



ORDER

OF THE

WEST BENGAL ELECTRICITY REGULATORY COMMISSION

IN THE MATTER OF

CASE NO: PPA-143/25-26

PETITION OF DAMODAR VALLEY CORPORATION (DVC) FOR APPROVAL OF POWER PURCHASE AGREEMENT WITH CHENAB VALLEY POWER PROJECTS LTD. (CVPPL) (A JOINT VENTURE COMPANY OF NHPC LIMITED AND JAMMU AND KASHMIR STATE POWER DEVELOPMENT CORPORATION (JKSPDC)) FOR PURCHASE OF HYDRO POWER FROM KIRU HYDRO ELECTRIC PROJECT 624MW (4X156MW).

DATE: 29.08.2025



Facts in brief

1. Damodar Valley Corporation (hereinafter referred to as "DVC") has filed a Petition on 13.06.2025 for approval of Power Purchase Agreement ("PPA") executed between DVC and Chenab Valley Power Projects Ltd. (CVPPL) (a joint venture company of NHPC Limited And Jammu and Kashmir State Power Development Corporation(JKSPDC)) for purchase of Hydro Power as per allocation by Ministry of Power, Government of India, ((In short "MoP, GOI"), limited to 150 MW, by DVC from Kiru HE Project 624 MW (4X156MW) in terms of Regulation 7.4 of West Bengal Electricity Regulatory Commission (Terms and Conditions Of Tariff) Regulations, 2011 and its amendments thereof (hereinafter referred to as the "Tariff Regulations"). This application has been admitted on 04.07.2025 with case No. PPA-143/25-26.
2. DVC in their petition dated 13.06.2025 inter-alia submitted that:
 - 2.1 NHPC Limited (a Central Power Sector Undertaking (CPSU) under MoP, GOI incorporated under the Companies Act, 1956) is developing Kiru HEP in UT of J&K through the joint venture subsidiary company CVPPL. CVPPL is incorporated as joint venture company between NHPC and JKSPDC.
 - 2.2 NHPC vide their letter dated 16.08.2023 had offered to sale hydel power from their upcoming Kiru HE Project to DVC providing salient features of the project as follows:

Sr. No.	Particulars	Kiru HE Project
a)	Installed Capacity	624 MW (4 x 156 MW)
b)	Location & River	Kishtwar, UT of J&K on Chenab River
c)	Type of Project	Run of River having 2.7 hours peaking
d)	Expected Commissioning	March 2026
e)	Free Power and LADF	13% (Free Power 12%, LADF 1%)



Petition of Damodar Valley Corporation (DVC) for Approval of Power Purchase Agreement with Chenab Valley Power Projects Ltd(CVPPL) (A Joint Venture Company of NHPC Limited And Jammu And Kashmir State Power Development Corporation(JKSPDC)) for Purchase of Hydro Power From Kiru HE Project 624 MW (4x156 MW).

f)	Available Power for Sale	543 MW
g)	Levelling tariff	4.64 INR/kWh
h)	Annual Design Energy	2272 MU
i)	Transmission Connectivity	ISTS Connectivity
j)	Useful Life	40 years
k)	Actual Tariff	Tariff/Annual Fixed Cost (AFC) shall be determined by CERC under section 62 of Electricity Act, 2003
l)	Allocation of Power Among States/DISCOM(s)	Allocation is to be done by Ministry of Power, GOI based on consents received from States/DISCOM(s)

- 2.3 DVC has expressed its interest to purchase maximum upto 150 MW power from Kiru HE Project through letter no. Coml./Power Purchase/NHPC/2023-24/Kiru/643 dated 18.10.2023. The matter was approved in the 675th Board meeting of DVC held on 30.09.2024.
- 2.4 Subsequently a PPA between CVPPL and DVC was executed on 07.02.2025 for procurement of power from Kiru HE Project as per the allocation to be made by MoP, GoI at a tariff determined by Central Commission (CERC) under Section 62 of the Electricity Act, 2003 for a period of 40 (Forty) years from the date of commercial operation (COD) of the last unit or balance normative life of Kiru HE Project whichever is earlier.
- 2.5 Ministry of Power Hydel Division, GoI vide office order No 11/29/2023(Part)-NHPC dated 15.04.2025 allocated 15 MW firm power to DVC from Kiru HE Project of CVPPL.
- 2.6 DVC also mentioned that, the power purchased from the Kiru HE Project of CVPPL will be exempted from ISTS charges for 18 years from COD, as per CERC regulations on the sharing of ISTS charges (2020, first amendment) dated 07.02.2023.



2.7 In view of the above, DVC filed the instant petition for approval of the PPA executed between DVC and CVPPL from the Commission in accordance with Regulation 7.4 of Tariff Regulations.

Point of determination:

3.0 Clause (b) of sub-section (1) of section 86 of the Electricity Act 2003 inter-alia specifies that, while discharging its function, the Commission shall 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. Further, in terms of Regulation 7.4.1 of the Tariff Regulations, prior approval of the Commission is required for every agreement or arrangement for power procurement by a licensee entered into after 09.02.2007, except for short term procurement.

Observations of the Commission:

4.0 Requirement of power procurement:

The Commission finds from the letter no. ED/COML/WBERC/16/7392/641 dated 22.07.2025 of DVC that

- 4.1. The expected quantum of hydro power would be 54.61 MU corresponding to allocation of 15 MW from 624 MW Kiru HE Project of CVPPL considering its design energy of 2272 MU.
- 4.2. The major share from the Kiru HE Project of CVPPL is expected to be available during Peak hours in summer (April to June) when demand increases and DVC experiences power deficit. This power from Kiru HE project will help DVC to manage power demand in peak hours of monsoon season (July – August) also, when generation from thermal



generating station gets affected due to supply of wet coal. Thus, this hydro power purchase will reduce dependency on costlier market power during peak period by equivalent quantum.

5.0 Price of power purchase:

The Commission observes that the tariff of the hydro generation from the Kiru HE Project of CVPPL will be determined by CERC under Sec 62 of the Electricity Act, 2003 as per para no. 6.1 of PPA.

- 5.1. DVC submitted that the estimated levelized tariff of the Kiru HE Project of CVPPL is Rs 4.64 / KWh. However the tariff of kiru HE project will be determined by CERC under Sec 62 of the Electricity Act, 2003.
 - 5.2. DVC also submitted that the procurement of hydro power from Kiru HE Project will enable DVC to procure cheaper solar power during daytime from the exchange and use hydro power during peak hours to optimize the average cost of supply and benefitting the consumers.
 - 5.3. The power procured from the above project will enjoy exemption of ISTS charge for the period of 18 years from the date of commercial operation (COD) as per CERC Regulation on sharing of ISTS charge, 2020 (first amendment).
 - 5.4. Over the course of its operational life, the hydro tariff decreases and tariff structure becomes increasingly competitive and beneficial through long-term PPAs.
- 6.0 In view of the above observation, the finding of the Commission are as follows:
- 6.1. The procurement of Hydel power from kiru HE project will help in meeting demand during peak period and during summer-monsoon season and simultaneously reduce dependency on costlier market power during peak period.



6.2. The tariff of the hydro generation from kiru HE project will be determined by CERC under Sec 62 of the Electricity Act, 2003.

Order:

- 7.0 The Commission after considering the facts and further keeping in mind clause (e) of sub-section (1) of section 86 of the Act, approves the Power Purchase Agreement dated 07.02.2025 executed by and between DVC and CVPPL for procurement of power from Kiru HE Project as per the allocation to be made by MoP, GoI time to time, subject to maximum of 150 MW, at the tariff determined by CERC for a period of 40(forty) years from the date of commercial operation (COD) of the last unit or balance normative life of CVPPL Station (s) whichever is earlier, to the extent utilized in West Bengal in terms of Regulation 7.4.1 of the Tariff Regulations.
- 8.0 The Commission also directs DVC to comply with the provisions of applicable law regarding scheduling as per the provisions of intra-state ABT, State Grid Code, etc.
- 9.0 The petition is thus disposed of.
- 10.0 A copy of the order shall be posted in the website of the Commission.
- 11.0 DVC 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/-
(DR. MALLELA VENKATESWARA RAO)
CHAIRPERSON

Dated: 29.08.2025

Sd/-
DEPUTY DIRECTOR, WBERC