

Kerala State Electricity Regulatory Commission
Thiruvananthapuram

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

OP No. 11/2018

In the matter of Petition under Section 61, 62, 86 and 181 of the Electricity Act, 2003 and as per the Kerala State Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2014 seeking determination of project specific preferential tariff for wind mill project of Kosamattam Finance Ltd for the sale of such power to Kerala State Electricity Board or any other distribution licensee in the State of Kerala.

Petitioner : M/s. Kosamattam Finance Ltd

Respondent : M/s Kerala State Electricity Board Limited,

Petitioner represented by - Sri. Jayaraj T, Chartered Accountant,
M/s. Kosamattam Finance Ltd
Sri Shaji Sebastian,
M/s. Kosamattam Finance Ltd
Smt. Neenu Skaria,
M/s. Kosamattam Finance Ltd

Respondent represented by - Sri Joseph V K, Chief Engineer, K S E B Ltd.
Sri. Bipin Sankar P, Deputy CE, K S E B Ltd.
Sri KGP Nampoothiri, EE, TRAC, K S E B Ltd.
Sri. Alex Varghese, EE, REES, K S E B Ltd.
Smt. Cini John, AEE, REES, K S E B Ltd.
Smt. Latha S V AEE, K S E B Ltd.
Sri. Baby John, AEE, K S E B Ltd.

Daily Order dated 04.10.2018

1. M/s Kosamattom Finance Ltd. (herein after referred to as the petitioner or M/s KFL), a generating company, has filed a petition before the Commission on 22.05.2018 with following prayers.

- a) *Approve the proposed project specific tariff of Rs.6.33 per unit without accelerated depreciation benefits (as worked out and detailed in Annexure III) for the entire duration of the PPA going to be executed in due course for the power to be fed into the grid;*
- b) *Approve and allow all power generated from the proposed 1 MWp system to be fed into the grid and pay for by the distribution licensee such as KSEB operating in the State of Kerala at the approved project specific tariff rate as per point (a) above under the Wind RPO obligations.*
- c) *Issue appropriate instructions to the State Transmission Utility (STU) to continue with the running of the plant without break till the PPA is executed. It is also requested that, subsequently, the rate as per PPA may be given to us with retrospective effect from the date of filing of this petition. In the meanwhile, till the time the project specific tariff is fixed, the Hon'ble Commission may consider paying us Rs.3.90, which is the accepted APPC.*
- d) *Condone any inadvertent omissions, errors, shortcomings and permit the petitioner to add/change/modify/alter this filing and make further submissions as may be required at a future date; and*
- e) *Pass such other and further orders as may be deemed fit and proper according to the facts and circumstances of the case.*
- f) *Direct distribution companies in the State to take appropriate steps to facilitate feed-in tariff.*

RELIEF SOUGHT

1. *The proposed Project Specific Tariff may be accepted and confirmed as Rs.6.33/- per kWh.*
 2. *Hon. Commission may declare 21.05.2018, as our date of Commercial Operation, and allow us to inject in firm power continuously to the KSEBL Grid.*
 3. *Hon. Commission may direct KSEBL to pay us Rs.3.90/- (APPC) per kWh till Hon. Commission is coming out with an order in our tariff petition claiming Rs.6.33/- per kWh.*
 4. *Hon. Commission may direct KSEBL to allow us PPA rate confirmed by the Commission, with effect from the date 21.05.2018.*
 5. *Hon. Commission may allow us to submit our draft PPA within three weeks' time from 21.05.2018.*
2. The petition was admitted as OP No. 11/2018. The Commission vide letter dated 28.06.2018 directed the petitioner to submit the following details on before 10th July 2018, for further processing the petition.
- (i) Copy of the detailed project report

- (ii) Supporting documents for actual cost of completion attested by statutory auditors
 - (iii) Details of the funding of the project
 - (iv) Technical and other parameters to be considered for determination of project specific tariff, including,
 - a. Capacity utilization factor as certified by NIWE/ ANERT
 - b. Income tax benefits if any, including the benefit of accelerated depreciation.
 - c. Details of Central Financial Assistance or any other subsidies availed for the project
 - d. Declaration of commercial operation by the developer with supporting documents, if any.
3. KSEB Ltd, the respondent to the petition submitted its comments on 25.09.2018.
4. The hearing of the petition was held on 26.09.2018. During the deliberations of the hearing, the petitioner had placed reply to the clarification sought by the Commission. Sri. Jayaraj T, presented the matter on behalf of the petitioner. The summary of the issues raised by the petitioner is given below.
- (i) The total capital cost incurred for the project was Rs 8.34 crore / MW. In support of the claim, the petitioner has produced a certificate from the chartered accountant. However, during the deliberations, the Commission clarified that, the petitioner has to provide the details of the actual cost incurred by the project with tax invoices in support of the claim.
 - (ii) One of the prayers of the petitioner was to declare the CoD as 21.05.2018. The Commission clarified that, the developer has to declare the CoD of the project after completing necessary tests and as per the prudent practices and procedures.
 - (iii) The petitioner submitted that, they had adopted the technical and financial parameters for the year 2016-17, as specified in the KSERC (Renewable Energy) Regulations, 2015.
 - (iv) The petitioner also submitted that, they had not availed the benefit of accelerated depreciation, and also not availed any subsidy or central financial assistance. The Commission clarified that, the accelerated depreciation benefit is available to the wind projects. Hence, the petitioner has to avail the same and the benefit shall be passed on to the ultimate electricity consumers.

- (v) The project was executed with the approval of ANERT.
5. Sri Bipin Sankar, Deputy Chief Engineer, on behalf of the respondent submitted the following during the deliberations of the subject petition.
- (i) The petition is not maintainable since there was no consensus – ad –idem between the petitioner and KSEB Ltd to purchase energy.
 - (ii) Based on the request of the petitioner, the connectivity was granted on 13.03.2018 for the test run, subject to the condition that, there will not be any commercial obligation on the part of the KSEB Ltd for the power injected to the grid during the testing period.
 - (iii) Though the connectivity was granted only for test run, the petitioner had not disconnected the plant from the grid after test run. The injection of power by the petitioner is against the Regulation 8 (15) of the KSERC (Connectivity and intrastate Open Access) Regulations, 2013.
 - (iv) The capital cost claimed by the petitioner is excessively high.
 - (v) Since the commissioning of the project is in the financial year 2018-19, the Commission may adopt the technical and financial parameters applicable for the financial 2018-19 for determining the project specific tariff.
6. Based on the deliberations, the Commission here by directs the petitioner to submit the details of the project with supporting tax invoices. The petitioner may discuss with the management of the respondent KSEB Ltd for procuring the power injected from the project at the tariff determined by the Commission duly considering the decisions in the meeting chaired by Hon'ble Chief Minister on 01.07.2017. The petitioner shall also provide a copy of all submissions made before the Commission to KSEB Ltd also for their comments. All the details shall be submitted before the Commission within one month from the date of this order.

Sd/-
K.Vikraman Nair
Member

Sd/-
S.Venugopal
Member

Sd/-
Preman Dinaraj.
Chairman

Approved for issue

K B Santhosh Kumar
Secretary