

File No: F-43/Vol-3(k) (1)

Before the Karnataka Electricity Regulatory Commission, Bangalore

Dated: 22.07.2015

Present:

- | | | | |
|----|-------------------------|---|----------|
| 1. | M.K.SHANKARALINGE GOWDA | - | Chairman |
| 2. | H.D.ARUN KUMAR | - | Member |
| 3. | D.B.MANIVAL RAJU | - | Member |

In the matter of 2nd amendments to standard formats of Power Purchase Agreements in respect of Renewable Energy Projects, except Solar Power Projects.

1. Preamble:

As per section 86 of the Electricity Act, 2003, the following are the functions of the State Commission, concerning regulation of purchase of electricity and promoting Renewable Energy (RE):

*“ **Section 86(1) (b):** Regulate electricity purchase and procurement process of distribution licensees including the price at which electricity shall be procured from the Generating Companies or licensees or from other sources through agreements for purchase of power for distribution and supply within the state;*

***Section 86(1) (e):** Promote Co-generation and generation of electricity from Renewable sources of energy by providing suitable measures for connectivity with the grid and sale of electricity to any person, and also to specify for purchase of electricity from such sources, a percentage of the total consumption of electricity in the area of a distribution licensee; ”*

In exercise of the powers conferred under the above provisions of the Electricity Act, 2003, the Commission had approved the standard formats of Power Purchase Agreements (PPAs) in respect of all the Renewable Energy projects, except for the Solar Power Projects; vide its order dated 18th August, 2005.

The Commission had issued the first amendments to the above standard formats of PPAs of RE projects, which was communicated to the ESCOMs vide Commission's letter No. 1816 dated 01.12.2005.

2. The Commission has felt the need to modify the standard formats of PPAs to address certain issues which had cropped up since their approval by the Commission earlier.
3. Further, BESCO and other ESCOMs (distribution licensees in the State) vide petition No.OP.No:5/2015.ESCOMs have also suggested certain amendments to the Standard Power Purchase Agreements in respect of Renewable Energy projects.
4. In order to amend the said Standard Formats of the PPAs further, the Commission had notified drafts of 2nd amendments to the Standard Format of Power Purchase Agreements in respect of Renewable Energy projects (Mini Hydel projects, Wind Mill Projects, Bio Mass Projects and Co-generation Plants) in the newspapers and also published through the Commission's website "www.karnataka.gov.in/kerc" on 29.01.2015 inviting comments / objections from the stakeholders and interested persons to the proposal to be submitted on or before 16.02.2015.
5. The Commission has also held a public hearing on 09.04.2015 and 29.04.2015 in KERC Court Hall to elicit oral/written views/ suggestions in the matter from the interested persons and stakeholders. At the public hearing M/s Just Law, Advocates on behalf of ESCOMs, representatives of Indian Wind Power Association (IWPA) and others have submitted their comments/ suggestions.
6. The rationale for amending the various clauses of the PPA formats, the details of the suggestions/ objections etc. filed by the stakeholders, etc., and the Commission's decision thereon are indicated in the Annexure-1 enclosed to this Order.
7. **The Commission has considered the suggestions, views and comments of the Petitioner (BESCO) in OP. NO.5 of 2015, IWPA and all the other stakeholders and interested persons and has finalised the Standard Formats of the PPA in respect of Mini Hydel Projects, Wind Mill Power Projects, Bio Mass Power**

Projects and Co-generation power plants and in exercise of powers conferred on the Commission under the aforesaid provisions of Act and all other powers enabling it in that behalf, the Karnataka Electricity Regulatory Commission hereby approves the Second Amendments to the Standard Formats of the Power Purchase Agreements of the aforementioned Renewable Energy projects as at Annexure-2, Annexure-3, Annexure-4 & Annexure-5 respectively annexed to this order.

**(M.K.SHANKARALINGE GOWDA)
CHAIRMAN**

**(H.D.ARUN KUMAR)
MEMBER**

**(D.B.MANIVALRAJU)
MEMBER**