



**ORDER
OF THE
WEST BENGAL ELECTRICITY REGULATORY COMMISSION
IN CASE NO. PPA- 104/ 20 - 21**

IN REGARD TO THE APPLICATION UNDER SECTION 86 (1) (B) AND 86 (1) (K) OF THE ELECTRICITY ACT, 2003 READ WITH REGULATION 2.4 OF THE WEST BENGAL ELECTRICITY REGULATORY COMMISSION (CONDUCT OF BUSINESS) REGULATIONS, 2013 FOR APPROVAL OF THE POWER PURCHASE AGREEMENT EXECUTED BETWEEN INDIAN RAILWAYS AND WEST BENGAL STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED FOR PURCHASE OF POWER BY INDIAN RAILWAYS AS A DEEMED DISTRIBUTION LICENSEE FROM WEST BENGAL STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED

PRESENT:

**SRI SUTIRTHA BHATTACHARYA, CHAIRPERSON
SRI PULAK KUMAR TEWARI, MEMBER**

DATE: 23.06.2022



In regard to the application under Section 86 (1) (b) and 86 (1) (k) of the Electricity Act, 2003 read with regulation 2.4 of the West Bengal Electricity Regulatory Commission (Conduct of Business) Regulations, 2013 for approval of the Power Purchase Agreement executed between Indian Railways and West Bengal State Electricity Distribution Company Limited for purchase of power by Indian Railways as a Deemed Distribution Licensee from West Bengal State Electricity Distribution Company Limited



Facts in brief:

- 1.0 Eastern Railways (ERly), submitted an application on 25.06.2020 for approval of the Power Purchase Agreement executed by and between Indian Railways and the West Bengal State Electricity Distribution Company Limited (WBSEDCL) for purchase of 170 MW power by Indian Railways as Deemed Distribution Licensee from WBSEDCL. Subsequently on the basis of the directions given by the Commission vide its letter dated 15.09.2020, Eastern Railway vide letter dated 13.06.2022 submitted a revised Power Purchase Agreement executed on 10.06.2022 by and between Indian Railways and WBSEDCL for approval under section 86 (1) (b) and 86 (1) (k) of the Electricity Act, 2003. The Commission admitted the application in Case No. PPA – 104/ 20 – 21.
- 2.0 The application of Indian Railways enclosed with the Power Purchase Agreement dated 10.6.2022 inter-alia states the following:
 - 2.1 Indian Railways is an authorized entity under the Railways Act, 1989 to undertake transmission and distribution activities in connection with the working of the Railways and a deemed licensee under the Electricity Act, 2003 in terms of the order dated 05.11.2015 of the Central Electricity Regulatory Commission (CERC) in Petition No. 197/MP/2015. It is stated that the CERC order dated 05.11.2015 is under challenge before the Hon'ble Appellate Tribunal for Electricity (APTEL) and thus the status of Indian Railways as a Deemed Licensee is subject to the final outcome of the pending dispute.
 - 2.2 In pursuant to CERC's Order dated 05.11.2015, Indian Railways has desired to surrender its Contract Demand as a consumer at all its existing drawal points of 25 kV and above with the WBSEDCL and source all of its power requirement on single part tariff basis collectively for all its existing drawal points of 25 kV and above from WBSEDCL. Indian Railways has authorized Eastern Railways (ERly) to act as nodal Railway for the State of West Bengal for purchase of power on behalf of Indian Railways through notification dated 28.08.2007.
 - 2.3 Accordingly, Eastern Railway (ERly) has agreed to purchase 170 MW power from WBSEDCL to all existing drawal points of 25 kV and above under the distribution area of WBSEDCL up to the present sanctioned power requirement as well as new or upcoming



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traction points. WBSEDCL has also agreed to sell such quantum of power to ERly by using the distribution system.

- 2.4 Accordingly, both WBSEDCL and ERly agreed to following mutually agreed single part tariff upto 2024-25:

Particulars	Year		
	2022 – 23	2023 – 24	2024 – 25
Gross Tariff (in Rs / kWh) Applicable for payment after due date	5.98	5.98	5.98
Net Tariff (in Rs / kWh) Applicable for payment before due date	5.86	5.86	5.86
# 1% rebate for timely payment and 1% rebate for e-payment			

- 2.5 It is submitted that, the existing MVCA of 23 paisa/kWh (as per tariff order dated 04.07.2018 for the year 2017-18 of WBSEDCL) has been merged in the above mutually agreed tariff and any upward variation in MVCA as per Tariff Regulations over and above the existing rate or new MVCA on issuance of tariff order of future years will be payable by ERly. It is further agreed that, E.Rly shall pay proportionate share of Regulatory Assets of WBSEDCL as determined by WBERC in Annual Performance Review (APR) orders pertaining to the period up to which Railways remains connected as 'consumer'.
- 2.6 E.Rly also submitted that the agreement shall take care of the mutual interest of both E Indian Rly and WBSEDCL i.e., Indian Railways will get economical power for its operations and WBSEDCL will not loose on revenue due to Bulk End User such as Railways.
- 2.7 In view of above, E.Rly has prayed before the Commission to approve the revised PPA executed on 10.06.2022 by and between Indian Railways and WBSEDCL and enable bulk purchase of power by Indian Railways at all of its drawal points from WBSEDCL.

Observations of the Commission:

- 3.1 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



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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.

- 3.2 The Commission observes that E.Rly, as a deemed licensee in terms of CERC order dated 05.11.2015, will purchase 170 MW power from WBSEDCL at all its existing and also upcoming drawal points of 25 kV and above under distribution area of WBSEDCL for the period from 2022 – 23 to 2024 – 25. The gross tariff for such purchase is Rs. 5.98 / kWh for the all three years. The gross tariff has been calculated considering different expenses as approved in the tariff order of WBSEDCL for the year 2019 – 20.
- 3.3 The Commission notes that, Indian Railways, though is a deemed licensee but will use this power primarily for its own traction and non-traction loads. Further, the mutually agreed tariff is over and above the average power purchase cost of WBSEDCL i.e Rs. 3.36 /kWh for 2022 – 23 as approved in the Multi Year Tariff Order for the 7th Control Period. Thus, the proposed power purchase agreement will help Railways to bring down its cost of power as well as help WBSEDCL to recover part of its Fixed Cost, which will in turn becomes beneficial for the end consumers of WBSEDCL.

Order:

- 7.0 The Commission, under section 86 (1) (b) of the Electricity Act, 2003, after considering the above facts, approves the Power Purchase Agreement executed on 10.06.2022 by and between Indian Railways and WBSEDCL for purchase of 170 MW power from WBSEDCL at all its existing and new/ upcoming drawal points with WBSEDCL at the mutually agreed tariff and associated conditions reflected in the agreement.
- 8.0 The petition is thus disposed of.
- 9.0 A copy of the order shall be posted in the website of the Commission.
- 10.0 Indian Railways and 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



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(Conduct of Business) Regulations, 2013, as amended and on submission of necessary fees.

Sd/-
(PULAK KUMAR TEWARI)
MEMBER

Sd/-
(SUTIRTHA BHATTACHARYA)
CHAIRPERSON

Dated: 23.06.2022

Sd/-
SECRETARY