



सत्यमेव जयते



ORDER
OF THE
WEST BENGAL ELECTRICITY REGULATORY COMMISSION
IN CASE NO. OA - 429/ 22 – 23

IN REGARD TO THE APPLICATION SUBMITTED BY WEST BENGAL STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED (WBSEDCL) FOR FIXATION OF NORMS FOR SOLAR PV GENERATING STATIONS OF THE STATE IN TERMS OF REGULATION 2.8.6.1 READ WITH REGULATION 8.10 OF THE WEST BENGAL ELECTRICITY REGULATORY COMMISSION (TERMS AND CONDITIONS OF TARIFF) REGULATIONS, 2011 AS AMENDED FROM TIME TO TIME

PRESENT:

SHRI MALLELA VENKATESWARA RAO, CHAIRPERSON
SHRI PULAK KUMAR TEWARI, MEMBER

DATED: 04.08.2023



Facts in brief:

- 1.0 The West Bengal State Electricity Distribution Company Limited (in short 'WBSEDCL) has submitted an application vide letter dated 23.08.2022 for fixation of norms for the solar PV generating stations of the State in terms of regulation 2.8.6.1 read with regulation 8.10 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011 as amended from time to time [hereinafter referred as Tariff Regulations] . The application has been admitted by the Commission in Case No. OA – 429/ 22 – 23.
- 2.0 In the said application, WBSEDCL has inter-alia submitted the following:
 - 2.1 The Commission based on the appeal of WBSEDCL in its order dated 08.09.2021 in Case No. OA-368/21-22 has allowed that, WBSEDCL shall not require to go through competitive bidding route for entering into PPA with solar Power plant from the projects that are entirely funded by the State Government as grant.
 - 2.2 WBSEDCL is in a process to purchase solar power from several 100% Government Funded projects of WBPDC and WEBREDA. In absence of specific norms for solar PV plant for useful life, auxiliary energy consumption (AEC), operation & maintenance (O&M) expense, rate for ROE, discount factor, etc. the levelized tariff offered by utilities varies significantly. Further the solar plants developed by WBSEDCL under the State Government grant will also require O&M expense norms from 6th year onwards, as first five years O&M is included in the capital cost.
 - 2.3 It is further submitted that, the Central Electricity Regulatory Commission in its Regulation specifies norms for Useful Life, AEC, ROE %, depreciation rate, interest on working capital, discount factor, etc. However, no O&M norm has been specified by CERC after 2016-17.
 - 2.4 In view of above, WBSEDCL, in terms of regulation 2.8.6.1 read with regulation 8.10 of the Tariff Regulations, has prayed for specifying the norms of useful life, AEC, O&M



norms, depreciation rate, rate for ROE, annual escalation rates, etc. of solar PV generating stations for determination of levelized tariff as well as for its own solar plants.

Observations of the Commission

- 3.0 Tariff of any power purchased by a distribution company from any generating plant shall either be determined under section 62 of the Electricity Act 2003 or the tariff discovered through competitive bidding under section 63 of the Electricity Act 2003 will be adopted by the appropriate Commission.
- 4.0 The Commission in its order dated 08.09.2021 in Case No. OA-368/21-22 allowed WBSEDCL to enter into PPA with 100% grant funded solar PV plants without going through competitive bidding in order to facilitate government initiative for solar promotion and considering the fact that unlike other solar projects, such grant funded projects will have only O&M related expenses as tariff component.
- 5.0 It is further observed that, in view of emerging technologies in the field of renewables, CERC has decided to determine the tariff from solar PV generating stations on case to case basis. CERC has considered useful life for solar PV power projects/ floating solar projects / solar thermal power projects as 25 years and has inter-alia proposed to determine the O&M expense for the tariff period based on normative O&M expense specified for the first year of the control period with specific escalation rate.
- 6.0 In view of above, the Commission finds it reasonable to determine the tariff of the solar PV projects developed with 100% grant from the government under section 62 of the Electricity Act 2003 in case to case basis, unless any tariff is discovered under section 63 of the Electricity Act 2003. The Commission has already determined the normative O&M expenses for WBSEDCL solar PV plants for the eighth control period under section 62 of the Electricity Act 2003 in the Tariff order of first ensuing year (FY 2023-24) of WBSEDCL in Case No. TP-98/ 22-23 dated 30.03.2023.
- 7.0 The tariff determined under section 62 of the Electricity Act 2003 is subject to being up following the provisions of the Tariff Regulations. The Commission also observes that, locational factor may have an impact on the O&M expenses due to additional expense



of security. This aspect will be reviewed by the Commission during truing-up based on the documentary evidences submitted by the petitioners.

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- 8.0 In view of the above, the Commission directs that tariff of any solar PV plants developed through 100% grant fund, will be determined by the Commission under section 62 of the Electricity Act 2003 unless its tariff is discovered under section 63 through competitive bidding process.
- 9.0 For the purpose of tariff determination, the useful life for solar PV power projects/ floating solar projects / solar thermal power projects shall be considered as 25 years, normative O&M expenses shall be specified for each ensuing year of the control period in the Tariff order of first ensuing year of the control period. Any admissible additional security expense and other applicable charges as per Tariff Regulations shall also be applicable.
- 10.0 The application is thus disposed of.
- 11.0 A copy of the order shall be posted in the website of the Commission.
- 12.0 WBSEDCL shall download the copy of the order from the website of the Commission and act on it. Certified copy of the order, if applied for, be given to the parties on completion of formalities laid down in the West Bengal Electricity Regulatory Commission (Conduct of Business) Regulations, 2013, as amended and on submission of necessary fees.

Sd/-
(PULAK KUMAR TEWARI)
MEMBER

Sd/-
(MALLELA VENKATESWARA RAO)
CHAIRPERSON

Dated: 04.08.2023

Sd/-
SECRETARY