



ORDER
OF THE
WEST BENGAL ELECTRICITY REGULATORY COMMISSION
IN THE MATTER OF
CASE NO: PPA-158/26-27

POWER SALE AGREEMENT BETWEEN WEST BENGAL STATE ELECTRICITY
DISTRIBUTION COMPANY LIMITED AND NTPC VIDYUT VYAPAR NIGAM
LIMITED FOR PURCHASE OF HYDRO POWER FROM THE
PUNATSANGCHHU-II HYDROELECTRIC PROJECT, BHUTAN.

DATE: 02.09.2026



Facts in brief:

- 1.0 The West Bengal State Electricity Distribution Company Limited (WBSEDCL) submitted an application on 23.07.2026 for approval of the Power Sale Agreement (PSA) executed on 13.05.2026 by and between WBSEDCL and NTPC Vidyut Vyapar Nigam Limited (NVVN) for procurement of power as per allocation by Ministry of Power, Government of India (in short "MoP, GoI"), limited to a maximum of 351.155 MW by WBSEDCL from the Punatsangchhu-II Hydroelectric Project (PHP-II), capacity 1020 MW (6 x 170 MW), located in Bhutan, in terms of Regulation 7.4.1 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011, as amended, (hereinafter referred to as the "Tariff Regulations") for a period of 40 years. The Commission admitted the application on 04.08.2026 in Case No. PPA-158/26-27.
- 2.0 The application of WBSEDCL read with the Power Sale Agreement dated 13.05.2026 inter-alia states the following:
 - 2.1 The Government of India (GOI) and Royal Government of Bhutan (RGOB) have entered into an agreement dated 30.04.2010 to sell the surplus power available from the PHP-II. Further GOI and RGOB through the protocol to the said agreement, dated 09.04.2026 having validity for a period of 40 years, have authorized NVVN and Druk Green Power Corporation Limited as the nodal agencies in India and Bhutan respectively, for inter-country sale of PHP-II power and to enter into a Power Purchase Agreement ("PPA") for sale and purchase of said surplus power available from PHP-II.
 - 2.2 On 01.09.2025, MoP, GOI had allocated 338.3 MW hydro power from PHP-II in favour of West Bengal. The allocation was further revised to 351.17 MW vide a letter dated 16.09.2025 and finalized to 351.155 MW vide another letter dated 30.03.2026.
 - 2.3 WBSEDCL has obtained the approval for procurement of Hydro Power from PHP-II in their 138th Board Meeting held on 28.05.2026.



2.4 Meanwhile, a protocol has been signed between the Government of Republic of India and Royal Government of Bhutan on 09.04.2026 through which the tariff (excluding NVVN's trading margin of Rs. 0.07/kWh) has been mutually decided for 40 years as below:

Year	Tariff (Rs/kWh)	Year	Tariff (Rs/kWh)	Year	Tariff (Rs/kWh)
1	5.10	15	5.84	29	6.89
2	5.10	16	6.25	30	6.89
3	5.10	17	6.25	31	7.24
4	5.10	18	6.25	32	7.24
5	5.10	19	6.25	33	7.24
6	5.46	20	6.25	34	7.24
7	5.46	21	6.57	35	7.24
8	5.46	22	6.57	36	7.60
9	5.46	23	6.57	37	7.60
10	5.46	24	6.57	38	7.60
11	5.84	25	6.57	39	7.60
12	5.84	26	6.89	40	7.60
13	5.84	27	6.89		
14	5.84	28	6.89		

2.5 Accordingly, a PSA between NVVN and WBSEDCL was executed on 13.05.2026 for procurement of power from PHP-II as per the allocation made by MoP, GOI, at the tariff and escalation schedule set out in the PSA, for a period of 40 ((Forty) years from the date of commercial operation of the project (01st May, 2025), as per the allocation of PHP-II power and /or as decided by MOP/GOI from time to time as per clause 14.1 of the PSA. Further, as per the said clause of PSA, in case Bulk Power Consumer(s) continue to get from PHP-II power through NVVN even after expiry of this Agreement without further renewal or formal extension thereof, then all the provisions of this Agreement shall continue to operate till such time this Agreement is formally renewed, extended or replaced.



2.6 In view of the above, WBSEDCL filed the instant petition for approval of the PSA executed between them and NVVN from the Commission in accordance with Regulation 7.4.1 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 State 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:

From the submission of WBSEDCL, the Commission observed the following: -

- 4.1. PSA dated 13.05.2026 executed between NVVN and WBSEDCL for procurement of hydro power from PHP-II as per the allocation made by MoP, GOI for a period of 40 (Forty) years from the date of commercial operation of the project (01st May, 2025) as per clause 14.1 of the PSA
- 4.2. This procurement of hydro power from PHP-II will provide support to WBSEDCL to meet demand during peak periods and during the monsoon season when solar power availability is low.
- 4.3. This will provide clean and reliable power on long-term basis.

5.0 Price of power purchase:

5.1 The Commission observes that the tariff for energy supplied to NVVN at the Delivery Point (India-Bhutan border) is Rs. 5.10/kWh for the first year,



escalating as per the GOI-RGOB Protocol dated 09.04.2026, and that the tariff payable by WBSEDCL to NVVN under the PSA is Rs. 5.17/kWh for years 1 to 5, escalating in five-year blocks up to Rs. 7.67/kWh in years 36 to 40, as per Table-1 of the PSA.

5.2 This procurement of hydro power will provide additional flexibility in the economic operation of the overall WBSEDCL power system and may assist WBSEDCL in meeting its Renewable/Hydro Purchase Obligation (RPO/HPO), subject to WBSEDCL establishing the applicability of project-specific Central Government approval for treating power sourced from a project located outside India as eligible for RPO/HPO compliance.

Order:

6.0 The Commission, after careful consideration of the submission of WBSEDCL and observations recorded above, accords its approval to the PSA dated 13.05.2026 executed between WBSEDCL and NVVN for power procurement from PHP-II for a period of 40 (Forty) years as per the allocation of MoP, Gol, at the tariff and escalation schedule set out in the PSA, to the extent utilized in West Bengal in terms of Regulation 7.4.1 of the Tariff Regulations.

7.0 The petition is thus disposed of.

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

9.0 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/-

(DR. MALLELA VENKATESWARA RAO)

CHAIRPERSON

Dated: 02.09.2026

Sd/-

DEPUTY DIRECTOR, WBERC