

**KERALA STATE ELECTRICITY REGULATORY COMMISSION  
THIRUVANANTHAPURAM**

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

**OP No 70/2023**

In the matter of : Petition for the approval of draft Supplementary Power Purchase Agreement for Enhancement of Contract Demand from 13000 KVA to 17000 KVA between Kerala State Electricity Board Limited (KSEB Ltd) and KINESCO Power and Utilities Private Limited (KPUPL) in respect of Kakkanad Licensee area, Kochi

Petitioner : M/s. KINESCO Power and Utilities Pvt Ltd

**Order dated 17.01.2024**

1. M/s. KINESCO Power and Utilities Pvt Ltd (hereinafter referred as M/s KPUPL or petitioner) on 24.05.2023, filed a petition (OP No. 70/2023) for the approval of the draft Supplementary Power Purchase Agreement between Kerala State Electricity Board Limited (KSEBL) and KINESCO Power and Utilities Private Limited (KPUPL) for "enhancing the Contract Demand from 13000 KVA to 17000 KVA at Kakkanad Licensee Area Kochi".
2. Summary of the petition filed by M/s KPUPL is given below;
  - (1) M/s KPUPL is one of the small distribution licensee in the State, authorised to distribute electricity in the areas of Infopark Phase-1, KINFRA Export Promotion Industrial Parks (KEPIP) at Kakkanad, Kochi and KINFRA Hi Tech Park at Kalamassery, KINFRA Integrated Industrial & Textiles Park at Kanjikode, KINFRA Mega Food Park at Kozhippara, Palakkad and KINFRA Petrochemical Park, Ambalamugal, Kochi.
  - (2) The entire power requirement of the KPUPL is being met by purchasing power from KSEBL at the Bulk Supply Tariff (BST) approved by the Commission from time to time.
  - (3) KPUPL had entered into a Power Purchase Agreement (PPA) with KSEB Ltd for a contract demand of 18000 KVA (18MVA) at 110 kV voltage level at KINFRA/KEPIP Park at Kakkanad on 10.06.2016. The validity of the PPA was up to 09.06.2022. The electricity requirement of Kakkanad area is drawn for KPUPL 110 kV Kakkanad Substation through a double circuit overhead line from 220 kV Substation Brahmapuram.

- (4) Due to the outbreak of Covid-19 pandemic in the nation, there was a marginal fall in the consumption of energy, the Contract Demand at KINFRA/KEPIP Park at Kakkanad was reduced from 18000 KVA to 13000 KVA and supplementary PPA was executed between KSEB Ltd and M/s KPUGL on 29.04.2021 with the approval of the Commission vide Order dated 07.01.2021.
- (5) KPUGL further submitted that since, the power requirement at KPUGL Licensee area at Kakkanad has been exceeded further above 13000 KVA during the year 2022-23, M/s KPUGL requested KSEB Ltd to enhance the Contract Demand from 13000 KVA to 17000 KVA at 110 kV at KPUGL Licensee area Kakkanad.
- (6) Accordingly, draft agreement for enhancement of Contract Demand from 13000 KVA to 17000 KVA was initialled between KSEB Ltd and M/s KPUGL on 19.04.2023.
- (7) M/s KPUGL submitted that they had obtained a connectivity of 18000 KVA at 110 KV with KSEB Ltd vide connection agreement No: 01/2016-17 executed on 21.05.2016
- (8) KSEB Ltd and KPUGL have mutually agreed to amend the following articles in the PPA dated 10.06.2016 and its amendment dated 29.04.2021 in respect of KPUGL Kakkanad Licensee area.
- (i) **Para 2.1, Article 2, the second sentence is amended as “this agreement shall remain valid up to 09.06.2027”.**
- (ii) **The Article 3.2 of the PPA dated 29.04.2021 shall be modified as;**  
***“KSEB Ltd shall supply to KPUGL at the point of supply at Kakkanad and KPUGL shall take from KSEBL power up to a total quantity of 17000 KVA at KEPIP, Kakkanad for its own use and for the purpose of supply to the consumers within the area of supply as provided in the license of distribution of electricity.”***
- (iii) **The Article 3.6 of the PPA dated 10.06.2016 shall be modified as;**  
***“KPUGL agrees to maintain the average power factor of the intake electricity supply at each point of supply at not less than 0.95 lag by suitable power factor correction equipment’s at its cost. Should the average power factor drop below 0.9 and so remain for a period of two consecutive months it must be brought to not less than 0.95 within a further period of six months by KPUGL, failing which without prejudice to the right of KSEBL to collect the extra charges and without prejudice to such other rights as having accrued to KSEBL or any other rights, the supply to KPUGL is liable to be***

***discontinued after giving notice and opportunity of being heard and subject to the provisions of applicable regulations notified / to be notified by KSERC.”***

- (iv) The Article 8.6 of the PPA dated 10.06.2016 shall be modified as;

***“If the power factor drops below 0.95 lag, the following extra charge or charges for the entire reactive energy as determined by the commission shall be payable by KPUPL***

***Below 0.95 lag and upto 0.90 lag - 0.50% of the energy charges for every reduction of 0.01 fall in power factor below 0.95 and upto 0.90.***

***Below 0.90 - 1% of the energy charge for every reduction of 0.01 fall in power factor from 0.90.***

***Or as notified by the Commission from time to time.***

***The power factor incentive / disincentive shall be applicable as decided by KSERC in the prevailing tariff order and as amended from time to time.”***

- (v) In Schedule IIA, the 3rd row is amended as ***“Rate for supply shall be at the tariff approved by the Commission from time to time.”***
- (vi) In Schedule IIA, the 4th row is amended as ***“Maximum output required by KEPIP, Kakkanad is 17000 KVA at 110KV.”***
- (vii) ***All the terms and conditions specified in the Articles of the PPA entered by the parties on 10.06.2016 and its amendment dated 29.04.2021, shall hold good in respect of this SUPPLEMENTARY PPA executed for the purpose for change in contract demand from 13000 KVA at 110 kV to 17000 KVA at 110 kV also, except for those specified herein above.***

M/s KPUPL requested to approve the draft initialled Supplementary PPA between KSEB Ltd and M/s KPUPL for enhancing the contract demand at KINFRA/KEPIP Park at Kakkanad.

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

3. The Commission having examined in detail the petition filed by M/s KPUPL as per the provisions of the Electricity Act,2003 and KSERC (Conditions of License for Existing Distribution Licensees) Regulations, 2006, decides as follows;

4. M/s KPUPL is one of the small distribution licensees in the State of Kerala having distribution licence for supplying electricity within their licence area. M/s KPUPL has been procuring the entire power requirement from KSEB Ltd at the Bulk Supply Tariff (BST) approved by the Commission from time to time.
5. KPUPL had signed a PPA with KSEBL on 10.06.2016 with a contract demand of 18 MVA for meeting the power requirement of KINFRA/KEPIP park at Kakkanadu. The validity of the PPA was upto 09.06.2022. In the meantime, due to the reduction in the electricity consumption at Kakkanad Industrial parks due to the outbreak of Covid-19 and subsequent restrictions, M/s KPUPL had reduced the contract demand with KSEBL from 18MVA to 13MVA, and signed the supplementary PPA on 29.04.2021. The Commission vide the Order dated 07.01.2021 had granted approval for the same.
6. In the instant petition, M/s KPUPL submitted that, the power requirement of the KPUPL licensed area at Kakkanad exceeded the existing Contract Demand of 13 MVA and hence requested KSEBL to enhance the Contract Demand from 13 MVA to 17 MVA with immediate effect. KSEBL agreed to the request of M/s KPUPL and initialled the draft supplementary PPA on 19.04.2023. KPUPL has submitted the draft initialled PPA along with this petition.
7. The petitioner M/s KPUPL and KSEBL have mutually agreed to amend certain articles of the existing PPA dated 10.06.2016 and the supplementary PPA dated 29.04.2021. The details are given under paragraph 2(8) above.
8. The Commission has examined the petition in detail and noted the following;
  - (1) As per the section 86 (1)(b) of the Electricity Act-2003, all the PPA/ arrangement for power procurement of the distribution licensees shall be regulated by the State Commission. The present petition is filed for granting approval for the draft Supplementary Agreement for enhancing the contract demand of power from KSEB Ltd, for meeting the electricity demand of the KPUPL Kakkanad Licensing area.
  - (2) The validity of the existing PPAs between M/s KPUPL and KSEBL was only upto 09.06.2022. However, the licensee M/s KPUPL has been procuring power from KSEBL for meeting the electricity requirement of the Kakkanad license area at the BST tariff approved by the Commission from time to time.
  - (3) The Commission also has examined the amendments proposed in the existing PPAs. The amendments proposed in the Article 3.6 and 8.6 of the initialled PPA regarding the power factor are based on the tariff orders issued by the Commission dated 8<sup>th</sup> July 2019 in petition OA No. 15/2018 and Order dated 25.06.2022 in petition OP No. 11/2022. The Commission hereby clarify that, the above provisions of the PPA shall automatically change as and when the conditions related to power factor including incentives and penalty notified by the Commission are amended through orders on tariff/ through relevant Regulations.

With the above observations, the Commission decided to grant approval for the draft supplementary agreement initialled on 19.04.2023, between the petitioner M/s KPUPL and the respondent KSEB Ltd.

**Order of the Commission.**

9. The Commission after examining the petition filed by M/s KPUPL for the approval of draft Supplementary Power Purchase Agreement between M/s KPUPL and KSEB Ltd, as per the provisions of the Electricity Act,2003 and KSERC (Conditions of Licence for Existing Distribution Licensees) Regulations, 2006, and other regulations in force hereby orders to;
- (1) Approve the 'draft supplementary agreement' initialled on 19.04.2023, between M/s KPUPL and KSEB Ltd for enhancing the contract demand from 13000 KVA to 17000 KVA at its license area at KEPIP Kakkanad, Kochi.
  - (2) M/s KPUPL shall submit a copy of the Supplementary PPA entered between the parties before the Commission for Information and Records.

The petition disposed of and 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**