



**ORDER
OF THE
WEST BENGAL ELECTRICITY REGULATORY COMMISSION
IN CASE NO. PPA- 114 /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 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 DURGADAS GOSWAMI, MEMBER
SRI PULAK KUMAR TEWARI, MEMBER**

DATE: 27.04.2022



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 hybrid power by WBSEDCL



Facts in brief:

- 1.0 The West Bengal State Electricity Distribution Company Limited (WBSEDCL) submitted an application vide letter dated 11.08.2021 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 Power for a period of 25 years. The Commission admitted the application in Case No. PPA – 114/21-22. Subsequently, on 08.03.2022 WBSEDCL submitted a copy of Central Electricity Regulatory Commission 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 as the nodal agency for implementation of MNRE Scheme for setting up of ISTS connected Wind Power Projects and shall be acting as an 'Intermediary Procurer' under the guidelines for Tariff Based Competitive Bidding Process for procurement of 2500 MW ISTS Connected Blended Wind Power Projects issued by the Ministry of New and Renewable Energy, GoI. Accordingly, SECI has implemented a scheme to procure 970 MW renewable energy under the provisions of Request for Selection (RfS) dated 20.03.2020 on a long-term basis from the selected Blended Wind Power Developers and has signed a Power Purchase Agreement with the project company.
 - 2.2 WBSEDCL has agreed to purchase 100 MW Wind 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 power is Rs. 3.00 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.
 - 2.5 WBSEDCL submitted that the Wind power shall help them to meet the non-solar Renewable Purchase Obligation requirement.



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- 2.6 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 "Aajkal", (ii) the "Times of India", (iii) the "Ananda Bazar Patrika" and (iv) the "Sanmarg" on 21.01.2022 inviting suggestions and objections on their petition to be submitted within 14 (fourteen) days of publication of the gist. No suggestion and objection was 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 power projects vide order dated 22.12.2021 in Petition No. 178/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 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.
- 6.0 Accordingly, provision of prior approval of Power Purchase Agreement (PPA) has been specified in the Tariff Regulations notified by the Commission. The extent of review of the PPA as specified in the regulation 7.4.2 of the Tariff Regulations is produced below:

"7.4.2 The Commission shall review an application for approval of power purchase agreement / arrangement for a period exceeding one year having regard to the following factors, as appropriate.

- (a) Requirement for power procurement;*
- (b) Adherence to a transparent process of bidding in accordance with guidelines issued by the Central Government;*
- (c) Adherence to the tariff determined by the Central Electricity Regulatory Commission for the purchase of power from Central generating company;*



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 hybrid power by WBSEDCL



- (d) Adherence to the agreed tariff for purchase of energy from international sources;
- (e) Adherence to policy approved by the Commission for purchase of power from captive and non-conventional sources;
- (f) Availability (or expected availability) of capacity in the Intra-State transmission system for evacuation and supply of power procured under the agreement / arrangement;
- (g) Adherence to Purchase of power from any source, other than those mentioned from (a) to (e) above in pursuance to different provisions of these regulations;
- (h) Need to promote cogeneration and generation of electricity from renewable sources of energy."

Observations of the Commission:

7.0 Requirement of power procurement:

7.1 From the different submissions of WBSEDCL found from the records of the Commission, it is observed that WBSEDCL has fallen short in their achievement of Renewable Power Obligation as stipulated by the Commission particularly for non-Solar part. Thus, the wind power from SECI will help WBSEDCL meet their RPO.

8.0 Price of power purchase:

8.1 The Commission observes that, as per the Power Sale Agreement, WBSEDCL will purchase 100 MW blended Wind power from SECI at Rs. 3.00 per kWh plus a trading margin to SECI at Rs.0.07 per kWh for 25 years. The Tariff has been discovered through competitive bidding and is well below the average power purchase cost of WBSEDCL approved in the Tariff Order of 2020 - 21.

8.2 It is noted that, SECI, being the nodal agency, is acting as 'Intermediary Procurer'. SECI will purchase power from the wind power developers through competitive bidding at Rs. 3.00 per kWh. CERC in its order in petition no. 178/AT/2021 dated 22.12.2021 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. 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 paragraphs 34 to 38 of its order dated 22.12.2021. 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.



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8.3 In view of the paragraph 8.1 and 8.2 above, the Commission observes that the tariff as mentioned in the Power Sale Agreement has been discovered following the competitive bidding guidelines issued by the Government of India under section 63. Further, the discovered price is also beneficial for the end consumers. Thus, the tariff is admitted by the Commission.

Order:

9.0 The Commission after considering the above facts and in order to promote Cogeneration and Renewable source of energy in terms of 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 blended Wind 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. 3.00/kWh plus applicable trading margin (as per paragraph 8.2 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.

10.0 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.

11.0 The petition is thus disposed of.

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

13.0 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/-
(DURGADAS GOSWAMI)
MEMBER

Sd/-
(SUTIRTHA BHATTACHARYA)
CHAIRPERSON

Dated: 27.04.2022

Sd/-
SECRETARY