

**KERALA STATE ELECTRICITY REGULATORY COMMISSION  
THIRUVANANTHAPURAM**

**Present : Shri T K Jose, Chairman  
Shri B Pradeep, Member  
Adv. A.J Wilson, Member**

**OP No 68/2022**

In the matter of : Petition for the approval of draft Supplementary Power Purchase Agreements between Kerala State Electricity Board Limited (KSEBL) and KINESCO Power and Utilities Private Limited (KPUPL) for enhancement of Contract Demand from 1500 KVA to 3000 KVA at KINFRA Hi Tech Park, Kalamassery, Kochi and enhancement of Contract Demand from 600 KVA to 1000 KVA at KINFRA Mega Food Park, Kozhipara, Kanjikode, Palakkad.

Petitioner : M/s. KINESCO Power and Utilities Pvt Ltd

Respondents : Kerala State Electricity Board Ltd (KSEB Ltd).

KPUPL represented by : Shri T.M. Ajithkumar, CEO  
Shri. Sajeev MS, Resident Engineer.

KSEB Ltd represented by : Shri, Jayaraj, Chief Engineer,  
Shri. M.P. Rajan, Deputy Chief Engineer ,  
Shri Rajesh R, AEE, TRAC.

Date of hearing : 11.01.2023, 12:00 Noon

Venue : e-hearing through video conference

**Order dated 22.02.2023**

1. M/s. KINESCO Power and Utilities Pvt Ltd (herein referred as M/s KPUPL or petitioner) on 29.09.2022, filed a petition for the approval of the draft Supplementary Power Purchase Agreements between Kerala State Electricity Board Limited (KSEBL) and KINESCO Power and Utilities Private Limited (KPUPL) for “ enhancing the Contract Demand from 1500 KVA to 3000 KVA at KINFRA Hi Tech Park, Kalamassery, Kochi, and enhancing Contract Demand from 600 KVA to 1000 KVA at KINFRA Mega Food Park, Kozhipara, Kanjikode, Palakkad”.
2. Summary of the petition filed by M/s KPUPL is given below;
  - (1) M/s KPUPL is a small distribution licensee in the State, authorised to distribute electricity in the areas of Infopark Phase-1, KINFRA Export Promotion Industrial Parks (KEPIP) at Kakkanad, Kochi and KINFRA Hi Tech Park at Kalamassery, KINFRA Integrated Industrial & Textiles Park

at Kanjikode, KINFRA Mega Food Park at Kozhippara, Palakkad and KINFRA Petrochemical Park, Ambalamugal, Kochi.

- (2) M/s KPUPL has been meeting the entire power requirement by procuring power from KSEB Ltd at Bulk Supply Tariff (BST) approved by the Commission from time to time.

**KINFRA Hi Tech Park, Kalamassery, Kochi.**

- (3) M/s KPUPL started licensee operation at KINFRA Hi Tech Park, Kalamassery, Kochi with effect from 06.02.2011. Initially, the contract demand with KSEB Ltd was 500 KVA. Subsequently, on 01.10.2014 Contract Demand was enhanced from 500 KVA to 1000 kVA. Subsequently, on 07.05.2019 the Contract Demand with KSEB Ltd was further enhanced from 1000 kVA to 1500 kVA.
- (4) In this petition, M/s KPUPL submitted that the present power requirement at KINFRA Hi Tech Park, Kalamassery, Kochi exceeded the present contract demand of 1500 kVA. Hence, M/s KPUPL on 05.04.2022, has entered into a Connectivity Agreement with KSEB Ltd for enhancing the connectivity from 1500 kVA to 3000 KVA. KPUPL further submitted that, on 14<sup>th</sup> September 2022, it had initialled a draft Supplementary Agreement for enhancing the Contract Demand from 1500 KVA to 3000 KVA.
- (5) In the supplementary PPA, KSEB Ltd and M/s KPUPL had mutually agreed to amend the following articles in the PPA dated 04.08.2016 and its amendments dated 23.03.2020.
- (i) Para 2.1, Article 2, the second sentence is proposed to amend as;  
*“the agreement shall remain valid upto 04.08.2027”.*
- (ii) The Article 3.2 of the PPA dated 23.03.2020 is proposed to modify as;  
*“KSEBL shall supply to KPUPL at the point of supply at Kalamassery and KPUPL shall take from KSEBL power up to a total quantity of 3 MVA at 11KV at KINFRA Hi Tech Park, Kalamassery for its own use and for the purpose of supply to the consumers within in the area of supply as provided in the license of distribution of electricity “.*
- (iii) The Article 3.6 of the PPA dated 04.08.2016 is proposed to modify as;  
*“KPUPL agrees to maintain the average power factor of the intake electricity supply at each point of supply at not less than 0.95 lag by suitable power factor correction equipment's at its cost. Should the average power factor drop below 0.9 and so remain for a period of two consecutive months it must be brought to not less than 0.95 within a further period of six months by KPUPL, failing which without prejudice to the right of KSEBL to collect the extra charges and without prejudice to such other rights as having accrued to KSEBL or any other rights, the*

*supply to KPUPL is liable to be discontinued after giving notice and opportunity of being heard and subject to the provisions of applicable regulations notified/to be notified by KSERC”.*

- (iv) The Article 8.6 of the PPA dated 10.6.2016 is proposed to modified as;

*“If the power factor drops below 0.95 lag, the following extra charge or charges for the entire reactive energy as determined by the commission shall be payable by KPUPL,  
Below 0.95 lag and upto 0.90 lag - 0.50% of the energy charges for every reduction of 0.01 fall in power factor below 0.95 and upto 0.90.  
Below 0.90 - 1% of the energy charge for every reduction of 0.01 fall in power factor from 0.90.  
Or as notified by the Commission from time to time  
The power factor incentive / disincentive shall be applicable as decided by KSERC in the prevailing tariff order and as amended from time to time.”*

- (v) In Schedule IIA, the 3<sup>rd</sup> is proposed to amend as;  
*“Rate for supply shall be at the tariff approved by the Commission from time to time.”*

- (vi) In Schedule IIA, the 4th row is proposed to amend as ;  
*“Maximum output required by KPUPL, Kalamassery is 3MVA at 11kV”*

All the terms and conditions specified in the Articles of the PPA entered by the parties on 04.08.2016 and its amendment dated 23.03.2020 hold good in respect of the Supplementary PPA executed for the purpose for change in contract demand from 1.5MVA at 11kV to 3MVA at 11kV also, except for those specified herein above.

- (6) Hence, M/s KPUPL requested to approve the draft initialled supplementary PPA between KSEB Ltd and M/s KPUPL for enhancing the contract demand at KINFRA Hi Tech Park, Kalamassery, Kochi from 1500 KVA to 3000 kVA.

**KINFRA Mega Food Park, Kozhippara, Kanjikode, Palakkad.**

- (7) M/s KPUPL commenced its licensee operation at KINFRA Mega Food Park, Kozhippara, Kanjikode, Palakkad from 11.09.2018. Initially the connectivity agreement with KSEB Ltd was signed for 1000 kVA. However, considering the low electricity demand of the area, the PPA with KSEB Ltd was signed on 26.04.2019 for the Contract Demand of 300 KVA only.
- (8) Subsequently M/s KPUPL has enhanced the Contract Demand from 300 KVA to 600 KVA on 25<sup>th</sup> February 2022.
- (9) M/s KPUPL in this petition submitted that, at present the power requirement of KINFRA Mega Food Park, Kozhippara, Kanjikode,

Palakkad was reached the contract demand of 600 kVA. New industrial units are proposed to establish business units within the Mega Food Park, M/s KPUGL proposed to enhance the contract demand with KSEB Ltd from 600 KVA to 1000 kVA. The KPUGL and KSEB Ltd had initialled the draft Supplementary Agreement for enhancing the Contract Demand from 600KVA to 1000KVA.

(10) In the draft supplementary PPA, both the parties mutually agreed to amend the following articles in the PPA dated 26.04.2019 and its amendments dated 25.02.2022.

(i) The Article 3.2 of the PPA dated 26-04-2019 is proposed to amend as;  
*“KSEBL shall supply to KPUGL at the point of supply at KINFRA Mega Food Park, Kanjikode, Palakkad and KPUGL shall take from KSEBL power up to a total quantity of 1000kVA at 22kV at KINFRA Mega Food Park, for its own use and for the purpose of supply to the consumers within in the area of supply as provided in the license of distribution of electricity”.*

(ii) The Article 3.6 of the PPA dated 26.04.2019 is proposed to amend as;  
*“KPUGL agrees to maintain the average power factor of the intake electricity supply at each point of supply at not less than 0.95 lag by suitable power factor correction equipment’s at its cost. Should the average power factor drop below 0.9 and so remain for a period of two consecutive months it must be brought to not less than 0.95 within a further period of six months by KPUGL, failing which without prejudice to the right of KSEBL to collect the extra charges and without prejudice to such other rights as having accrued to KSEBL or any other rights, the supply to KPUGL is liable to be discontinued after giving notice and opportunity of being heard and subject to the provisions of applicable regulations notified/to be notified by KSERC”.*

(iii) The Article 8.6 of the PPA dated 26-04-2019 is proposed to amend as;

*“If the power factor drops below 0.95 lag, the following extra charge or charges for the entire reactive energy as determined by the commission shall be payable by KPUGL.*

*Below 0.95 lag and upto 0.90 lag - 0.50% of the energy charges for every reduction of 0.01 fall in power factor below 0.95 and upto 0.90.  
Below 0.90 - 1% of the energy charge for every reduction of 0.01 fall in power factor from 0.90.*

*Or as notified by the Commission from time to time*

*The power factor incentive / disincentive shall be applicable as decided by KSERC in the prevailing tariff order and as amended from time to time.”*

(iv) In Schedule II, the 3<sup>rd</sup> row is proposed to amended as;

*“Rate for supply shall be at the tariff approved by the Commission from time to time.”*

- (v) In Schedule II, the 4<sup>th</sup> row is proposed to amended as;  
*“Maximum output required by KPUPL, Mega Food Park, Palakkad, is 1000kVA at 22kV”*

All the terms and conditions specified in the Articles of the PPA entered by the parties on 26.04.2019 and its amendment dated 25.02.2022 hold good in respect of the Supplementary PPA executed for the purpose for change in contract demand from 600kVA at 22kV to 1000kVA at 22kV also, except for those specified herein above.

- (11) Hence, M/s KPUPL requested to approve the draft initialled supplementary PPA between KSEB Ltd and M/s KPUPL for enhancing the contract demand at KINFRA Mega Food Park, Kozhippara, Kanjikode, Palakkad from 600 KVA to 1000 kVA.

3. The Commission admitted the petition as OP 68/2022. Shri Sajeev MS, presented the matter on behalf of the petitioner and Sri. Rajesh R, AEE, appeared on behalf of the respondent KSEB Ltd. The summary of the deliberations during the hearing is given below.

- (1) M/s KPUPL submitted the following during the hearing;

- (i) M/s KPUPL had started the licensee operation at KINFRA Hi Tech Park, Kalamassery, Kochi with effect from 06.02.2011. Initially the contract demand was 500 KVA. Subsequently on 01.10.2014, the Contract Demand with KSEB Ltd has been enhanced from 500 KVA to 1000 kVA. Thereafter, on 07.05.2019 the Contract Demand with KSEB Ltd was further enhanced from 1000 kVA to 1500 kVA.

At present, the power requirement at KINFRA Hi Tech Park, Kalamassery exceeded above 1500 KVA. A connection agreement for enhancing the load up to 3000 KVA was executed with KSEBL on 05.04.2022. A draft supplementary PPA was initialled with KSEB Ltd on 14<sup>th</sup> September 2022, for enhancing the contract demand from 1500 KVA to 3000 KVA.

- (ii) M/s KPUPL further submitted that, it had commenced its licensee operation at KINFRA Mega Food Park, Kozhippara, Kanjikode, Palakkad from 11.09.2018. Originally the power connectivity agreement with KSEB Ltd signed for 1000 kVA, however, considering the low demand, the PPA with KSEB Ltd was signed for the Contract Demand of 300 KVA only. Subsequently on 25<sup>th</sup> February 2022, M/s KPUPL had enhanced the Contract Demand from 300 KVA to 600 KVA.

M/s KPUPL further submitted that, now the demand has already reached the contract demand of 600kVA. Presently, more industries have turned up demanding power. Hence M/s KPUPL had initialled a draft supplementary PPA with KSEB Ltd for enhancing the contract demand from 600 KVA to 1000 KVA.

- (iii) M/s KPUPL further submitted that, the parties to the agreement proposed certain amendment to the PPAs in line with the recent tariff Orders issued by the Commission.

M/s KPUPL, has requested before the Commission to approve the draft Supplementary Agreements , which is mutually initialled by KPUPL and KSEBL subject to the amendments.

- (2) KSEB Ltd submitted that, it had agreed to provide supply to M/s KPUPL, and also initialled the draft PPA for enhancing the contract demand as proposed by M/s KPUPL. Hence KSEB Ltd requested before the Commission to approve the mutually initialled Supplementary Agreements submitted by the petitioner M/s KPUPL.

**Analysis and Decision of the Commission:**

4. The Commission having examined in detail the petition filed by M/s KPUPL as per the provisions of the Electricity Act,2003 and KSERC (Conditions of License for Existing Distribution Licensees) Regulations, 2006, decides as follows;
5. M/s KPUPL is one of the small distribution licensees in the State of Kerala having distribution licence for supplying electricity within their licence area. M/s KPUPL has been procuring the entire power requirement from KSEB Ltd at the Bulk Supply Tariff (BST) approved by the Commission from time to time.
6. As per the section 86 (1)(b) of the Electricity Act -2003, all the PPA/ arrangement for power procurement of the distribution licensees shall be regulated by the State Commission. The present petition is filed for granting approval for the draft Supplementary Agreement for enhancing the contract demand of power from KSEB Ltd, for meeting the electricity demand of the following licence areas of KPUPL;
  - (1) KINFRA Hi Tech Park, Kalamassery, Kochi,
  - (2) KINFRA Mega Food Park, Kozhippara, Kanjikode, Palakkad.
7. The parties to the agreement also proposed certain amendment to the PPAs, in the draft supplementary agreements, as detailed under paragraphs 2(5) and 2(10) of this Order. The Commission has examined in detail the modifications and noted the following.
  - (1) The modifications proposed in Article 3.2 of the PPA in both supplementary agreements, is regarding the enhancement quantum of power to be availed from KSEB Ltd.

- (2) The modifications proposed in Article 3.6 of PPAs is for maintaining the power factor of M/s KPUPL.
- (3) The changes proposed in Article 8.6 of the PPAs is for incorporating the power factor penalty and incentive as per the Tariff Order of the Commission dated 25.06.2022.
- (4) The changes proposed in Schedule II(a) of the supplementary agreement for KINFRA Hi Tech Park, Kalamassery, Kochi and Schedule II of the supplementary agreement for KINFRA Mega Food Park, Kozhippara, Kanjikode, Palakkad are regarding the rate (tariff) for supply at the tariff approved by the Commission from time to time.

The present petition is for the approval of the draft 'supplementary power purchase agreement' initialled between M/s KPUPL and KSEB Ltd for enhancing the contract demand from 1500 KVA to 3000 KVA at KINFRA Hi Tech Park, Kalamassery, Kochi and enhancement of contract demand from 600 KVA to 1000 KVA at KINFRA Mega Food Park, Kozhippara, Palakkad. Considering the issues as discussed in the preceding paragraphs, the Commission decided to grant approval for the draft supplementary agreements initialled between the petitioner M/s KPUPL and the respondent KSEB Ltd.

**Order of the Commission.**

8. The Commission after examining the petition filed by M/s KPUPL for the approval of draft Supplementary Power Purchase Agreements between M/s KPUPL and KSEB Ltd, as per the provisions of the Electricity Act,2003 and KSERC (Conditions of License for Existing Distribution Licensees) Regulations, 2006, and other regulations in force hereby orders to;
  - (1) Approve the 'draft supplementary agreement' initialled between M/s KPUPL and KSEB Ltd for enhancing the contract demand from 1500 KVA to 3000 KVA at KINFRA Hi Tech Park, Kalamassery, Kochi.
  - (2) Approve the 'draft supplementary agreement' initialled between M/s KPUPL and KSEB Ltd for enhancing the contract demand from 600 KVA to 1000 KVA at KINFRA Mega Food Park, Kozhippara, Palakkad.
  - (3) M/s KPUPL shall submit a copy of the Supplementary PPA entered between the parties before the Commission for Information and Records.

The petition disposed of and ordered accordingly.

Sd/-  
**Adv. A J Wilson**  
Member

Sd/-  
**B Pradeep**  
Member

Sd/-  
**T K Jose**  
Chairman  
Approved for issue

Sd/-  
C R Satheeshchandran  
Secretary