariff vide the KSERC Notification No. 442/CT/2015/KSERC dated 11.11.2015.

- (b) Pass such further Order to orders as the Commission may deem just and proper in the circumstance of the case.
- (8) The Commission admitted the petition as OP No. 24/2021. Four hearings on the petition were conducted on 15.06.2021, 24.08.2021, 05.10.2021 and 08.02.2022. Subsequently, based on the deliberations during the fourth hearing, the Commission vide the daily Order dated 09.02.2022, has issued direction to the petitioner M/s ANERT and the respondent KSEB Ltd that, the Commission has *decided to determine the project specific tariff for the electricity generated from the 2MW Kuzhalmannam Solar PV project. In order to determine the project specific tariff, the Commission directed the petitioner ANERT following details.*
- (i) *DPR of the project.*
  - (ii) *Cost of completion of the project with full supporting details including tax invoices.*
  - (iii) *Source of fund of the project. The grant and other support received from the State Government, and the internal fund used shall be furnished with documentary evidence.*
  - (iv) *The subsidy if any received from the MNRE or other Central/State Government shall also be furnished separately.*
- (9) Subsequently, the Commission vide the Order dated 25.03.2022 in petition OP No.24/2021, dismissed the petition and ordered as follows.
- “
- 18. The Commission, after examining the petition filed by M/s ANERT on 23.03.2021, the counter affidavit of the respondent M/s KSEB Ltd, deliberations during the hearings conducted on the subject petition, the relevant provisions of Electricity Act, 2003, KSERC (Renewable Energy) Regulations, 2015, and other rules and regulations in force, hereby orders the following:*
- (1) Since the prayer in the petition dated 23.03.2021 has been changed by the petitioner during the course of the hearing and the Commission has decided to determine the project specific tariff of the electricity generated from the 2MW Solar plant at Kuzhalmannam of the petitioner based on a fresh petition filed by the petitioner M/s ANERT the original petition filed by M/s ANERT dated 23.03.2021 is dismissed as withdrawn.*
- (2) M/s ANERT shall file a fresh petition with complete expenditure details and vouchers/receipts for the determination of the project specific tariff of the electricity generated from the 2MW Solar Plant at Kuzhalmannam of the petitioner as per the provisions of the KSERC (Conduct of Business) Regulations 2003 and its amendments.”*
- (10) In compliance of the directions of the Commission, the petitioner had filed the instant petition dated 21.10.2022 before the Commission for approval.

3. The summary of the details submitted by the petitioner is given below.

(1) **Capital Cost**

As per the DPR submitted along with the petition, the total capital estimated is Rs 16.00 crore for the 2 MW Solar PV project, i.e, the cost per MW as per the DPR is Rs 8.00 crore per MW.

(2) **EPC and O&M Costs**

As per the 'Engineering, Procurement and Construction (EPC) and O&M contracts' awarded to M/s Bosch Ltd, Bangalore, the total cost including O&M cost for five (5) years is Rs 14.57 crore. The details are given below.

Works	Amount (Rs. Cr)	Cost/MW (Rs.Cr /MW)
EPC Cost	13.0978	6.5489
O & M Cost	1.4809	0.7405
Total	14.5787	7.2894

(3) **Projected Energy Generation**

As per the DPR, estimated generation from the plant is 3.165MU annually. The Capacity Utilization Factor (CUF) corresponds to the estimated generation is 18.06%.

(4) **Administrative sanction from State Government**

State Government vide the Order GO (Rt) No. 74/2015/PD dated 24.03.2015 had accorded AS for setting up 2MW Grid Interactive Solar Power plant at Kuzhalmannam with a budget provision of Rs 16.00 crore. Government along with the AS has also granted sanction for implementing the project by utilizing the unspent plan fund retained with ANERT.

The petitioner M/s ANERT also claimed that, the entire fund for the project was met from the unspent plan fund available with ANERT.

(5) **COD**

The date of CoD of the project is on 19.12.2016. Hence the financial year 2016-17, i.e., the financial year in which the project achieves the CoD is to be considered for tariff determination.

(6) **Draft initialed PPA**

M/s ANERT and KSEB Ltd had initialed the PPA with mutual consensus on 30<sup>th</sup> November 2021. The Clause 6.3 of the initialed PPA provides the tariff of the project as follows;

*"6.3 Tariff*

*Tariff for power generated from the project shall be the ceiling rate of Rs 2.69 per unit as Average Pooled Purchase Cost (APPC) for the year 2016-17 as assessed by KSEB Ltd or KSERC determined tariff, whichever is lower".*

4. KSEBL vide the letter dated 14.02.2023 has submitted the following comments on the petition filed by M/s ANERT.

- (1) The work order for the project was issued on 28.11.2015 to M/s BOSCH for an amount of Rs. 13.10 Cr for installation and commissioning and Rs.1.48 Cr for O&M cost for 5 years: The Scheduled CoD of the project is within 180 days of the date of work order.

The work order was issued for 2MW solar plant at Kuzhalmannam and 10 kW off grid roof top plant together. No segregation is made in the work order so as to correctly identify the cost of 2MW solar plant at Kuzhalmannam.

- (2) The capital cost per MW of the project as per the work order excluding the O&M cost and land cost comes to Rs.6.55 Cr/MW. The capital cost claimed is higher than the benchmark capital cost adopted by the Commission for fixing the generic tariff for solar projects for the FY 2016-17, which is Rs.5.30 Cr/MW.

As per the work order, the project had to be commissioned within 180 days from the date of work order, i.e., work order issued on 28-11-2015, and the project has to be commissioned within 27-5-2016. However, the project was commissioned only in 12/2016. There is a delay of 7 months in commissioning the project.

As per the work order, the penalty for delay in commissioning is 1% of the total project cost per month up to a maximum of 5%. Therefore, penalty levied from the EPC contractor at the rate of 5% of the total project cost has to be collected and this has to be reduced from the capital cost. However, this is not seen accounted.

- (3) **Source of fund:** The project received administrative approval from State Government (GoK) on 24.03.2015. GoK had permitted M/s ANERT to use the unspent fund retained with ANERT for implementing the project. The funds provided by Government may be considered as grant and cannot be considered for computation of interest on loan, Return on Equity and Depreciation

5. The petitioner M/s ANERT vide the submission dated 25.07.2023, furnished the details of the unspent fund of ANERT used as the financial source for the installation and commissioning of ANERT 2MW solar PV power plant at Kuzhalmannam. The details are given below;

- (1) The State Government vide the Order GO (Rt) No. 74/2015/PD dated 24.03.2015 sanctioned an amount of Rs 16.00 crore during the year 2015-26 for the implementation of the 2MW Solar plant at Kuzhalmannam, Palakkad.

During the years 2016-17 and 2017-18, an amount of Rs 10.337 crore was expended to this project out of the plan fund allotted.

- (2) During the year 2017-18, the State Government taken over Rs 4.24 crore out of the Rs 16.00 crore allotted to the Kuzhalmannam Solar Plant (2MW). Hence M/s ANERT was forced to utilise its own fund for meeting the balance EPC and O&M expenses connected with this project. Accordingly, M/s ANERT has spent Rs 4.2416 crore. The details of the own fund spend by ANERT are given below;

Particulars	Amount (Crores)
Service charges wind energy program	0.812
Sale of tender form	0.564
Testing and certification fee	0.583
Technical- consultancy- wind	0.981
Application fee	0.513
Service Charges- CFA programs	0.345
Consultancy charges	0.44
Total	4.24

6. The Commission admitted the petition as OP No. 02/2023. Hearing on the petition was held on 14.12.2023 at Court Hall of the Commission. Shri. Narendra Nath Veluri IFS, CEO ANERT, and Shri. Ajith Gopi, Joint Chief Technical Manger, presented the matter on behalf of the petitioner. Shri. M.P. Rajan, Deputy Chief Engineer, Smt. Latha S.V, Executive Engineer and Shri. Shine Raj, Asst: Executive Engineer appeared before the Commission on behalf of the respondent KSEBL. The summary of the deliberations during the hearing is extracted below.

- (1) The petitioner M/s ANERT submitted the following during the hearing;
- (i) M/s ANERT had established the 2 MW Solar Plant in the 7.4 acres of land of ANERT at Kuzhalmannam, Palakkad District in the year 2016. This project is the first of its kind in MW scale. Total cost of the project is about Rs 14.58 crore, which includes the EPC cost of Rs 13.01 core and O&M cost of Rs 1.48 crore for five years.
  - (ii) The State Government vide the GO (Rt) No. 74/2015/PD dated 24.03.2015 has granted Administrative Sanction (AS) for the project. The main source of fund was the plan fund from the State Government. Further, its own fund also partially used for the project.
  - (iii) The project achieved commercial operation date (CoD) on 19.12.2016. Annual generation from the project is about 20 lakh units. So far, 17.8 MU of electricity was generated from the project.

- (iv) As a State Government Agency, the main source of fund for the project was the plan fund from the Government.

Government vide the letter dated 07.12.2015 has directed KSEBL to sign PPA with ANERT at the tariff approved by KSERC treating the project as an IPP.

- (v) As per the draft initialed PPA dated 30<sup>th</sup> November 2021, the tariff of the project is as follows;

*“6.3 Tariff*

*Tariff for power generated from the project shall be the ceiling rate of Rs 2.69 per unit as Average Pooled Purchase Cost (APPC) for the year 2016-17 as assessed by KSEBL or KSERC determined tariff, whichever is lower”.*

- (vi) ANERT also submitted that, they could not submit the full details of the cost incurred project, since part of the project is funded through plan fund and partly from own fund. ANERT is taking many initiatives for the development of RE power in the State.

- (vii) As a Government agency, M/s ANERT is willing to supply the entire electricity generated from the project @ Rs 2.69/unit through out its useful life. Hon’ble Commission may kindly approve the same.

- (2) The respondent KSEB Ltd, during the hearing submitted the following;

- (i) The licensee submitted that, it had initialed the PPA with the petitioner on 04.12.2020, wherein the tariff specified is as follows;

*“6.3 Tariff*

*Tariff for power generated from the project shall be APPC for the FY 2016-17 subject to the approval of the Commission”.*

Subsequently, the draft initialed PPA was revised and the Clause 6.3 of the draft PPA modified as follows;

*“6.3 Tariff*

*Tariff for power generated from the project shall be the ceiling rate of Rs 2.69/unit as Average Pooled Purchase Cost (APPC) for the FY 2016-17 as assessed by KSEBL or KSERC determined tariff whichever is lower”*

- (ii) Regarding the request of the petitioner to approve the tariff of Rs 2.69/unit, KSEBL submitted that, it is the ceiling tariff accepted by the licensee. If the project specific tariff determined by the Commission is less than Rs 2.69/unit, KSEBL shall sign the PPA with ANERT at the tariff approved by the Commission.

- (iii) KSEBL further submitted that, since the major portion of the funds of the project is the plan fund from the State Government, ANERT

is not eligible to get 'interest and finance charges', 'depreciation' and 'return on equity' while determining the project specific tariff.

As per the details submitted by the petitioner, the amount spent by the petitioner as own fund is much less than Rs 4.24 crore claimed by the petitioner.

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

7. The Commission, having examined the petition filed by ANERT and the counter argument of the respondent KSEB Ltd with the provisions of the Electricity Act, 2003, KSERC (Terms and Conditions for determination of Tariff) Regulations, 2018, KSERC (Renewable Energy) Regulations, 2015, KSERC (Renewable Energy & Net Metering) Regulations, 2020 and its amendments, KSERC (Terms and Conditions for determination of Tariff) Regulations, 2021, and also other relevant documents and records placed during the deliberations of the subject petition, decided as follows.
8. The summary of the deliberations during the proceedings of the present petition is given below.
  - (1) M/s Agency for Non-conventional Energy and Rural Technology (ANERT) is established by State Government in the year 1986 under Societies Act, 1860 and is functioning under the Power Department, Government of Kerala. ANERT is administered by a Governing body under the chairmanship of Hon'ble Minister of Power, Government of Kerala. The Executive Committee of the ANERT is headed by the Secretary to Government, Power Department. The administration and other expenses of ANERT is being met from the allocation of plan funds from the State Government. Besides the plan fund, ANERT also receives grant from MNRE for its various activities for the development of Renewable Energy sector in the State. ANERT also collects service charges for its consultancy service, offered to various organisations and institutions in the RE sector. The grants received from MNRE and the service charges collected are maintained in separate accounts. Whenever there is shortfall of funds for its non-plan fund activities, the amount deposited in the accounts being used for meeting such shortages.
  - (2) KSEB Ltd, is a fully owned company of the State Government, and the successor entity to erstwhile KSEB, which is the incumbent distribution licensee of the State. KSEB Ltd is also implementing the various policies and priorities of the State Government in the power sector of the State.
  - (3) ANERT has established the Solar Plant of 2 MW capacity in their land at Kuzhalmannam, Palakkad District. Before issuing Work Order to the EPC contractor, the State Government vide its letter dated 07.12.2015, requested KSEB Ltd to sign the Power Purchase Agreement with ANERT for purchase of power from the plant at the rate fixed by KSERC considering the project as an IPP. The State Government granted



permission to ANERT to issue work order to the successful EPC contractor in anticipation of signing PPA with KSEB Ltd.

- (4) The project, declared its CoD on 19.12.2016 and since then, the electricity generated from the plant is injected into the State Power Grid, which is owned and maintained by KSEB Ltd. So far, M/s ANERT has injected about 17.80 MU from the plant to the State grid.
- (5) ANERT and KSEB Ltd, initialled the PPA on 04.12.2020, with mutual agreements on the terms and conditions, for seeking approval of this Commission for the PPA. The Clause-6.3 of the PPA deals with the tariff, which is extracted below.

“6.3 Tariff

Tariff for power generated from the project shall be the Average Pooled Purchase Cost (APPC) for the FY 2016-17 subject to approval of KSERC”

- (6) Subsequently, through mutual discussions, both M/s ANERT and KSEBL had modified the clause 6.3 of the PPA on 30<sup>th</sup> November 2021, as follows;

“6.3 Tariff

*Tariff for power generated from the project shall be the ceiling rate of Rs 2.69/unit as Average Pooled Purchase Cost (APPC) for the FY 2016-17 as assessed by KSEBL or KSERC determined tariff whichever is lower”*

- (7) The instant petition was filed for the determination of tariff for the electricity generated from the project to KSEBL.
- (8) The petitioner during the hearing requested before this Commission to approve the tariff @Rs 2.69/unit, at the average pooled purchase cost for the FY 2016-17. However, KSEBL clarified that, the rate Rs 2.69/unit accepted is the ceiling rate and if the project specific tariff determined is less than Rs 2.69/unit, KSEBL may be allowed to purchase the electricity at the project specific tariff approved by the Commission.

9. The Commission has examined the entire issues raised by both the petitioner ANERT and the respondent KSEB Ltd as above and noted the following.

- (1) As per the Section 86(1)(b) of the Electricity Act, 2003, the Distribution licensee can procure power from the generating companies or licensees only with the approval of the State Commissions. The relevant Section is extracted below.

86. Functions of State Commission (1) The State Commission shall discharge the following functions, namely: -

.....

(b) regulate electricity purchase and procurement process of distribution licensees including the price at which electricity shall be procured from the generating companies or licensees or from other sources through agreements for purchase of power for distribution and supply within the State;

- (2) Further, as per the Regulation 76 of the KSERC (Terms and Conditions for Determination of Tariff) Regulations 2018, approval of the Commission is mandatory for procurement of power by the distribution licensees from any sources, and agreement entered into for power purchase shall come into force only with the approval of this Commission. The relevant Regulation is extracted below.

*“76. Approval of power purchase agreement. –(1) Every agreement for procurement of power by the distribution business/licensee from the generating business/company or licensee or from other sources of supply entered into after the date of commencement of these Regulations shall come into effect only with the approval of the Commission:*

*Provided that the approval of the Commission shall also be required in accordance with this Regulation for any change to an existing agreement for power procurement, whether or not such existing agreement was approved by the Commission.*

*(2) The Commission shall examine a petition for approval of Power Purchase Agreement having regard to the approved Power Procurement Plan of the distribution business/licensee and the following factors:-*

- a. requirement of power under the approved Power Procurement Plan;*
- b. adherence to a transparent process of bidding in accordance with guidelines issued by the Central Government under Section 63 of the Act;*
- c. adherence to the terms and conditions for determination of tariff specified under Chapter VI of these Regulations where the process specified in clause (b) above has not been adopted;*
- d. availability (or expected availability) of capacity in the intra-State transmission system for evacuation and supply of power procured under the agreement; and*
- e. need to promote co-generation and generation of electricity from renewable sources of energy.*

*(3) Where the terms and conditions specified under chapter VI of these Regulations are proposed to be adopted, the approval of the power purchase agreement between the generating business/company and the distribution business/licensee for supply of electricity from a new generating station may comprise of the following two steps, at the discretion of the applicant:-*

- (a) approval of a provisional tariff, on the basis of a petition made to the Commission at any time prior to the petition made under clause (b) below;*
- and*
- (b) approval of the final tariff, on the basis of a petition made not later than three months from the cut-off date.*

- (3) In the present case, M/s ANERT and KSEB Ltd, are the entities owned by the State Government. The Commission notes that in the draft initialled PPA dated 04.12.2020, they have mutually agreed for the tariff at the Average Pooled Purchase Cost (APPC) for the year 2016-17, subject to the approval of this Commission. The duration of the PPA is for 25 years from the date of CoD of the project. However, subsequently, in the revised draft initialled PPA dated 30<sup>th</sup> November 2021, both the parties agreed for

the ceiling tariff of Rs 2.69/unit as the APPC for the year 2016-17 or the project specific tariff, which ever is lower.

10. In the present petition dated 22.10.2022, the petitioner prayed before the Commission to determine the tariff for electricity generated and supplied to KSEBL from the 2 MW Kuzhalmannam project, taking into account the following;
- (1) The Government direction dated 07.12.2015 to KSEBL, to sign the PPA with M/s ANERT at the tariff determined by the Commission as the Kuzhalmannam Solar Plant as an IPP.
  - (2) The decision of the meeting held at the chamber of the Secretary, Power Department, GoK, wherein direction was issued to KSEBL to release the payment at the APPC rate to ANERT until a PPA was signed at the rate fixed by KSERC in respect of the 2MW Kuzhalmannam PV Solar plant.
  - (3) The initialled PPA dated 30<sup>th</sup> November 2021 between ANERT and KSEBL wherein both the parties agreed for the ceiling tariff of Rs 2.69/unit as the APPC for the year 2016-17 or the project specific tariff, which ever is lower.
  - (4) DPR, cost of completion, source of fund and other details of the 2MW Kuzhalmnaam Solar PV project submitted by the petitioner in compliance of the directions of this Commission.
11. However, the petitioner during the hearing held on 14.12.2023, prayed before the Commission to fix the tariff @Rs 2.69/unit, which is the APPC for the year 2016-17 claimed by KSEBL. The petitioner also submitted that, it is a Government agency engaged in the promotion of Renewable Energy Projects in the State. Hence, if the project specific tariff is determined on the presumption that the entire cost of the project is met from the Government exchequer, then the tariff determined will not be sufficient to even meet the Operation and Maintenance of the project.

The Commission has also noted the submission of KSEBL that, they had agreed to the project specific tariff or Rs 2.69/unit which is the APPC for the year 2016-17, which ever is lower.

12. The Commission has examined the entire aspects in detail. The 2MW Kuzhalmannam Solar PV project achieved COD on 19.12.2016, hence the year of CoD of the project is 2016-17. As per the KSERC (Renewable Energy) (1<sup>st</sup> amendment) Regulations 2017, the generic tariff approved by the Commission for the Solar PV plants commissioned in the year 2016-17 is Rs 5.08/unit, which is based on a capital structure of equity at 30% and loan funds at 70% and other normative parameters. Apparently, since the project is partly funded by Government plan funds, the petitioner has agreed to supply electricity from the project @Rs 2.69/unit, i.e., at the Average pooled power-purchase Cost (APPC) for the year 2016-17.

The Commission has also examined the details submitted by the petitioner for the determination of the project specific tariff for the project. As per the details

submitted, the main source of fund for the project is the plan fund granted by the Government for the project. However, the non cash flow expenditure components of project specific tariff, such as depreciation and return on equity etc cannot be allowed for the assets created out of Government grants etc. The State Government vide the letter dated 07.12.2015 had directed KSEBL to sign the PPA with the ANERT at the tariff fixed by the KSERC of the 2 MW Kuzhalmannam Solar plant as an IPP. But the project specific tariff determined with the major part of the capital cost as Government fund, the tariff determined may not be reasonable and may not even sufficient to meet the O&M cost, working capital and other incidental expenses during the entire useful life of the project.

The Commission is duty bound to ensure that, the Solar plant established by the ANERT with the plan fund has to be operated and maintained through out its useful life and could generate electricity and supply the same to KSEBL thorough out its useful life. Hence the Commission has to approve a reasonable tariff for the electricity generated from the project through out its useful life to avoid liquidity problems and also to avoid dependence on its own fund of ANERT to meet the O&M expenses etc of the project.

13. The Commission also noted that, both the parties vide the initialled PPA dated 4<sup>th</sup> December 2020 has agreed the tariff of the electricity generated and supplied to KSEBL from the project at the Average Pooled Purchase Cost for the year 2016-17 subject to the approval of the Commission. Subsequently, vide the revised initialled draft PPA dated 30<sup>th</sup> November 2021, both the parties agreed to fix the tariff of the electricity generated and supplied to KSEBL at the ceiling rate of Rs 2.69/unit as the Average Pooled Purchase Cost (APPC) for the year 2016-17 as assessed by KSEBL or KSERC determined tariff whichever is lower.

During the hearing held on 14.12.2023, the petitioner prayed before the Commission to determine the tariff of the electricity generated from the 2MW Kuzhalmannam Solar project at the ceiling rate of Rs 2.69/unit, as per the revised initialled PPA dated 30<sup>th</sup> November 2021. The respondent KSEBL also not opposed the proposal, but submitted that, the tariff @Rs 2.69/unit specified in the PPA is the ceiling tariff, and in case the tariff determined by the Commission is less than the ceiling tariff of Rs 2.69/unit, KSEBL may be allowed to sign the PPA at the project specific tariff instead of the ceiling tariff of Rs 2.69/unit.

The Commission has examined the proposal of both the parties. As discussed in the preceding paragraphs, the details submitted by the petitioner is not sufficient to determine the project specific tariff, and the tariff determined without insufficient details may result in unrealistic tariff which may even not sufficient to meet the O&M cost and working capital requirements of the plant throughout its useful life.

Considering these aspects in detail, and also considering the fact that both the ANERT and KSEBL are State Government entities, the Commission has decided to approve the tariff of Rs 2.69/unit, which is the Average Pooled Purchase Cost (APPC) of KSEBL for the year 2016-17 i.e, the financial year in which the project achieved CoD, as per the initialled PPA dated 30.11.2021, as the tariff of the

electricity generated from the project and to be supplied to KSEBL during the entire life of the 2MW Kuzhalmannam Solar PV plant of ANERT.

### **Orders of the Commission**

14. The Commission, after examining the petition filed by ANERT, the hearing held on 14.12.2023, the arguments, submissions and the counter argument of the respondent KSEB Ltd, the provisions of the Electricity Act, 2003, KSERC (Renewable Energy) Regulations, 2015, KSERC (Renewable Energy & Net Metering) Regulations, 2020 and its amendments, KSERC (Terms and Conditions for determination of Tariff) Regulations, 2021, and also other relevant documents and records placed during the deliberations of the subject petition, hereby orders the following:
- (1) Approve the tariff for the electricity generated and supplied to KSEB Ltd from the 2MW Solar plant of ANERT @Rs 2.69/unit, at the ceiling tariff agreed between M/s ANERT and KSEBL as per the initialed PPA dated 30.11.2021.
  - (2) The tariff approved as per sub-para (1) above is applicable for the entire electricity generated and supplied to KSEBL from the date of synchronization till the entire term of the PPA, i.e, 25 years from the date of CoD on 19.12.2016.
  - (3) M/s ANERT and KSEBL shall sign the PPA at the approved tariff within one month from the date of this Order and submit a copy to the Commission for information and record.

The petition disposed off. Ordered accordingly.

**Sd/-  
T K Jose  
Chairman**

**Sd/-  
Adv. A J Wilson  
Member**

**Sd/-  
B Pradeep  
Member**

Approved for issue

**Sd/-  
C R Satheesh Chandran  
Secretary**