



**ORDER
OF THE
WEST BENGAL ELECTRICITY REGULATORY COMMISSION
IN CASE NO. PPA-118 /21-22**

IN REGARD TO THE APPLICATION SUBMITTED BY THE DAMODAR VALLEY CORPORATION (DVC) FOR APPROVAL OF POWER USAGE AGREEMENT EXECUTED ON 01.02.2022 BY AND BETWEEN DVC AND NTPC RENEWABLE ENERGY LIMITED (NTPC REL) FOR PURCHASE OF 100 MW SOLAR POWER IN TERMS OF REGULATION 7.4 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: 06.07.2022



In regard to the application submitted by the Damodar Valley Corporation (DVC) for approval of Power Usage Agreement executed on 01.02.2022 by and between DVC and NTPC Renewable Energy Limited (NTPC REL) for purchase of 100 MW Solar Power in terms of regulation 7.4 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011 as amended



Facts in brief:

- 1.0 The Damodar Valley Corporation (DVC) submitted an application vide letter dated 25.02.2022 for approval of Power Usage Agreement (PUA) executed on 01.02.2022 by and between NTPC Renewable Energy Limited (NTPC REL) and DVC for purchase of 100 MW Solar Power from NTPC REL Khavda – 1 Solar Photovoltaic (PV) Station for the period of 25 years. DVC vide letter dated 12.04.2022 has submitted additional information regarding proportionate usage of such power in West Bengal and Jharkhand area. The Commission admitted the application in Case No. PPA – 118/21-22.
- 2.0 The application of DVC read with the Power Usage Agreement dated 01.02.2022 and additional information inter-alia state the following:
 - 2.1 The Ministry of New and Renewable Energy (MNRE), Government of India (GoI) has issued a scheme termed as 'Central Public Sector Undertaking (CPSU) Scheme Phase II (Government Producer Scheme)' on 05.03.2019 for setting up 12,000 MW grid connected Solar PV Power Projects by the Government Producers with Viability Gap Funding (VGF) support for self-use or use by Government/ Government entities, either directly or through Distribution Companies. Thereafter, MNRE, GoI vide Office Memorandum dated 13.04.2020 has identified Indian Renewable Energy Development Agency Ltd. (IREDA) as the Nodal Agency for handling the CPSU Scheme on behalf of MNRE.
 - 2.2 Accordingly, IREDA had issued Request for Selection (RfS) on 29.01.2021 for selection of Solar Power Developers for setting up 5,000 MW Grid Connected Solar PV Power Projects in India (Tranche III) under CPSU Scheme Phase II. NTPC Limited has been declared a successful bidder in the competitive bidding process for development of 1990 MW Solar PV Power. Now, under the provisions of RfS dated 29.01.2021, NTPC REL is executing 315 MW Solar PV Power Project named as Khavda – 1 Solar PV Station at Kutch, Gujarat.
 - 2.3 DVC has agreed to purchase 100 MW of such Solar Power from NTPC REL (Khavda – 1 Solar PV Station) and has entered into a Power Usage Agreement with NTPC REL on 01.02.2022 for a period of 25 years from the date of declaration of commercial operation or scheduled commissioning date of the project, whichever is later.



In regard to the application submitted by the Damodar Valley Corporation (DVC) for approval of Power Usage Agreement executed on 01.02.2022 by and between DVC and NTPC Renewable Energy Limited (NTPC REL) for purchase of 100 MW Solar Power in terms of regulation 7.4 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011 as amended



DVC has submitted that the power will be utilized proportionately in the DVC supply area in West Bengal and Jharkhand. Through additional submission vide letter dated 12.04.2022, DVC estimated utilization of 14.95 MW in West Bengal area. Subsequently, vide letter dated 31.05.2022, DVC submitted that 125.65 MU is to be utilized in the state of West Bengal based on the sales ratio for the West Bengal region.

- 2.4 The Usage Charges for the power made available by NTPC REL from Solar PV Station shall be payable by DVC at Rs. 2.45 per kWh which shall be exclusive of any other third-party charges like wheeling and transmission charges and losses, point of connection charges and losses, cross-subsidy surcharges, SLDC/ RLDC charges etc. as may be applicable.
- 2.5 The power shall be delivered by the power developer at its interface point of Solar PV Station with transmission system developed by Central Transmission Utility or State Transmission Utility at 765/400 kV Gas Substation Station Khavda II ISTS substation in Gujarat at 400 kV voltage level. DVC has submitted, in terms of Ministry of Power, Government of India notification dated 21.06.2021, no inter-state transmission charge will be levied on transmission of solar electricity 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. The Scheduled Date of Commencement for supply of power is expected to be 03.04.2024 and falls within the commissioning timelines specified by MoP, Gol.
- 2.6 DVC further submitted that, NTPC REL shall approach CERC for getting approval of the PSA along with adoption of tariff determined under the competitive bidding process.
- 2.7 In view of above, DVC has prayed before the Commission to approve the said PUA dated 01.02.2022.
- 3.0 The Commission had directed DVC to publish the gist of their application as approved by the Commission under the provisions of the Tariff Regulations. DVC, accordingly had published the gist of the application in (i) the "Bartaman", (ii) the "The Telegraph", (iii) the "Ananda Bazar Patrika" and (iv) the "The Hindu" on 31.03.2022 inviting suggestions and objections on their petition to be submitted within 21 (twenty one) days of publication of the gist. No suggestion and objection were received by the Commission within the stipulated time-period.



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Point of determination:

- 4.0 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:

5.0 Requirement of power procurement:

- 5.1 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 DVC has proposed to purchase 125.65 MU of Solar Power at estimated CUF of 33.32%. The figure 125.65 MU is derived as 43.05% of 291.88 MU (by applying CUF of 33.32% on 100 MW) as sales share of West Bengal. On analysis, it is observed that DVC is lagging far behind the target thus set by the MoP, GOI since they could only achieve 0.9% of Solar RPO in FY 2021 - 22. Thus, this PSA will help DVC to improve its RE portfolio.

6.0 Price of power purchase:

- 6.1 The Commission observes that the Usage Charges of Rs. 2.45 per kWh is well below the average power purchase cost of Rs. 3.59 per kWh and thus, stand-alone economic as compared to the purchase from coal based thermal power stations as approved by the Commission in the Tariff Order dated 05.05.2022 of DVC. Thus, the Commission finds that the tariff for purchase of 100 MW Solar Power from NTPC REL will be beneficial for the end consumers.
- 6.2 It is noted that, DVC will purchase the solar power from NTPC REL and the procurement process is under Section 63 of the Act and NTPC REL is selling such power at usage price to different Government/ Government Entities through the distribution licensees including



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DVC. Therefore, Central Electricity Regulatory Commission (CERC) is the Appropriate Commission to adopt the instant discovered tariff under Section 63 of the Electricity Act 2003. DVC has also submitted that NTPC REL shall approach CERC for getting approval of adoption of tariff determined under the PUA.

6.3 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 21.06.2021. Since, the scheduled commissioning date is expected to be 03.04.2024, thus no ISTS charges is applicable.

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

- (i) The Solar Power will help DVC to improve its RE portfolio.
- (ii) The price being discovered following the competitive bidding guidelines issued by the Government of India under section 63 and subject to adoption of the tariff by CERC is stand-alone economic.
- (iii) No ISTS charges for the above Solar Power is expected to be paid.

Considering the above conclusions, the Commission issues the following order.

Order:

8.0 The Commission after considering the above facts and in order to promote procurement of renewable energy by DVC to fulfil their obligation and further keeping in mind clause (e) of sub-section (1) of section 86 of the Act, approves the Power Usage Agreement dated 01.02.2022 executed by and between DVC and NTPC REL for purchase of 100 MW Solar Power by DVC from SECI for a period of 25 (twenty-five) years to the extent utilized in West Bengal and for meeting the RPO compliance. The tariff is however subject to adoption of the tariff by the Central Electricity Regulatory Commission in terms of section 63 of the Electricity Act, 2003.



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- 9.0 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.
- 10.0 The petition is thus disposed off.
- 11.0 A copy of the order shall be posted in the website of the Commission.
- 12.0 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/-

(PULAK KUMAR TEWARI)
MEMBER

Sd/-

(SUTIRTHA BHATTACHARYA)
CHAIRPERSON

Dated: 06.07.2022

Sd/-
SECRETARY