

**KERALA STATE ELECTRICITY REGULATORY COMMISSION**  
**THIRUVANANTHAPURAM**

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

**Petition No. OP 8/2017**

In the matter of : Petition filed by INOX Renewables Limited for approval of Power Purchase Agreement (PPA) for 16 MW wind power project established at KINFRA Textile Park, Palakkad- reg.

Petitioner : INOX Renewables Limited  
Plot No. 17 Sector 16A  
Noida-201301

Respondent : Kerala State Electricity Board Limited

**Interim Order dated 29.12.2017**

1. M/s INOX Renewables Limited (hereinafter referred to as INOX or the petitioner) has filed a petition on 12.07.2017 before the Commission with the following prayer.

“Approve the draft power purchase agreement and direct the Respondent herein to execute the same with the Petitioner herein at the provisional tariff of Rs. 5.98 /Kwh applicable from the date of commissioning of the 8 no of WTGs commissioned by petitioner on 28.03.17, as determined by this Hon’ble Commission for financial year 2015-16 subject to adjustments subsequently as and when the preferential tariff for financial year 2016-17 is determined by this Hon’ble Commission for wind energy projects as applicable in the case of Petitioner herein.”

2. The Commission admitted the petition as OP 8/2017 and conducted the first hearing on 29.8.2017 at the Court Hall of the Commission. During the hearing the Commission had clarified that, the draft power purchase agreement submitted by the petitioner for approval is not initialed by KSEB Ltd. The Commission cannot direct the respondent to purchase power from INOX, if the respondent is not willing purchase the power from INOX. In the daily order dated 30.08.2017, the Commission allowed time till 14.09.2017 to the petitioner M/s INOX and the respondent KSEB Ltd to file additional details/ documents. The Commission has also clarified in the daily order that, as requested by the petitioner, another hearing on the petition may be

scheduled, if necessary, after appraising the details/ documents submitted by the petitioner and respondent.

3. The petitioner M/s INOX has submitted the additional details on 11.09.2017 and the respondent KSEB Ltd has submitted the additional details on 18.09.2017. The Commission has noted that, the draft power purchase agreement submitted by the petitioner for approval was not initialed by KSEB Ltd.
4. The Commission has conducted the second the hearing on the petition on 07.11.2017. During the hearing KSEB Ltd submitted that, the signed draft power purchase agreement submitted by the petitioner is placed before the Board of Directors of KSEB Ltd for approval. KSEB Ltd has requested before the Commission to determine the project specific tariff and, may approve the tariff applicable for the electricity generated from the project as the lower of the project specific tariff and generic tariff.

M/s INOX prayed before the Commission to approve tariff for the electricity generated from the project at the generic tariff applicable for the wind projects for the financial year 2016-17. The petitioner further submitted that, the determination of project specific tariff is a time consuming process. The project has already declared commercial operation and KSEB Ltd has been procuring the power from the project. KSEB Ltd provisionally agreed for making payments at Rs 3.26/unit, the average pooled power purchase cost approved for the FY 2017-18. M/s INOX also submitted that, in the event the Commission decides to determine the project specific tariff for the project, a provisional tariff may be approved for making payments by KSEB Ltd till the Commission approve the project specific tariff.

5. Based on the deliberations in the second hearing on the petition, the Commission vide the daily order dated 10.11.2017 has directed the respondent KSEB Ltd to submit, latest by 16.11.2017, its firm decision on entering in to power purchase agreement with the petitioner INOX.
6. In compliance of the direction of the Commission, KSEB Ltd vide its letter dated 29-11-2017 submitted as follows;

*'KSEBL has decided to procure power from INOX at project specific tariff or generic tariff whichever is lower as approved by KSERC and as per terms and conditions of the PPA'.*

KSEB Ltd also submitted that, they had they had forwarded the initialed PPA to M/s INOX on 24.11.2017 for their consent on the terms and conditions of the PPA initialed by KSEB Ltd.

7. M/s INOX, vide letter dated 28.11.2017, submitted their comments on the draft initialed PPA by KSEB Ltd, which is extracted below.

- (i) *Clause 2.0 Effective date and Term of Agreement :*  
*Effective date of PPA shall be the date of COD and agreement should remain valid for the useful life of the Project which is 25 years.*
- (ii) *Clause 3.0 Contracted capacity:*  
*The contracted capacity shall be mentioned as 16 MW (8x2MW with the COD date of 28<sup>th</sup> March 2017)*
- (iii) *Clause 6.9 tariff*  
*should be suitably revised as the generic tariff has already been determined by Honorable Commission vide order No.442/CT/2015/KSERC dated 2<sup>nd</sup> November 2017. Further, we would like to submit here that we have filed petition with the Honorable Commission for generic tariff and as the same has already been determined by Honorable Commission, we request the same to be allowed.*

8. In the meanwhile, the State Government in the meeting held on 01.07.2017 chaired by the Hon'ble Chief Minister to discuss the issues in the power sector of the State has decided as follows regarding the fixation of tariff for RE power in the State:

*' Tariff for renewable power developed till date by private IPPs shall be got fixed for PPAs through KSERC. If necessary a 108 Govt policy directive to KSERC to fix project specific tariffs for such renewable IPP shall be issued to KSERC' .*

The minutes was communicated to the Commission under covering letter dated 18.08.2017.

9. Duly considering all these facts above, the Commission decided to determine the project specific tariff for the electricity generated from the 16 MW wind generating plant established by INOX. However, in order to determine the project specific tariff, the developer INOX has to submit the project specific details such as Capital cost, loans availed etc with documentary evidence.
10. The petitioner M/s INOX, during the hearing on 07.11.2017, submitted that the project has already declared commercial operation and KSEB Ltd has been procuring the power from the project. The petitioner further submitted that, in the event the Commission decides to determine the project specific tariff for the project, a provisional tariff may be approved in the interim till the Commission approve the project specific tariff. Commission considered the request of the petitioner and decides to approve an interim tariff for the energy injected in to the grid of KSEB Ltd from the date of commercial operation. Once the Commission determines the project specific tariff, the payment may be revised in accordance with the direction issued by the Commission in the final order.
11. The Commission vide the tariff order dated 17.4.2017 has approved the average cost of power purchase of K S E B Ltd. for the year 2017-18 at Rs 3.90 per unit ( excluding the cost of own generation and transmission charges of K S E B Ltd. within the state). The details are given below.

Sl No	Particulars	Quantity	Amount	Avg. Rate
		(MU)	(Rs. Cr)	(Rs/kWh)
1	CGS	11000.05	3755.97	3.41
2	IPP- wind and SHPs	142	45.87	3.23
3	Traders	5729.8	2195.02	3.83
4	Short-term market	1946.98	778.79	4.00
5	Inter State Transmission charges (PGCIL)		563.7	
	<b>Total</b>	<b>18818.83</b>	<b>7339.35</b>	<b>3.90</b>

Therefore, the Commission decides to approve an interim tariff at the rate of Rs 3.90 per unit for the energy supplied by INOX to KSEB Ltd. at the inter connection point.

12. The Commission, duly considering all the facts and circumstances as above, hereby orders that,
- (i) It is decided to determine the project specific tariff for the 16 MW wind plant established by M/s INOX Renewables Ltd, at Kanjikode, Palakkad.
  - (ii) M/s INOX shall submit the necessary details for determining the project specific tariff including the Capital cost, loans availed, and all other relevant details of the project with documentary evidence. The details shall be submitted on or before 31.01.2018 with a copy to the respondent KSEB Ltd with due acknowledgments.
  - (iii) KSEB Ltd shall pay to INOX, an interim tariff at the rate of Rs.3.90 per unit for the energy injected by INOX from the date of commercial operation of the project till such time a final tariff is determined by the Commission.
  - (iv) KSEB Ltd shall also submit its comments on the details filed by INOX for determination of the project specific tariff, within in 30 days from the date of receipt of the details from INOX.

Sd/-  
**K. Vikraman Nair**  
Member

Sd/-  
**S. Venugopal**  
Member

Sd/-  
**Preman Dinaraj**  
Chairman

Approved for Issue  
Sd/-  
**Santhosh Kumar. K.B**  
Secretary