

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

**Present : Shri. Preman Dinaraj, Chairman**  
**Adv. A.J Wilson, Member (Law)**

**OP No 24/2021**

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)

ANERT represented by : Sri. Ajith Gopi, Joint Chief Technical Manager  
Sri P Valsaraj, Director (Technical)

Respondent : Kerala State Electricity Board Ltd.

KSEB Ltd represented by : Smt. Latha S.V, Asst. Executive  
Engineer

First hearing : 15.06.2021  
Second hearing : 24.08.2021  
Third hearing : 05.10.2021  
Fourth hearing on : 08.02.2022

**Daily Order dated 09.02.2022**

1. M/s Agency for New and Renewable Energy Research and Technology (hereinafter referred to as ANERT or the petitioner) filed a petition before the Commission on 23.03.2021, with the request to approve the generic tariff rate of Rs 7.04/unit for the electricity generated from its 2MW Solar PV projects established at Kuzhalmannam, Palakkad District, before the Commission with the following prayers.
  - (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 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.*
2. The Commission admitted the petition as OP 24/2021. First hearing of the petition was held on 15.06.2021 through video conference. The first hearing was mainly dealt with the determination of tariff and related matters. However, on examining the draft initialed PPA, it is observed that, many of the clauses of

the initialled PPA is not in line with the bidding guidelines notified by MoP/MNRE Gol for the procurement of Solar Power through competitive bidding route as per the Section 63 of the Electricity Act, 2003. Hence the Commission decided to conduct the second hearing on 25.08.2021 with emphasis on the approval of PPA.

3. Second hearing was conducted on 25.08.2021. Sri. Ajith Gopi, appeared before the Commission on behalf of the petitioner and Sri. K.G.P Nampoothiri, appeared on behalf of the respondent KSEB Ltd. Based on the deliberations during the hearing, the Commission issued the following directions to the petitioner ANERT and the respondent KSEB Ltd.

- (1) *M/s ANERT and KSEB Ltd, may modify the various clauses of the initialled PPA duly considering the following.*
  - (i) *Observation of the Commission as detailed under paragraph 3(2) above.*
  - (ii) *Duly incorporating the provisions in the competitive Bidding guidelines and its amendments notified by the Central Government for the procurement of Solar Power through competitive bidding route as per the Section 63 of the Electricity Act, 2003.*
- (2) *ANERT shall submit the initialled PPA on or before 24.09.2021.*

However the parties not complied with the directions of the Commission

4. The third hearing on the petition was conducted on 05.10.2021. The Commission vide daily Order dated 08.10.2021, issued the following directions to the petitioner ANERT and the respondent KSEB Ltd for immediate compliance.

- (1) *ANERT shall file the initialled PPA as per the Daily Order dated 28.08.2021, on or before 30th November 2021, failing which the petition filed by ANERT shall be dismissed without further notice.*
- (2) *If ANERT fails to comply with the direction (1) as above, KSEB Ltd shall stop scheduling power from the 2 MW project of ANERT with effect from 1st of December 2021 onwards. Any payments made to ANERT by KSEB Ltd from 1st December 2021 shall be completely disallowed by the Commission*

5. In compliance of the daily Order dated 28.08.2021, M/s ANERT, vide the letter dated 02.12.2021, submitted the initialled PPA between KSEB Ltd for supplying power from the 2 MW Solar plant.

6. The fourth hearing on the petition was conducted on 08.02.2022. Sri. Ajith Gopi, appeared on behalf of the petitioner and Smt. Latha S.V, appeared on behalf of the respondent KSEB Ltd. The summary of the deliberations during the hearing is given below.

- (1) The Commission noted that, Article 6.3 of the initialled PPA dated 30.11.2021 provide as follows.  
*“Clause 6.3: Tariff*

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

The Commission instructed KSEB Ltd to clarify to the Section of the Electricity Act, 2003 to fix a ceiling tariff @Rs 2.67 /unit as stipulated in the PPA.

- (2) The Commission further clarified that, as per the Section 62, 63 and Section 86 of the Electricity Act, 2003, the tariff determination is one of the statutory function of the State Electricity Regulatory Commissions. The relevant Sections are extracted below.

(i) *Section 62. (Determination of tariff): --- (1) The Appropriate Commission shall determine the tariff in accordance with the provisions of this Act for –*

*(a) supply of electricity by a generating company to a distribution licensee:*

*Provided that the Appropriate Commission may, in case of shortage of supply of electricity, fix the minimum and maximum ceiling of tariff for sale or purchase of electricity in pursuance of an agreement, entered into between a generating company and a licensee or between licensees, for a period not exceeding one year to ensure reasonable prices of electricity;*

*(b) transmission of electricity;*

*(c) wheeling of electricity;*

*(d) retail sale of electricity:*

*Provided that in case of distribution of electricity in the same area by two or more distribution licensees, the Appropriate Commission may, for promoting competition among distribution licensees, fix only maximum ceiling of tariff for retail sale of electricity.*

*.....”*

(ii) **Section 63. (Determination of tariff by bidding process):**

*Notwithstanding anything contained in section 62, the Appropriate Commission shall adopt the tariff if such tariff has been determined through transparent process of bidding in accordance with the guidelines issued by the Central Government.*

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

*(a) determine the tariff for generation, supply, transmission and wheeling of electricity, wholesale, bulk or retail, as the case*

*may be within the State.*

- (3) The Commission also noted that, the CoD of the project was on 19.12.2016, and accordingly the relevant year concerned is the FY 2016-17. The tariff of the RE projects commissioned during the year 2016-17 is governed by the provisions of the KSERC (Renewable Energy) Regulations, 2015 (herein after referred as RE Regulations, 2015. The RE Regulations 2015 do not provide for fixing of ceiling tariff for electricity generated from RE projects in the State.
- (4) Considering these aspects in detail, the Commission decides 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 petitioner ANERT shall furnish the following details.
  - (iv) *DPR of the project.*
  - (v) *Cost of completion of the project with full supporting details including tax invoices.*
  - (vi) *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.*
  - (vii) *The subsidy if any received from the MNRE or other Central/State Government shall also be furnished separately.*

7. Based on the deliberations during the hearing, the Commission hereby orders the following.

- (1) The Commission shall determine the project specific tariff of the 2MW Solar PV project at Kuzhalmannam.
- (2) In order to determine the project specific tariff, M/s ANERT shall submit the details as per paragraph 6(4) of this order, within 45 days from the date of this order, with a copy to KSEB Ltd.
- (3) KSEB Ltd shall submit its comments, within 15 days after receipt of the details from ANERT.

**Sd/-**  
**Adv. A J Wilson**  
**Member (Law)**

**Sd/-**  
**Preman Dinaraj**  
**Chairman**

Approved for issue

C R Satheeshchandran  
Secretary