

**KERALA STATE ELECTRICITY REGULATORY COMMISSION  
THIRUVANANTHAPURAM**

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

**OP No : 15/2022**

In the matter of                    :            Petition seeking approval for entering into short term power procurement arrangement through banking transactions during the period from March 2022 to September 2022. with M/s BSES Rajadhani Power Ltd. through M/s Arunachal Pradesh Power Corporation Pvt Ltd.

Petitioner                                :            Kerala State Electricity Board Limited (KSEB Ltd)  
Petitioner represented by            :            Smt. Latha S.V, AEE

Respondent                                :            Arunachal Pradesh Power Corporation Pvt Ltd  
Respondent represented by:            Sri. Druva Prakash

Date of hearing                         :            25.02.2022

**Order dated 25.02.2022**

1. M/s KSEB Ltd filed a petition dated 15.02.2022, with the prayer to :  
“ grant approval for entering into banking transactions as submitted in the instant petition with M/s BRPL through M/S. Arunachal Pradesh Power Corporation Pvt Ltd. for the period from 1-3-2022 to 30-9-2022.”
2. Summary of the petition filed by M/s KSEB Ltd is given below:
  - a) As per the Load-Generation-Balance (LGB) assessed by KSEB Ltd for the summer months of March 2022 to May 2022, KSEB Ltd expected to have a peak shortage of 380 MW to 543 MW. The summary of LGB estimated by KSEB Ltd is given below.

	Mar 22	Apr 22	May 22
Expected Peak Demand	4400	4420	4475
Hydro	1500	1477	1382
Wind + Small hydel-IPPs	20	20	20
CGS	1250	1250	1250
LTA + Medium term	1200	1200	1200
STOA-OA consumers	50	50	80
Total	4020	3997	3932
Surplus(+)/ Deficit -	-380	-423	-543

- b) KSEB Ltd further submitted that the LGB was assessed based on the following assumptions.
- Hydro availability is considered after factoring normal maintenance schedule and credible outage of 100MW.
  - CGS availability is taken as per the latest LGBR released by SRPC with 10% credible outage.
  - LTA availability factored with credible outage of 100 MW.
  - Medium term procurement of 270MW factored.
- c) Out of the anticipated peak shortage, KSEB Ltd decided to meet 50% of the deficit through banking transactions and balance from short term power purchases including power exchanges. Hence KSEB Ltd floated a tender on 10.12.2021 for banking transaction with a supply quantum of 150 MW for the period from 18:00 Hrs to 24:00 Hrs during the month of March, April and May 2022. KSEB Ltd offered to return the power up to a maximum of 300 MW from 01:00 Hrs to 04:00 Hrs and 100 MW from 23.00 Hrs to 01.00 Hrs from 15<sup>th</sup> June to September 2022. The details are given below.

Supply Period		Return Period		
Month	Duration MW	Month	Duration/ Max MW return possible against each slot	
	18 to 24 hrs		23.00 to 01:00	01:00 to 04:00
Mar-22	150	15-06-2022 to 30-06-2022	100	300
Apr-22	150	Jul-22	100	300
May -22	150	Aug -22	100	300
		Sep -22	100	300

- d) M/s KSEB Ltd opened the bid on 12.01.2022. Two traders viz; M/s. Reflex Energy Ltd. & M/s. Arunachal Pradesh Power Corporation Pvt Ltd Shortlisted as per their offers in the tender. The offers of the two parties are given below.

Utilities/ Traders	Supply			Return				Trading Margin (paise/kwh)
	Supply period	Duration (Hrs)	Quantum (MW)	Return period	Duration (Hrs)	Quantum (MW)	Return (%)	
Arunachal Pradesh Power Corporation Pvt Ltd	March 2022	18:00 to 24:00	100 (From M/s BRPL)	15.06.2022 to 30.06.2022	23:00-01:00	123.48	102.9	2.75
				01.07.2022 to 15.07.2022	01:00-04:00	123.48		
					23:00-01:00	123.48		
					01:00-04:00	123.48		

Refex Energy Ltd	March 2022	00:00 to 24:00 (RTC)	30	16.06.2022 to 30.06.2022	00:00-19:00 to 22:00-24:00	103	2.835
				01.07.2022 to 31.07.2022	00:00-19:00 to 22:00-24:00		

- e) On evaluation of the bids received, KSEB Ltd found that only the offer of M/s. Arunachal Pradesh Power Corporation Ltd was conforming to the bid requirement and the offer of M/s. Refex Energy Ltd did not conform since the quote was for RTC power. Hence KSEB Ltd decided to issue LOA to the successful bidder M/s. Arunachal Pradesh Power Corporation Pvt Ltd, subject to approval of the Commission, as detailed below.

Utilities/ Traders	Supply			Return				Trading Margin (paise/kwh)
	Supply period	Duration (Hrs)	Quantum (MW)	Return period	Duration (Hrs)	Quantum MW	Return (%)	
Arunachal Pradesh Power Corporation Pvt Ltd	March 2022	18:00 to 24:00	100 (From M/s BRPL)	15.06.2022 to 30.06.2022	23:00-01:00	123.48	102.9	2.75
					01:00-04:00	123.48		
				01.07.2022 to 15.07.2022	23:00-01:00	123.48		
					01:00-04:00	123.48		

- f) The KSEB Ltd further submitted that the offer submitted by M/s Arunachal Pradesh Power Corporation Pvt Ltd is valid only for 45 days from the date of opening of the tender on 12.01.2022 i.e., the offer is valid only up to 03-03.2022.

5. The Commission admitted the petition as OP 15/2022. Smt. Latha S.V, Asst: Executive Engineer presented the matter on behalf of the petitioner, KSEB Ltd. Sri. Druva Prakash, appeared on behalf of the Respondent Arunachal Pradesh Power Corporation Pvt Ltd. The summary of the deliberations during the hearing is given below.

- (1) KSEB Ltd submitted that, as per the load generation balance of the coming summer months from March 2022 to May 2022, KSEB Ltd expected to have a peak shortage of 380 MW to 543 MW. 50% of the expected shortage is proposed to met through banking transactions.

KSEB floated the banking tender on 10.12.2021, with a supply quantum of 150MW for the hours between 18:00 hrs to 24:00 hours in the months of March, April and May 2022. KSEB Ltd offered to return the power upto 100MW between 23:00 hrs to 1:00 hrs and 300 MW from 01:00 hrs to 04:00 hrs from 15<sup>th</sup> June to 30<sup>th</sup> September 2022.

Two traders M/s Arunachal Pradesh Power Corporations Pvt Ltd (APPCPL) and M/s Refex Energy Ltd were quoted for the bids. APPCPL offered 100MW peak power as against the bid quantum of 150MW and that too for the months of March-2022. The trading margin quoted by the APPCPL is 2.75 paise per unit.

M/s Refex Energy Ltd quoted only 30 MW RTC power as against the 150MW peak required by KSEB Ltd. The trading margin quoted by the trader is 2.835/unit.

Since the offer of APPCPL for the month of March-2022 was better, KSEB Ltd decided to issue LOA with M/s APPCPL for the banking transactions for the month of March-2022 as submitted in the petition.

- (2) Sri. Dhruva Prakash, on behalf the APPCPL submitted that, they offered the banking power to KSEB Ltd from the pooled surplus power of the licensee M/s BSES Rajadhani Power Ltd, Delhi (BRPL).

#### **Analysis and Decision of the Commission:**

6. The Commission has examined in detail the petition filed by M/s KSEB Ltd for approval for banking transaction with M/s BSES Rajadhani Power Ltd through the trader M/s Arunachal Pradesh Power Corporation Pvt Ltd (M/s APPCPL) for the period from 01.03.2022 to 30.09.2022, as per the provisions of the Electricity Act,2003 and KSERC (Terms and conditions for Determination of Tariff) Regulations, 2021 (Tariff Regulation 2021), and decides as follows:
7. As per the provisions of Section 86(1)(b) of Electricity Act,2003, prior approval of the Commission is mandatory for purchase of power by the distribution licensee from generating companies or licensees or from other sources through agreement. The relevant portion of the Electricity Act,2003 is extracted below:

**“Section 86. (Functions of State Commission): --- (1) The State Commission shall discharge the following functions, namely: -**

- (a) *determine the tariff for generation, supply, transmission and wheeling of electricity, wholesale, bulk or retail, as the case may be, within the State:  
Provided that where open access has been permitted to a category of consumers under section 42, the State Commission shall determine only the wheeling charges and surcharge thereon, if any, for the said category of consumers;*
- (b) *regulate electricity purchase and procurement process of distribution licensees including the price at which electricity shall be procured from the generating companies or licensees or from other sources through agreements for purchase of power for distribution and supply within the State;”*

The Regulation 78(3) of Tariff Regulation 2021 provided as follows

**“78. Short-term power procurement.–**

(1) *The distribution business/ licensee may, if it considers necessary undertake additional short-term power procurement to overcome any short-term deficiency in power requirement during the financial year, as per the short term power procurement plan approved by the Commission, in accordance with this Regulation.*

.....

(3) *The distribution business/ licensee may enter into a short-term power procurement agreement or arrangement under the following circumstances subject to the ceiling tariff approved by the Commission for this purpose: -*

(i) *where the distribution business/ licensee is able to source new short-term source of supply from which power can be procured at a tariff that reduces its approved total power procurement cost;*

(ii) *when faced with emergency conditions that threaten the stability of the distribution system or when formally directed to do so by the State Load Despatch Centre to prevent grid failure;*

(iii) *where the tariff for power procured under such agreement or arrangement is in accordance with the guidelines for short-term procurement of power by distribution licensees through tariff-based bidding process issued by the Central Government;*

(iv) *when there is a contingency situation and power purchase price is within the ceiling price as prescribed by the Commission in the distribution licensee’s ARR&ERC;*

(v) *procurement of short-term power through power-exchange; and*

(vi) *Procurement by way of exchange of energy under ‘banking’ transactions:*

*Provided that prior approval of the Commission and the ceiling rate; shall not be applicable to the short-term purchases under clause (ii).*

*Provided further that prior approval of the Commission is not required for short term purchases under clause (v) above, so long as the average rate is within the ceiling rate.”*

As per the Regulation 78(5) of the Tariff Regulation 2021, KSEB Ltd shall get the prior approval of the Commission for the short-term power purchase also in advance as far as practicable.

8. The Commission examined the petition filed by KSEB Ltd for entering in to banking transactions as per the above provisions of the EA-2003 and Tariff Regulation 2021.

The Commission has noted the demand and supply position of the State submitted by KSEB Ltd in their petition for the coming summer months from March 2022 to May 2022. As per the details submitted by KSEB Ltd, there will be a peak shortage of 380 MW to 543 MW in the coming summer months from March 2022 to May 2022. KSEB Ltd proposed to meet 50% of the deficit through banking transaction. Accordingly the licensee invited tender for banking with a supply quantum of 150 MW for period from 18:00 hrs to 24:00 hrs during the

months of March, April, May 2022. KSEB Ltd offered to return the power from 15.06.2022 to 30.09.2022 up to @ 100 MW from 23:00-01:00 hrs and up to @ 300 MW from 01:00 hrs to 04:00 hrs. M/s Refex Energy Ltd and M/s Arunachal Pradesh Power Corporation Pvt Ltd submitted their bid for the banking tender of KSEB Ltd.

Out of the above, the offer of M/s M/s Refex Energy Ltd, did not conform to the bid requirement of KSEB Ltd for peak power, since the quote was for RTC power. However, M/s APPCPL offered 100MW peak power in the month of March 2022. The trading margin offered by M/s APPCPL is 2.75 paise/unit. Since, M/s APPCPL is the lone successful bidder as per the tender conditions, KSEB Ltd decided to issue LoA to the successful bidder M/s APPCPL subject to the approval of the Commission. The details of the offer of the successful bidder M/s APPCPL are given below:

Utilities/ Traders	Supply			Return				Trading Margin (paise/k wh)
	Supply period	Duration (Hrs)	Quantum (MW)	Return period	Duration (Hrs)	Quantum MW	Return (%)	
Arunachal Pradesh Power Corporation Pvt Ltd	March 2022	18:00 to 24:00	100 (From M/s BRPL)	15.06.2022 to	23:00-01:00	123.48	102.9	2.75
				30.06.2022	01:00-04:00	123.48		
					01.07.2022 to	23:00-01:00		
				15.07.2022	01:00-04:00	123.48		

9. KSEB Ltd further submitted that the offer submitted by M/s APPCPL remains valid for 45 days from the bid opening date on 12.01.2022. Hence, the offer of M/s APPCPL is valid up to 03.03.2022.
10. The Commission examined the details submitted by KSEB Ltd and decides to grant approval for the proposed banking transaction with M/s APPCPL as per the terms and conditions given below:

Utilities/ Traders	Supply			Return				Trading Margin (paise/ kWh)
	Supply period	Duration (Hrs)	Quantum (MW)	Return period	Duration (Hrs)	Quantum MW	Return (%)	
Arunachal Pradesh Power Corporation Pvt Ltd	March 2022	18:00 to 24:00	100 (From M/s BRPL)	15.06.2022 to	23:00-01:00	123.48	102.9	2.75
				30.06.2022	01:00-04:00	123.48		
					01.07.2022 to	23:00-01:00		
				15.07.2022	01:00-04:00	123.48		

- (1) The delivery point will be the regional periphery of the exporting utility during supply as well as return period.
- (2) KSEB Ltd shall pay the trading Margin @2.75 paise/unit only at the time of importing power during the supply period.

- (3) Other terms and conditions shall be strictly as per the bid document for the banking transaction as per the tender No: CE(C&P)/Banking Tender – 1/2021-22.

### **Order of the Commission**

11. The Commission after examining the petition filed by M/s KSEB Ltd for getting approval for entering in the banking transaction for the period from 01.03.2022 to 30.09.2022 as per the provisions of EA-2003 and, KSERC (Terms and conditions for Determination of Tariff) Regulations 2021, hereby orders the following :
- (1) Approve the banking transaction with M/s BSES Rajadhani Power Ltd through the trader M/s APPCPL as detailed under paragraph 10 above.
  - (2) KSEB Ltd shall submit a copy of the LoA issued to M/s APPCPL, before the Commission for information and record.

The petition is disposed of. Ordered accordingly.

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

**Sd/-**  
**Preman Dinaraj**  
**Chairman**

Approved for issue

**Sd/-**  
**C R Satheeshchandran**  
**Secretary**