

KERALA STATE ELECTRICITY REGULATORY COMMISSION

THIRUVANANTHAPURAM

**Present : Shri. Preman Dinaraj, Chairman;
: Adv. A.J. Wilson, Member (Law).**

OP. No. 06/ 2021

In the matter of : Petition under Regulation 77(3)(f) of the KSERC (Terms and Conditions for Determination of Tariff) Regulations 2018, seeking approval for entering into short term Power Procurement Arrangement through Banking transactions of Power during the period 03/2021 to 09/2021 with Tata Power Delhi Distribution Ltd. through PTC India Ltd.

Petitioner : Kerala State Electricity Board Ltd., Thiruvananthapuram-695 004

Respondent : PTC India Ltd., NBCC Tower, Bhakji Cama Place, New Delhi-66

Date of hearing : 11.02.2021, thro' Video conference mode

Petitioner represented by : Sri. K.G. P. Nampoothiri, EE, TRAC;
: Smt. Latha.S.V, AEE, TRAC

Respondent represented by : Adv. Ravi Kishore

Order dated 16.02.2021 in OP. No. 06/2021

1. Kerala State Electricity Board Ltd. (KSEBL), a Distribution Licensee of the State filed this Petition; under Regulation 77(3) (f) of the KSERC (Terms and Conditions for Determination of Tariff) Regulations 2018, seeking approval for entering into short term Power Procurement Arrangement through Banking transactions of Power during the period from March 2021 to September 2021, with Tata Power Delhi Distribution Ltd. (TPDDL) through the Trader PTC India Ltd. This power banking transaction is envisaged to manage the Power demand of the State during the summer months of March to May 2021. In order to select the supplier, KSEBL on 10.12.2020 floated a tender, inviting bids from the utilities and traders for banking of power.

2. KSEBL in their petition, mentioned the circumstances for issuance of the above tender and the conditions in the tender floated, as follows:

1) KSEBL based on their Load Generation Balance study for the period 02/2021 to 09/2021 had anticipated that there will be Power deficit to meet the maximum demand of the State during the period 02/2021 to 05/2021, as follows:

Period	Demand deficit in MW	Daily deficit in Energy in MU
February 2021	116 to 341	3.0
March 2021	307 to 561	3.8
April 2021	341 to 692	3.8
May 2021	282 to 691	3.6

2) The above LGB study was done based on the following assumptions:

- (i) Demand availability taken based on 10% reduction in the availability of the Units of CGS & LTA generators, and intra state Hydel stations (130 MW –largest unit) due to outage, than the approved annual LGBR;
- (ii) Energy deficit is taken considering a carry forward storage of 750 MU as on 01.06.2021;
- (iii) Demand growth of 5% to 6% is expected due to, the ensuing summer months and the Assembly Election activities in the State;
- (iv) There will be cumulative energy surplus of 290 MU during the period of June to September, 2021 (Monsoon season).

3. Based on the above, KSEBL decided to meet a portion of the above demand deficit for March to May, by importing power through banking/ swapping arrangement with other utilities, with the power to be returned during June to September 2021. Accordingly a tender was floated on 10.12.2020, with the last date of submission of bid as 04.01.2021; the details of which are provided in Annexure-1 of the Petition. The supply and return quantum of power and the duration/ time block fixed in the tender were:

Supply Period			Return Period				
Month	Duration/ MW		Month	Duration/ MW against each slot			
	RTC	14 to 24 hrs		00 to 05.0	05.0to 08.0	08.0to18.0	22.0to24.0
March 2021	50	100	June 16 to June 30	150	100	70	100
April 2021	150	130	July 2021	300	250	100	150

May 2021	50	130	August 2021	300	200	100	150
			September 2021	100	70	70	100

4. The General terms and conditions of the tender; are provided under *clause 3.1 to 3.18, and the Evaluation Criteria is provided in clause 6, of the tender documents.*

Some of the relevant conditions in the tender were:

- (i) The minimum supply quantum shall be 25 MW, for a minimum continuous period of 15 days;
- (ii) The trading margin is limited to a maximum of 03 paise per unit (in case of trader);
- (iii) Delivery point is the regional periphery of the exporting utility;
- (iv) No payment security mechanism will be provided by KSEBL;
- (v) In case of delay in return, settlement rate will be @ Rs. 4.00/ kWh;
- (vi) Open Access charges upto the Regional periphery will be borne by the exporting utility and the charges beyond that is to be borne by the importing utility.
- (vii) Validity period of the tender is 45 days from the date of opening of bid.
- (viii) The reference price for evaluation is based on the 3 years average IEX price of S3 region which prevailed from March 2018 to September 2020 for the respective months and the duration offered during the supply period (Xs) and the return period (Xr) and by applying a Multiplication factor.

5. Based on the tender, three bids were received and the evaluation scores based on *clause 6* of the tender are:

Sl. No	Bidder	Supply Period	M W	Duration	Return %	Return period	Return duration	Trading Margin (Ps/kWh)	Evaluated Net Score
1	Manikaran BRPL	March 2021	50	RTC	105	16 to 30 June	0-18.0 22 - 24.0	0.86	- 62.8
2	PTC-TPDDL	March 2021	50	RTC	102	16 June to 30.09.21	0 -5 & 22 -24	2.48	38.6
		April 21	100	14 to 24					
3	Statkraft – BYPL	March 2021	50	RTC	103	16 June to 30.09.21	0-3, 14 -17 & 22 - 24	1.00	23.5
			50	14- 24					

6. As seen above, M/s TATA Power Delhi Distribution Ltd. (TPDDL) quote through PTC India Ltd. (Trader) was the L1 Bidder in the Tender, with the highest Net score. Since

their return schedule was not in conformity with the tender schedule, KSEBL requested to revise the return schedule as per the tender which was agreed to. Accordingly, the final banking arrangement agreed by TPDDL - PTC is as follows:

Supply Period			Return Period			
Month	Duration/ MW		Month	Duration/ Max. MW		MU
	RTC	14.00 to 24.00		0.00 to 05.00	22.0 to 24.00	
March '21	50	100	16 to 30 June '21	126	100	12.450
April '21	50		July '21	180	140	36.580
			August '21	177.9	140	36.2545
			September 2021	100	100	21.000

7. KSEBL submitted this petition for entering into a Power Procurement Arrangement with the L1 bidder, based on the above tender. After registering the petition as OP No. 06/2021 on 22.01.2021, Commission issued notice to the respondent.

8. Meanwhile, KSEBL filed an additional submission intimating initiation of short term tender through DEEP Portal for meeting the power shortage expected during April and May 2021. The details provided in this submission are:

i) Even after the proposed banking through PTC is materialized, there will be shortage of power during April & May 2021. The demand deficit expected are,-

(a) Under the worst scenario:

April – 124 MW to 252 MW & May - 130 MW to 348 MW with average demand and April – 459 MW to 656 MW & May - 335 MW to 709 MW with maximum demand;

(b) Under the best scenario:

April – 181 MW to 406 MW & May - 75 MW to 449 MW with maximum demand;

ii) Therefore, KSEBL anticipates a RTC power deficit of 180 – 440 MW, even under the best scenario requiring additional power is to be procured for the period.

iii) Hence KSEBL has decided to procure short term power of 100 MW RTC power and additional 100 MW during 14.00 to 24.00 hours on firm basis, for the month of April & May 2021 through DEEP portal. Accordingly KSEBL has decided to float short term

tender for (100 + 100) MW power with minimum 25 MW, for every 15-16 days block of the months of April & May 2021.

iv) Through this additional submission KSEBL intimated the Commission about the tenders being invited to procure additional power for April & May 2021. They further submitted that on discovery of the tariff, separate petition will be filed for adoption of tariff and approval of power procurement in accordance with the Regulations.

9. Hearing on the petition was conducted at 11 AM on 11.02.2021 through Video conference mode. The representatives of the Petitioner (KSEBL) and the Respondent (PTC) attended the hearing, answered the queries on the petition and requested for early approval, for issuance of the LOI for the transaction.

Analysis and Decision

10. The Commission has examined the petition and the additional submission filed by KSEB Ltd; as per the provisions of the Electricity Act, 2003 and Regulation 77 of the KSERC (Terms and Conditions for Determination of Tariff) Regulations, 2018, and other relevant Rules and Regulations in force and observe the following:-

- 1) The instant petition was filed by KSEB Ltd, seeking approval for entering into a short term Power Procurement Arrangement through Banking of Power during the period 03/2021 to 09/2021, with Tata Power Delhi Distribution Ltd. through the Trader PTC India Ltd.

Regulation 77 of Kerala State Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2018 which deals with the additional short-term power procurement, is extracted below:

“77. Additional short-term power procurement.–(1) the distribution business/ licensee may undertake additional short-term power procurement during the financial year, over and above the power procurement plan approved by the Commission, in accordance with this Regulation.

(2) (a) where there has been a shortfall or failure in the supply of electricity from any approved source of supply during the financial year, the distribution business/ licensee may enter into an agreement for additional short-term procurement of power.

(b) If the total power purchase cost for any quarter including such short-term power procurement exceeds by five percent of the power purchase cost approved by the Commission for the respective quarter, the distribution business/ licensee shall have to obtain approval of the Commission.

(3) The distribution business/ licensee may enter into a short-term power procurement agreement or arrangement under the following circumstances subject to the ceiling tariff approved by the Commission:

(a) where the distribution business/ licensee is able to source new short term source of supply from which power can be procured at a tariff that reduces its approved total power procurement cost;

(b) When faced with emergency conditions that threaten the stability of the distribution system or when directed to do so by the State Load Despatch Centre to prevent grid failure;

(c) Where the tariff for power procured under such agreement or arrangement is in accordance with guidelines for short-term procurement of power by distribution licensees through tariff based bidding process issued by the Central Government:

(d) When there is any contingency situation and power purchase price is within such ceiling price;

(e) Procurement of short-term power through power-exchange; and

(f) Procurement by way of exchange of energy under 'banking' transactions.

Provided that prior approval of the Commission and the ceiling rate shall not be applicable to the short term purchases under sub regulation (b) and (e) above

(4) The Commission may stipulate the ceiling quantum and ceiling rate for purchase of power from short-term sources.

(5) Within fifteen days from the date of entering into an agreement or arrangement for short-term power procurement for which prior approval has not been obtained, the distribution business/ licensee shall obtain the approval of the Commission by submitting full details of such agreement or arrangement, including quantum, tariff calculations, duration, supplier details, method for supplier selection and such other details as the Commission may require to assess that the conditions specified in this Regulation have been complied with:

Provided that where the Commission has reasonable grounds to believe that the agreement or arrangement entered into by the distribution business/ licensee does not meet the criteria specified in this Regulation, the Commission may disallow from the annual revenue requirements, the net increase in the cost of power on account of such procurement."

- 2) Clause (f) of sub regulation (3) above permits the licensee to enter into a short-term power procurement agreement or arrangement by way of exchange of energy under 'banking' transactions; subject to provisions under sub regulations (4) & (5).
- 3) Sub regulation (5) stipulate submission of the details of the agreement/ arrangement with full details of the selection process, to the Commission for approval within 15 days of finalizing the deal. In the instant case, KSEBL has submitted the Petition for approval of the deal within the stipulated time frame, and is seeking the approval before the expiry of the validity of the bid on 18.02.2021, to issue the LOI for the transaction.
- 4) The tender with specific time frame/ duration for import and export of the swapping Power is seen to be done in a transparent manner and three bidders have participated in the tender. The evaluation criteria for arriving the Net score of the bidders were explicitly provided in the tender documents and the evaluation is done accordingly. The return schedule of the L1 Bidder is seen aligned in line with the tender schedule.
- 5) On reviewing the deficit projection for the period, March to May 2021, the Commission noted that the assumptions taken are a little bit on the safer side. It can reasonably be expected that a deficit of 60 to 70% of the demand deficit projected may occur during these summer months. Since the quantum being finalized through this tender is only a portion of the projected deficit quantum, the Commission agrees to the transaction.
- 6) Based on KSEBL's submission in the petition, the Commission estimates that KSEBL may need additional power to meet the expected maximum demand during the ensuing summer months of 2021. Further, the power banking (swapping) proposed may partially help the utility to tide over this shortage.
- 7) Hence, the approval for executing the Power Procurement Arrangement based on Banking of Power identified through this bid, floated as per the provisions of the Electricity Act, 2003 & Kerala State Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2018, can be considered.
- 8) Vide the additional submission; KSEBL has also submitted the demand – supply status during April & May 2021 under the worst & best scenario, after availing the proposed power being swapped from TPPDL. Also, as per KSEBL's estimates and projections, the utility will require additional power to meet the maximum demand during the period. The Commission also noted that *in OP No. 15/2018, vide Para*

5.146 to 5.152 of the ARR & ERC order dated 8.07.2019, the estimate of requirement of additional power deficit during the summer in 2021-22 is estimated at 219 MU.

9) Hence KSEBL proceeded to purchase power to meet the demand of April & May 2021, through separate tenders for RTC (100 MW) and for 14.00 to 24.00 hours (100 MW) for each fortnight (4 Nos) of these months, via short term market (DEEP) portal. On discovery of the tariff, KSEBL has submitted that they will file petition before the Commission for adoption of tariff in accordance with the regulations.

10) The Commission noted that the present petition is filed seeking approval for entering into short term Power Procurement Arrangement through Banking of power during the period 03/2021 to 09/2021 with Tata Power Delhi Distribution Ltd. through PTC India Ltd. However, in the same petition, KSEB Ltd. has also sought permission to float tenders for short term power procurement through the DEEP portal. The Commission's view is that each power purchase proposal is distinct and assessed on stand-alone basis. Hence, while approving the present proposals including for procurement of power on short term power through the DEEP portal, the Commission hereby directs KSEB Ltd. to file separate petitions in such cases.

11) The Commission also noted that KSEB Ltd. has permitted post tender changes in the L1 bid to make it in line with KSEBL's requirement. Such changes must be scrupulously avoided.

Order of the Commission

11. The Commission, after examining the petition dated 27.01.2021 and the additional submission dated 02.02.2021 filed by KSEB Ltd, as per the provisions of the Electricity Act, 2003 and the KSERC (Terms and Conditions for Determination of Tariff) Regulations, 2018;

1) Approve the selection of M/s Tata Power Delhi Distribution Ltd. through PTC India Ltd.(Trader), vide the tender dated 10.12.2020, for the banking arrangement of power for the period from 03/2021 to 09/2021 as indicated below:

Supply (to KSEBL) Period			Return (to TPDDL) Period			Return Quantum of power	Trading Margin
Month	Duration/ MW		Month	Duration/ Max. MW			
		RTC		14.00 to 24.00 hrs		0.00 to 05.00 hrs	22.00 to 24.00 hrs

March 2021	50	100	16 to 30 June 2021	126	100	12.450	102 %	2.48 (Paise/ kWh) (at the time of importing of power during the supply period)
April 2021	50		July 2021	180	140	36.580		
			August 2021	177.9	140	36.2545		
			September 2021	100	100	21.000		

KSEBL can enter into Power Procurement Arrangement with the above Utility/ Trader as approved above. A copy of that Agreement/LOI shall be filed with the Commission within 30 days of its occurrence.

- 2) Permit KSEBL to float the tenders for procurement of short term power (100 MW RTC & 100 MW for 14.00 to 24.00 hours) through the DEEP portal, to meet the maximum demand of power for the months of April & May, 2021, subject to compliance of the provisions of the Act and the relevant Regulations.

The Petition is disposed off as ordered as above.

sd/-
Adv. A.J. Wilson
Member (Law)

sd/-
Preman Dinaraj
Chairman

Approved for issue,

C.R.Satheesh Chandran,
Secretary-in-charge