

**KERALA STATE ELECTRICITY REGULATORY COMMISSION**  
**THIRUVANANTHAPURAM**

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

**OP No 31/2020**

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                                 :   Sri K G P Nampoothiri, EE

Respondent   :   Solar Energy Corporation of India Ltd (SECI)

Respondent represented by :   Mr. M G Ramachandran, Sr. Advocate  
   Smt. Tanya Sareen, Advocate  
   Sri. Mudit Jain, SECI  
   Sri. Ravi Nair, SECI

First Hearing on   :   18.11.2020

Second hearing on   :   11.12.2020

Third hearing on   :   19.03.2021

Fourth hearing on   :   15.04.2021

Fifth Hearing on    :   25.05.2021

Sixth hearing on   :   14.07.2021

Seventh hearing on                                       :   16.08.2021

**Daily Order dated 18.08.2021**

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 petition was filed based on the offer of M/s Solar Energy Corporation of India (SECI) for 200 MW from 1<sup>st</sup> Tranche of 6000 MW ISTS connected Solar PV projects linked with Manufacturing plant in India on 'Build Own Operate Basis to KSEB Ltd at a weighted average tariff of Rs 2.66 per unit plus trading margin @Rs 0.07/unit.
3. Subsequently SECI, vide the revised offer dated 10<sup>th</sup> February 2021, offered 500MW ISTS connected Solar Power under Tranche-IX at tariff of Rs 2.44/kWh (including SECI's trading margin @Rs 0.07/unit) to make it competitive and KSEB Ltd vide letter dated 15.03.2021 intimated that they are interested in procuring up to 300MW. KSEB Ltd during the deliberations of the subject petition intimated that, once KSEB Ltd receives the modified PSA from SECI incorporating the modifications suggested based on the earlier orders of the Commission, KSEB Ltd shall submit the revised petition for the approval of the Commission.
4. The Commission conducted six hearings on the matter earlier, however due to various reasons, the parties could not finalise the draft PSA and amendment petition before the Commission.
5. The seventh hearing on the petition was conducted on 16.08.2021 through video conference. Sri K G P Nampoothiri, Executive Engineer presented on behalf of the petitioner KSEB Ltd and Sri. M G Ramachandran, Senior Advocate presented on behalf of the respondent SECI. The summary of the deliberations during the hearing is given below.
  - (1) At the outset, the Commission raised its serious concern on prolonging the subject matter and the delay from both the parties to finalise the PSA for procuring 200 MW Solar Power through intermediary trader SECI @Rs 2.44/unit. The Commission requested the parties to finalise the matter before next hearing if they are interested to proceed with the solar power procurement.
  - (2) Sri. M.G. Ramachandran, Senior Advocate, on behalf of the SECI submitted that, the delay in finalizing the PSA was mainly due to the delay in finalizing the PPA with the Solar Power Generators, selected by the SECI under Tranche-IX bid. There are seven Solar Power Developers selected in the Tranche-IX bid, their quoted tariff ranges from Rs 2.36/unit to Rs 2.38/unit. Since there is proposal from the Gol to impose 'basic customs duty' on importing material components of Solar PV plants, and it may result in increase from the quoted tariff. However, the Senior Advocate, requested to allow another three weeks' time to finalise the PSA.

Sri. Ramachandran also suggested that, if the draft PSA is got vetted by the Commission before inviting bids by SECI, the delay in finalizing the PSA between SECI and KSEB Ltd can be reduced to a greater extent.
  - (3) The Commission also cited the shortfall in Solar RPO met by KSEB Ltd over the years. As per the latest Order of the Ministry of Power, Gol

dated 29.01.2021 in File No. 23/03/2016-R&R, the Solar RPO to be met by the KSEB Ltd during the current year 2021-22 is 10.5% of its consumption excluding the consumption to be met from large hydel plants. Further, additionally 15% of the Non-solar RPO also can be met from Solar power duly considering the competitive tariff of the Solar Power compared to the Non-Solar RE power.

The Commission further noted that, as per the Tariff Order dated 08.07.2019, the energy sale approved for the year 2021-22 is 24991MU and the generation from large hydel plants is 6279MU. In order to meet the Solar RPO alone, KSEB Ltd has to generate/procure about 1965MU of Solar Energy, and @CUF of 19%, KSEB Ltd should have to generate/procure about 1180MW of Solar Power during the current financial year alone.

Further, the cost of Solar power is much lower than the 'non-solar renewables' such as wind and small hydro etc. Hence, the Central Government has allowed to meet upto 15% of the Non-Solar RPO from Solar Power. If this also, accounted, the total Solar Power requirement for the current year 1360 MW.

However, as per the information available before the Commission, the Solar RPO met by KSEB Ltd is hardly 20% of the above target of the Central Government. Even if after considering all the Solar power tied up by KSEB Ltd so far, including 200 MW tied up KSEB Ltd directly, KSEB SOURYA Scheme, and also the solar power under net metering etc, the additional Solar Power required for meeting the Solar Power would be more than 800 MW in the current year itself.

Considering this hard reality and shortfall in meeting the Solar RPO, the Commission hereby directs KSEB Ltd to look into the possibility of tying up large quantum of renewable energy through SECI at the competitive tariff under Trache-IX bid.

Sri. M.G. Ramachandran, Senior Advocate on behalf of SECI submitted that, they shall look into the possibility of offering additional Solar Power to KSEB Ltd to meets its RPO, and a copy of the offer shall be submitted to the Commission also for information and further direction.

10. Based on the deliberations during the hearing, the Commission hereby direct the petitioner KSEB Ltd and the respondent SECI the following.
  - (1) Respondent SECI shall finalise the modifications in the PSA latest by 6<sup>th</sup> September 2021.
  - (2) KSEB Ltd shall, submit the amendment to the original petition dated 27.10.2020, latest by 10<sup>th</sup> September-2021.

- (3) KSEB Ltd shall look into the possibility to tie-up additional solar power at competitive rates through SECI or other measures, as explained under paragraph 9(3) above.

The next hearing on the petition is scheduled on **14.09.2021 at 11 AM** through video conference.

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

**Sd/-  
Preman Dinaraj  
Chairman**

Approved for issue

C R Satheeshchandran  
Secretary (i/c)