



**ORDER
OF THE
WEST BENGAL ELECTRICITY REGULATORY COMMISSION
IN CASE NO. PPA-115 /21-22**

IN REGARD TO THE APPLICATION SUBMITTED BY THE INDIA POWER CORPORATION LIMITED (IPCL) FOR APPROVAL OF POWER SALE AGREEMENT EXECUTED ON 19.07.2021 BY AND BETWEEN IPCL AND SOLAR ENERGY CORPORATION OF INDIA LIMITED (SECI) FOR PURCHASE OF 100 MW RTC – RE POWER BY IPCL, FOR A PERIOD OF 25 YEARS UNDER SUB-SECTION (1) OF SECTION 86 OF THE ELECTRICITY ACT, 2003 AND IN TERMS OF REGULATIONS 2.1.12, 7.4.1, 7.81, 7.8.2 AND 7.8.3 OF THE WEST BENGAL ELECTRICITY REGULATORY COMMISSION (TERMS AND CONDITIONS OF TARIFF) REGULATIONS, 2011 AS AMENDED

PRESENT:

**SRI MALLELA VENKATESWARA RAO, CHAIRPERSON
SRI PULAK KUMAR TEWARI, MEMBER**

DATE: 12.12.2022



Approval of Power Sale Agreement executed on 19.07.2021 by and between India Power Corporation Limited (IPCL) and Solar Energy Corporation of India Limited (SECI) for purchase of 100 MW RTC – RE power by IPCL, for a period of 25 years under sub-section (1) of section 86 of the Electricity Act, 2003 and in terms of regulations 2.1.12, 7.4.1, 7.81, 7.8.2 and 7.8.3 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011 as amended



Facts in brief:

- 1.0 India Power Corporation Limited (IPCL) submitted an application vide letter dated 27.09.2021 for approval of Power Sale Agreement (PSA) executed on 19.07.2021 by and between Solar Energy Corporation of India Limited (SECI) and IPCL for purchase of Round the Clock Renewable Energy (RE) power of 100 MW for a period of 25 years at a rate determined through competitive bidding and adopted by CERC. Further, on 21.04.2022, IPCL submitted a copy of Central Electricity Regulatory Commission (CERC) order related to confirming the competitive bidding procedure under section 63 of the Electricity Act 2003 and adopting the tariff. Subsequently, IPCL vide letters dated 05.07.2022 and 28.09.2022 has submitted additional information on their application. The Commission admitted the application in Case No. PPA – 115/21-22.
- 2.0 The application of IPCL read with the Power Sale Agreement dated 19.07.2021 and additional information inter-alia states the following:
 - 2.1 SECI has been identified by the Government of India (GOI) as the nodal agency for implementation of the scheme for setting up of 'ISTS connected Wind, Solar and Wind- Solar Hybrid Power Projects' issued by the Ministry of New and Renewable Energy, GOI and shall be acting as an 'Intermediary Procurer'. Accordingly, SECI has implemented a scheme to procure 400 MW Round the Clock (RTC) renewable energy under the provisions of Request for Selection (RfS) dated 18.10.2019 on a long-term basis from the selected RE Power Developers (RPD) and has signed a Power Purchase Agreement with the project company.
 - 2.2 IPCL has requisitioned to SECI for purchasing 100 MW RE Power from the proposed 400 MW RTC RE Project. Accordingly, IPCL has signed a Power Sale Agreement with SECI on 19.07.2021 for purchase of 100 ME RE RTC power for a period of 25 years from the scheduled commissioning date of the project.
 - 2.3 The tariff for procurement of the 100 MW RE Power on RTC basis is Rs. 2.90 per kWh for the first year with yearly escalation of 3% for 15 years and no further escalation after 15th year. In addition to this, a trading margin of Rs. 0.07 per kWh is payable to SECI for the entire term of the agreement. IPCL submitted that the landed cost of power including transmission charges and losses comes to Rs. 3.31 per kWh which is much lower than the



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existing long term power purchase arrangement (DVC and WBSEDCL) of IPCL available on RTC basis.

- 2.4 The power shall be delivered by the power developer at its interconnection point with Inter State Transmission System. IPCL will receive such power at its proposed 220 kV Chalbapur sub-station to be connected with Asansol 220 kV substation of WBSETCL. The minimum quantum of power from RTC RE Project will be 701.30 MU at an estimated CUF of 80%.
- 2.5 IPCL further submitted that the RE Power with long term round the clock availability will offset the short-term power purchase requirement and will also help them to meet the solar and non-solar Renewable Purchase Obligation.
- 2.6 In view of above, IPCL has prayed before the Commission to approve the said PSA dated 19.07.2021.
- 3.0 The Commission had directed IPCL to publish the gist of their application as approved by the Commission in terms of paragraph 9.17 of Tariff Order dated 21.07.2016 of IPCL. IPCL, accordingly had published the gist of the petition in (i) the "The Telegraph", (ii) the "Ananda Bazar Patrika", (iii) the "Aajkal" and (iv) the "Sanmarg" and also in their website on 01.02.2022 inviting suggestions and objections on their petition to be submitted within 14 (fourteen) days of publication of the gist. No suggestion and objection were received by the Commission within the stipulated time-period.
- 4.0 Thereafter, IPCL vide letter dated 21.04.2022 submitted that the Central Electricity Regulatory Commission has adopted the tariff in respect of the RE Wind Solar Hybrid Power vide order dated 08.04.2022 in Petition No. 258/AT/2021 and forwarded a copy of the order.

Observations of the Commission:

5.0 Requirement of power procurement:

- 6.1 The Commission vide letter dated 31.05.2022 directed IPCL to submit proper justification for purchase of 100 MW RTC RE power through a Load Generation Balance analysis considering the already entered PPA/ contracted capacity available with them along with the



- plan to manage power surplus or shortfall scenarios. Further, IPCL was also directed to submit the status of proposed open access for drawal of power from Chalbalpur substation connected with STU.
- 6.2 Accordingly, IPCL vide letter dated 05.07.2022 and 28.09.2022 submitted their average demand from 2018 – 19 to 2021 – 22 and projected the demand as 256 MW during 2024 – 25. IPCL submitted that their estimation is on the higher side as compared to the estimation made in the 19th Electric Power Survey report since they have anticipated increase in bulk consumers. From the submitted LGBR, it is observed that IPCL may be able to manage its load using the proposed RTC RE Power coupled with the existing single part power purchase arrangements with DVC and WBSEDCL. IPCL may also take recourse of real time market to manage its requirement as and when necessary. Further, the power purchase from DVC and WBSEDCL being on single part basis has no fixed cost burden. Hence, IPCL shall be able to manage its demand by allocating such power based on merit order principles.
- 6.3 Regarding intermittent short-fall and surplus management, IPCL submitted that the proposed RE Power is round the clock in nature and the 400 MW RTC contract is supported with Solar (400 MW) and Wind (900 MW) plants in different states of Rajasthan, Maharashtra and Karnataka along with a Battery Storage of 8 MWh. It is also submitted that, with improved forecasting technology IPCL has experienced no deviation in their existing power purchase from hybrid RE power during the last one year. IPCL has also assured that they will keep a dedicated 24 X 7 control room responsible for scheduling and despatch of power and shall keep a strict vigil on schedule and actual load drawal. Any variation/ mismatch will be mitigated by IPCL using Real Time Market (RTM) mechanism, Ancillary Services, etc.
- 6.4 Further, the Commission, being guided by the Tariff Policy, noted that the Ministry of Power (MoP) vide Order dated 14.06.2018 has specified the long-term growth trajectory of Renewable Purchase Obligation in terms of paragraph 6.4 (1) of the Tariff Policy, 2016. The Commission observes that IPCL has proposed to purchase minimum 701.3 MU of RE power under the proposed PSA. IPCL is lagging far behind the target set by the MoP, GOI since they could achieve only 2.46% of the RPO target during 2021 – 22. Thus, the proposed RTC RE power will also help IPCL to improve its RE portfolio.



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6.5 Further, IPCL vide letter dated 05.07.2022 has submitted that, WBSETCL (STU) had conducted a study and found that the proposed connectivity 220 kV Chalbapur Substation of IPCL with 220 kV Asansol Substation of WBSETCL for 130 MVA is feasible. WBSETCL also suggested IPCL to submit application in prescribed form along with approved PPA.

6.0 Price of power purchase:

7.1 The Commission observes that as per the Power Sale Agreement, IPCL will purchase 100 MW Solar Wind Hybrid RE Power on RTC basis from SECI at Rs. 2.90 per kWh for the first year which is shall be escalated as per provisions of the PSA/ PPA/ RfS plus a trading margin to SECI at Rs. 0.07 per kWh. The Tariff has been discovered through competitive bidding and is well below the average power purchase cost of IPCL and thus, economic as compared to the other power purchase sources approved in the Tariff Order of 2019 - 20. Further, the bidded price of RTC RE Power is lower than the price of renewable power (Rs. 5.29 per kWh) discovered in power exchange (IEX) during FY 2021 – 22.

7.2 The Commission also observes that no inter-state transmission charge will be levied on transmission of electricity generated from solar and wind sources through ISTS for sale of power by the projects to be commissioned within 30.06.2025 for 25 years from the date of commissioning of the project as per the notification of the Ministry of Power dated 21.06.2021. Since, the scheduled commissioning date of the proposed RTC RE project is 24 months from the effective date of PSA, thus no ISTS charges are applicable. Further, in line with clause 3.2 of the PSA dated 19.07.2021, the ISTS charges will be borne by the project developer in case of any delay in commissioning of the project beyond 30.06.2025 due to reasons attributable to the project developer.

8.0 It is noted that, SECI being the nodal agency is acting as 'Intermediary Procurer'. SECI will purchase power from the hybrid power developers through competitive bidding at Rs. 2.90 per kWh for the first year which is escalable as per provisions of the PSA/ PPA/ RfS. CERC in its order in petition no. 258/AT/2021 dated 08.04.2022 had examined the adherence of SECI to the competitive bidding guideline issued by MNRE, Government of India under section 63 of the Act and found it in affirmative. CERC in its order has also observed that the trading margin as mutually agreed is in consonance with Regulation 8 (1) (d) of CERC



Trading License Regulations. The Commission also observes that the trading margin shall be governed by the direction of CERC given in paragraph 45 of its order dated 08.04.2022, which reads, “.....Distribution licensees have agreed to a trading margin of Rs. 0.07/kWh as agreed in the PSA, which is in consonance with Regulation 8(1)(d) of the Trading License Regulations. Therefore, in case of failure by SECI to provide escrow arrangement or irrevocable, unconditional and revolving letter of credit to the wind generators, the trading margin shall be limited to Rs. 0.02/kWh as specified in the Regulation 8(1)(d) and Regulation 8(1)(f) of the Trading License Regulations.”.

9.0 In view of the above, the Commission concludes the followings:

- (i) The hybrid power will help IPCL to meet its demand and also will help to improve its RE portfolio.
- (ii) The price being discovered following the competitive bidding guidelines issued by the Government of India under section 63 is stand-alone economic and is beneficial to end consumers.
- (iii) No ISTS charges for the above RTC RE power is required to be paid.

Order:

10.0 The Commission after considering the above facts and in order to promote procurement of renewable energy by IPCL to fulfil its obligation and further keeping in mind clause (e) of sub-section (1) of section 86 of the Act, approves the Power Sale Agreement dated 19.07.2021 executed by and between IPCL and SECI for purchase of 100 MW RE power on RTC Basis by IPCL from SECI for a period of 25 (twenty-five) years at a tariff determined through competitive bidding by SECI which is Rs. 2.90 per kWh for the first year and may be escalated as per provisions of the PSA/ PPA/ RfS plus applicable trading margin (as per paragraph 7.3 of this order) in terms of regulation 7.4.1 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011 as amended.

11.0 The Commission also directs IPCL to comply with the provisions of applicable law regarding scheduling as per the provisions of intra-state ABT, State Grid Code, etc.



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12.0 The petition is thus disposed of.

13.0 A copy of the order shall be posted in the website of the Commission.

14.0 IPCL 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: 12.12.2022

Sd/-
SECRETARY