

**BEFORE THE HONOURABLE KERALA STATE ELECTRICITY
REGULATORY COMMISSION**

at its office at C.V. Raman Pillai Road, Vellayambalam. Thiruvananthapuram.

FILING NO

CASE No.

IN THE MATTER OF:

Petition under section 86(1)(b) seeking approval for the short term Solar power procurement through DEEP portal to meet Solar RPO for the financial year 2022-23.

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

Respondent : 1. M/s. Cochin International Airport Limited

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In the Matter of : **Petition under section 86(1)(b) seeking approval for the short term Solar power procurement through DEEP portal to meet Solar RPO for the financial year 2022-23.**

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Vydyuthi Bhavanam, Pattom,
Thiruvananthapuram**

THE PETITIONER HUMBLY SUBMITS THE FOLLOWING THAT:

1. The petitioner, Kerala State Electricity Board Limited (KSEBL), is an integrated State Public Sector power utility company constituted by the State Government. KSEBL is carrying out the Generation, Transmission and Distribution functions through three strategic business units.
2. Hon'ble Commission has notified KSERC (Renewable Energy and Net Metering) Regulations, 2020 governing 'Renewable Purchase Obligation of the distribution licensees and other obligated entities in the State.
3. The Solar RPO target fixed by Hon'ble Commission for the years 2022-23 and 2023-24 is as submitted below.

Year	RPO target fixed by Commission (%)		Target to be achieved based on consumption (in MU)	
	Solar		Consumption qualified for RPO**	Solar target
2022-23	10.5		17245.7	1810.80
2023-24	10.5		17943.1	1884.03

** As per MYT order

4. The solar RPO achievement anticipated with the existing own projects of KSEBL and power purchase contracts is as submitted below.

Solar RPO achievement anticipated for 2022-23			
Solar			
Existing - Own Stations			
	MW		Energy in MU
Kanjikode	1		1.11
Edayar	1.25		1.26
Kollengode	1		1.41
Barapole canal roof	3		1.91
Barapole canal bank	1		1.02
Pothencode	2		1.91
Muvattupuzha	1.25		1.64
Agali	1		1.93
KSEBL Rooftop projects	6.95		12.00
Soura Phase-I	12.164		20.25
Soura Phase-II Subsidy	40.56		67.51
Sub Total - (a)	71.174		111.94
Existing - Power Procurement			
Kuzhalmandam	2		2.26
Ambalathara	50		76.11
THDCIL	50		84.85
NTPC Solar float	92		209.54
Sub Total - (b)	194		372.75
New projects proposed			
Brahmapuram	4	2022-23	3.28
Kanjikode	3	2022-23	2.46
Ettumanoor	1	2022-23	0.82
Nenmara	1.5	2022-23	1.23
Soura Phase-II Subsidy	25	2022-23	20.52
Sub Total - (c)	34.5		28.32
Captive power Plants			
Existing			
CIAL	39.44		
HINDALCO (3MW Total - 2MW only for RPO)	2		
Bharat Hospital	1.1		
Net Metering consumers	294.434		
Sub Total - (d)	336.974		560.86
Total Solar RPO Achievement anticipated (MU) = (a) + (b) + (c) + (d)	636.648		1073.87
Net consumption			17245.70
Solar RPO target to be met as per KSERC		(%)	10.50
		(MU)	1810.80
		(MW)	1087.96

Solar RPO Shortfall for 2022-23		MU	736.93
Solar RPO Shortfall for 2022-23		MW	442.76

5. As submitted above, there is an anticipated shortfall of around 443MW and 737MU in achievement of Solar RPO targets fixed by Hon'ble Commission.
6. To meet the above shortfall, KSEBL decided to invite tender for procurement of Solar power on short term basis through DEEP portal to meet Solar RPO of the current FY 2022-23. Accordingly, bid for procuring 150MW solar power from 15.06.2022 to 31.03.2023 was floated in DEEP portal on 20.05.2022 as submitted below by giving wide publicity.

(Period and Quantum of Power required)

Requisition No	Period		Required quantity MW	Minimum Bid quantity MW
	From	To		
1	15.06.2022	31.03.2023	150	10

The minimum bid quantum for participation was 10 MW and the delivery point was Kerala Periphery for interstate transmission and pooling substation for intrastate transmission. Copy of the bid documents are enclosed as **Annexure-1**.

7. The technical bids were opened on 30.05.2022 and the IPO and e-reverse auction was conducted on 06.06.2022. Only one bidder-- M/s CIAL Infrastructure Ltd submitted the bid. The source of power as per the bid is at Kinarumukku, Etukudukka PO, Payyannur, Kannur and the pooling substation is 110kV Payyannur substation of KSEBL. Declared CUF at the time of bidding is 17.5%.
8. Since the power flow is on short term basis and this power procurement is for meeting solar RPO for the current financial year, i.e, upto 31.03.2023 further extension was not given for bid opening and hence proceeded with single bidder.
9. Clause 4.1 of Bid document states that "*To ensure competitiveness, the minimum number of Bidders should be at least two. If the number of Bidders responding to the RfP is less than two, and Procurer still wants to continue with the selection process, the selection of that single Bidder may be done with the consent of the Appropriate Commission.*"

10. The financial bids, i.e, IPOs (Initial Price Offers) submitted by these bidders were opened on 06-06-2022 at 1 pm and e RA auction was started at 15 hrs on 06-06-2022. On completion of the bid process the following rates were discovered through bucket filling in DEEP portal:

From	To	Bid Qtm (MW)	Offered Qtm (MW)	Price discovered (Rs/Kwh)	Trader/ Generator
15-06-2022	31-03-2023	150	10	2.44	CIAL Infrastructure Limited

11. The existing standing committee constituted vide B.O. dated 11-04-2016, for evaluating all future short term power procurement through DEEP e-bidding portal made a detailed discussion and the following observations and decisions were made :
- There wasn't fair participation in the tender and only 1 bid was received against the requisition of 150MW for Solar power purchase.
 - The offered quantum of 10 MW is also very feeble compared to requested quantum of 150 MW.
 - The rate offered by the bidder i.e, Rs.2.44/Unit is slightly on higher side in comparison with the net per unit rate of the latest solar renewable power procurement agreement executed by KSEBL.
 - The tariff at which the latest solar renewable power procurement agreement executed by KSEBL with SECI (intermediary procurer) is Rs.2.44/Unit, which is inclusive of trading margin. Thus the net per unit rate after excluding trading margin of Rs.0.07/Unit is Rs.2.37/Unit.
 - The bidder being an intrastate generator and not involving any intermediary procurer, there is scope for further reduction of offered price on negotiation with the bidder.
 - The purpose for the solar short term purchase was to compensate for the estimated short fall in Solar RPO for the current financial year and the same was only partially achieved by this tender.
12. Under the above circumstances, the committee decided to negotiate with CIAL Infrastructure Limited for reducing the offered rate and to proceed based on negotiated rate for procurement of Solar power of 10 MW from M/s. CIAL Infrastructure Limited after getting the consent of the Appropriate Commission, i.e, KSERC as per Clause 4.1 of Bid document. Accordingly, M/s.CIAL Infrastructure Limited was requested for reducing the offered rate of Rs.2.44/Unit. M/s. CIAL Infrastructure Limited vide letter dated 20-7-2022 (**Annexure-2**) has agreed to reduce the quoted rate to Rs.2.37/Unit from Rs.2.44/Unit.

13. A draft PPA is prepared and it was concurred by M/s. CIAL Infrastructure Limited. In the draft PPA, the following deviations have been made from the guidelines for short term procurement of power by distribution Licensees through Tariff based bidding process of MoP, GoI dated 30.03.2016.
- As per the Clause 6.4(vi(d)) of the guideline, "*Bidders may raise bills on weekly basis or at the end of the contract period for the energy scheduled*" and in the draft PPA, Clause (8) it is mentioned that "Sellers shall raise bills on monthly basis".
 - As per the Clause Clause 6.4(vi(d)) of the guideline, "*The procurer may be required to provide revolving Letter of Credit(LC) equivalent to 100% of the weekly energy corresponding to contracted capacity at the tariff indicated in PPA*" in the draft PPA, Clause (8) it is mentioned that "KSEBL may provide revolving LC/BG equivalent to 100% of the monthly energy (30 days) corresponding to contracted capacity at the tariff indicated in PPA".
14. KSEBL has decided that weekly payment be replaced by monthly payment as monthly payment is beneficial to KSEBL than weekly payment and hence LC conditions are changed accordingly.
15. It is humbly requested that approval may kindly be accorded for procurement of 10 MW of Solar power from M/s. CIAL Infrastructure Limited, @ Rs.2.37/Unit for meeting solar RPO. The draft PPA initialed between KSEBL and CIAL is enclosed as **Annexure-3** for approval.

Prayer

Considering all the above, KSEBL humbly request Hon'ble Commission that approval may kindly be accorded for procurement of 10 MW of Solar power from M/s. CIAL Infrastructure Limited, @ Rs.2.37/Unit for meeting solar RPO as submitted in the instant petition and request approval of the initialed PPA between M/s. CIAL and KSEBL.


Chief Engineer (Commercial & Tariff)