

**BEFORE THE KERALA STATE ELECTRICITY REGULATORY COMMISSION  
THIRUNANANTHAPURAM, KERALA**

**PETITION NO. 09/ 2017**

**IN THE MATTER OF:**

1. Indian Renewable Energy Development Agency Limited - Petitioner No. 1
2. Solar Energy Corporation of India Limited - Petitioner No. 2

Versus

1. Kerala State Electricity Board Limited - Respondent No. 1
2. Renewable Power Corporation of Kerala Limited - Respondent No. 2

**SUBMISSIONS OF THE PETITIONERS PURSUANT TO THE HEARING  
BEFORE THE HON'BLE COMMISSION ON 11<sup>TH</sup> JUNE 2018**

**MOST RESPECTFULLY SHOWETH:**

1. At the hearing held on 11<sup>th</sup> June 2018 before the Hon'ble Commission, certain issues came up for consideration and clarifications were sought in respect of the same. The Petitioners, namely, Indian Renewable Energy Development Agency Limited {hereinafter referred to as IREDA} and Solar Energy Corporation of India Limited {hereinafter referred to as SECI} are filing its submissions to place on record the response to the issues raised and clarifications sought during the hearing.
2. It is submitted that the IREDA has established and owns the 50 MW Solar PV Project at Kasargod in the State of Kerala. SECI has provided the project management services for the development of the said 50 MW Solar Power Project at Kasargod.
3. The status, role and functions of SECI are different than the ownership of the 50 MW Solar Power Project vesting in IREDA.
4. SECI is a Government of India Undertaking established under the administrative control of the Ministry of New and Renewable Energy

(MNRE). SECI also acts as the nodal agency of the Government of India for development of solar power projects at different places in India. SECI has been vested with the functions as the nodal agency to implement number of schemes of MNRE, Government of India and these include Viability Gap Fund (VGF) Scheme for large scale grid connected projects under Jawaharlal Nehru National Solar Mission (JNNSM), Solar Park Scheme and grid connected solar roof top scheme and also host of other specialized Schemes, such as Defence Scheme, canal top scheme, Indo-Pak Border Scheme etc. SECI is also the disbursing agency for the Government of India to route the Viability Gap Fund {VGF} provided by the Government of India.

5. SECI has thus multifarious functions and different roles while undertaking different functions. In the project of 50 MW solar project at Kasargod and as a Petitioner in the present proceedings before the Hon'ble Commission, SECI has undertaken the project management functions for development of 50 MW solar project for IREDA. SECI has not undertaken any activity of functioning as a disbursement agency for the VGF of the Government of India in so far as this 50 MW Project of IREDA is concerned. There has in fact been no provision for making available any VGF to IREDA for setting up of the 50 MW solar power project or for operating and maintaining the same during the duration of the solar project namely the duration for which the Power Sale Agreement (PSA) has been entered into with the Kerala State Electricity Board Limited, the Respondent No. 1.
6. It is further submitted that the role and functions of IREDA as the Company which has established and owns the 50 MW solar power project, SECI which has undertaken the project management of the said solar project and has assisted in the development of the Project are different.
7. The Respondent No 2, the Renewable Power Corporation of Kerala Limited, has established the solar park and facilities in the solar park at Kasargod and the services to be provided by the said agency

are all distinct and separately identifiable. The management of the solar park at Kasargod is the responsibility of the Renewable Power Corporation of Kerala Limited and the same is required to be undertaken in coordination with various departments of the Government of Kerala, the State Government Agencies and Undertakings including the Kerala State Electricity Board Limited. The Government of India has provided for a grant to be made available to the solar park developers, namely, the Renewable Power Corporation of Kerala Limited which amount is being disbursed by SECI to the said Respondent No. 2 subject to Respondent No. 2 complying with the various conditions, related to such disbursement. SECI has disbursed Rs 2.0 crores to the RPCKL as grant from Government of India. The grant is available only to Renewable Power Corporation of Kerala Limited and not to IREDA. The 50 MW Solar project established by IREDA and project management services provided by SECI has not been the beneficiary recipient of the said amount.

8. In accordance with the agreement reached with Kerala State Electricity Board Limited and the Government of Kerala and under the Project Management Services of SECI, IREDA has established and commissioned the 50 MW solar project in phased manner. The Project date of Commissioning was ended by a Committee duly constituted by RPCKL/ KSEBL in phased manner as per following details:

Capacity	Date of Commissioning
4 MW	15-12-2016
16 MW	04-01-2017
8 MW	17-02-2017
8 MW	30-03-2017
14 MW	14-09-2017

As per the provisions of the tender document for the selection of the EPC Contractor, the EPC contractor is required to install at least 55 MW of Solar PV modules for achieving the required performance guarantee.

9. In support of the achievement of the Commercial Operation on the dates mentioned herein above which has not been disputed by the Respondents, the Petitioners are filing herewith the Minutes of the Meeting in respect of each set of commissioning of the solar project. The Minutes are of the meetings between the Kerala State Electricity Board Limited, the Renewable Power Corporation of Kerala Limited, IREDA and SECI. A Committee was constituted by the body to examine the relevant aspects. The Minutes clearly certifies the dates on which the solar projects were commissioned. The commissioning of the solar projects on the dates mentioned above is, therefore, is duly confirmed by the agreement duly signed by the concerned parties by way of Minutes of the Meeting and therefore there is no dispute on this aspect.
10. The Scheduled Commercial Operation Date of the entire 50 MW solar power project was agreed to be as on 30.6.2017. The solar project with the entire 50 MW could, however, be completed and commissioned only by 14.9.2017, namely, with a time overrun of 2 ½ months. The reasons for the time overrun was due to non-availability of evacuation system. The setting up of the evacuation system was to be done by the Renewable Power Corporation of Kerala Limited which was in turn being undertaken by the Kerala State Electricity Board Limited and other Government of Kerala Undertakings in coordination with the Solar Park Developer, namely, the Renewable Power Corporation of Kerala Limited.
11. SECI acting as a Management Consultant of IREDA had undertaken a Competitive Bid Process for selection of the EPC Contractor to undertake setting up of the solar project. The details of the same have been given in the petition filed before the Hon'ble Commission. The bid documents also provides for the O & M Contract on (chargeable basis) with the selected bidder to maintain the solar project. The EPC Price as well as the O & M Charges being in pursuance of a transparent Competitive Bidding process, the best possible price, terms and conditions in regard to the capital cost of

the solar project was ensured. Considering the time at which the Competitive Bid was held, the price discovered through the bid process was most competitive and economical for the parties to finalise the arrangement, award the contract for the EPC and O & M and finalise the PSA between IREDA and the Kerala State Electricity Board Limited.

12. The Petitioners have placed before the Hon'ble Commission a Chartered Accountant's Certificate in regard to the component of EPC cost of Rs 269.29 crores, the evacuation line cost demanded by the Kerala State Electricity Board Limited/Solar Power Developer of Rs 25.38 crores (of which Rs 17.25 crores (including taxes) has already been paid, an additional demand of Rs 8.13 crore was made which was subsequently withdrawn) and other charges including the Project Management Charges, IDC, Taxes etc which aggregate to Rs 36.60 crores but was agreed to be reduced to Rs 16.21 crores. Accordingly, during the discussions with the Kerala State Electricity Board Limited subsequent to the bid IREDA has already offered a substantial reduction/discount by reducing other charges from Rs 36.60 crores to Rs 16.21 crores. The above reduction goes to the benefit of the consumers at large. Other charges was capped to the 5.5% as per the Hon'ble CERC Order. As mentioned herein above, the Project Management Fee payable to SECI forms part of the other charges which in aggregate has been Rs 36.60- crores but has been limited to Rs 16.21 crores.
13. Thus, broadly there are three elements of the capital cost, namely -
  - (a) The EPC component of Rs 269.29 crores which as a result of transparent Competitive Bid Process adopted by the Petitioners and, therefore, there cannot be any issue of such cost being high;
  - (b) The evacuation cost of Rs 25.38 crores (including an amount of Rs 8.13 Cr for which demand note was subsequently withdrawn) as demanded by the Renewable Power

Corporation of Kerala Limited, Respondents 2 herein and, therefore, it is a necessary cost to IREDA to be incurred. It is submitted that the amount was paid by the IREDA to the RPCKL based on the demand note raised by the RPCKL. If there is reduction in the evacuation cost made by Kerala State Electricity Board Limited and/or the Solar Power Park Developer, the same will again be passed on to the benefit of the Kerala State Electricity Board Limited as reduction in the price at which the electricity generated by IREDA is to be purchased by the Kerala State Electricity Board Limited;

- (c) The other miscellaneous charges including the cost of fund and PMC Charges which have been reduced and settled at Rs 16.21 crores as against the actual cost of Rs 36.60 crores. The scope of services rendered by SECI is Project Management Services including identification of the Project, Selection of EPC Contractor for the development of the Projects, project design review, review of various drawings and documents, drafting and finalization of different agreements, Construction monitoring and supervisions, contract management. This required SECI to deploy its manpower on the Project site as well as in-house team also. Further, this also required appointment of Legal Counsel.

There is no other component or cost included in the capital cost of the project except those provided in the certificate of the Chartered Accountant.

- 14. Thus, it is respectfully submitted that the capital cost of the project is reasonable and no part of the cost has been unnecessarily loaded by IREDA or SECI to be paid by the consumers in the State of Kerala.
- 15. The technical parameters provided in the agreement reached with the Kerala State Electricity Board Limited are reasonable. Considering the establishment of the solar park in the State of

Kerala and the project established as one of the first of its kind in the State of Kerala, it is respectfully submitted that as more fully set out in the earlier submissions filed on March 2018 the cost comparison with the solar projects in the States like Gujarat, Rajasthan, Madhya Pradesh etc will not be correct, particularly, in regard to the fact that the number of panels required to convert solar radiation to the achievement of the normative capacity utilization factor of 19% in regard to the projects in the State of Kerala is more than the number of panels required for achieving the said CUF in the solar resource rich States of Gujarat, Rajasthan, Madhya Pradesh etc.

16. It humbly submitted that as per the tender condition the EPC Contractor is required to install minimum 55 MW of panels to achieve required performance. The capital cost will necessarily be higher in the State of Kerala because of the number of panels required for achieving the same CUF of 19% is significantly more as compared to the panels required in the above States like Gujarat, Rajasthan, Madhya Pradesh etc. The Petitioners have given full justification of the same in the submissions made on 27.03.2018.
  
17. It is respectfully submitted that there is no contradiction in the stand taken in the present proceedings as compared to the Minutes of the Meeting held in MNRE or the matters disclosed in the website of MNRE or SECI. It is reiterated that SECI is acting as a disbursement agency of Central Financial Assistance (CFA) under Solar Park Scheme of Govt. of India. It is further reiterated that the Government of India had agreed to provide the CFA for certain development aspects of the solar park at Kasargod subject to fulfillment of the conditions specified by the Central Government. These conditions have to be fulfilled by the government of Kerala, Kerala State Electricity Board Limited and Renewable Power Corporation of Kerala Limited. SECI has disbursed CFA of Rs 2.0 Cr to the RPCKL under Solar Park Scheme. It is, however, submitted that no part of the VGF / CFA is available for the establishment of

the solar power project by IREDA with SECI acting as the Project Management Consultant and developing the project on behalf of IREDA.

18. The PSA entered into between the parties clearly provides that the Scheduled Commercial Operation may be extended by mutual agreement between the parties. Article 6 of the PSA clearly provides as under:

**6. Commissioning of Solar Power Generating Station**

*The project shall be deemed to be commissioned pursuant to the performance tests demonstrated successfully by IREDA before technical committee meeting the specified parameters of such capacity commissioned till 31.3.2017 as first part, and remaining capacity if any within 30.6.2017 or as mutually agreed by the parties at which the project is required to be commissioned as per the terms and conditions of the Power Sale Agreement. Electricity supplied from part (s) shall be accounted from the date of COD as part capacity (s). Metering shall be as per clause 5.2.*

19. In the circumstances mentioned herein above and particularly in the context of the delay not attributable to the IREDA, the parties had mutually agreed to extend the Scheduled Commissioning Date of the power project beyond 30.6.2017. It is humbly submitted that Committee constituted by KSEBL/RPCKL having representatives of KSEBL, RPCKL, IREDA and SECI have witnessed the commissioning of the balance capacity of 14MW which was declared commissioned on 14.09.2017. The commissioning of the solar projects on the aforementioned date, therefore, is duly confirmed by the agreement duly signed by the concerned parties by way of Minutes of the Meeting and therefore there is no dispute on this aspect.
20. The entire scheme of establishing the 50 MW was evolved by the Petitioners in close coordination with the Respondents and Government of Kerala and its agencies and the entire thing was done in a transparent manner with the full knowledge of all authorities. The scheme was considered by the agencies of the State Government to be in the best interest of the State and in public interest. The EPC contract which constitute the major part of



the capital cost namely of 86.62% was finalised in pursuant to a transparent competitive bid process and the price then discovered was appropriate. The Petitioners have therefore acted in a bonafide manner to bring the much need development of solar energy in the State.

21. It is humbly submitted that Project handing over is under process. Subsequently, the O & M Contract will be executed in line with the provisions of the NIT document for the selection of the EPC Contractor which was submitted before the commission as a part of earlier submission.
22. It is humbly submitted that no liquidated damages has been claimed from M/s Jackson Engineers Limited till this date.
23. It is humbly submitted that Committee constituted by KSEBL/RPCKL having representatives of KSEBL, RPCKL, IREDA and SECI have witnessed the commissioning of the balance capacity of 14MW which was declared commissioned on 14.09.2017. The commissioning of the solar projects on the aforementioned date, therefore, is duly confirmed by the agreement duly signed by the concerned parties by way of Minutes of the Meeting and therefore there is no dispute on this aspect.
24. It is therefore submitted that the Hon'ble Commission May be pleased to decide the pending petition at the earliest.

Petitioner No. 1

Petitioner No. 2

Place: New Delhi

Date: 31.08.2018

