

**PROCEEDINGS OF THE COMMISSION IN THE MATTER OF PPAs OF WIND POWER
PROJECTS, WHICH HAVE BEEN COMMISSIONED ON OR BEFORE 31.03.2017
WITHOUT APPROVAL OF THE PPAs BY THE COMMISSION**

PRESENT:

1. Sri M.K. Shankaralinge Gowda, Hon'ble Chairman.
2. Sri H.D. Arun Kumar, Hon'ble Member.
3. Sri D.B. Manival Raju, Hon'ble Member.

Order No. KERC/S/NCE/WIND/F-43 Vol-3K (2)/1538

Dated 13.12.2017

Read:

1. Commission's Order dated 24th February, 2015 in the matter of determination of Tariff of Wind Energy.
2. Commission's Order dated 04.09.2017 in the matter of determination of Tariff of Wind energy.

The generic tariff for the Renewable Energy sources determined by the Commission is in the nature of a standing offer to a Project Developer, intending to supply electricity generated to any ESCOM in the State. In case of need for purchase of Renewable Energy for complying RPO, an ESCOM can enter into a PPA with the developer at such rate and the approval for such PPA is normally granted by the Commission. Approval of the Commission for a ESCOM for other than complying RPO would be granted after consideration of the relevant facts.

The Commission observed that, during FY16, all ESCOMs have over achieved their Non-Solar RPO target as fixed by the Commission, but are continuing to enter into PPAs and forwarding the same to the Commission for approval, despite fulfilling their RPO targets. That, considering the anticipated energy requirement in the State, the increased drawal of RE power would result in backing down of the new Thermal Power Stations (TPS) which have been commissioned in the State, resulting in payment of fixed cost without drawing the energy from such TPS, and thus, the drawal of further RE energy beyond the RPO requirement, would result in additional tariff burden to the consumers.

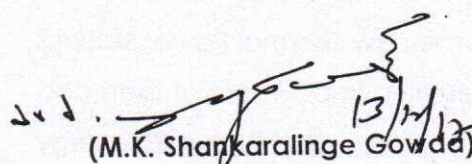
Hence, the Commission vide its letter dated 25.04.2017, issued an advisory to the Government of Karnataka under Section 86(2) of the Electricity Act, to direct the ESCOMs not to enter into any fresh PPAs with Wind Power Projects until further review by the Commission. The Commission requested the State Government to frame a policy for procurement of Wind Power to meet any future requirement only through competitive bidding with reverse auction as per the bidding guidelines proposed to be issued by the Government of India, duly obtaining prior approval from the Commission.

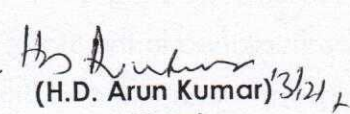
Subsequently, the Commission vide its Order dated 04.09.2017, in modification of its Order dated 24th February, 2015, determined the feed in tariff for wind power projects at Rs.3.74/unit, which will be in force till 31.03.2018.

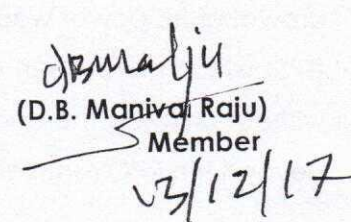
The Commission now notes that, even after the re-allocation of RE power among the ESCOMs as per the Government Order dated 26.09.2017, there is shortfall in compliance to the Non-Solar RPO targets (about 141.23 MU) for the FY17 by the ESCOMs. Hence, under the changed circumstances, the Commission decides to approve the PPAs already executed by the ESCOMs in respect of new Wind power projects, which have been commissioned on or before 31.03.2017, at the tariff determined as per the Commission's Order dated 24th February, 2015, as the same may be required for fully achieving the non-Solar RPO targets for future years. Hence, the following Order:

ORDER

For the foregoing reasons, the Commission decides that notwithstanding anything contained in the Commission's Order dated 04.09.2017, the tariff determined in the Commission's Order dated 24.02.2015, shall be applicable for the wind power projects, which have entered into PPAs with the ESCOMs prior to the date of the Commission's Order dated 04.09.2017, and have been commissioned on or before 31.03.2017, subject to approval of the Commission.


(M.K. Shankaralinge Gowda)
Chairman


(H.D. Arun Kumar)
Member


(D.B. Manivaraj)
Member
13/12/17

Copy to:

All the ESCOMs for information and needful.
Director (Tariff), Consultant (Tech) & Consultant (Legal) KERC
All the Deputy Directors, KERC
Asst. Secretary, Junior Consultant (tech) KERC,