

KERALA STATE ELECTRICITY REGULATORY COMMISSION
THIRUVANANTHAPURAM

Present : Sri. Preman Dinaraj, Chairman

OP - 21/ 2020

In the matter of Approval of Supplementary PPA between M/S Infopark, Kakkannad Kochi and K.S.E.B.Ltd. for reduction of contract demand from 3000 KWA to 2250 KVA 3MVA power in Phase II of infopark, Kerala

**Petitioner : The Chief Executive Officer,
Infopark, Kakkanad, Kochi**

**Respondent : Kerala State Electricity Board Limited
Thiruvananthapuram.**

Order dated 18-08-2020

The Chief Executive Officer, Infopark, Kakkanad, Kochi has filed a petition before the Commission seeking approval of the Supplementary Power Purchase Agreement (S-PPA) for reducing the contract demand from 3000 KVA to 2250 KVA to be entered into with KSEB Ltd., for 3 MVA power at 11kV, provisionally for 1year from the date of signing of the agreement.

Background:

2. Kerala State Electricity Regulatory Commission vide Notification No. KSERC/II/LP-8/2008 dated 10-05-2010 has granted licence to M/s.Infopark Kerala for distribution of electricity in the I.T. Park, Cherthala. Subsequently, the Commission has accorded approval for inclusion of Infopark Phase II as the extension of IT park, Cherthala in the licence for distribution of electricity vide

Order No. 981/C.Engg/LP-11/KSERC/2011 dated 18-10-2011. The Chief Executive Officer, INFOPARK Kerala had filed a petition on 24-1-2014, in the matter of approval of PPA for availing 3 MVA power at Infopark Kochi, Phase II, Kakkanad for a period of one year. The Commission approved the draft PPA initialed by M/s. Infopark for stage II at Kakkanad and K.S.E.B.Ltd., subject to certain remarks as per Order dated 30-04-2014 in O.P.No.3/2014.

3. Accordingly M/s INFOPARK had entered in to a Power Purchase Agreement with K.S.E.B.Ltd on 19-09-2014 for a contract demand of 3000 KVA at 11KV at Infopark-Phase II at Kakkanad for a period of one year for meeting the electrical demand of its consumers. According to the Infopark, the validity of the said PPA was extended for a further period of one year with the same terms and conditions and unconditionally accepted by Infopark. Due to change in supply voltage to 220 KV level, supplementary PPA was executed on 31-12-2015 by extending the validity for a further period of one-year w.e.f. 19-09-2015. The validity of the PPA was extended for a further period of one year and again extended for five years up to 18-09-2022 with the same terms and conditions unconditionally accepted by Infopark as per their internal communications. **However validity of these PPAs were extended neither with the Commission's prior approval nor even a copy of these extended PPAs were made available to the Commission.**
4. This petition is filed by M/s Infopark due to the following present situations:
 - (1) In Infopark Phase-II, one of the major HT Consumer has reduced their contract demand in the month of January 2020. Moreover, due to the pandemic; Covid 19, most of the companies has given work at home option so the total load in the buildings have decreased. Considering the decrease in electricity demand the Company has decided to reduce the contract demand from 3000 KVA to 2250 KVA to minimize the financial burden of the Company.
 - (2) KSEBL has agreed to reduce the contract demand and the Supplementary PPA is initialed between M/s Infopark and KSEB Ltd for reducing the contract demand from 3000 KVA to 2250 KVA.

Analysis and Decision of the Commission

5. The Commission has examined the petition and scrutinized the Draft Supplementary Agreement initialed by both parties in detail. The Draft Supplementary Agreement which is initialed and agreed to by both parties, include the following conditions:

1. The agreement shall remain valid up to **18.9.2022**.

2. The Article 3.2 of the existing PPA and Supplementary PPA shall be modified as ***“KSEB Ltd shall supply to INFOPARK at the point of supply at **Infopark-Phase II at Kakkanad** and INFOPARK shall take from KSEB Ltd power up to a quantity of 2250 KVA at 220KV at **Infopark-Phase II at Kakkanad** for its own use and for the purpose of supply to the consumers within the area of supply as provided in the licence for distribution of electricity.”***

3. The Article 8.6 of the PPA dated 19.9.2014 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 INFOPARK.

Below 0.95 lag- 1% of the energy charge for every reduction of 0.01 fall from 0.95 power factor.

Below 0.75 lag- 3% of the energy charge for every reduction of 0.01 fall from 0.85 power factor.

4. 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.”***

5. In Schedule IIA, the 4th row is amended as “Maximum output required by Infopark, Kakkand is 2250 KVA at 220 KV”

6. All the terms and conditions specified in the Articles of the PPA entered by the parties on 19-9-2014 and supplementary PPA executed on 31-12-2015 shall hold good in respect of this SUPPLEMENTARY PPA executed for the purpose for change in contract demand from 3000 KVA at 220 KV to 2250 KVA at 220 KV also, except for those specified herein above.

But the Power factor mentioned above at para 3 has been modified as per Order dated 08.07.2019 in OA No.15/2018 (Annexure B) on the petition filed

by KSEB Ltd for the approval of ARR, ERC and Tariff Proposal for the control period 2018-19 to 2021-22. The relevant portion of the Annexure B is extracted hereunder.

“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.

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

Hence para 3 shall be modified as per Annexure B.

6. The Commission has examined the petition and scrutinized the Draft Supplementary Agreement initialed by both parties and conditions agreed by both parties in detail. The Commission is of the view that the Draft Supplementary Agreement is legally in order and liable to be approved subject to rectification of the following minor clerical errors which have crept in the draft PPA.
 1. In the preface of the draft agreement the word “the” which is seen to have repeatedly used must be deleted.
 2. The date wrongly mentioned in the sentence that “PPA executed on 19-09-2014 was extended for one year, i.e till 18-9-2016” shall be corrected as “18-9-2015”.

Order of the Commission

1. The draft Supplementary PPA submitted by M/s Infopark duly initialed by both KSEBL and Infopark, Kakkanad, Kochi is hereby approved subject to the above conditions mentioned at Para 5 and 6.

2. The Commission hereby directs M/s Infopark that any modification, extension or alteration of the agreement made with KSEB Ltd shall only be made with the prior approval of the Commission. Any unilateral extension without the prior approval of the Commission shall be treated as infringement of Regulation 78 of KSERC (Terms and conditions for determination of tariff) Regulations, 2014 and appropriate action shall be initiated against the licensee.

A copy of the Supplementary PPA entered between the parties shall be submitted to the Commission within one month from the date of signing of the Agreement.

Sd/-

Preman Dinaraj
Chairman

Approved for Issue,

Satheeshchandran.C.R
Secretary (i/c)