

**Before the Karnataka Electricity Regulatory Commission,**  
**Bangalore**

Dated this the 26th day of December, 2003

**Present**

- |                           |     |          |
|---------------------------|-----|----------|
| 1. Sri. Philipose Matthai | ... | Chairman |
| 2. Sri. H.S. Subramanya   | ... | Member   |
| 3. Sri. S.D. Ukkali       | ... | Member   |

In the matter of

**Amendment No.1 to the PPAs approved by the Commission vide Order dated 17.9.2003 entered into between Developers of 16 Nos. of Wind Mill Power Projects and Karnataka Power Transmission Corporation Limited, Bangalore**

1. KPTCL furnished to the Commission vide letter No.KPTCL/B-36/4503/T-1/47/402-404 dated 19.7.2003 initialed PPAs in respect of 16 Nos. wind mill power projects in compliance with the Order of the Commission dated 29.5.2003 (List of PPAs enclosed at Annexure 1). The order dealt with the petitions of developers of wind mill projects who had filed their petitions during May 2003. The petitioners had pleaded with the Commission that some of the projects had already been commissioned and were delivering power to the grid and that there was undue delay on the part of Licensee to initiate and execute the PPAs which had deviations in respect of tariff and charges and inclusion of clauses in deviation with the approved format of the Commission in respect of NCE projects regarding the issue of sharing the benefits on account of Carbon Credit and obligation on the part of the developers to supply reactive power to the grid by maintaining the same power factor as that of the grid.

2. The Commission in its Order dated 17.9.2003 has approved the above draft PPAs subject to some modifications/deletions as stated in the order.

3. KPTCL in their letter No.KPTCL/SEE(P&M)/EEENC5/8254 dated 28.10.2003 have intimated that out of the above 16 projects, they have entered into PPAs in respect of 15 developers and they have yet to execute the PPA in respect of M/s.Mohite & Mohite (Engineers & Contractors) Pvt. Ltd., (item (7) of the Annexure). KPTCL have subsequently forwarded to the Commission copies of the agreements executed in accordance with the Order of the Commission dated 17.9.2003 in respect of 15 developers vide their letters dated 29.10.2003 and 11.11.2003.

4. KPTCL have also stated in their letter dated 28.10.2003 that an error has crept in inadvertently in clause No.4.3 of the PPA in the matter of tariff to be paid for the electricity to be purchased from 11<sup>th</sup> year onwards at a rate based on operating costs and some incentives to be agreed upon by mutual negotiations to be approved by the Commission.

5. KPTCL have sought approval of the Commission to correct the above inadvertent error in respect of clause No.4.3 as follows:

As existing	As amended
From the 11 <sup>th</sup> year onwards, <b>from the date of signing of the Agreement</b> , Corporation shall pay to the Company ..... .....energy banked.	From the 11 <sup>th</sup> year onwards, <b>from the commercial operation date</b> , Corporation shall pay to the Company ..... .....energy banked.

6. In this connection clauses 4.1 and 4.2 of the PPA deal with the tariff to be paid in respect of Projects commissioned beyond 31<sup>st</sup> August 2003 and projects commissioned on or before 31<sup>st</sup> August 2003 respectively, for the first 10 years from the Commercial Operation Date. Clause 4.3 of the PPA deals with the tariff to be paid from the 11<sup>th</sup> year onwards from the date of signing the agreement. KPTCL have submitted that the new tariff to be negotiated and finalized on mutual negotiations should be made applicable from the 11<sup>th</sup> year onwards reckoned from the Commercial Operation Date rather than 11<sup>th</sup> year onwards from the date of signing of the agreement.

7. The Commission notes the inconsistency in clause No.4.3 with reference to clauses 4.1 and 4.2 of the PPA and approves the amendment as sought by KPTCL vide para 5 of this order.

-Sd -  
**(Philipose Matthai)**

-Sd -  
**(H.S. Subramanya)**

-Sd -  
**(S.D. Ukkali)**

## Annex - A

<b>Sl. No.</b>	<b>Name of the Developer</b>	<b>Capacity In MW</b>	<b>Location of the project</b>	<b>Remarks</b>
1	Jindal Aluminium Ltd.,	6.6	Nandana Hosur	PPA Signed
2	J.N. Investments & Trading Co., Pvt. Ltd.,	0.6	Nandipura	PPA Signed
3	Ghodawat Pan Masala Products (I) Pvt. Ltd.,	5.4	Kennedlu, Nandipura and Doddapura	PPA Signed
4	Shriram Investments Ltd.,	4.2	Nakkikere, Budipura	PPA Signed
5	Shriram Transport Finance Co., Ltd.,	4.2	Gundikere, Budipura	PPA Signed
6	Shriram City Union Finance Ltd.,	1.8	Gundikere	PPA Signed
7	Mohite & Mohite (Engineer's & Contractors) Pvt. Ltd.,	2.4	Nandana Hosur	PPA to be Signed
8	Enercon Wind Farms (Karnataka) Pvt. Ltd.,	21.0	Yarehalli, Thekalavatti and Kolahalu	PPA Signed
9	Ghodawat pan Masala products (I) Pvt. Ltd.,	5.4	Janakal	PPA Signed
10	Topaz Investments Pvt. Ltd.,	1.8	Doddapura, Sondekola and kakkeharavu	PPA Signed
11	Texmo Industries Ltd.,	1.8	Nandana Hosur, Horakere Devarapura	PPA Signed
12	Sanjay D. Ghodawat	0.6	Kennedlu and Nandipura	PPA Signed
13	Lovely Fragrances	0.6	Nandipura	PPA Signed
14	Encon Services Ltd.,	3.0	Chikkasiddavanahalli	PPA Signed
15	Prabhath Agri Biotech	0.75	Chikkasiddavanahalli	PPA Signed
16	Savita Chemicals	0.6	Chikkasiddavanahalli	PPA Signed

**Before the Karnataka Electricity Regulatory Commission,  
Bangalore**

**Dated this the 26<sup>th</sup> day of December, 2003**

**Present**

- |                                  |            |                 |
|----------------------------------|------------|-----------------|
| <b>1. Sri. Philipose Matthai</b> | <b>...</b> | <b>Chairman</b> |
| <b>2. Sri. H.S. Subramanya</b>   | <b>...</b> | <b>Member</b>   |
| <b>3. Sri. S.D. Ukkali</b>       | <b>...</b> | <b>Member</b>   |

**In the matter of**

**Approval of 26 Nos. of signed PPAs of Wind Mill projects between the  
Developers and Karnataka Power Transmission Corporation Limited,  
Bangalore**

1. KPTCL had furnished to the Commission for approval vide their letter No.KPTCL/B-36/4503/T-1/47/402-404 dated 19.7.2003 initialled PPAs in respect of 16 Nos. Wind Mill projects in compliance with the order of the Commission dated 29.5.2003. KPTCL had also stated in their letter that action is being taken by them to enter into PPAs with the developers of windmill power projects with capacity less than 5 MW in accordance with the provisions of KPTCL's supply license granted by the Commission.

2. The Commission vide its letter No.S/08/01/1319 dated 12.8.2003 however clarified to KPTCL that condition 4.1 (a) of the supply license shall be read along with Condition 17 of the Supply License which stipulates that the licensee shall not purchase electrical capacity and/or energy without the authorization granted by the Commission under the terms of Condition 17 and directed that all power purchase agreements, irrespective of the capacity of the projects, have to be entered into by KPTCL with the developers only after obtaining the approval of the Commission.

3. KPTCL vide their letter No.KPTCL/B-36/T-2/4503/T-1/72/650-51 dated 19.9.2003 have furnished to the Commission 26 Nos. of signed PPAs in respect of Wind mill projects of capacity less than 5 MW for approval of the Commission. List of projects is enclosed at Annexure . KPTCL have stated in the letter that all the 26 projects have been commissioned and interconnected with the grid.

4. On a review of the PPAs it is observed that they contain the same deviations (as in the case of the 16 PPAs furnished to the Commission vide KPTCL letter dated 19.7.2003) with respect to the approved draft of the Commission in respect of non-conventional energy based project, with regard to

- (1) Sharing of Carbon credits between the Developer and KPTCL
- (2) Obligation of the Developer to supply Reactive power to the grid by maintaining the same power factor as that of the grid
- (3) Schedule giving the method of calculation of Reactive Power Compensation

5. In addition to the above deviations, the PPAs contain a drafting error in Clause No.4.3/5.3 of the Article pertaining to Rates and Charges in the matter of tariff to be paid for the electricity to be purchased from the 11<sup>th</sup> year onwards at a rate based on operating costs and some incentives to be agreed upon by mutual negotiations subject to the approval of the Commission.

6. Whereas Clauses 4.1/5.1 and 4.2/5.2 provide for payment of base tariff with 2% annual escalation for a 10-year period from the date of commercial operation, Clause 4.3/5.3 provides for mutual negotiations for fixation of tariff to be paid from the 11<sup>th</sup> year onwards from the date of signing the agreement. KPTCL have also sought to rectify the drafting error vide their letter dated 28.10.2003.

7. In view of the foregoing, the Commission accords approval to KPTCL to enter into agreement with the developers subject to the following:

- (i) Retention of Clause under Article 3/4 – Undertakings – at item No.3.1 (vi)/4.1 (ix) regarding sharing of benefits on account of Carbon credit.
- (ii) Deletion of Clause 4.5/5.5 under Article 4/5 – Rates and Charges and to retain the clause regarding one time payment of Rs.37,000/- per MW of installed capacity and for fraction thereof on a pro rata basis for the sole purpose of providing the required MVAR capacity to the Grid at the sub station of the Corporation to which the project is interconnected.
- (iii) Deletion of the Schedule-7 – Reactive Power Compensation (The above conditions are in line with the conditions stipulated in the Commission's order dated 17.9.2003 communicated to KPTCL in respect of 16 PPAs for Wind mill projects).

(iv) Clause 4.3/5.3 of Article 4/5 – “Rates and Charges” to be amended as follows:

As existing	As amended
From the 11 <sup>th</sup> year onwards, <b>from the date of signing of the Agreement</b> , Corporation shall pay to the Company ..... .....energy banked.	From the 11 <sup>th</sup> year onwards, <b>from the commercial operation date</b> , Corporation shall pay to the Company ..... .....energy banked.

-Sd -  
**(Philipose Matthai)**

-Sd -  
**(H.S. Subramanya)**

-Sd -  
**(S.D. Ukkali)**



<b>Sl. No.</b>	<b>Name of the Developer</b>	<b>Location of the project /Capacity</b>	<b>KPTCL letter date</b>	<b>Date of signing of the PPA</b>
1	M/s. Siddaganga Oil Extractions Limited.	Mathighatta Village - 1.2 MW	19-9-2003	9-7-2003
2	M/s. Fiza Developers & Inter-trade Pvt. Ltd.,	Mathighatta & Thalya Villages- 1.2 MW	19-9-2003	9-7-2003
3	M/s. Raja Magnetics Limited	Thalya & Horakere Devarapura Villages - 0.60 MW	19-9-2003	9-7-2003
4	M/s. Suttatti Enterprises Pvt. Ltd.,	Kumminaghatta Village - 1.2 MW	19-9-2003	9-7-2003
5	M/s. Panama Business Centre.	Kumminaghatta Village - 0.6 MW	19-9-2003	9-7-2003
6	M/s. CEPCO Industries Pvt. Ltd.,	Kumminaghatta Village - 0.6 MW	19-9-2003	9-7-2003
7	M/s. Mayura Steels Pvt. Ltd.,	Madakaripura Village - 0.23 MW	19-9-2003	9-7-2003
8	M/s. Patel Shanti Steels Pvt. Ltd.,	Madakaripura Village - 0.23 MW	19-9-2003	9-7-2003
9	M/s. Rajnikanth Foundation.	Madakaripura Village - 0.23 MW	19-9-2003	9-7-2003
10	M/s. Sharp Pumps Pvt. Ltd.,	Madakaripura Village - 0.23 MW	19-9-2003	9-7-2003
11	M/s. Friends Associate Power project.	Madakaripura Village - 0.23 MW	19-9-2003	9-7-2003
12	M/s. Kamal Trading Company	Madakaripura Village - 0.23 MW	19-9-2003	9-7-2003
13	M/s. RSM Autokast Limited	Madakaripura Village - 0.46 MW	19-9-2003	9-7-2003
14	M/s. VXL Systems (project-1)	Madakaripura Village - 0.23 MW	19-9-2003	9-7-2003
15	M/s. VXL Systems (project-2)	Madakaripura Village - 0.23 MW	19-9-2003	9-7-2003
16	M/s. Shilpa Medicare Ltd.,	Madakaripura Village - 0.46 MW	19-9-2003	9-7-2003
17	M/s. Jindal Aluminium Ltd.,	Kanchiganahal Village - 1.9 MW	19-9-2003	15-7-2003
18	M/s. BSES Ltd.,	Gundikere Village - 1.8 MW	19-9-2003	18-7-2003
19	M/s. Balasaheb M. Ladkat	Horakere Devarapura Village - 0.6 MW	19-9-2003	18-7-2003
20	M/s. Panama Credit & Capital Pvt. Ltd.,	Horakere Devarapura Village - 0.6 MW	19-9-2003	18-7-2003
21	M/s. Shilpa Medicare Ltd.,	Kumminaghatta Village - 0.6 MW	19-9-2003	18-7-2003
22	M/s. Elveety Industries Ltd.,	Gonur Village-0.5 MW	19-9-2003	28-7-2003
23	M/s. Indian Energy Pvt. Ltd.,	Kanchiganahal Village - 0.75 MW	19-9-2003	28-7-2003
24	M/s. Savita Chemicals Ltd.,	Kanchiganahal Village - 3.8 MW	19-9-2003	30-7-2003
25	M/s. Texmo Precision Castings	Mathighatta Village - 1.2 MW	19-9-2003	30-7-2003
26	M/s. MSPL Ltd.,	Kanchiganahal Village - 0.75 MW	19-9-2003	7-8-2003

**Before the Karnataka Electricity Regulatory Commission,  
Bangalore**

**Dated this the 26th day of December, 2003**

**Present**

- |                                  |            |                 |
|----------------------------------|------------|-----------------|
| <b>1. Sri. Philipose Matthai</b> | <b>...</b> | <b>Chairman</b> |
| <b>2. Sri. H.S. Subramanya</b>   | <b>...</b> | <b>Member</b>   |
| <b>3. Sri. S.D. Ukkali</b>       | <b>...</b> | <b>Member</b>   |

**In the matter of**

**Approval of 11 Nos. of initialled PPAs of Wind Mill projects between  
the Developers and Karnataka Power Transmission Corporation  
Limited, Bangalore**

1. KPTCL have furnished to the Commission Draft initialled PPAs in respect of the following 11 Nos. of Wind Mill Power Projects sent under cover of their letters noted against each:

Sl. No.	Name of the Developer	Capacity in MW	Location	KPTCL letter No. & Date	Remarks (Status of project)
1	Pallavi Green Power	0.75	Kanchiganah al Village	B36/4503/T1/71/648-49 dt. 19.9.03	Yet to be commissioned
2	MSPL Ltd	4.75	Gudda rangavanalli	B36/4503/T1/76/679-80 dt. 30.9.03	Yet to be commissioned
3	Prime Labels Pvt.Ltd	0.25	Palavanahalli Village	B36/4503/T1/76/679-80 dt. 30.9.03	Synchronized with the grid
4	NEG Micon (India) Pvt. Ltd.	3.8	Gudda rangavanalli	B36/4503/T1/76/679-80 dt. 30.9.03	Synchronized with the grid
5	Ramgad Minerals & Mining Pvt. Ltd.	1.9	Gudda rangavanalli	B36/4503/T1/76/679-80 dt. 30.9.03	Yet to be commissioned
6	Nuziveedu Seeds Ltd	1.9	Bidarekere, Guheswara Gudda, Jagalur Tq.	B36/4503/T1/76/679-80 dt. 30.9.03	Synchronized with the grid
7	Dee Dee Enterprises	0.6	Mathighatta Village	B36/T/4503/T1/83,84&85/720-21 dt. 10.10.03	Synchronized with the grid
8	Royal Energy Company	0.6	Thalya Village	B36/T/4503/T1/83,84&85/720-21 dt. 10.10.03	Synchronized with the grid
9	Supreme Power Company	0.6	Mathighatta Village	B36/T/4503/T1/83,84&85/720-21 dt. 10.10.03	Synchronized with the grid
10	Sharan Power Pvt. Ltd	5.0	Dhoni Tanda, Mundargi Taluk, Gadag Dist.	B36/4503/T1/88&89/795-96 dt.27.10.03	Yet to be commissioned
11	Sharan Power Pvt. Ltd.	5.0	Nargund, Nargund Tq, Gadag Dist.	B36/4503/T1/88&89/795-96 dt.27.10.03	Yet to be commissioned

2. Out of the projects listed above, 6 projects have been commissioned and synchronized with the grid and 5 projects are yet to be commissioned.

3. On a review of the Draft initialed PPAs it is observed that they contain the same deviations from the approved draft PPA of the Commission in respect of Non Conventional source based projects as follows:

- (i) Sharing of Carbon credits between the Developer and KPTCL
- (ii) Obligation of the Developer to supply Reactive power to the grid by maintaining the same power factor as that of the grid
- (iii) Schedule giving the method of calculation of Reactive Power Compensation

4. In addition to the above deviations, KPTCL have communicated in their letter No.KPTCL/SEE(P&M)/EEENC5/8254-56 dated 28.10.2003 that the PPAs contain a drafting error in Clause No.4.3/5.3 of the Article pertaining to Rates and Charges in the matter of tariff to be paid for the electricity to be purchased from the 11<sup>th</sup> year onwards at a rate based on operating costs and some incentives to be agreed upon by mutual negotiations subject to the approval of the Commission. KPTCL have stated that, whereas Clauses 4.1/5.1 and 4.2/5.2 provide for payment of base tariff with 2% annual escalation for a 10 year period from the date of commercial operation, Clause 4.3/5.3 provides for mutual negotiations for fixation of tariff to be paid from the 11<sup>th</sup> year onwards from the date of signing the agreement. KPTCL have sought to rectify the drafting error.

5. The Commission in its earlier order No.S/08/2003 (Batch B) dated 17.9.2003, while dealing with 16 Draft PPAs relating to Wind Mill power projects furnished to the Commission via KPTCL letter No.KPTCL/B-36/4503/T-1/47/402-404 dated 19.7.2003, has dealt with the deviations mentioned in para 3 above and has approved the draft PPAs subject to the following:

- (i) Retention of Clause under Article 3/4 – Undertakings – at item No.3.1 (vi)/4.1 (ix) regarding sharing of benefits on account of Carbon credit.

- (ii) Deletion of Clause 4.5/5.5 under Article 4/5 – Rates and Charges and to retain the clause regarding one time payment of Rs.37,000/- per MW of installed capacity and for fraction thereof on a pro rata basis for the sole purpose of providing the required MVAR capacity to the Grid at the sub station of the Corporation to which the project is interconnected.
- (iii) Deletion of the Schedule-7 – Reactive Power Compensation (The above conditions are in line with the conditions stipulated in the Commission's order dated 17.9.2003 communicated to KPTCL in respect of 16 PPAs for Wind mill projects).

6. Further, in respect of the drafting error mentioned in para 4 above, the Commission notes the inconsistency in clause 4.3/5.3 with reference to clauses 4.1/5.1 and 4.2/5.2 of the draft PPAs.

7. In view of the foregoing, the Commission approves the 11 draft PPAs which are the subject matter of this order subject to the following:

- (i) Retention/Deletion of the clauses as mentioned in items (i), (ii) and (iii) of para 5.
- (ii) Amendment as sought by KPTCL in respect of the drafting error in clause 4.3/5.3 of the draft PPA as follows:

As existing	As amended
From the 11 <sup>th</sup> year onwards, <b>from the date of signing of the Agreement</b> , Corporation shall pay to the Company ..... .....energy banked.	From the 11 <sup>th</sup> year onwards, <b>from the commercial operation date</b> , Corporation shall pay to the Company ..... .....energy banked.

-Sd -  
**(Philipose Matthai)**

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