

**KERALA STATE ELECTRICITY REGULATORY COMMISSION  
THIRUVANANTHAPURAM**

**Present : Shri T K Jose, Chairman  
Shri B Pradeep, Member**

**OP No. 86/2023**

In the matter of : Petition for the extension of short term solar power purchase contract with KSEBL dated 16.12.2022 and regularization of solar power injected into KSEB Ltd grid from date of CoD on 13.11.2021 till the commencement of short term Power Purchase Contract from solar power plant, Payyannur.

Petitioner : CIAL Infrastructures Limited.

Respondent : Kerala State Electricity Board Ltd

**Order dated 18.01.2024**

1. M/s CIAL Infrastructure Ltd (hereinafter referred as CIAL Infra Ltd) filed a petition before the Commission on 23.08.2023, with the following prayers;

*“ (a) Admit the present Petition;*

*(b) Approve the extension of solar purchase contract of 10MW from the solar plant at Etukudukka @ 2.37/kWh for a further period of one year i.e. up to 31/03/2024.*

*(c) Regularization of 90,63,200 units of solar power from the date of commissioning (i.e., 13<sup>th</sup> November 2021 till the start of tender with KSEBL (15<sup>th</sup> June 2022) at the same rate of Rs 2.37/- per unit already injected by the Petitioner*

*(d). Pass any such further Order or Orders as this Hon'ble Commission may deem just and proper in the circumstances of the case”*

2. The summary of the petition filed by M/s CIAL Infra Ltd is given below;

(1) The petitioner CIAL Infrastructure Ltd is a company registered under Companies Act, 2013, is a subsidiary of Cochin International Airport Ltd. (CIAL). The parent company CIAL is promoted by the Government of Kerala in 1994.

(2) M/s CIAL Infra Ltd had established 10MW Solar PV plant at Kinarumukku, Etukudukka P.O, Payyannur, Kannur District of Kerala State.

(3) The Commission vide the Order dated 10.11.2022 in petition OP No. 50/2022 had ordered as follows;

*“(1) Approve the short-term procurement of 10MW Solar power from M/s CIAL Infrastructure Limited @Rs 2.37/unit for the period from 15.06.2022 to 31.03.2023 to meet the Solar RPO for the financial year 2022-23.*

*(2) Approve the draft initialed PPA to be signed between KSEB Ltd and M/s CIAL with the deviations proposed by KSEB Ltd as discussed under paragraph-14 above.*

*(3) KSEB Ltd shall submit a copy of the signed PPA before the Commission for information and record.”*

- (4) In compliance of the Order of the Commission, M/s CIAL Infra Ltd and KSEBL had signed the PPA on 16.12.2022. The validity of the PPA expired on 31.03.2023.
- (5) M/s CIAL Infra Ltd vide its letter No. CIL/PAY/2022-23/615 dated 22.03.2023, requested to KSEBL for extension of the contract for one more year under the same terms and conditions. In response to the request of M/s CIAL Infra Ltd, KSEBL vide its letter dated 01.08.2023, had intimated that, M/s CIAL Infra Ltd may file a petition before the Commission for the extension of the PPA for the purchase of 10MW Solar Power @ Rs 2.37/ kWh a further period of one year, i.e., upto 31.03.2024 .
- (6) M/s CIAL Infra Ltd further submitted that, the petitioner had injected 90,63,200 units of solar power from the date of commissioning on 13<sup>th</sup> November 2021 till the start date of the tender on 15<sup>th</sup> June 2022. M/s CIAL Infra Ltd vide the letter dated 20<sup>th</sup> December 2022 has submitted the details of the electricity generated and injected into the grid to KSEBL.

M/s CIAL Infra Ltd has requested to regularize the energy injected into the grid of 90,63,200 units from the date of commissioning on 13<sup>th</sup> November 2021 till 14<sup>th</sup> June 2022 at the tariff derived through bidding @Rs 2.37/unit.

3. In the meanwhile, M/s CIAL Infra Ltd vide the additional submission dated 25.10.2023 had submitted to include an additional prayer in the petition dated 23.08.2023 as follows;

“(e) To approve the extension of the solar purchase contract of 10MW from the solar plant at Etukudukka @ Rs 2.37/kWh for a further period of one year, i.e, from 1<sup>st</sup> April 2024 to 31<sup>st</sup> March 2025”.

4. The Commission vide the letter dated 23.11.2023 has directed KSEBL to submit its considered opinion and remarks on the extension of the PPA for the purchase of 10MW Solar Power from M/s CIAL Infra Ltd for the period upto 31<sup>st</sup> March 2025, at the same terms and conditions of the Order of the Commission dated 10.11.2022 and PPA dated 16<sup>th</sup> December 2022. The Commission further directed KSEBL to submit its opinion and remarks within one week from

the date of the letter dated 23.11.2023. However, KSEBL is yet to comply with the direction of the Commission.

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

5. The Commission having examined in detail the petition filed by M/s CIAL Infrastructure Ltd dated 23.08.2023, the additional submission dated 25.10.2023, as per the provisions of the Electricity Act, 2003, KSERC (Terms and Conditions for Determination of Tariff) Regulations, 2021, and other relevant Rules and Regulations in force, decide as follows;

6. The Commission, vide the Order dated 10.11.2022 in Petition OP No. 50/2022 had approved the short term purchase of 10MW Solar Power @ Rs 2.37/unit from the Solar Power Plant established by M/s CIAL Infrastructure Limited at Etukudukka, Payyannur, Kannur District. The relevant portion of the Order is extracted below.

*“(1) Approve the short-term procurement of 10MW Solar power from M/s CIAL Infrastructure Limited @Rs 2.37/unit for the period from 15.06.2022 to 31.03.2023 to meet the Solar RPO for the financial year 2022-23.*

*(2) Approve the draft initialed PPA to be signed between KSEB Ltd and M/s CIAL with the deviations proposed by KSEB Ltd as discussed under paragraph-14 above.*

*(3) KSEB Ltd shall submit a copy of the signed PPA before the Commission for information and record.”*

7. Subsequently, in compliance of the directions of the Commission, KSEBL had entered into PPA with M/s CIAL Infra Ltd on 16.12.2022. As per the Clause-1 of the PPA, the period of validity of the PPA is from 15.06.2022 to 31.03.2023 only.

8. The rate of power purchase @Rs 2.37/unit is arrived through negotiation on the rate of Rs 2.44/unit derived through competitive bidding through DEEP portal.

9. In the instant petition dated 23.08.2023 and additional submission dated 25.10.2023, the petitioner submitted that, they are agreeable to supply 10MW solar power from the plant at the approved rate of Rs 2.37/unit and at the same terms and conditions of the PPA dated 16.12.2022, for a further period of two years from 01.04.2023, i.e., for the period upto 31.03.2025.

Though formal extension of PPA is yet to be approved by this Commission, the petitioner M/s CIAL Infra Ltd is continuously generating and supplying power to KSEBL.

10. The petitioner M/s CIAL Infra Ltd has filed the petition as instructed by KSEBL to get the approval of this Commission for the extension of the PPA from 01.04.2023 onwards. In this matter, the Commission has noted the following regarding the extension of PPA for a further period of two years from 01.04.2023 to 31.03.2025.

- (1) KSEBL had invited the bid through DEEP portal on 20.05.2022 for the procurement of 150MW Solar power for meeting the RPO obligation of the licensee in the year 2022-23. However, as against the bid of 150MW, M/s CIAL Infra Ltd only participated in the bid, that too offered the meagre quantum of 10MW, as against the bid quantum of 150MW.
- (2) Over the years, KSEBL could not meet the RPO obligations target fixed by this Commission. Even as per the KSEBL estimate, the shortfall in Solar RPO for the year 2022-23 is more than 443 MW. The same is likely to increase in the year 2023-24, especially due to the failure of monsoon and reduction in hydel generation. Further, there is huge backlog of shortfall in RPO of the previous years, which has to be carryforward to the subsequent years as per Regulation 11 of the KSERC (Renewable Energy & Net Metering) Regulations, 2020. Considering these aspects in detail, KSEBL is likely to have shortfall in RPO for few more years.

KSEBL is yet to submit the quarterly report of the RPO compliance before the Commission for verification and to take appropriate decision on strategies to meet the shortfall in RPO, if any.

- (3) The tariff approved by the Commission for the electricity generated from the 10MW Solar plant of M/s CIAL Infra Ltd is Rs 2.37/unit. The tariff is firm and constant for the entire period of supply.

The tariff is very competitive and comparable with the lowest Solar tariff @2.44/unit in the year 2021-22, at which KSEBL has entered into PSA with SECI for the procurement of 300MW solar power in the year 2021.

- (4) The Commission has also noted that, the lowest solar tariff derived in the Country in the year 2023 is Rs 2.51/unit, which is about 10% higher than the lowest tariff in the year 2022. The rate of Rs 2.37/unit, offered by M/s CIAL Infra Ltd for the 10MW Solar Power for the subsequent years 2023-24 and 2024-25 is much less than the lowest solar tariff of Rs 2.51/unit, derived in the year 2023.
- (5) Since the 10MW Solar Plant of CIAL Infra Ltd is situated within the State of Kerala, there is no transmission charges and losses associated with the transaction.

11. As already mentioned, the 10MW Solar Plant is established by M/s CIAL Infra Ltd within the State of Kerala. The Regulation 7 of the KSERC (Renewable Energy and Net metering) Regulations, 2020 and its amendments provides for the preference for the purchase of power from the RE generators established within the State of Kerala. The relevant Regulations is extracted below.

***“ 7. Preference for the purchase from the renewable energy generating units within the State.-***

*Every distribution licensee shall purchase the quantum of renewable energy required*

*to meet its renewable purchase obligation preferentially from the renewable energy generating units within the State if available, with the prior approval of the Commission, and at the tariff approved by the Commission.”*

12. Considering the circumstances of the case as discussed in paragraphs 9 and 10 above, the Commission by invoking its powers conferred on it under Section 86 of the Electricity Act, 2003 read along with KSERC (Renewable Energy & Net Metering) Regulations, 2020 and its amendments, has decided to extent validity of the PPA dated 16.12.2022 for a further period of two years from 01.04.2023 to 31.03.2025, at the tariff @Rs 2.37/unit and at the same terms and conditions as specified in the said PPA.
13. The Commission has also examined the prayer of the petitioner M/s CIAL Infrastructure Ltd for the regularization of 90,63,200 units of solar energy generated and injected into the KSEBL grid from the 10MW Solar Plant, from the date of commissioning on 13<sup>th</sup> November 2021 till the start of the tender on 15.06.2022 (upto 14.06.2022) , at the approved tariff @Rs 2.37/unit. In this matter, the Commission has noted the following;
  - (1) KSEBL is the incumbent distribution licensee in the State and also fully owned by the State Government. KSEBL is implementing all the policy directives of the Central Government and State Government.
  - (2) Though there is no formal agreement between M/s CIAL Infra Ltd and KSEBL, the entire electricity generated and injected into the grid from the 10MW solar plant, from date of commissioning had been utilized by KSEBL for meeting its power demand and distributing the same to the consumers of the State.
  - (3) As per the details available with the Commission, KSEBL could not meet upto 50% of its Solar RPO target in the year 2021-22 and 2022-23.

The generation of 90,63,200 units is the solar generation from 13.11.2021 to 14.06.2022, i.e, covers part of the FY 2021-22 and 2022-23. KSEBL had a shortfall in Solar RPO of more than 900MU annually during these years and hence, KSEB Ltd may adjust the solar generation of 90,63,200 units against the shortfall.
  - (4) As discussed earlier, the 10MW Solar Plant of M/s CIAL Infra Ltd is located within the State of Kerala. Hence, as per the Regulation-7 of the KSERC (Renewable Energy & Net Metering) Regulations, 2020, KSEBL should have to give preference for purchase of solar power from the plants established within the State to meet its RPO.
  - (5) The rate of Rs 2.37/unit, offered by CIAL for the energy supplied from 13.11.2021 to 14.06.2022, is the rate approved by the Commission for the period from 15.06.2022 onwards for supplying power from the same solar plant.

- (6) The rate of Rs 2.37/unit approved by the Commission, seems to be very competitive and less than the rate of Rs 2.44/unit, offered by SECI for supplying 300MW Solar power to KSEBL.

Moreover, the rate of Rs 2.37/unit is much less than the APPC approved by the Commission for the year 2021-22 @Rs 3.22/unit and Rs 2.69/unit for the year 2022-23.

14. Considering the reasons as discussed above, the Commission is of the considered view that, the energy generated and injected into the grid from the 10MW of CIAL Infra Ltd from 13.11.2021 to 14.06.2022 may be settled at the rate of Rs 2.37/unit, i.e., at the rate approved by the Commission vide the Order dated 10.11.2022 in petition OP No. 50/2022.
15. However, the Commission hereby clarify that, KSEBL has to verify the electricity generated and injected into the grid from the date of commissioning till the date of commencement of supply on 15.06.2022 as per the PPA dated 16.12.2022. The petitioner M/s CIAL Infra Ltd and the respondent KSEBL may verify and certify the electricity injected from the Solar Plant during the said period as per the joint meter readings. The electricity generated and injected into the grid and the same utilized by KSEBL during the said period shall be settled @ Rs 2.37/unit.

#### **Order of the Commission**

16. The Commission, after examining the petition filed by CIAL Infra Ltd dated 23.08.2023, additional submission dated 25.10.2023, the provisions of the Electricity Act 2003, KSERC (Renewable Energy & Net Metering) Regulations, 2020 and its amendments, and other relevant Rules and Regulations, here by orders the following;
- (1) Approve to extent validity of the PPA dated 16.12.2022 for a further period of two years from 01.04.2023 to 31.03.2025, at the tariff @Rs 2.37/unit and at the same terms and conditions specified in the PPA, as explained in paragraphs 10,11 and 12 above.
- (2) The electricity generated and injected into the grid from 13.11.2021 to 14.06.2022 shall be settled at the approved tariff of Rs 2.37 /unit, as explained under paragraph 13, 14 and 15 above.

The petition is disposed of. Ordered accordingly.

**Sd/-**  
**T K Jose**  
**Chairman**

**Sd/-**  
**B Pradeep**  
**Member**

Approved for issue

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