KERALA STATE ELECTRICITY REGULATORY COMMISSION THIRUVANANTHAPURAM

Present: Shri. Preman Dinaraj, Chairman

Adv. A.J Wilson, Member (Law)

OP No 31/2020

In the matter of Petition seeking interim Order for approval for

procurement of 200 MW Solar Power from Inter State Transmission System Grid Connected Solar Photo Voltaic projects through Solar Energy Corporation Limited (SECI) on long term basis to meet the RPO of KSEB Ltd as specified in KSERC (Renewable Energy & Net Metering)

Regulations, 2020

Petitioner : Kerala State Electricity Board Ltd (KSEB Ltd)

KSEB Ltd represented by : Sri Latha S V, A EE

Respondent : Solar Energy Corporation of India Ltd (SECI)

Respondent represented by: Mr. M G Ramachandran, Sr. Advocate

Smt. Tanya Sareen, Advocate

Sri. Mudit Jain, SECI

First Hearing on 18.11.2020 Second hearing on 11.12.2020 Third hearing on 19.03.2021 Fourth hearing on 15.04.2021 Fifth Hearing on 25.05.2021 Sixth hearing on 14.07.2021 Seventh hearing on 16.08.2021 Eighth hearing on 14.09.2021

Daily Order dated 14.09.2021

1. Kerala State Electricity Board Ltd (hereinafter referred as KSEB Ltd, or the Petitioner) on 27.10.2020 filed a petition before the Commission with the following prayers:

"to grant an interim Order approving the procurement of 200MW solar power from ISTS grid connected solar photo voltaic projects selected by SECI as per their offer letter dated 7-8-2020".

- 2. The petition was filed based on the offer of M/s Solar Energy Corporation of India (SECI) for 200 MW from 1st Tranche of 6000 MW ISTS connected Solar PV projects linked with Manufacturing plant in India on 'Build Own Operate Basis to KSEB Ltd at a weighted average tariff of Rs 2.66 per unit plus trading margin @Rs 0.07/unit.
- 3. Subsequently SECI, vide revised offer dated 10th February 2021, offered 500MW ISTS connected Solar Power under Tranche-IX at tariff of Rs 2.44/kWh (including SECI's trading margin @Rs 0.07/unit) to make it competitive and KSEB Ltd vide letter dated 15.03.2021 intimated that they are interested in procuring up to 300MW. Due to various reasons the PSA is not finalized even after Seven hearing and subsequent communications between KSEB Ltd and SECI.
- 4. The seventh hearing on the petition was conducted on 16.08.2021 through video conference. Based on the deliberations during the hearing, the Commission directed the petitioner KSEB Ltd and the respondent SECI the following.
 - (1) Respondent SECI shall finalise the modifications in the PSA latest by 6th September 2021.
 - (2) KSEB Ltd shall, submit the amendment to the original petition dated 27.10.2020, latest by 10th September-2021.
 - (3) KSEB Ltd shall look into the possibility to tie-up additional solar power at competitive rates through SECI or other measures, as explained under paragraph 9(3) above.

The amended petition was not filed within the time specified above.

- 5. The eighth hearing on the petition was held on 14.09.2021 at 11 AM through video conference. Sri. M.G. Ramachandran, Senior Advocate represented SECI and Smt. Latha S V represented KSEB Ltd. The summary of the deliberations during the hearing is given below:
 - (i) Sri. M.G. Ramachandran, Senior Advocate submitted that SECI has forwarded the documents on 9th of September 2021. KSEB Ltd has also agreed to the conditions in the PSA. KSEB Ltd submitted that the confirmation from SECI on certain clauses in the PSA is received on 13.09.2021 only. KSEB Ltd required for two weeks' time to file the amended petition, after receipt of initialed PSA from SECI.
 - (ii) Adv Ramachandran submitted that the developer has informed that the PPA is to be signed before 30th of September 2021, in view of the proposed imposition of Basic Custom Duty (BCD) from 1st April 2022. If the PSA and PPA are signed in time, it will save the additional liability of Rs 0.30/unit to Rs 0.40/unit, on account of imposition of BCD. The developer has agreed to waive the BCD, if PPA is signed before 30th

September 2021. The signing of PPA is a condition precedent. Hence the Senior Counsel on behalf of SECI requested for an early signing of PSA to avail the BCD waiver.

- (iii) It is clarified that the price offered is without BCD. Once the BCD is imposed it will be treated as change in law and the developer can claim it from SECI and SECI will naturally claim from KSEB Ltd. Once PPA is signed before 30th September 2021 and even if the purchase is delayed beyond 1st April 2022, it will the developer's burden. This can be incorporated in PSA and PPA also.
- 6. Based on the discussions during hearing, the Commission issued the following directions to the parties.
 - (i) KSEB Ltd, shall file the amended petition along with the initialled PPA before the Commission by return.
 - (ii) The final hearing on the subject petition is scheduled on 23rd September 2021 at 11 AM through video conference.

Sd/-Adv. A.J. Wilson Member (Law) Sd/-Preman Dinaraj Chairman

Approved for issue

C R Satheeshchandran Secretary (i/c)