

BEFORE
THE MAHARASHTRA ELECTRICITY REGULATORY COMMISSION
MUMBAI

IN THE MATTER OF

Verification of compliance of Renewable Purchase Obligation targets of KRCIPPL for FY 2019-20, as specified under RPO Regulations, 2016.

AND

IN THE MATTER OF

KRC Infrastructure and Projects Private Limited

Plot No. C-30, Block 'G',

Opp. SIDBI, Bandra Kurla Complex,

Bandra (E), Mumbai – 400 051

....The Respondent

I, Nitin Narayan Chunarkar, aged around 40 Years, son of Shri. Narayan Sambaji Chunarkar, having my office at Plot No. C-30, Block 'G', Opp. SIDBI, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051, do solemnly affirm and say as follows:

1. I am authorized signatory of KRC Infrastructure and Projects Pvt Ltd., the applicant in the above matter, and am duly authorized by the said applicant to make this affidavit.
2. The statements made in paragraphs 1 To 2.5 of the Petition, are true to my knowledge and belief based on the information received and I believe them to be true.
3. I say that there are no proceedings pending in any court of law/tribunal or arbitrator or any other authority, wherein the Petitioners are a party and where issues arising and/or reliefs sought are identical or similar to the issues arising in the matter pending before the Hon'ble Commission.

I solemnly affirm at Mumbai on this 17th day of May, 2021 that the contents of the above affidavit are true to my knowledge, no part of it is false and nothing material has been concealed there from.

Identified before me

Respondent

A handwritten signature in blue ink is written over a circular stamp. The stamp contains the text "KRC Infrastructure and Projects Private Limited" around the perimeter. The signature is written in a cursive style.

Authorized signatory, KRCIPPL

BEFORE
THE MAHARASHTRA ELECTRICITY REGULATORY COMMISSION
MUMBAI

Filing No.
Case No. 56 of 2021
(To be filled by the Office)

IN THE MATTER OF

Verification of compliance of Renewable Purchase Obligation targets of KRCIPPL for FY 2019-20, as specified under RPO Regulations, 2016.

AND

IN THE MATTER OF

KRC Infrastructure and Projects Pvt Ltd.

Plot No. C-30, Block 'G',

Opp. SIDBI, Bandra Kurla Complex,

Bandra (E), Mumbai – 400 051

.....The Respondent

Most Respectfully Showeth:

Background

1.1. KRC Infrastructure and Projects Private Limited (hereinafter referred to as “KRCIPPL” or “the Petitioner”), is a Company incorporated under the provisions of the Companies Act, 1956, having its registered office at Plot No. C-30, Block 'G', Opp. SIDBI, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051, Maharashtra, India.

1.2. KRCIPPL and GERA have been jointly notified as a developer of SEZ by The Ministry of Commerce & Industry (Department of Commerce), Government of India vide its Notification S.O. 2203 (E) dtd 19th June 2017 and are jointly developing the said IT and ITeS SEZ.

- 1.3. Further GERA issued a No Objection Certificate (NOC) to KRCIPPL for undertaking the power distribution business and hence, the Hon'ble Commission, after taking cognizance of the notification issued by Ministry of Commerce & Industry and following due regulatory process, took on record KRCIPPL's status as a Deemed Distribution Licensee for Kharadi SEZ via order dtd. 25th June 2018, in case No-75 of 2018. The Hon'ble Commission notified the Specific Condition of Distribution License for KRCIPPL of 27th September 2018. KRCIPPL commenced its operations as a Distribution Licensee with effect from June 1, 2019.

2. Responses of KRCIPPL to the queries asked by the Hon'ble Commission vide letter MERC/Tech/RPO/KRCIPPL/123 dated 27th April 2021.

2.1. Reconciliation statement along with rationale with regards to GEC data reported by MSLDC and audited data of KRCIPPL.

Response - KRCIPPL respectfully submits that there is a marginal difference in the data reported by MSLDC and the audited data of KRCIPPL. KRCIPPL also submits that the discrepancy was also taken on record by the Hon'ble Commission during the Multi Year Tariff determination process. Since, KRCIPPL has submitted the data before the MYT process, we humbly seek appropriate directions from the Hon'ble Commission for taking on record the status of RPO fulfilment. We also request Hon'ble Commission to kindly consider the RPO fulfilment summary basis the GEC as submitted by KRCIPPL vs MSLDC from **Annexure - 1**.

KRCIPPL respectfully submits that since the GEC values reported by KRCIPPL were higher than the ones submitted by MSLDC, the RPO fulfilment trajectory claimed by KRCIPPL shall be more than the presented values in case GEC of MSLDC is considered for approval by the Hon'ble Commission.

KRCIPPL humbly submits that at the end of FY 2019-20, there is shortfall on RPO compliance.

2.2. KRCIPPL should verify the RPO settlement details for FY 2019-20, as submitted by MEDA (copy attached as Annexures to this letter) and highlight the discrepancies, if any, along with proper justification.

Response - KRCIPPL humbly submits that the data represented in the Annexure-1 along with the data submitted by MEDA is in line with our submissions and no discrepancies have been observed.

2.3. KRCIPPL should submit detailed statement for project wise energy procurement in MUs from all Solar & Non-Solar generating projects including Mini/Micro Hydro projects and project wise contracted Solar and Non-Solar power capacity in MW for FY 2019-20.

Response -KRCIPPL respectfully submits that there are no specific contracts entered with renewable generators as on 31.03.2021

2.4. KRCIPPL should submit detailed list of action and efforts undertaken by it prior to and during FY 2019-20 to ensure compliance of RPO targets in respect of Solar RPO, Non-Solar RPO and Mini/Micro Hydro RPO.

Response - KRCIPPL respectfully submits that the operations in SEZ area as a distribution licensee commenced in June 2019 with lower demand during first two quarters. After commencement, KRCIPPL was having discussion with exchanges regarding type of registration to opted for procurement of RECs. From earlier experiences with group Discoms, KRCIPPL was taking efforts to opt for cost effective direct membership on exchange platforms which would have benefitted its consumers. However, since the direct membership option worked out to be commercially unviable, KRCIPPL processed with registration on IEX platform as a client of trader member for the purpose of procurement of RECs in June 2020. However, immediately after registration of platform, REC sessions were put on hold by Hon'ble Appellate Tribunal of Electricity from July 2020. Since then, these

sessions are on hold which have resulted in entire shortfall of RPO since commencement of operations in 2019.

This situation of has been already conveyed by KRCIPPL to the Hon'ble Commission on vide letter kharadi/Power/2020-21/F310/K183 date 19.02.2021 submitted with this response as **Annexure-2**.

The limited demand at the time of commencement of operations got extended due to widespread pandemic which has led to extension of deadline of projects within SEZ area. This limited demand puts technical restrictions on KRCIPPL to enter into bilateral agreement with RE generators for sourcing actual green power to meet RPO targets.

However, since mid of FY 2020-21, KRCIPPL has seen marginal increase in demand and some stability in demand patterns. KRCIPPL respectfully submits that with the stable demand patterns in place, it is proposing to invite tender through combined power purchase process as approved by Hon'ble Commission to source green energy.

2.5. KRCIPPL should submit the details for long term RE procurement plan (in MUs and corresponding MW) for meeting the future RPO targets.

Response - KRCIPPL respectfully submits that Hon'ble Commission in Case No. 329 of 2019, has allowed KRCIPPL to fulfil its renewable purchase obligations till end of FY 2021-22 through procurement of RECs. However, KRCIPPL is in process to issue a tender inviting bid from Non-Solar generators for procurement of actual green power.

KRCIPPL submits that due to widespread global pandemic since March 2020, it has witnessed steep fall in its electricity demand vis-à-vis sales projections. This has severely hampered the revenues of the distribution licensee. KRCIPPL would like to initiate the green energy procurement with gradual year on year increase and thereby balancing its overall cost of power purchase. As approved by Hon'ble Commission in Case No. 231 of 2020, KRCIPPL along with other two distribution licensees of K. Raheja Corp shall initiate the process to request proposals from generators through competitive bidding process. Details are as mentioned below -

| Discom | Period | Type | Quantum in MW* | Quantum in MUs* |
|---|-------------------------|-----------|----------------|-----------------|
| KRC Infrastructure and Projects Private Limited | 01.10.2021 - 30.09.2025 | Non-Solar | 1.25 | 1.75 |

Apart from the base quantum which shall be available from the above-mentioned contract, KRCIPPL has planned to continue procuring power through G-TAM market segment and other introductions of products in future on exchanges or any other platform which is transparent, neutral and offer competitive pricing.

Further, KRCIPPL is assessing the requirement of its consumer to meet the requirement specific to green power and is committed to meet the RPO target & consumer demand for green energy.

Place: Mumbai

Respondent

Date: May 17, 2021

Authorized signatory, KRCIPPL

Annexure - 1

Summary of RPO compliance by KRC Infrastructure and Projects Private Limited for FY 2019-20

1) Considering Gross Energy Consumption in MUs of KRCIPPL and as submitted to MEDA

| FY | % | 2019-20 | Cumulative Shortfall / (Surplus) |
|----------------------------------|--------|--------------|----------------------------------|
| MUS | | 6.34 | |
| Solar | 3.50% | 0.222 | 0.222 |
| REC | | 0.000 | 0.000 |
| Shortfall/(Surplus) - SL | | 0.222 | 0.222 |
| Non-Solar | 11.50% | 0.729 | 0.729 |
| REC | | 0.000 | 0.000 |
| Shortfall/(Surplus) - NSL | | 0.729 | 0.729 |

2) Considering Gross Energy Consumption in MUs as submitted by MSLDC to MEDA

| FY | % | 2019-20 | Cumulative Shortfall / (Surplus) |
|----------------------------------|--------|--------------|----------------------------------|
| MUS | | 5.28* | |
| Solar | 3.50% | 0.185 | 0.185 |
| REC | | 0.000 | 0.000 |
| Shortfall/(Surplus) - SL | | 0.185 | 0.185 |
| Non-Solar | 11.50% | 0.607 | 0.607 |
| REC | | 0.000 | 0.000 |
| Shortfall/(Surplus) - NSL | | 0.607 | 0.607 |

* 1) FY 19-20 GEC in MUs provided by MSLDC to MEDA



KRC Infrastructure And Projects Private Limited**Kharadi/Power/2020-21/F310/K183****February 19, 2021**

To,

The Secretary,

Maharashtra Electricity Regulatory Commission,
World Trade Centre, Centre No. 1,
13th Floor, Cuffe Parade,
Colaba, Mumbai-400005

Subject – M/s KRC Infrastructure and Projects Private Limited (KRCIPPL) seeking approval for carrying forward the shortfall in RPO obligation of FY 2019-20 and 2020-21 in FY 2021-22 and FY 2022-23.

Respected Sir,

KRC Infrastructure and Projects Private Limited (“KRCIPPL”) is a distribution licensee in its SEZ area and has been operational since 01.06.2019.

As per clause 3.2- **Renewable Purchase Obligation, Its Compliance and Implementation of Renewable Energy Certificate Framework Regulation, 2019**, KRCIPPL is an obligated entity and has to fulfil its RPO for FY 2019-20 and FY 2020-21 as per provisions of these regulations. KRCIPPL is obligated to procure 3.50% of Solar Energy and 11.50% of Non-Solar Energy for FY 2019-20 and 4.50% of Solar Energy and 11.50% of Non-Solar Energy for FY 2020-21 against gross energy consumption during the financial year.

KRCIPPL is registered on IEX platform as a Member for procurement of Renewable Energy Certificates (REC). Hon’ble Commission in the MYT order case no. 329 of 2019 has allowed KRCIPPL to procure REC till FY 21-22 for RPO compliance.

However, since July 2020, REC Sessions on exchanges have been put on hold as per Order from Hon’ble APTEL in Case No. 113 of 2020 dated 24.07.2020. It is respectfully submitted that due to the above restrictions, KRCIPPL could not continue the procurement of RECs from exchanges which has further resulted in accumulation of Shortfall in RPO compliance for the FY 2020-21.

Further KRCIPPL would like note that in line with directions from the Hon’ble Commission in Case No. 231 of 2020, KRC discoms have been allowed to source Non-Solar power as per regulatory framework issued by the Commission for determination of generic tariff. KRCIPPL respectfully submits that the process to procure Non-Solar power has been initiated and the same will be concluded to fulfil RPO compliance. KRCIPPL humbly informs that with induction of actual Non-Solar power generation in portfolio, the identified shortfall along with obligation of the standalone FY 2021-22 shall be met on regular basis.

CIN : U70102MH2008PTC183176

Regd. Off. : Plot No.C-30, Block ‘G’, Opp. SIDBI, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051.
Phone : +91-22-2656 4000 Fax : +91-22-2656 4004 Website : www.krahejacorp.com

In view of the uncontrollable factors mentioned above, KRCIPPL humbly requests Hon'ble Commission to kindly allow carrying forward the shortfall in RPO compliance in the next financial year of 2021-22 and 2022-23.

Thanking you.

For **KRC Infrastructure and Projects Private Limited,**

A circular stamp with the text "KRC Infrastructure and Projects Private Limited" around the perimeter. In the center, there is a handwritten signature in blue ink that reads "Nitin Chunarkar".

Authorised Signatory
(Nitin Chunarkar – GM Power)

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