

KERALA STATE ELECTRICITY REGULATORY COMMISSION
THIRUVANANTHAPURAM

Present: Shri. Preman Dinaraj, Chairman

Petition No. OP 56/2019

In the matter of : Petition filed by M/s Hydro Power, Kothamangalam for approval of the draft Power Purchase Agreement (PPA) duly initialed by both petitioner and KSEB Ltd for 50 KW (25 KW x 2) Deviar Micro Hydro Electric Project at own land in Neriamangalam, Idukki District

Petitioner : M/s Hydro Power Ltd, Kothamangalam
Petitioner represented by : Shri. Ajay Abraham, Chief Executive Officer

Respondent : Kerala State Electricity Board Limited
Respondent represented by : Shri. K.G.P Nampoothiri, EE, KSEB Ltd.

Order dated 14 .09.2020

1. M/s Hydro Power, Kothamangalam, on 16.07.2019, filed a petition before the Commission for approval of draft Power Purchase Agreement (PPA) duly initialed by the petitioner and the Respondent, KSEB Ltd for 50 kW (25 kW x 2) Deviar Micro Hydro Electric Power Project (DMHEP) commissioned by the petitioner in his own land in Neriamangalam, Idukki district, Kerala. The prayers of the petition are.
 - a. *Approve the initialed power purchase agreement for 50 kW (25 kW x 2) micro hydro electric power project commissioned by the petitioner in own land in Neriamangalam, Idukki district, Kerala.*
 - b. *Approve the term of the Agreement for 10 years from the date of Commercial Operation, and*
 - c. *Determine a reasonable tariff for the project considering*
 - i. *High per unit cost of operation and installation for micro hydel plants as compared to high head large projects.*
 - ii. *Benefits obtained by KSEBL to meet the Renewable Power Obligation other than solar power, which generates only in the day time when the power supply is in abundance for the state.*
 - iii. *Other benefits and constraints as mentioned in the request letter attached as annex 9*

d. Approve payment for energy already generated from the project and supplied to the KSEB Ltd grid before Commercial Operation Date (CoD).

e. Pass such other order or orders as this Hon'ble Commission may wish to pass for doing substantial justice in the matter and to uphold the provisions of the Act of 2003

2. The summary of the petition filed by M/s Hydropower Ltd are given below.

- (i) The installed capacity of the plant is only 50 kW. As per the MNRE classification, the hydro projects installed capacity upto 100 kW is categorized under micro hydel.
- (ii) The project was connected to the grid on 05.07.2016, and declared CoD w.e.f 23.11.2017.
- (iii) The petitioner, in future, wish to consume the power generated for own business through CPP model for a future endeavor. Hence, the term of PPA is proposed as 10 years
- (iv) The draft PPA initialed by both KSEB Ltd and M/s Hydro Power is submitted along with the petition. Vide para 10.2 of the draft PPA, it is mentioned that the agreement between M/s Hydropower and EE, Minor Irrigation, Idukki will form an integral part of the draft PPA.
- (v) As per the Article 5.4 of the draft initialed PPA, the tariff for the power generated from the project shall be 'project specific tariff as determined by the Commission or generic tariff determined by the Commission, whichever is lower.

3. The Commission admitted the petition as OP No 56/2019 and forwarded copy of the petition to KSEB Ltd for their comments.

In order to determine the project specific tariff, the Commission, vide the letter dated 5.11.2019, directed the petitioner M/s Hydro Power, Kothamangalam (50kW) to submit the following details.

- (1) Cost details such as;
 - (a) The actual cost of completion as on the date of CoD with documentary evidences including tax invoices.
 - (b) The financing of the project including the loan availed, interest rate etc.
 - (c) Capacity Utilisation Factor (CUF) of the project to be adopted for the tariff termination.
 - (d) The actual month wise generation from CoD
 - (e) The technical and financial parameters to be adopted for tariff determination.
 - (f) Any other details

- (2) Copy of the agreement between M/s Hydropower and EE, Minor Irrigation, Idukki mentioned in para 10.2 of the draft PPA.
 - (3) Documents on purchase of land.
4. M/s Hydro Power vide letter dated 20.12.2019 submitted the following details before the Commission.
- (1) *The actual cost of completion as on the date of CoD with documentary evidences including tax invoices.*

The capital cost claimed by the petitioner is Rs 101.79 lakh, with the split up details as given below.

Sl No	Particulars	Amount (Rs. Lakh)
1	Total project cost	75.99
2	Interest for 16.5 months @8% per annum	8.36
3	Depreciation (@10% per annum)	10.45
4	O&M expenses for 16.5 months	6.90
	Total cost till the date of CoD	101.70

The petitioner submitted that, the project was executed by themselves hiring local work force. Hence the petitioner could produce invoices for an amount of Rs 9.39 lakh only, as against the claim of Rs 101.70 lakh.

The invoices produced by the petitioner is only for about 9.23% of the 'Capital Cost' claimed for the project. With these details, the Commission cannot ascertain the prudence of the Capital Cost claimed for the project.

- (2) *The financing of the project including the loan availed, interest rate.*
The petitioner submitted that the financing of the project was done by four partners, contributing equally. Major portion of the finance was planned to be availed from the MNRE subsidy scheme available to SHPs, but the same was not sanctioned. MNRE verbally informed that the subsidy scheme has expired now.
- (3) *Capacity Utilisation Factor of the project to be adopted for the tariff determination & the actual month wise generation from CoD*
As per the details submitted, the actual CUF was about 10 to 18% only. The petitioner submitted that the generation from the project is low even in monsoon due to various reasons such as line outage, debris etc. The petitioner submitted the energy generated from July 2016 to December 2018.

Further, the Thottiar HEP of the KSEB Ltd, which is at the upstream of this scheme, is nearing completion. Once the Thottiar HEP is operational, the CUF of this project may get reduced further.

- (4) *The technical and financial parameters to be adopted for tariff determination*

The petitioner requested to allow O&M cost @ Rs 5.00 lakh per annum for the project, as a special consideration.

- (5) Copy of the agreement between M/s Hydropower and EE, Minor Irrigation, Idukki is furnished.

As per the agreement, the project developer has to windup the project if instructed by the irrigation department.

- (6) Purchase deed for the land - 2 Are 2 sq m @ Rs 1 Lakh is furnished.

Petitioner also submitted the Draft PPA initialed by both KSEB Ltd and M/s Hydro Power along with the petition. As per clause 5.4 of the draft PPA, tariff will be *project specific tariff as determined by the Commission or generic tariff notified by the Commission, whichever is lower.*

The petitioner in the petition has requested to determine a reasonable project specific tariff considering the constraints in developing the micro projects and the associated high cost.

5. KSEB Ltd vide its letter dated 09.06.2020 submitted its comments and its summary is given below.

- (i) KSEB Ltd recommended to approve the draft initialed PPA submitted by the petitioner before the Commission.

- (ii) Regarding the term of the PPA limited to 10 years proposed by the petitioner, KSEB Ltd submitted as follows;

“On the request of the petitioner for approving the term of the agreement as 10 years from CoD, it is submitted that in the draft PPA, the term of the agreement is for a period as decided by Hon’ble Commission. It is submitted that KSEBL is ready to enter into a PPA for a period as decided by Hon’ble Commission, in accordance with the regulations in force.”

- (iii) Regarding the tariff of the project, KSEB Ltd submitted as follows;

“On the tariff of the project, it is submitted that as per the draft PPA, the tariff of the project shall be project specific tariff as determined by Hon’ble Commission or generic tariff notified by Hon’ble Commission, whichever is lower. The petitioner has not filed details for determining project specific tariff. It is requested that project specific tariff subject to the ceiling of generic tariff applicable for SHPs commissioned in the year 2017-18 (CoD on 23-11-2017) may be fixed for the project.”

- (iv) Regarding the energy injected prior to CoD, KSEB Ltd submitted as follows.

“For the energy injected prior to CoD, it is requested that Hon’ble Commission may issue appropriate directions as per the regulations”.

6. Commission conducted first hearing on the petition on 10.06.2020 through video conference. Sri. Ajay Abraham, Chief Executive Officer, M/s Hydropower presented the petition on behalf of the petitioner. Sri. K.G.P Namboothiri, Executive Engineer, presented the counter argument on behalf of the respondent KSEB Ltd.
7. The summary of the issues presented by the petitioner is given below.
 - (i) Being a micro hydel project, the capital cost of the project is comparatively higher than that of small hydro project.
 - (ii) The project was implemented using local man power and materials and also using own funds. Hence it is not possible to produce tax invoices as documentary evidence for claiming the cost of all project components.
 - (iii) Though the project is having 50 kW capacity only, minimum man power has to be deployed for operation and maintenance of the project. Hence the O&M cost of the project may be allowed at least Rs 5.00 lakh/annum.
 - (iv) At present the project is operating only for one shift due to the financial difficulties for meeting the expenses. Accordingly, the actual CUF of the project so far is only in the range of 10 to 15%. However, the Commission may determine the tariff of the project with the CUF of 25%.
 - (v) Though electricity is injected into the grid since July, 2016, KSEB Ltd is yet to make any interim payment. The petitioner further clarified that, since the tariff for the interim payment also yet to be decided, the petitioner not raised any invoice for the electricity supplied to KSEB Ltd. Hence the petitioner requested for an interim payment till such time the Commission determine the tariff for the project.
8. The representative of KSEB Ltd submitted that, as a promotional measure and also to meet the RPO, KSEB Ltd decided to purchase the electricity from the project at the 'project specific tariff to be determined by the Hon'ble Commission or the generic tariff, whichever is lower'. KSEB Ltd agreed to limit the term of the PPA as 10 years.
9. During the hearing, the Commission clarified that, the project specific tariff cannot be determined without the details and supporting details of the actual cost incurred for the project including tax invoices and other supporting details. The generic tariff is the upper ceiling tariff, and the same cannot be made applicable merely on the reason that the details of the capital cost incurred for the project is not available. Further the initialed PPA between M/s Hydropower and KSEB Ltd., Clause 5.4 clearly mentions that the tariff "shall be project specific tariff as determined by the Commission or generic tariff notified by the Commission, whichever is lower". Hence, the Commission observed that, it is duty bound to ensure that the tariff is determined as agreed by the parties. Since there has been no payment made to the power injected to the KSEB Ltd grid, the Commission may approve an interim tariff,

subject to the recommendation of KSEB Ltd, and its acceptance by M/s Hydropower.

10. Based on the deliberations during the hearing, the Commission vide the daily order dated 16.06.2020 issued following directions to the petitioner M/s Hydropower and the respondent KSEB Ltd for immediate compliance.
 - (i) The petitioner shall submit the details of the actual cost of the project with supporting documents including tax invoice and audit certificates.
 - (ii) KSEB Ltd may, if they so desire, propose a provisional tariff for making interim payment, till the Commission determine final tariff for the project.
11. M/s Hydropower submitted certain documents and invoices on the expenditure incurred for the project, vide email dated 27.7.2020.
12. The Commission conducted a second hearing on 29.7.2020. Sri Ajay Abraham, submitted that since the erection and commissioning was done locally, he could not get all documents / invoices of the expenditure incurred. Being a micro hydel project, a preferential treatment may be extended to the project. Moreover, there should be minimum personnel to operate the project considering the safety aspects. Therefore, a reasonable O&M cost may be considered. Further, he could not arrange an evaluator to study the project cost details due to outbreak of Covid 19 Pandemic. Sri Ajay therefore requested for an interim tariff.

Sri KGP Nampoothiri representing KSEB Ltd submitted that, KSEB Ltd could not propose an interim tariff since project cost details were not available to them.
13. The Commission observed that the energy is being pumped to the KSEB Ltd grid since 05.07.2016 and CoD was declared early during the year 2017 -18, i.e. 23.11.2017. The details of expenditure made available by M/s Hydropower will be provided to KSEB Ltd through e-mail.
14. The Commission examined the details submitted by the petitioner vide the email dated 27.07.2020, and noted that the Agreements submitted by M/s Hydropower was not executed in Stamp Paper of appropriate denomination. Further, the Agreement is not seen witnessed by anyone nor does it mention applicable taxes and duties and liability for its payment. In addition, some of the vouchers submitted by M/s Hydropower does not carry any information regarding Tax such as Tax Registration Number, VAT, CST etc.
15. After deliberations, the Commission, vide daily order dated 30.7.2020, directed KSEB Ltd to propose a suitable interim tariff, on or before 14.8.2020.
16. M/s Hydro Power, vide letter dated 18.8.2020, submitted the valuation of the Deviar Micro Hydel Project done by the valuer Ajith P Associates, Kochi. As per the valuation report, the cost incurred for the project as on 7th August 2020 is Rs 75.99 lakh. Further, the petitioner requested to approve the project

specific tariff of Rs 5.91/unit, equivalent to the Generic Tariff without the benefit of accelerated depreciation for SHP's below 5MW, in the Kerala State Electricity Regulatory Commission (Renewable Energy and Net Metering) Regulations, 2020. Thereafter, vide e-mail dated 25.8.2020, the petitioner requested to allow an interim tariff and to direct KSEB Ltd to release of payment to help them to meet the day to day expenses of the plant.

17. KSEB Ltd vide submission dated 27.8.2020 submitted that, no generic tariff has been approved for micro small hydro projects commissioned in the year 2017-18. The project cost as per the details submitted by the petitioner is very high and not found prudent. Therefore, no tariff can be proposed from these details. The project is connected to the grid from 05.07.2016 and injecting energy to grid. In compliance of the direction of the Commission to propose an interim tariff, KSEB Ltd remarked that, ***the interim tariff for the energy injected from the project may be fixed as Average Power Purchase Cost of Rs 3.12/unit as approved by the Commission for the year 2019-20 vide the order dated 08.07.2018.***

Analysis and Decisions of the Commission

18. The Commission after examining in detail the petition filed by M/s Hydro Power, Kothamangalam on 16.07.2019, additional details submitted by the petitioner during the hearings conducted on the subject petition and comments of KSEB Ltd, issue the following orders.
19. The prayers of the petitioner are detailed under paragraph-1 above. The main prayers of the petitioner are the following.
 - (a) Approval of the draft initialed PPA signed between the petitioner M/s Hydro Power, Kothamangalam Ltd,
 - (b) Approve the term of Agreement for 10 years from the date of Commercial Operations,
 - (c) Approve a reasonable tariff for the project,
 - (d) Approve payment for energy already generated from the project and supplied to the KSEB Ltd grid before CoD.
20. **Prayer 1 & 3: Approval of Draft Power Purchase Agreement and determine the project specific tariff:** Regarding the issue of approval of the Draft Power Purchase Agreement, the Commission noted that tariff determination and its inclusion is an important component of the PPA. In this case, due to deficiencies as highlighted below, the Commission is not in a position to determine the project specific tariff.
21. Article 5.4 of the PPA provide as follows:
"5.4 Tariff for power generated from the project shall be project specific tariff as determined by the Commission or generic tariff notified by the Commission, whichever is lower".

As per the above clause in the draft initialed PPA, the Commission is required to determine the project specific tariff of the project and the final tariff awarded

shall be lower of the project specific tariff and generic tariff. The Commission noted that the COD of the project was on 23.11.2017, and accordingly the year of COD is the FY 2017-18. The Commission has not determined any generic tariff for micro hydel project commissioned in the year 2017-18. Hence, the tariff to be incorporated in the PPA has to be the project specific tariff to be determined by the Commission.

22. To arrive at a project specific tariff, the Commission noted that capital investment and its source vis-à-vis the expenditure incurred on the project is the basis for determining tariff. More precisely, the main components of tariff determination such as Interest on loan, Return on Equity, Depreciation etc. depends on the capital cost of the project. The capital cost claimed for the 50-kW project is Rs 101.70 lakh. On MW scale, the capital cost claimed is more than Rs 20.00 crore per MW. Even for a micro hydel project, this capital cost appears to be excessively high.

In order to appraise the actual capital cost incurred on the project and its prudence, the Commission vide letter dated 05.11.2019 directed the petitioner to produce the documentary evidence including tax invoices for expenses incurred in the project. However, the petitioner could produce invoices only for Rs 9.39 lakh against the total claim of Rs 101.70 lakh i.e. just 9.23% of the total cost claimed. The Commission vide Daily Order dated 16.06.2020, again directed the petitioner to submit these details. Thereafter, Hydropower vide email dated 27.7.2020 submitted certain documents and invoices for the expenditure incurred for the project.

The Commission examined these details and noted that the Agreements with Mr. NK Paily for Construction Works Contract submitted by M/s Hydropower for building the water canal and for the power house dated 06.10.2014 and 23.03.2015 respectively, was not executed in Stamp Paper of appropriate denomination. Further, the Agreement is not seen witnessed by anyone nor does it mention applicable taxes and duties and liability for its payment. In addition, some of the vouchers submitted by Hydropower does not carry any information regarding Tax such as Tax Registration Number, VAT, CST etc. In the absence of supporting documents and reliable documentary evidences, the Commission is not in a position to establish its authenticity and utilize them for determination of capital cost.

Subsequently on 18.08.2020, the petitioner submitted a Valuation Report done by the valuer Ajith P Associates, Kochi. As per the Valuation Report, the cost incurred for the project as on 7th August 2020 is Rs 75.99 lakh. But no supporting documents for certifying the capital cost including the contract agreements, tax invoices, etc. was produced by the petitioner along with the valuation report.

23. Under these circumstances, the Commission cannot determine whether the capital cost claimed by the petitioner is prudent and reasonable. KSEB Ltd. too vide their letter dated 27.08.2020, communicated that the project cost as per the details submitted by the petitioner is very high and not found prudent. The Commission further notes that the documents submitted by the petitioner

is not as per para 8 of the Commission's Daily Order dated 16.06.2020. Further, vide para 6 in the Daily Order dated 30.07.2020 the Commission had pointed out the specific deficiencies in the documents submitted by Hydropower which were required to be rectified.

24. **Since these authenticated documents is yet to be submitted by Hydropower, the Commission cannot approve the draft PPA without determining the tariff for this project. Hence, the Commission has decided to defer this prayer till the petitioner submits the complete details of the capital cost of the project along with authenticated supporting documents. The petitioner is permitted to file a fresh petition for determination of project specific tariff and approval of the Draft PPA as per the provisions of the KSERC (Conduct of Business) Regulations, 2003, but not later than 31.03.2022. Further, as a special case the petitioner is exempted from remitting petition fee for filing this petition for determination of tariff as per this Order of the Commission. Hence, the Commission cannot approve the initialed draft PPA till such time the project specific tariff is determined and incorporated in the PPA**
25. **Prayer 2: Approve the term of Agreement for 10 years from the date of Commercial Operations:** As mentioned in the foregoing paras, the period of operation of the project is an important component of the PPA. Since the Commission has not been able to approve the draft PPA due to reasons stated in foregoing paras, this prayer of the petitioner shall also be decided at the time of finalising the draft PPA as mentioned in Para 24 above.
26. **Prayer of the petitioner to approve an interim tariff:** The Commission also examined the request of the petitioner to approve an interim tariff for the power generated from the project for claiming payments, till the Commission is able to determine the project specific tariff of the project.

As per the details provided by the petitioner, the project was connected to the grid on 05.07.2016 and has been injecting energy into the grid since then. However, till date the petitioner could not raise an invoice to KSEB Ltd for payments for the energy supplied, due to want of an approved tariff. This has adversely impacted the financial position of the developer and also adversely effecting even the day to day expenses of the project. Considering this, the Commission vide Daily Orders dated 16.06.2020 and 30.07.2020 had directed KSEB Ltd to consider proposing a suitable interim tariff towards provisional payments for the energy supplied by the petitioner to KSEB Ltd.

In compliance to the Commission direction, KSEB Ltd vide their letter dated 27.08.2020 has recommended an interim tariff of Rs 3.12/unit, i.e. the Weighted Average Cost of Power Purchase approved by the Commission for the year 2019-20 vide the Commission's Order dated 08.07.2018. On the other hand, Hydropower vide their email dated 07.09.2020 has pointed out that the Commission vide Tariff Order dated 17.04.2017 has approved Rs.3.90 per unit as the average cost of power purchase of KSEB Ltd. for the year 2017-18.

The Commission also noted that vide Kerala State Electricity Regulatory Commission (Power Procurement from Renewable Sources by Distribution Licensee) Regulations, 2013, the Commission had notified the levelled tariff for Small Hydro Projects @ Rs. 4.16/ Unit. Thereafter, vide KSERC (Renewable Energy) Amendment Regulations, 2017, the Commission had revised this levelled tariff to Rs.5.54 per unit for Small hydro-electric projects having installed capacity below 5MW.

The Commission has duly considered both the submissions. As mentioned above, KSEB Ltd.'s proposal @ Rs. 3.12 per unit is based on the Weighted Average Cost of Power Purchase which includes the cost of power generated from KSEB Ltd.'s own plants. Further, this "weighted average cost of power purchase" has been notified by the Commission for the purpose of determining the cross-subsidy surcharge payable by open access consumers. On the other hand, Hydropower's proposal @ Rs. 3.90 per unit is based on the Commission's Tariff Order dated 17.04.2017, wherein the average cost of power to be purchased from sources other than from KSEB Ltd's own stations was estimated.

The Commission also noted that the transaction between KSEB Ltd and Hydropower is not a related party transaction, instead qualifies as power purchase from sources other than from self-generation. Hence, it will only be fair to treat the power purchase from Hydropower on par with power purchases from sources other than from KSEB Ltd's own generation and make the interim tariff payment accordingly. Further, the power supply is continuing since FY 2016-17 and till date Hydropower has neither claimed nor received any payment for the power injected into the grid. **Hence, the Commission hereby directs that till such time the tariff of this project is determined, KSEB Ltd shall pay Hydropower the average cost of power purchase from sources other than from KSEB Ltd's own plants as applicable for each of the Financial Years.** Though highly improbable, in order to safeguard from any overpayment, the petitioner shall give an undertaking that in case at a later stage it is found that any overpayment on this account has occurred, the same can be deducted from payments due to Hydropower.

The Commission further clarifies that, the approval for making this interim payment shall be available only till the end of FY 2021-22. During this period, i.e., latest by 31.03.2022, the petitioner shall take necessary measures to get the approval of the project specific tariff by filing a proper petition as detailed under paragraph 24 above. Difference if any between this interim tariff and the final tariff can be claimed by Hydropower by raising additional bills. However, if the petitioner does not file a proper petition for the final tariff determination and approval of PPA on or before 31.03.2022, the Commission may be constrained to pass such orders as deemed appropriate.

KSEB Ltd shall, within two weeks from the date of this Order, communicate the APPC as per the above methodology to the petitioner since the year 2016-17 to enable the petitioner to raise invoices for claiming the interim payment by the petitioner. After raising the invoice by the petitioner, KSEB Ltd

shall make the payment within one month from the date of invoice, otherwise KSEB Ltd shall pay interest for the delay @1.25% per month or proportionately thereof, beginning one month after the date of invoice. The petitioner shall not be eligible to claim any interest due to delay on their part in raising of the invoice. The petitioner is also not eligible for interest for the delay in claiming the interim tariff for the energy injected from 05.07.2016 till date, for want of approved tariff.

- 27. Prayer of the petitioner to Approve the project specific tariff of Rs 5.91/unit, equivalent to the Generic Tariff:** Clause 5.4 of the Draft PPA initialled by both the parties specifies that the tariff shall be project specific as determined by the Commission or generic tariff notified by the Commission, whichever is lower. Hence, the Commission is obliged to ascertain the lower of these tariffs before awarding it. In this case, the Commission's efforts to determine the Project specific tariff has been constrained due to the petitioner not providing all relevant and authenticated bill, receipts, vouchers etc. Due to this, the Commission has not been able to check the correctness, economy and prudence of the capital costs claimed by Hydropower. Mere production of a Valuation Report without supporting documents cannot be a substitute for establishing the project capital cost, which is ultimately recoverable from the electricity consumers of the State. ***Hence the Commission declines this prayer of the petitioner***

In view of the foregoing, the Commission hereby pass the following Orders:

Orders of the Commission

- 28.** The Commission, after examining in detail the petition filed by M/s Hydro Power, Kothamangalam, the additional details submitted by the petitioner during the deliberations of the subject petition, comments of the KSEB Ltd, and other documents and records, hereby orders the following.
- (1) Since the petitioner has not submitted the authenticated documents to the Commission, the prayer to approve the draft PPA is not agreed to due to the reasons explained under paragraphs 20 to 24 above, till such time the project specific tariff is determined and incorporated in the PPA.
 - (2) The petitioner is hereby directed to submit complete details of the capital cost of the project along with authenticated supporting documents within the time limit specified under paragraph 24 above. The petitioner is also permitted to file a fresh petition for determination of project specific tariff and approval of the Draft PPA as per the provisions of the KSERC (Conduct of Business) Regulations, 2003, but not later than 31.03.2022. As a special case the petitioner is exempted from remitting the petition fee for filing this petition for determination of tariff as per this Order of the Commission.
 - (3) The request of the petitioner to approve an interim tariff for claiming payments for the energy injected into the grid since the date of connection i.e. 05.07.2016 is approved subject to the following:

- (i) Till such time the project specific tariff is determined, KSEB Ltd shall pay Hydropower an interim tariff at the rate of the average cost of power purchase from sources other than from KSEB Ltd.'s own plants as applicable for each of the Financial Years.
- (ii) KSEB shall, within two weeks from the date of this order, communicate the APPC as explained in Para-26 above to enable the petitioner to claim the interim payments for the energy injected since 05.07.2016.
- (iii) Hydropower shall within one month of the date of this Order and before receiving the first interim payment execute an undertaking that any overpayment detected at a later stage shall be deducted from the payments due to Hydropower.
- (iv) Similarly, any payment due to Hydropower on account of this interim tariff being lower than the final tariff fixed shall be paid by KSEB Ltd based on an invoice raised by Hydropower.
- (v) Once the invoice is raised by the petitioner, KSEB Ltd shall make the payments within one month from the date of the invoice raised by the petitioner. If KSEB Ltd make delay the payments, it shall pay interest @1.25% per month for the delay from the due date, i.e., delay counted from one month after the date of invoice.
- (vi) Petitioner is not eligible for interest for the delay in raising the invoice. Petitioner is also not eligible for the interest for the delay in claiming the interim tariff for the energy injected into the grid since 05.07.2016 till date, for want of approved tariff.
- (vii) Petitioner is allowed to claim interim tariff only for the energy injected into the grid till 31.03.2022. Within the said period, i.e., by 31.03.2022, the petitioner shall get the approval of the project specific tariff of the project by filing proper petition as detailed under paragraph 24 above.

Petition disposed off.

Sd/-
Preman Dinaraj
Chairman

Approved for issue

Satheeshchandran C R
Secretary (I/C)