

KERALA STATE ELECTRICITY REGULATORY COMMISSION
THIRUVANANTHAPURAM

Present : Shri. Preman Dinaraj, Chairman
Adv. A.J Wilson, Member (Law)

OP No 24/2021

In the matter of : Petition for Approval of Tariff for ANERT 2MW
Kuzhalmannam Solar PV project.

Petitioner : Agency for New and Renewable Energy Research
and Technology (ANERT)

.ANERT represented by : Sri. Ajith Gopi, Joint Chief Technical Manager
Sri. Valsaraj P, Scientist F

Respondent : Kerala State Electricity Board Ltd.

KSEB Ltd represented by : Sri. KGP Nampoothiri, Executive Engineer
Smt. Latha S.V, Asst. Executive Engineer

First hearing : 15.06.2021
Second hearing : 24.08.2021
Third hearing : 05.10.2021

Daily Order dated 08.10.2021

1. ANERT filed a petition before the Commission on 23.03.2021, with the request to approve the generic tariff rate of Rs 7.04/unit for the electricity generated from its 2 MW Solar PV projects established at Kuzhalmannam, Palakkad District, before the Commission with the following payers.
 - (a) *Determine the tariff for generation and sale of electricity by the petitioner ANERT to the KSEB Ltd taking into account Government direction as per the letter No. 8198/PS2/ 2015/PD dated 07.12.2015, in the generic tariff vide KSERC Notification No. 442/CT/2015/KSERC dated 11.11.2015.*
 - (b) *Pass such further Order to orders as the Commission may deem just and proper in the circumstance of the case.*
2. The Commission admitted the petition as OP 24/2021. First hearing of the petition was held on 15.06.2021 through video conference. The first hearing was mainly dealt with the determination of tariff and related matters. However, on examining the draft initialled PPA, it is observed that, many of the clauses of the initialled PPA is not in line

with the bidding guidelines notified by MoP/MNRE GoI for the procurement of Solar Power through competitive bidding route as per the Section 63 of the Electricity Act, 2003. Hence the Commission decided to conduct the second hearing on 25.08.2021 with emphasis on the approval of PPA.

3. The Second hearing was conducted on 25.08.2021. Sri. Ajith Gopi, appeared before the Commission on behalf of the petitioner and Sri. K.G.P Nampoothiri, appeared on behalf of the respondent KSEB Ltd. Based on the deliberations during the hearing, the Commission issued the following directions to the petitioner ANERT and the respondent KSEB Ltd.

- (1) *M/s ANERT and KSEB Ltd, may modify the various clauses of the initialled PPA duly considering the following.*
 - (i) *Observation of the Commission as detailed under paragraph 3(2) above.*
 - (ii) *Duly incorporating the provisions in the competitive Bidding guidelines and its amendments notified by the Central Government for the procurement of Solar Power through competitive bidding route as per the Section 63 of the Electricity Act, 2003.*
- (2) *ANERT shall submit the initialled PPA on or before 24.09.2021.*

However, the parties have not complied with the directions of the Commission.

4. The third hearing on the petition was conducted on 05.10.2021. Sri. Ajith Gopi, appeared on behalf of the petitioner and Smt. Latha S.V, appeared on behalf of the respondent KSEB Ltd. The summary of the deliberations during the hearing is given below.

- (1) At the outset, the Commission expressed its displeasure to the parties regarding the non-compliance of the directions issued vide Daily Order dated 28.08.2021 till date.
- (2) KSEB Ltd submitted that, as directed by the Commission, it had incorporated the suggestions of the Commission in the initialled PPA and forwarded the same on 16.09.2021 to ANERT. However, M/s ANERT on 05.10.2021 (the day before the date scheduled for third hearing), proposed certain modifications in the initialled PPA regarding the minimum CUF of 14% specified in the PPA as follows.

“while calculating the lower limit of CUF, the grid availability issues and normal degradation of solar modules as per MNRE guidelines shall be considered”.

- (3) ANERT submitted that, it had proposed the modification to account for panel degradation @ 2.5% in the first year and 0.7% per year thereafter. MNRE guidelines provides for 90% output after 10 years and 80% after 25 years after taking into consideration the panel degradation. The actual degradation of the 2MW plant after 4 years is 4.14% as against the allowable degradation of 4.6%.

ANERT further submitted that, the solar plants used for its 2MW plant is ‘polycrystalline type with 260W capacity’. M/s BOSCH was the EPC contractor and also the O&M contractor for the entire life of the project. The power is injected to the State grid at 11kV level.

- (4) KSEB Ltd clarified that, there is no grid availability issues for KSEB Ltd 11kV grid. Hence there is no need to reduce the CUF. KSEB Ltd is not agreeable with the proposal of ANERT in this regard.
 - (5) The Commission during the hearing expressed its strong reservation on lowering the CUF as proposed by ANERT. The normal CUF of the Solar PV plants established in the State with Polycrystalline panels is 19%. The reasons submitted by the ANERT for lowering the CUF upto 14% is not agreeable to the Commission. Being the State Nodal Agency of the State for implementing Solar PV plants, ANERT shall set the standards by achieving better performance, instead of trying to lower the CUF citing flimsy reasons. If the panels is not producing the required output, instruct the EPC contractor to replace the panel with new one free of cost.
 - (6) The Commission expressed its displeasure to the ANERT on its laxity shown in finalising the PPA within the time stipulated. The Commission reiterated that, the laxity and inefficiency cannot be tolerated and if such attitude continues the Commission may be constrained to take up the matter with the State Government by invoking the Statutory Advisory powers conferred on it under the Electricity Act, 2003.
 - (7) The Commission also cautioned KSEB Ltd that, the purchase of power from the plant and payment for the same is being made to the ANERT without a valid PPA approved by this Commission. This is highly irregular. However, the Commission, after duly considering the aspect that, ANERT being a State Government agency, is given one more opportunity for ANERT to file the initialled PPA as per the Daily Order of the Commission dated 28.08.2021, on or before 30th November-2021. If ANERT fails to comply with this direction, KSEB Ltd shall stop 'scheduling and power purchase' from its 2MW plant from 1st December 2021 onwards. Any payments made to ANERT by KSEB Ltd from 1st December 2021 shall be completely disallowed by the Commission.
5. Based on the deliberations during the hearing, the Commission hereby directs the petitioner ANERT and respondent KSEB Ltd the following.
- (1) ANERT shall file the initialled PPA as per the Daily Order dated 28.08.2021, on or before 30th November 2021, failing which the petition filed by ANERT shall be dismissed without further notice.
 - (2) If ANERT fails to comply with the direction (1) as above, KSEB Ltd shall stop scheduling power from the 2 MW project of ANERT with effect from 1st of December 2021 onwards. Any payments made to ANERT by KSEB Ltd from 1st December 2021 shall be completely disallowed by the Commission

Sd/-
Adv. A J Wilson
Member (Law)

Sd/-
Preman Dinaraj
Chairman

Approved for issue

C R Satheeshchandran
Secretary