

KERALA STATE ELECTRICITY REGULATORY COMMISSION
THIRUVANANTHAPURAM

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

OP No 31/2020

First Hearing on : 18.11.2020
Second hearing on : 11.12.2020

In the matter of Petition seeking interim Order for approval for procurement of 200 MW Solar Power from Inter State Transmission System Grid Connected Solar Photo Voltaic projects through Solar Energy Corporation Limited (SECI) on long term basis to meet the RPO of KSEB Ltd as specified in KSERC (Renewable Energy & Net Metering) Regulations, 2020

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

Respondent : Solar Energy Corporation of India Ltd (SECI)
Respondent represented by: Mr. M G Ramachandran, Sr. Advocate
Smt. Tanya Sareen, Advocate
Mr Mudit Jain, Sr Engineer, SECI

Interim Order dated 18.12.2020

1. Kerala State Electricity Board Ltd (hereinafter referred as KSEB Ltd, or the Petitioner) on 27.10.2020 filed a petition before the Commission with the following prayers:

“to grant an interim Order approving the procurement of 200MW solar power from ISTS grid connected solar photo voltaic projects selected by SECI as per their offer letter dated 7-8-2020”.

2. The Commission admitted the petition as OP 31/2020 and conducted hearing of the petition on 18.11.2020 at 11 AM through video conference. Based on the deliberations during the hearing, the Commission directed the petitioner and the respondent the following for immediate compliance.
 - (1) M/s SECI shall submit the detailed affidavit as discussed in the hearing, including the details of the bids finalized in the 1st Tranche of ISTS IX tender, with copy to KSEB Ltd on or before 30.11.2020.
 - (2) Both KSEB Ltd and SECI may discuss and modify the draft PSA to give more clarity to the provisions of the PSA.

(3) KSEB Ltd shall submit the additional comments, by 07.12.2020.

3. In compliance of the direction of Commission vide daily Order dated 23-11-2020, the respondent M/s SECI vide affidavit dated 4-12-2020 submitted the details of the bids finalised in the 1st Tranche of manufacturing scheme, ISTS Tranche VIII and ISTS Tranche IX schemes. The summary of the additional submission filed by respondent SECI given below.

(1) The details of the solar power developers for setting up of 7 GW ISTS connected solar PV plants linked with setting up of 2 GW solar manufacturing plants is given in the table below.

| S.NO. | Name of the Developer | AWARDED CAPACITY (MW) | TARIFF(Rs./kWh) |
|---|---|--|-----------------|
| 1 | Azure Power India Private Limited | Solar PV Project Capacity- 4000 [out of the above , 2000MW is under Green shoe option] | 2.92 |
| | | Solar PV manufacturing plant capacity- 1000MW (per annum) [out of the above, 500 MW (per annum) is under Green shoe Option] | |
| 2 | Adani Green Energy Four Private Limited | Solar PV Project Capacity- 8000[out of the above , 4000MW is under Transferred category and 2000 MW is under Green shoe option] | 2.92 |
| | | Solar PV manufacturing plant capacity- 2000MW (per annum) [out of the above, 1000 MW is under transferred category 500 MW (per annum) is under Green shoe Option] | |
| Total Solar PV Project Capacity | | | 12000 |
| Total Solar PV Manufacturing Plant Capacity | | | 3000 |

(2) The details of the solar power developers selected for setting up of 1200 MW ISTS connected solar PV plants in India (ISTS Tranche VIII) is given in the table below

| S.NO. | Name of the Developer | AWARDED CAPACITY (MW) | TARIFF(Rs./kWh) |
|-------|--|-----------------------|-----------------|
| 1 | SBE Renewables Fifteen Private Limited | 600 (300+ 300) | 2.50 |
| 2 | Re New Solar Power Private Limited | 200 | 2.51 |
| 3 | Eden Renewable Alma Private Limited | 300 | 2.50 |
| 4 | AMP Energy Green Private Limited | 100 | 2.50 |
| | | 1200 | |

- (3) The solar power developers selected for setting up of 2000 MW ISTS connected solar PV projects (ISTS -9) through competitive bidding is given in the table below.

| S.NO. | Name of the Developer | AWARDED CAPACITY (MW) | TARIFF (Rs/kWh) |
|-------|--|-----------------------|-----------------|
| 1 | Solarpack Corporation Technologica S.A | 300 | 2.36 |
| 2 | ReNew Solar Power Private Limited | 400 | 2.38 |
| | | [300+100] | |
| 3 | IB Vogt Singapore Pte Ltd | 300 | 2.37 |
| 4 | Eden Renewable Bercy Private Limited | 300 | 2.37 |
| 5 | Ayana Renewable Power Private Limited | 300 | 2.38 |
| 6 | Avikiran Surya India Private Limited | 300 | 2.37 |
| 7 | AMP Energy Green Private Limited | 100 | 2.37 |
| | | 2000 | |

- (4) Out of the above, SECI is proposing to sell 6200 MW to different distribution licensee including KSEB Ltd as below.

- (i) Manufacturing scheme(Tranche 1)- $\frac{1}{4}$ th of the total capacity selected = 3000 MW
- (ii) Total capacity selected under ISTS – Tranche VIII = 1200 MW
- (iii) Total capacity selected under ISTS – Tranche IX = 2000 MW
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- Total = 6200 MW

- (5) During the hearing, SECI clarified that, the indicative pooled tariff of Rs 2.66/unit has been arrived at by SECI from amongst the selected bidders as detailed in the table below.

| Scheme | A= capacity (MW) | B= Discovered TARIFF (Rs/kWh) | A x B |
|-------------------------|------------------|-------------------------------|-------|
| Manufacturing | 3000 | 2.92 | 8760 |
| ISTS Solar T- VIII | 1000 | 2.50 | 2500 |
| | 200 | 2.51 | 502 |
| ISTS Solar T- IX | 300 | 2.36 | 708 |
| | 1000 | 2.37 | 2370 |
| | 700 | 2.38 | 1666 |
| Total | 6200 | | 16506 |
| Pooled Tariff [(AXB)/D] | | Rs. 2.66/ kWh | |

- (6) The respondent SECI further submitted that, the quantum of power to be allocated to each of the buying utility/ distribution licensee in

different states shall be equitably and proportionately allocated from each of the above Tranche so as to maintain uniformity in the tariff among all the buying distribution licensee.

The respondent SECI also submitted that, though the indicative pooled tariff worked out is Rs 2.66/unit, the actual tariff payable by the distribution licensee may vary due to the reason that, the actual generation from different projects in different Tranche will be different depending on the following:

- a) If sufficient number of buying utility / distribution licensee do not come forward for procurement of power. In such case, it may not be feasible for SECI to conclude the PPA' s under the scheme.
 - b) The PPA' s under any of the scheme's may not fructify into a binding contract.
 - c) The date of achievement of commercial operation of the scheme
- (7) M/s SECI, further submitted that, the maximum tariff would not exceed Rs 2.92/kWh, in any case, and the minimum tariff will be Rs 2.36/kWh. The pooled tariff on actual basis will be anywhere between the two, depending up on the projects commissioned and quantum of actual generation and injection into the grid. For example, if the Tranche-1 of manufacturing scheme with 3000MW (@Rs 2.92/unit) out of the 6200MW does not fructify, the pooled tariff based on the balance 3200MW will be around Rs 2.42/unit.
- (8) M/s SECI also submitted that, they are in the process of negotiating with other buying utilities/ State distribution licensees for sale of power from the above schemes.
- (9) M/s SECI agrees that, upon the order being passed by the Commission in this petition, SECI will proceed to finalise the PSA with KSEB through mutual discussions, and incorporate the terms with modifications, after considering the observations of the Commission to make the PSA draft clear and free from any ambiguity as per the daily order of the Commission dated 23.11.2020. Thereafter both sides will initial the draft PSA, which will then file before the Commission for approval. The PSA will be executed between SECI and KSEB only after the approval of the said PSA is received from the Commission.
- (10) SECI also submitted a copy of the MNRE vide letter dated 22.05.2020, wherein MNRE issued the following directions in relation to SECI's manufacturing linked tender, that;
- (a) *The provisions of the MNRE bidding guidelines, including those related to bundling, should be expeditiously acted upon.*

- (b) *After an open bid, capacity was offered and accepted- then the Letter of Award (LoA) should have been issued. SECI may clarify as to why the issuance of LoA by SECI is held up, when SECI had offered and successful bidders had accepted the capacity,*
- (c) *The PPAs should be signed with the successful bidders in SECI's manufacturing linked tender only when the PSA has been concluded and this fact may be made clear to the Developers and an undertaking be taken from them to this effect.*

4. The second hearing on the petition was conducted on 11.12.2020 through video conference. Smt. Latha. S.V, represented the petitioner KSEB Ltd and Sri. M.G Ramachandran, represented KSEB Ltd. Summary of the deliberations during the hearing is given below.

- (i) KSEB Ltd submitted that, the affidavit filed by the respondent SECI was received at the corporate office of KSEB Ltd two days back only, and hence KSEB Ltd requested to allow two weeks time to submit detailed comments on the affidavit dated 04.12.2020.

KSEB Ltd, further requested for an interim order to proceed with the SECI offer for procuring 200 MW Solar Power under this bid.

- (ii) Sri. Ramachandran, submitted that, the generators are selected through transparent process of bidding. The PPA with the generators will be signed only after the PSAs are finalized with the DISCOMs with the approval of the respective SERCs.
- (iii) Commission clarified during the hearing that, the voluminous documents on tender process submitted by the SECI requires detailed examination and the detailed comments of KSEBL is requires to proceed with.

The Commission further noted that, there is uncertainty in the rate of the 200 MW Solar Power offered to KSEBL by SECI, though the maximum ceiling rate is Rs 2.92 per unit plus 7 paise trading margin. The Commission also noted that this maximum price of Rs 2.92/unit plus Rs 0.07/unit totalling to Rs 2.99/unit is considered high considering the latest bids where tariffs as low as Rs 2.00/unit has been achieved.

5. Based on the deliberations during the hearing, the Commission hereby issues the following directions to the petitioner KSEB Ltd and the respondent SECI for immediate compliance.

- (1) KSEBL may submit the comments on the affidavit dated 04.12.2020 filed by the respondent SECI, on or before 05.01.2021, with a copy to the respondent.
- (2) KSEBL and SECI, may proceed with the procurement of 200 MW Solar power from the SECI's manufacturing linked tender, subject to the following;
 - (i) The maximum pooled tariff of the 200 MW solar power supplied to KSEB Ltd shall not exceed Rs 2.66/unit plus trading margin.
 - (ii) The Power Sale Agreement to be signed between the petitioner KSEB Ltd. and the respondent SECI shall be jointly initial and submitted to the Commission for its formal approval. The Power Sale Agreement shall be effective only after its formal approval by this Commission.

The next hearing will be conducted on **27.01.2021 at 11 AM** through video conference.

Sd/-
Adv. A J Wilson
Member

Sd/-
Preman Dinaraj
Chairman

Approved for issue

C R Satheeshchandran
Secretary (i/c)