



KERALA STATE ELECTRICITY BOARD LTD

(Incorporated under the Companies Act, 1956)

Registered Office: Vidyuthi Bhavanam, Pattom,

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ABSTRACT

Establishing Letter of Credit in favour of M/s.Jindal Power Limited (unapproved generator under DBFOO) against PSA (Bid 2- 150MW) - Ratified - orders issued.

CORPORATE OFFICE(COMMERCIAL & TARIFF)

BO (FTD)No.377/2023(COM-AEE9/2023/100)

Thiruvananthapuram,Dated: 04.08.2023

- Read: 1. PSA executed on 29.12.2014.
2. KSERC order dated 10.05.2023.
3.Letter dated 02.06.2023 from M/s.Jindal Power Limited.
4. E-mail dated 09.06.23 from the Chief Engineer (Tr SO) Kalamassery.
5. Letter no.CE(C&T)/DBFOO/LT/Jindal 2/2023-24/319 dated 09.06.2023 of the Chief Engineer (C&T)
6. Note dated 09.06.2023 to the Financial Adviser.
7.Note No.CE(C&T)/DBFOO/LT/Jindal Bid 2/2023-24/3553 dated 15.06.2023 of the Chief Engineer(Commercial & Tariff) (Agenda No:62/6/23).

ORDER

Kerala State Electricity Regulatory Commission (KSERC) as per the order read as 2nd above had rejected the petition OP No.5/2021 filed by Kerala State Electricity Board Ltd (KSEBL) seeking to issue final orders with respect to drawal of power from generators of the unapproved Power Supply Agreements.

KSEBL filed a stay petition along with Appeal petition (DFR 325/2023) and early hearing petition before the Hon'ble Appellate Tribunal for Electricity (APTEL) on 25.05.2023. But stay was not obtained in the hearing conducted on 01.06.2023 and the appeal is posted for further hearing on 03.07.2023. As per the direction from Government of Kerala on 01.06.2023, KSEBL has filed petition in KSERC on 02.06.2023 for the continuation of the interim arrangement (drawal of power from unapproved PSA at the L1 rate of Bids) as directed by the Hon'ble Supreme Court, till KSEBL is able to make alternative arrangement for procurement of power or till the decision in the application of the interim relief filed by KSEBL before Hon'ble APTEL whichever is earlier or in the alternate. Accordingly, KSERC after conducting hearing through hybrid mode with KSEBL and unapproved Design Build Finance Own and Operate (DBFOO) generators on 06.06.2023, has issued order on 07.06.2023 as follows:

- 1) KSEB Ltd is permitted to make arrangements for power procurement by continuing the interim arrangement of scheduling power from the four unapproved DBFOO which was in force for a period of two weeks from 10.05.2023 as per the direction of the Hon'ble Supreme Court, for a further period of 75 days from the date of this Order, or till the alternate arrangements of procuring 500MW RTC power on medium term basis, which ever earlier.
- 2) The payment for the power supply during the interim arrangement shall be as per the interim Orders of the Hon'ble APTEL dated 21.10.2022, 16.12.2022, 10.02.2023 and 17.04.2023, make payment at L1 rate of Bid-2 subject to the

final disposals of the pending appeal petitions before the Hon'ble APTEL

3) The interim arrangement as above, shall be subject to the final decision of the Hon'ble APTEL in IA 1183/2023 filed by KSEB Ltd in DFR No. 325/2023, against the Order of the Commission dated 10.05.2023 in petition OP No. 05/2021.

M/s. Jindal Power Limited as per letter read as 3rd above had requested KSEBL to release all the outstanding payments, provide payment security mechanism by 5th June 2023 and to provide undertaking to pay the full tariff as per the terms and conditions of Power Supply Agreement. Also it was informed that power will be scheduled only if the said conditions are satisfied. Letter of Credit has not been issued to the unapproved contracts in Bid #2 other than Jhabua Power Limited.

M/s Jindal power Ltd has stopped scheduling from 06.06.2023 and punched 'NO' status in Payment Security Mechanism (PSM) Portal, maintained in line with Late Payment Surcharge (LPS) Rules 2022 by Jindal Power Limited. Hence KSEBL was restricted from all power market segments at power exchange with effect from 00.00 Hrs of 10.06.2023.

As per clauses 23.2 and 23.1.3 of the Power Supply Agreement (PSA) the utility shall provide to the supplier an unconditional, revolving and irrevocable Letter of Credit (LC) to an amount equivalent to 20% of annual capacity charge (the minimum monthly payment (the "Letter of Credit") which may be drawn upon by the supplier for recovery of payment due against the monthly invoice, the Letter of Credit shall be modified once every year to reflect the revision in Fixed Charge.

Considering this emergency situation it was informed to M/s.Jindal Power Limited that instruction has been given to Bank for establishing Letter of Credit in favour of M/s.Jindal Power Limited against PSA (Bid 2- 150MW). Also it was requested to withdraw from their action considering the long term relationship with KSEBL. Action was initiated from the office of the Financial Advisor KSEBL for establishing Letter of Credit in favour of M/s.Jindal Power Ltd (Bid 2) for Rs.40 Crore with a validity period of 73 days with effect from 09.06.2023. Thereafter restriction was lifted by National Load Despatch Centre with effect from 10.06.2023 14.32 hours.

Having examined the matter in detail, the Full Time Directors in its meeting held on 23.06.2023 resolved to ratify the action taken by Commercial wing to establish, Letter of Credit in favour of M/s.Jindal Power Limited (unapproved generator under DBFOO) against PSA (Bid 2- 150MW), considering the emergency situation.

Orders are issued accordingly.

**By Order of the
Full Time Directors**

Sd/-

**LEKHA G
Company Secretary**

To:

The Chief Engineer (Commercial & Tariff)
The Chief Engineer (Trans & SO)

Copy to: The Chief Engineer (IT, CR&CAPS)/ Financial Advisor/ LA&DEO/ Chief Internal Auditor/ Company Secretary

The TA to the Chairman & Managing Director / Director (Generation-Civil) /
Director (Distribution, Safety, SCM & IT) / Director (Transmission, SO &
Planning) / Director (Generation - Electrical, REES, SOURA, Sports & Welfare)
The PA to the Director (Finance & HRM)
The Sr.CA to the Secretary (Administration)
The RCAO/RAO
Stock File

Forwarded by Order



Assistant Executive Engineer