

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

Present:       **Shri. Preman Dinaraj, Chairman**  
                      **Shri. S. Venugopal, Member**

**Petition No. OP 02/2020**

In the matter of                       : Petition under Section 61, 62, 86 and 181 of the Electricity Act, 2003 for revoking the Power factor penalty charged on bulk supply licensee Thrissur Corporation Electricity Department by KSEB Ltd.

Petitioner                               : Thrissur Corporation Electricity Department, Thrissur.

Petitioner represented by       : 1. Sri. Jomon, Asst. Secretary, TCED  
  2. Sri. T.S. Jose, Electrical Engineer, TCED

Respondent                             : Kerala State Electricity Board Limited.

Respondent represented by   : Sri. G. Manoj, Asst: Executive Engineer, KSEB Ltd.

**Order dated 23.04.2020**

1. M/s Thrissur Corporation Electricity Department (M/s TCED), on 12.12.2019, filed a petition before the Commission with the following prayer;  
  
      "Pass appropriate orders to waive the power factor penalty as the Commission may deem fit and proper, for TCED as Local Self Government Body and small licensee".
2. The summary of the issue raised in the petition is given below:
  - (1) M/s TCED is a deemed Distribution Licensee in the State as per the provision of the Electricity Act 2003. M/s TCED has been purchasing power from KSEB Ltd at the Bulk Supply Tariff (BST) approved by the Commission from time to time.
  - (2) The Commission vide order dated 8.7.2019 has approved the Retail Tariff and other terms and conditions, for the control period from 2018-19 to 2021-22. Thereafter, as per para 6.120 of the Tariff order, KSEB Ltd. started imposing penalty on TCED, treating TCED as a bulk consumer for not maintaining the power factor. TCED is a deemed distribution licensee of KSERC. As per KSERC Tariff Order dated 08.07.2019 in Petition OA No.15/2018, M/s TCED has to pay KSEB

Ltd. at the Commission determined bulk supply tariff for purchasing power from KSEB Ltd. The relevant portion of the tariff order is extracted below.

**“PART-C BULK SUPPLY TARIFF APPLICABLE TO SMALL LICENSEES AND BULK CONSUMERS**

1. The tariff mentioned in this schedule shall apply to the Licensees who avail energy through High Tension or Extra High Tension systems at their terminal notwithstanding anything to the contrary contained in any agreement earlier entered into with any Licensee by Kerala State Electricity Board/Government or any of the Tariff Regulations and/or rules and/or orders previously issued.
2. The rates specified in this schedule are exclusive of Electricity Duty and/or surcharge, other cesses, taxes, minimum fees, duties and other impositions existing or that may be levied in future by the Government or the Commission which are payable in addition to the charges as per the tariff mentioned in this Schedule.
3. The tariff applicable will be two part tariff as under:--

Name of Licensees	Demand Charges (Rs/kVA of Billing Demand per month)	Energy Charges (Rs per unit)
KINESCO POWER & UTILITIES (P) LIMITED	340	5.85
COCHIN SPECIAL ECONOMIC ZONE	340	5.60
RUBBER PARK INDIA (P) LIMITED	340	4.75
TECHNOPARK	340	5.50
COCHIN PORT TRUST	340	6.10
THRISSUR CORPORATION ED	340	6.05
KANNAN DEVAN HILLS PLANTATIONS PRIVATE LIMITED	340	4.80
INFOPARK	340	5.65
SMART CITY	340	5.65
MILITARY ENGINEERING SERVICES	390	5.85
KARNATAKA ELECTRICITY DEPARTMENT	390	5.85

Note: Billing Demand shall be the recorded Maximum Demand for the month in kVA or 75% of Contract Demand whichever is higher.

*Special Conditions*

1. The installations and maintenance of meters shall be strictly in accordance with the provisions of the Central Electricity Authority (Installation and Operation of Meters) Regulations, 2006.
2. For billing purpose each point of supply shall be treated as a separate consumer.
3. ToD tariff shall be applicable to HT, EHT and LT consumers of the respective licensees as per the terms and conditions mentioned in the respective schedule.”

The Annexure-B of the Tariff order dated 08.07.2019 specify the power factor incentive/ disincentives applicable to LT, HT and EHT consumers of the State, which is extracted below.

*“Annexure - B*

***Power factor incentive / disincentive***

*The following incentive and disincentive shall be applicable to LT industrial consumers with a connected load of and above 20 kW, HT&EHT Consumers for power factor improvement.*

<b><u>PF range (lag)</u></b>	<b><u>Incentive/ Penalty</u></b>
<b><u>Incentive</u></b>	
<i>Above 0.95 and up to 1.00</i>	<i>0.50% of the Energy Charge for each 0.01 unit increase in power factor from 0.95</i>
<b><u>Penalty</u></b>	
<i>0.90 and up to 0.95</i>	<i>0.50% of the energy charges for every 0.01 fall in PF below 0.95 and up to 0.90</i>
<i>below 0.90</i>	<i>1% of the energy charge for every 0.01 fall in PF from 0.90</i>

*Note: No penalty and incentives for consumers with leading power factor.”*

As seen from the above provision, the tariff order dated 08.07.2019, does not mention that power factor penalty has to be imposed on distribution licensees in case they do not maintain the Commission determined power factor. On the other hand, the Annexure B of the Tariff order clearly specifies that, if the power factor is below 0.95, disincentive is applicable for LT industrial, HT and EHT consumers.

- (3) Though M/s TCED has brought this matter to the notice of KSEB Ltd. several times, KSEB Ltd. continued to impose power factor penalty on M/s TCED. But M/s TCED have not remitted the penal amount till date on the plea that there is no specific provision in the Commission’s Tariff Order dated 08.07.2019 regarding charging the penalty on bulk supply of power to other distribution licensees of the State by KSEB Ltd. On 09.12.2019, M/s TCED received an arrear notice, in which KSEB Ltd has threatened to disconnect power supply without further notice, if the arrears accumulated on this account is not remitted. The action of KSEB Ltd. is against the existing laws, regulations and directions by the Hon’ble Commission.
3. The Commission admitted the petition as OP No. 02/2020 and conducted hearing on the petition at Thrissur on 06.03.2020. During the hearing, Sri. T.S. Jose, Electrical Engineer, M/s TCED presented the petition on behalf of the petitioner. Sri. G. Manoj, Asst: Executive Engineer presented the counter arguments on behalf of the respondent M/s KSEB Ltd.
  4. The summary of the issues presented by the petitioner during the hearing is as below.

- (i) M/s TCED was established in 1937 as per the Order No. D7 16049/12 dated 07.08.1937 issued by the His Highness the Maharaja of Cochin. As per the provisions of the Electricity Act, 2003, M/s TCED has been continuing as a distribution licensee of KSERC.
  - (ii) M/s TCED has been purchasing power in bulk from KSEB Ltd. at the Bulk Supply Tariff approved by the Commission from time to time. Further, the retail tariff approved by the Commission for M/s KSEB Ltd. is extended to the consumers of M/s TCED also.
  - (iii) The Commission vide Tariff Order dated 08.07.2019 in OA 15/2018, had approved the Schedule of Tariff and Terms and Conditions of Supply applicable to M/s KSEB Ltd. and other distribution licensees of the State with effect from 08.07.20019. In the said Tariff Order, the Commission had enhanced the limit of power factor from 0.90 to 0.95. M/s KSEB Ltd. has been imposing penalty and/or incentives to its consumers as per the Tariff Order dated 08.07.2019.
  - (iv) M/s KSEB Ltd., the bulk supply provider has imposed power factor penalty on M/s TCED for not maintaining the power factor at 0.95, as specified in the Tariff Order dated 08.07.2019, which is applicable to HT/EHT consumers of M/s KSEB Ltd. However, there is no provision in the Tariff order for imposing penalty on distribution licensees of KSERC like M/s TCED. Hence, the Commission may direct M/s KSEB Ltd. to withdraw the power factor penalty imposed on M/s TCED.
5. The summary of the comments and other issues raised by M/s KSEB Ltd. during the hearing is given below.
- (i) M/s TCED has been procuring power from M/s KSEB Ltd at the BST approved by the Commission from time to time. However, M/s TCED is yet to sign the Power Purchase Agreement (PPA) with M/s KSEB Ltd. for the purchase of power. M/s KSEB Ltd. vide the letters dated 11.05.2015, 24.01.2017 and 12.07.2017, had forwarded the draft initialed PPA to M/s TCED., However, the petitioner is reluctant to sign the same.
  - (ii) The issue of imposing penalty for not maintaining the power factor is a condition specified in the draft PPA and in all PPAs signed with all other distribution licensees who are purchasing power from M/s KSEB Ltd. This is because reactive power support taken from the M/s KSEB Ltd. grid by the purchaser of electricity results in additional distribution losses to M/s KSEB Ltd. Further, any dispute between the supplier and purchaser of electricity has to be adjudicated as per the procedures specified in the PPA. However, M/s TCED is yet to sign the PPA and without a valid PPA with M/s KSEB Ltd, M/s TCED had approached the Commission to adjudicate a dispute connected with power procurement, and hence the petition is not maintainable.

(iii) Various Regulations in force, clearly specify the power factor to be maintained by a distribution licensee.

(a) As per CEA (Technical standards for connectivity to Grid) regulations 2007, Part IV specifies the grid connectivity standards applicable to Distribution systems and Bulk consumers, the relevant portion of Regulation is given below.

*“2. Reactive power The distribution licensee shall provide adequate reactive compensation to compensate the inductive reactive power requirement in their system so that they do not depend upon the grid for reactive power support. The power factor of the distribution system shall not be less than 0.95”.*

(b) The “Kerala State Electricity Grid Code, 2005 (KSEGC 2005)”, Section (7) provides that,

“The Distribution Licensee shall maintain high Power Factor and furnish all the data required by the SLDC to ascertain the Reactive Power flow to their distribution system. The SLDC may also instruct the Distribution Licensees to maintain appropriate Power Factor and take all measures to minimize Reactive Power drawl.”

(c) The Regulation 65( 2) of the regulation of the terms and conditions of the tariff Regulations ,2018 provides that,

*“The users of the transmission system shall be subjected to the following incentive/disincentive for maintain the reactive energy balance in the transmission system.*

*a. The person responsible for reactive energy compensation shall be distribution licensee/open access user directly connected to the state transmission network.*

*b. The maximum reactive energy drawl at each interchange point shall be limited corresponding to the power factor of 0.95.*

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(iv) The distribution licensee and the bulk consumers are responsible for maintaining the reactive energy as specified in the above Regulations and M/s TCED is bound to maintain the power factor not below the Commission specified level of 0.95. It is the responsibility of the power supplier to ensure that the reactive energy drawn by the users from network is at the specified levels.

(v) M/s KSEB Ltd. as a distribution licensee, is paying reactive power charges in the interstate power transfer for the kVArh availed by it. The kVArh consumptions by the consumers and licensees in the State, contribute the kVArh consumption of M/s KSEB Ltd. Since M/s KSEB

Ltd. and other state utilities are paying reactive energy charges, distribution licensees like M/s TCED cannot be exempted from paying the power factor penalty.

- (vi) The T&D loss will be more, if the power factor is low, for transferring the same quantity of power.
  - (vii) M/s KSEB Ltd. has raised the bill claiming power factor penalty from M/s TCED at the rate specified in the Tariff e Order, since the power factor of M/s TCED is below 0.95.
6. KSEB Ltd. submitted their written comments vide letter dated 10.03.2020.

### **Analysis and Decisions**

7. The Commission has carefully examined the petition filed by M/s TCED as per the provisions of the Electricity Act, 2003, CEA (Technical Standards for Connectivity to the Grid) Regulations, 2007, and the analysis and decisions on the subject matter is detailed below.
8. Based on the deliberations of the subject petition, the Commission has framed the following issues for detailed examination.
- (1) Whether the distribution licensee, M/s Thrissur Corporation Electricity Department (M/s TCED) is required to maintain the power factor at a minimum of 0.95 so as to avoid dependence on reactive power support from the grid?
  - (2) Whether SBU-D of M/s KSEB Ltd. as the seller of electricity to the licensee M/s TCED, can impose power factor penalty on them?
  - (3) Whether in the absence of a valid PPA due to M/s TCED's reluctance to sign the draft PPA proposed, M/s KSEB Ltd. can impose the power factor penalty on M/s TCED?
9. In order to facilitate a better understanding of the above issues, it is important for the Commission as a first step, to consider the role of M/s TCED in the Kerala power system.
- a) Thrissur Corporation Electricity Department (M/s TCED) is a distribution licensee for distribution of electricity within the 12.65 sq. km area of Thrissur Municipal Corporation. The total electrical energy handled by M/s TCED is about 145 Million Units annually, which is about 0.60% of the total electricity consumption of the State. The billing demand of M/s TECD is about 24 MVA.
  - b) M/s TCED has been purchasing power from M/s KSEB Ltd. at the Bulk Supply Tariff (BST) for distributing electricity within their licensed area. Though the distribution licensee M/s TCED has been

purchasing power from M/s KSEB Ltd, M/s TCED does not have any transmission agreement or long term access agreement with SBU-T of M/s KSEB Ltd, for transmitting power till their 110 kV s/s and 66 kV s/s connected to the State grid. Hence, the question arises as to whether M/s TCED is bound to pay the transmission charges to STU directly or bear the intra-state transmission losses.

- c) M/s TCED is also not registered with the SLDC of Kerala and is not giving any schedule of power purchase to SLDC of Kerala. Accordingly, M/s TCED is also not directly paying any SLDC or system operation charges, similar to what the EHT consumers of the State.
- d) M/s KSEB Ltd. is purchasing/ sourcing power from different sources, for meeting the electricity demand of all consumers including the licensees purchasing power from M/s KSEB Ltd.
- e) As on date, though M/s TCED is a distribution licensee, it is not bearing any risks associated with the generation, power purchase, inter-state and intra-state open access charges, scheduling etc.
- f) The licensees purchasing power from M/s KSEB Ltd, including M/s TCED are distribution licensees authorized to distribute electricity within their licensed area. However, the SBU-D of M/s KSEB Ltd. is supplying power to M/s TCED at the BST approved by the Commission.
- g) M/s TCED is yet to sign the PPA with M/s KSEB Ltd. for the purchase of power. The Commission vide the order dated 02.06.2017 in petition OA No. 08/2017 in the matter of 'Truing up of accounts of Thrissur Corporation Electricity Department (TCED) for the year 2015-16' had directed M/s TCED to sign PPA with M/s KSEB Ltd, the relevant portion of the order is extracted below.

*'45. The Commission directs that the licensee shall complete the formalities of signing the PPA with KSEBL at the earliest and submit the initialed PPA before the Commission for approval.'*

10. M/s KSEB Ltd. submitted that though they had forwarded the draft initialled power purchase agreement to be signed with M/s TCED vide letters dated 11.05.2015, 24.01.2017 and 12.07.2017, M/s TCED, the petitioner is yet to sign the same. The Commission has also noted that, all other licensees in the State including KDHPCL, Technopark, CPT, CSEZA, KPUPL, Rubber Park etc. who purchase electricity from M/s KSEB Ltd. had signed PPA.

In the above background, the Commission has examined in detail the issues highlighted in Para 8 above. The decision of the Commission on the above issues are detailed in the subsequent paragraphs.

**Issue No. 1. Whether the distribution licensee M/s Thrissur Corporation Electricity Department (M/s TCED) is required to maintain the power factor at a minimum of 0.95 so as to avoid dependence on reactive power support from the grid?**

11. In an AC system, the total power flow consists of active power and reactive power. Reactive power is the power needed to create a magnetic field in AC motors, generators and transformers. 'Inductive loads' like motor require reactive power to maintain the magnetic fields. If the inductive loads draw reactive power from the system, it would results in drawing reactive power from the generating stations. This in turn will result in drawing more current through the lines, low voltage and higher losses. To overcome this problem, capacitors are installed at the locations of the inductive loads to provide reactive power support, leading to minimizing the amount of reactive power drawn from the system.

12. Power factor is the ratio of active power to the total power in an AC circuit.

Power factor (pf)= (Active power)/ (Total power).

A high 'pf' translates to a more efficient utilization of power. A low power factor on the contrary results in higher quantity of currents being drawn for meeting the same active load. This in turn increases the line losses and reduces the voltage levels at the consumer end.

13. As per the para 2 under Part IV of the CEA (Technical Standard for Connectivity to the Grid) Regulations, 2007, all the distribution licensees shall provide adequate reactive compensation to compensate the inductive reactive power requirement in their system, so that they do not depend upon the grid for reactive power support. Further, power factor of distribution system and bulk consumer shall not be less than 0.95. The relevant portion of Regulation is extracted below:

*"2. **Reactive Power:** The distribution licensees shall provide adequate reactive compensation to compensate the inductive reactive power requirement in their system so that they do not depend upon the grid for reactive power support. The power factor of the distribution system and bulk consumer shall not be less than 0.95"*

CEA (Technical Standard for Connectivity to the Grid) Regulations, 2007, the power factor of the distribution system shall be 0.95.

Accordingly, all the consumers and licensees are bound to maintain the power factor at 0.95 minimum. If the power factor is below 0.95, distribution licensee or the consumers has to install capacitors or provide other suitable reactive compensation including financial compensation to avoid/compensate for the drawl of reactive power support from the grid.



The Commission also noted that there is no exemption from maintaining the power factor at the minimum 0.95, to deemed licensees or licensees owned by the State/ Central Governments.

***Based on the above facts, the Commission hereby directs M/s TCED to maintain the power factor at 0.95. Failure on the part of M/s TCED to maintain this minimum pf of 0.95 shall entail payment of power factor penalty at the rates notified by the Commission vide the order dated 08.07.2019 in OA No. 15/2018 or as amended thereafter.***

**Issue No.2. Whether SBU-D of M/s KSEB Ltd, as the seller of electricity to the licensee M/s TCED, can impose power factor penalty on another distribution licensee based on the Commission's Order dated 08.07.2019 in OA No. 15/2018?**

14. The Commission notes that M/s TCED purchases power from SBU-Distribution of M/s KSEB Ltd. at the BST approved by the Commission from time to time. As long as M/s TCED purchases power from SBU-D of M/s KSEB Ltd, the total power requirement (internal generation as well as power purchase) of M/s KSEB Ltd. includes the electricity requirement of M/s TCED also. Similarly, the total electricity sales by M/s KSEB Ltd. includes the energy sale to M/s TCED and similarly placed distribution licensees.

Obviously, the total distribution loss of SBU-D of M/s KSEB Ltd. is the difference between the 'total power purchased including own generation' and 'total sales' by SBU-D of KSEB Ltd. within the State. As already mentioned, the total consumption of KSEB Ltd. includes the electricity requirement of M/s TCED and other distribution licensees also. Similarly, the total sales of M/s KSEB Ltd. also includes the energy sale to M/s TCED and others.

15. Hence, if the power factor maintained by M/s TCED and other distribution licensees are less than the prescribed minimum power factor of 0.95, then SBU-D of M/s KSEB Ltd. will incur more power losses in their system in order to provide the same quantity of active power required by the TCED, as detailed below.
- (i) As per the details submitted before the Commission, the billing demand of M/s TCED is 24 MVA.
  - (ii) Power factor (pf) of the electricity drawn by M/s TCED = (Active Power / Total Power), i.e.,
    - (a) If M/s TCED maintains the power factor (pf) at the Commission prescribed minimum of 0.95, then the 'total power' required by SBU-D of M/s KSEB Ltd for supplying 24 MVA of active power to M/s TCED is,  $24/.95 = 25.26$  MVA.

- (b) However, if M/s TCED maintains the 'pf' at only '0.90', then the 'total power' required by SBU-D of M/s KSEB Ltd for supplying the same 24 MVA of active power will be  $24/.90 = 26.66$  MVA.
- (c) As seen from (a) & (b) above, if M/s TCED maintains the 'pf' at 0.90 instead of the Commission prescribed minimum 'pf' of 0.95, SBU-D of M/s KSEB Ltd. shall have to provision 26.66 MVA of power, instead of 25.26 MVA, for meeting the same level of active power of 24 MVA.

In other words, if the 'pf' maintained by the M/s TCED is 0.90 instead of 0.95, SBU-D of M/s KSEB Ltd. would per force have to incur an additional power loss to the extent of  $(26.66-25.26)=1.40$  MVA. This loss is clearly attributable to M/s TCED for not maintaining the 'pf' at 0.95.

- 16. M/s TCED's has in their submission stated that the Commission's Order dated 08.07.2019 in OA No. 15/2018 is applicable to bulk consumers and not to distribution licensees of the State. The Commission also noted that other distribution licensees of the State are following the Commission prescribed minimum pf of 0.95 and are liable to pay power factor penalty for failure to adhere to this minimum. Further, para 2 under Part IV of the CEA (Technical Standard for Connectivity to the Grid) Regulations, 2007, requires all distribution licensees to provide adequate reactive compensation to compensate the inductive reactive power requirement in their system, so that they do not depend upon the grid for reactive power support. Further, power factor of distribution system and bulk consumer shall not be less than 0.95.
- 17. From the above facts it is clear that the Commission notified minimum pf of 0.95 applies not only to the bulk consumers but also to all distribution licensees of the State. Hence, M/s TCED, as the distribution licensee is required to maintain this pf of 0.95. Failure by M/s TCED to maintain the pf at 0.95, will adversely impact SBU-D of M/s KSEB Ltd which will incur additional power losses and be forced to procure additional power to meet M/s TCED power requirement. Since power purchase cost is a pass through expense, procurement of additional power due to failure of M/s TCED to maintain the Commission prescribed minimum pf of 0.95 will result in additional costs to KSEB Ltd. which will ultimately be passed on to the consumers of the State. This is not an acceptable situation.
- 18. ***Based on the above considerations, the Commission directs that all distribution licensees of the State shall maintain a minimum power factor of 0.95 as prescribed in Commissions Order dated 08.07.2019 in OA No. 15/2018. The Commission further directs that as long as M/s TCED do not maintain the minimum pf of 0.95, M/s KSEB Ltd. has every right to levy the power factor penalty as applicable to all other distribution licensees of the State, who procure power from M/s KSEB Ltd. at bulk supply tariff.***

**Issue No.3. Whether in the absence of a valid PPA due to M/s TCED's reluctance to sign the draft PPA proposed, M/s KSEB Ltd. can impose the Power Factor Penalty on M/s TCED?**

19. During the hearing held on 06.03.2020 and subsequent written submission dated 10.03.2020, M/s KSEB Ltd. submitted that though they had forwarded the draft initialled power purchase agreement to be signed with M/s TCED vide letters dated 11.05.2015, 24.01.2017 and 12.07.2017, M/s TCED, the petitioner is yet to sign the same.
20. The Commission noted M/s KSEB Ltd.'s submission that M/s TCED has not signed the PPA, with concern. As pointed out by M/s KSEB Ltd. the proposed PPA has a provision requiring M/s TCED to maintain a minimum pf of 0.95 and in violation of this provision, power factor penalty can be imposed. The Commission further notes with deep concern that even the Commission's Order dated 02.06.2017 in M/s TCED Truing Up petition, OA No. 08/2017 for the year 2015-16 have not been complied with, for reasons best known to them. The same is reproduced below:

*'45. The Commission directs that the licensee shall complete the formalities of signing the PPA with KSEBL at the earliest and submit the initialed PPA before the Commission for approval.'*

21. In addition, vide Tariff Order dated 08.07.2019 in OA No. 15/2018, the minimum power factor to be maintained by all consumers including bulk purchasers of electricity has been raised from 0.90 to 0.95 w.e.f. 08.07.2019. Had M/s TCED entered into a PPA with M/s KSEB Ltd. as directed, this clause would automatically apply on M/s TCED. The Commission also notes that all other distribution licensees in the State who are purchasing bulk power from M/s KSEB Ltd is adhering to this requirement and in its absence, is liable to pay the power factor penalty to M/s KSEB Ltd. ***Demanding power supply from M/s KSEB Ltd and that too without even a valid PPA and then claiming exemptions from the Commission's Orders, which are applicable to all distribution licensees of the State is not acceptable and hence rejected.***

The above facts reveal that M/s TCED's has been reluctant to sign the PPA with M/s KSEB Ltd and is now claiming exemption from the power factor penalty imposed by M/s KSEB Ltd based on the Commissions Tariff Order dated 08.07.2019. The Commission also notes that as per CEA (Technical Standard for Connectivity to the Grid) Regulations, 2007, every distribution licensee is required to maintain the pf at 0.95 or above. It is also a fact that failure to maintain this power factor leads to additional system losses and consequent additional power purchase by KSEB Ltd. Further, this penalty is binding on all other distribution licensees of the State.

22. The Commission also notes that the PPA could not be executed solely due to the reluctance of M/s TCED to sign it. The Commission's directive and M/s KSEB Ltd. repeated requests in this regard has not yielded any results.

Hence, the Commission is of the firm view that M/s TCED has no right whatsoever to demand power from M/s KSEB Ltd. without executing the PPA.

- 23. The Commission once again reiterates that M/s KSEB Ltd. has every right to levy the penalty imposed as per the Commission's directive, since it is the licensee's fault that the PPA is still not signed. The Commission further directs M/s TCED to sign the PPA with M/s KSEB Ltd. for the purchase of power, within three months from the date of this order. Non-compliance to this Order shall lead to Suo-moto proceedings against M/s TCED for violation of the Commission's directions.**

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

24. The Commission after having carefully considered the facts, arguments and submissions presented before it by all parties concerned and after having examined the plea presented in M/s TCED's petition, as per the provisions of the Electricity Act, 2003, CEA (Technical Standards for Connectivity to the Grid) Regulations, 2007 and the Commission's Tariff Order dated 08.07.2019. pass the following orders:

- (1) M/s TCED is hereby directed to maintain the power factor at 0.95. They shall also provide adequate reactive power compensation to avoid dependence on reactive power support from the Grid.
- (2) The power factor penalty imposed by M/s KSEB Ltd, for non-maintenance of this power factor is upheld and M/s TCED shall pay M/s KSEB Ltd. the penalty forthwith. M/s KSEB Ltd. can also impose power factor penalty on M/s TCED for such periods during which M/s TCED do not maintain the power factor at 0.95, at the penalty rates approved by the Commission from time to time.
- (3) The Commission hereby once again directs M/s TCED to sign the PPA with M/s KSEB Ltd for the purchase of power, within three months from the date of this order. Non-compliance to this Order shall lead to Suo-motu proceedings against M/s TCED as per the provisions of the Electricity Act, 2003.

The petition disposed off as above.

**Sd/-  
S. Venugopal  
Member**

**Sd/-  
Preman Dinaraj  
Chairman**

Approved for issue

C.R Satheesh Chandran  
Administrative Officer  
(In Charge of Secretary)