

**BEFORE THE HON'BLE KERALA STATE ELECTRICITY REGULATORY
COMMISSION**

In the matter of : Petition under Regulation 77 of the KSERC (Terms and Conditions for Determination of Tariff) Regulations 2021 seeking approval for the deviations from the Model Bidding Document for procurement of 300 MW RTC power on FOO basis under medium term on lumpsum tariff from January 2024 to June 2026

Petitioner : **Kerala State Electricity Board Limited**

KSEBL most humbly submit the following:

1. Kerala State Electricity Board Limited (KSEBL) is the deemed distribution licensee in the State of Kerala carrying out the functions of Generation, Transmission and Distribution in the State of Kerala. To meet the demand of the State, KSEBL has been entering into power purchase contracts with the approval of Hon'ble Commission.
2. As per the 20th Electric Power Survey of India, published by CEA, the anticipated energy requirement & peak demand for the FY 2024-25 is 32810 MU & 5501 MW respectively. Further as per the report, the anticipated energy requirement & peak demand for the FY 2026-27, is 36881 MU and 6166 MW respectively.
3. At present the main sources of power for the State are Internal (Hydro with availability in the range of 1500-1600MW) and External sources comprising of Central station share (1200-1400MW), Long Term Contract (550-600MW), Medium Term contract (270MW from Jan to Jun) and short term (SWAP/DEEP/PX). However, the medium-term contract, from January to June is ending on June 2024. As per the LGB (Annexure 1) it is observed that there is considerable shortage throughout the day even with DBFOO contracts.
4. It may be noted that, in present scenario, the storage position in the reservoir is around 63.32% only [as on 11.11.2023], this corresponds to gross generation capability of 2621.491 MU. Against this, the gross generation capability in the last year was 3359.00 MU. Further, this storage position is the lowest position in the last four to five years. This clearly indicate that the present storage position

is poor compared with previous years. It is further submitted that, even with more rainfall in October 2023, due to poor rainfall received in the previous months, the storage position may continue in low position compared to previous years.

5. It is further submitted that; it has been observed that the power market rates are highly dependent on weather conditions and the market clearing prices are frequently touching the maximum ceiling price during the non-solar hours once the monsoon withdraws. Further, the market clearing volume is less than the total requirement during the non-solar hours from 5pm to 7am. Due to this, when market scarcity was experienced, hydro generation was increased up to 27MU per day, even though, with the present storage, the generation from hydro possible is in the range of 7- 8MU. Depletion of hydro at this rate will affect the hydro storage by January 2024 which may adversely affect the grid operation besides impact on the water availability for drinking water/irrigation requirement during next summer. In addition to this, it may also be noted that, the upcoming Lok Sabha Elections during April and May 2024 is most likely to increase the demand further.
6. As per the Resource Adequacy (RA) guidelines of GoI, all Discoms are duty bound to tie up sufficient capacity to meet the demand of its consumers 24X7. Compliance of the RA norms and guidelines mandates firm tie up. The capacity which the DISCOMs tie up shall be a judicious mix of long/medium- and short-term contracts to ensure security of supply to the consumers at least cost. Over reliance on the electricity market is to be avoided as per the guideline. Further, Over drawl from the Grid is not practical as during shortages system frequency will come down and RLDC can impose physical regulatory measures. As per the new Ancillary Services Regulations, NLDC can schedule costly power in the event of grid emergencies and the burden of such high cost power will ultimately come to overdrawing states.
7. Hence, as an optimistic and proactive measure, to insulate the volatility in MCP and to obtain confirmed power, KSEBL has decided to procure, medium term power procurement for 300 MW RTC from January 2024 to June 2026 under

lump sum tariff on FOO basis. The Technical committee for medium term power purchase had finalised the bid documents for medium term tender on Lumpsum tariff.

8. It is to be noted that, adoption of Lumpsum tariff is most likely to increase the competition and discovery of competitive rates as it allows the participation of traders and acceptance of power from any source including renewable sources. The bid documents are modified to make it applicable for lumpsum tariff & payment security mechanism.
9. The RFP & RFQ is prepared based on the standard bidding document (Comprising MRFQ-Model Request for Qualification & MRFP- Model Request for Proposal) issued by MoP vide Resolution No.23/17/2013-R&R-Vol-VI (Part 2) dated 30 th January 2019. The draft APP is prepared based on MAPP (Model Agreement for Procurement of Power) issued by MoP on December 2022. The non-congruity between RFQ& RFP with APP is adjusted by a link document.
10. The requisition for the proposed medium-term tender is as follows:

Requisition No.	Period		Time (hrs)		Required Quantum	Minimum Quantum	Delivery Point
	From	To	From	To			
1	01.01.2024	30.06.2026	00	24	300 MW	100 MW	CTU Interconnection point of the Generator

11. As per the time schedule of the Bidding process issued by MoP, opening of price Bid takes around 45 days from start of etender stage. Also, as per APP, the supplier gets 30 days from the date of the agreement to satisfy the Condition Precedent. Hence, it may be noted that, the supply of power may commence at most 30 days after signing of the agreement on completion of condition precedent.
12. Notice Inviting Tender (NIT) is attached as Annexure II, Draft RFP & RFQ is attached as Annexure III, Link document is attached for adjusting the non-congruity between RFQ& RFP with APP is attached as Annexure IV, Draft APP is attached as Annexure V, deviations from the Model Bidding Document issued by

MoP is attached as Annexure VI & Project specific modifications is attached as Annexure VII.

13. As per the revised Guidelines for Procurement of Electricity for Medium Term from Power Stations set up on FOO(Finance, Own & Operate) basis issued by MoP on 30.01.2019, " *Any deviation from the Model bidding Documents shall be made by the Distribution Licensees only with the prior approval of the appropriate Commission. Provided, however, that any project specific modifications expressly permitted in the Model Bidding Documents shall not be construed as deviations from the Model Bidding Documents*".
14. Considering the above, KSEBL decided to float tender in DEEP portal for procurement of 300 MW RTC power on Lumpsum Tariff under medium term basis for the period from January 2024 to June 2026 so as to meet the power deficit after seeking approval from Hon'ble KSERC for the deviations made from the Model Bidding Document issued by MoP. Accordingly, this petition has been filed.
15. It is submitted that, earlier KSEBL with the approval of Hon'ble Commission (order dated 07.06.2023 in OP 25/2023 & order dated 14.07.2023 in OP 45/2023) had invited tender for 500 MW RTC power on medium term basis. In the said bid only two bidders M/s. DB Power Ltd and M/s. Adani Power Limited had submitted bids for 100 MW and 303 MW respectively in the DEEP portal. The price quoted by M/s. DB Power Ltd and M/s. Adani Power Limited at Kerala periphery was Rs.6.97/kWh and Rs.6.9/kWh respectively. In the reverse auction held on 04.09.2023 and further L1 matching, the per unit rate was decreased and matched to Rs.6.88/kWh by both M/s. DB Power Ltd and M/s. Adani Power Limited. Since the rate quoted are higher, KSEBL has taken up the matter with Government of Kerala and the matter is still pending with Gok.
16. By taking in to account of above facts and considering the power deficit during the period January 2024 to June 2026, it is humbly submitted before the Hon'ble Commission to approve the deviations made from the Model Bidding Document issued by MoP and approval for inviting tender for procurement of 300 MW RTC power on medium term basis under 'Lumpsum tariff'.

Prayer

Considering the submissions made above, KSEBL humbly request before the Hon'ble Commission to approve the deviations made from the Model Bidding Document for tendering the power procurement of 300 MW RTC power on FOO basis under medium term on lumpsum tariff from January 2024 to June 2026 and approval for inviting tender for procurement of 300 MW RTC power on medium term basis under 'Lumpsum tariff'.

Chief Engineer (Commercial & Tariff)