



**ORDER
OF THE
WEST BENGAL ELECTRICITY REGULATORY COMMISSION
IN CASE NO. PPA-113 /21-22**

IN REGARD TO THE APPLICATION SUBMITTED BY WEST BENGAL STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED (WBSEDCL) FOR APPROVAL OF POWER SALE AGREEMENT EXECUTED ON 30.06.2021 BY AND BETWEEN WBSEDCL AND SOLAR ENERGY CORPORATION OF INDIA LIMITED (SECI) FOR PURCHASE OF 100 MW WIND-SOLAR HYBRID RENEWABLE ENERGY POWER BY WBSEDCL IN TERMS OF REGULATION 7.4.1 OF THE WEST BENGAL ELECTRICITY REGULATORY COMMISSION (TERMS AND CONDITIONS OF TARIFF) REGULATIONS, 2011, AS AMENDED.

PRESENT:

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

DATE: 28.07.2022



In regard to the application submitted by West Bengal State Electricity Distribution Company Limited (WBSEDCL) for approval of power sale agreement executed on 30.06.2021 by and between WBSEDCL and Solar Energy Corporation of India Limited (SECI) for purchase of 100 MW Wind-Solar Hybrid renewable energy power by WBSEDCL



Facts in brief:

- 1.0 The West Bengal State Electricity Distribution Company Limited (WBSEDCL) submitted an application vide letter dated 10.08.2021 for approval of Power Sale Agreement (PSA) executed on 30.06.2021 by and between Solar Energy Corporation of India Limited (SECI) and WBSEDCL for purchase of 100 MW of Wind-Solar Hybrid Renewable Energy (RE) power for a period of 25 years. Further, WBSEDCL vide letter dated 09.06.2022 has submitted additional information on their application. The Commission admitted the application in Case No. PPA – 113/21-22. Subsequently, on 08.03.2022, WBSEDCL 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.
- 2.0 The application of WBSEDCL read with the Power Sale Agreement dated 30.06.2021 inter-alia state the following:
 - 2.1 SECI has been identified by the Government of India (GOI) as the nodal agency for implementation of Government of India policy under the National Wind Solar Hybrid Policy issued by the Ministry of New and Renewable Energy, GOI dated 14.05.2018 and shall be acting as an 'Intermediary Procurer'. Accordingly, SECI has implemented a scheme to procure 1110 MW renewable energy through competitive bidding under the provisions of Request for Selection (RfS) dated 14.01.2020 on a long-term basis from the selected Hybrid Power Developers (HPD) and has signed a Power Purchase Agreement with the project company.
 - 2.2 WBSEDCL has agreed to purchase 100 MW Wind-Solar Hybrid RE Power from SECI and has accordingly signed a Power Sale Agreement with them on 30.06.2021 for a period of 25 years from the scheduled commissioning date of the project.
 - 2.3 The tariff for procurement of the Wind-Solar Hybrid RE Power is Rs. 2.41 per kWh plus Rs. 0.07 per kWh as trading margin fixed for the entire term of the agreement.
 - 2.4 The power shall be delivered by the power developer at its interconnection point with Inter State Transmission System.



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- 2.5 WBSEDCL submitted that the Wind-Solar Hybrid renewable energy power shall help them to meet the solar and non-solar Renewable Purchase Obligation requirement.
- 2.6 WBSEDCL vide letter dated 09.06.2022 submitted the following:
- (i) The estimated quantum of annual solar energy and wind energy available from the hybrid project will vary from 215.23 MU to 296.98 MU and 93.11 MU to 124.14 MU respectively at 36.66% to 42.5% CUF;
 - (ii) WBSEDCL has entered into 2 more PPAs with SECI to purchase RE power in addition to the instant PPA under this application. WBSEDCL has estimated a total of 695 MU of Renewable Energy from all 3 PPAs with SECI (50% availability considered in view of expected COD in the mid of FY 2022 – 23). This will help WBSEDCL to achieve 1027 MU of total RE power during 2022 – 23.
- 2.7 In view of above, WBSEDCL has prayed before the Commission to approve the said PSA dated 30.06.2021.
- 3.0 The Commission had directed WBSEDCL to publish the gist of their application as approved by the Commission in terms of paragraph 8.12 of Tariff Order dated 04.07.2018 of WBSEDCL. WBSEDCL, accordingly had published the gist of the petition in (i) the "Pratidin", (ii) the "Times of India", (iii) the "Ananda Bazar Patrika" and (iv) the "Sanmarg" on 29.01.2022 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 Subsequently, WBSEDCL vide letter dated 08.03.2022 has submitted that the Central Electricity Regulatory Commission has adopted the tariff in respect of the Wind-Solar Hybrid power projects vide order dated 21.12.2021 in Petition No. 179/AT/2021 and forwarded a copy of the order.

Point of determination:

- 5.0 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



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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:

6.0 Requirement of power procurement:

6.1 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 WBSEDCL has proposed availability of 359.735 MU (on average) from the instant power purchase agreement with SECI considering the commissioning of full capacity in the mid of 2022 – 23. As submitted by WBSEDCL, this instant purchase of renewable power along with the already approved PPAs will increase the estimated renewable energy during 2022 – 23 to 1027.88 MU from 332.76 MU in 2021-22. The Commission further observes that, WBSEDCL in its tariff petition has proposed to purchase 3445 MU renewable power from short-term market to meet its RPO, which has been admitted in the Tariff order. With the proposed PPAs, reliance on short-term market for RE power will reduce.

7.0 Price of power purchase:

7.1 The Commission observes that as per the Power Sale Agreement, WBSEDCL will purchase 100 MW Wind-Solar Hybrid renewable energy power from SECI at Rs. 2.41 per kWh plus a trading margin to SECI at Rs. 0.07 per kWh for 25 years. Further, such price is lower than the renewable price of power exchange (Rs. 5.29 /kWh discovered in power exchange (IEX) during FY 2021 – 22). The Tariff has also been discovered through competitive bidding and is well below the average power purchase cost of WBSEDCL and thus, stand-alone economic as compared to the purchase from coal based thermal power stations approved in the Tariff Order of 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



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21.06.2021. Since, the scheduled commissioning date is 18 months from the effective date of PSA, thus no ISTS charges are applicable.

7.3 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. 2.41 per kWh. CERC in its order in petition no. 179/AT/2021 dated 21.12.2021 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 and adopted the tariff. CERC in its order has also observed that the trading margin of Rs. 0.07 per kWh 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 paragraphs 38 to 42 of its order dated 21.12.2021. The trading margin shall be Rs. 0.07 per kWh subject to the fulfillment of the condition as detailed in the above paragraphs of the order of CERC otherwise the trading margin shall be limited to Rs. 0.02 per kWh.

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

- (i) The hybrid power will help WBSEDCL 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 Wind Solar Hybrid power is required to be paid.

Order:

6.0 The Commission after considering the above facts and in order to promote procurement of renewable energy by WBSEDCL 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 30.06.2021 executed by and between WBSEDCL and SECI for purchase of 100 MW Wind-Solar Hybrid renewable energy power by WBSEDCL from SECI for a period of 25 (twenty-five) years at a tariff determined through competitive bidding by SECI which is Rs. 2.41/kWh plus applicable trading margin (as per paragraph 7.3 of this order) in terms of regulation



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7.4.1 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011 as amended.

- 7.0 The Commission also directs WBSEDCL to comply with the provisions of applicable law regarding scheduling as per the provisions of intra-state ABT, State Grid Code, etc.
- 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 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/-
(SUTIRTHA BHATTACHARYA)
CHAIRPERSON

Dated: 28.07.2022

Sd/-
SECRETARY