



**ORDER  
OF THE  
WEST BENGAL ELECTRICITY REGULATORY COMMISSION  
IN CASE NO. PPA-120 /22-23**

IN REGARD TO THE APPLICATION SUBMITTED BY THE WEST BENGAL STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED (WBSEDCL) FOR APPROVAL OF THE THIRD SUPPLEMENTARY AGREEMENT TO POWER PURCHASE AGREEMENT DATED 26.05.2010 (PRINCIPAL AGREEMENT) EXECUTED BY AND BETWEEN HIMADRI SPECIALITY CHEMICAL LTD (FORMERLY KNOWN AS HIMADRI CHEMICAL & INDUSTRIES LTD) (HSCL) & WBSEDCL UP TO 16.02.2026 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 MALLELA VENKATESWARA RAO, CHAIRPERSON**

**SRI PULAK KUMAR TEWARI, MEMBER**

**DATE: 08.06.2023**



Approval of the third supplementary agreement to power purchase agreement dated 26.05.2010 (Principal Agreement) executed by and between Himadri Speciality Chemical Ltd (Formerly known as Himadri Chemical & Industries Ltd) (HSCL) & WBSEDCL up to 16.02.2026 in terms of regulation 7.4.1 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011 as amended



### **Facts in brief:**

- 1.0 The West Bengal State Electricity Distribution Company Limited (WBSEDCL) submitted an application vide letter dated 27.12.2022 for approval of third Supplementary Agreement to the Power Purchase Agreement dated 26.05.2010 executed by and between WBSEDCL and Himadri Speciality Chemical Ltd. (HSCL, formerly known as Himadri Chemical & Industries Ltd) for purchase of surplus power from waste gas-based power plant of HSCL in terms of regulation 7.4.1 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011, as amended. The Commission admitted the application in Case No. PPA – 120/ 22 - 23.
- 2.0 The application of WBSEDCL inter-alia state the following:
  - 2.1 WBSEDCL had entered into a Power Purchase Agreement with M/s Himadri Speciality Chemical Ltd on 26.05.2010 for purchase of surplus power from 12 MW waste gas-based power plant of HSCL for an initial period of 5 years at a mutually agreed tariff which was approved by the Commission vide order dated 17.08.2010.
  - 2.2 On expiry of the Principal Agreement, WBSEDCL and HSCL agreed to extend the purchase of surplus power from the waste gas-based power plant of HSCL through an agreement termed as 'Amended First Supplementary Agreement' dated 11.02.2022 and thereafter through a 'Second Supplementary Agreement' dated 10.05.2022 with the contract period upto 16.02.2026 and at a capped price of Rs. 2.00 per kWh. The Commission approved the agreements vide order dated 25.07.2022.
  - 2.3 Now, HSCL has added a capacity of 12 MW in the form of new Captive Power Plant (CPP) and HSCL has also agreed to sell the surplus power from the new 12 MW waste gas based generating unit to WBSEDCL as per existing terms and conditions of PPA in respect of existing 12 MW plant. Accordingly, WBSEDCL and HSCL has executed a 'Third Supplementary Agreement' on 20.09.2022 to purchase power from total 24 MW plant upto 16.02.2026 at a capped price of Rs. 2.00 per kWh.
  - 2.4 WBSEDCL submitted that the Board of Directors of WBSEDCL in its 109<sup>th</sup> meeting held on 11.11.2022 has accorded post facto in principle approval for execution of Third Supplementary Agreement to the Principal Agreement dated 26.05.2010.



Approval of the third supplementary agreement to power purchase agreement dated 26.05.2010 (Principal Agreement) executed by and between Himadri Speciality Chemical Ltd (Formerly known as Himadri Chemical & Industries Ltd) (HSCL) & WBSEDCL up to 16.02.2026 in terms of regulation 7.4.1 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011 as amended



- 2.5 WBSEDCL also submitted that the purchase of surplus power from HSCL shall be beneficial to promote cogeneration, restrict pollution by utilizing the waste gas-based power generation and also helps the power system since the same is a distributed generation.
- 2.6 In view of the above, WBSEDCL prayed for approval of the 'Third Supplementary Agreement' dated 20.09.2022.

**Observations of the Commission:**

- 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, and clause (e) of sub-section (1) of section 86 of the Electricity Act 2003 inter-alia specifies that the State Commission shall promote co-generation and generation of electricity from renewable sources of energy.
- 4.0 The Commission observes that it had already accorded approval of the PPA dated 26.05.2010 vide order dated 17.08.2010 for purchase of surplus power from 12 MW waste gas-based power plant of HSCL at a mutually agreed tariff as below:
- (i) Tariff for 1/3<sup>rd</sup> of energy at Rs. 2.55 per kWh;
  - (ii) Tariff for balance 2/3<sup>rd</sup> of energy at minimum of weighted average UI price or weighted average price of power exchanges viz. IEX, PXIL or any other exchange, less by the capping price of trading margin.
- 5.0 Thereafter, the Commission has accorded approval of the Amended First Supplementary Agreement dated 11.02.2022 and Second Supplementary Agreement dated 10.05.2022 executed by and between the WBSEDCL and HSCL for purchase of 3.5 MW surplus power from 12 MW waste gas-based power plant of HSCL on mutually agreed basis at capped rate of Rs. 2.00 per kWh vide order dated 25.07.2022.
- 5.0 The present 'Third Supplementary Agreement' dated 20.09.2022 is only an extension of added capacity of 12 MW by HSCL and thereby increasing the surplus quantum from 3.5



Approval of the third supplementary agreement to power purchase agreement dated 26.05.2010 (Principal Agreement) executed by and between Himadri Speciality Chemical Ltd (Formerly known as Himadri Chemical & Industries Ltd) (HSCL) & WBSEDCL up to 16.02.2026 in terms of regulation 7.4.1 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011 as amended



MW to 6.5 MW. Tariff and other conditions are kept same with the already approved second supplementary agreement.

- 6.0 The Commission further observes that the mutually agreed capped rate of Rs. 2.00 per kWh is well within the ceiling rate of Rs. 3.34 per kWh as specified by the Commission for power purchase from co-generation plants. The proposed tariff is also below the average power purchase of WBSEDCL for 2023 – 24 (Rs. 3.79 per kWh). Further, the purchase of power being at distribution boundary (33 kV), it will also help in reducing the technical losses as well as improve the voltage level of the distribution system. Thus, the power purchase from HSCL is found to be beneficial to WBSEDCL and its consumers.

**Order:**

- 7.0 The Commission after considering the above facts and its responsibility to promote Cogeneration and Renewable source of energy under clause (e) of sub-section (1) of section 86 of the Act approves the Third Supplementary Agreement dated 20.09.2022 executed by and between the WBSEDCL and M/s Himadri Speciality Chemical Ltd for purchase of surplus power from 24 MW (2 x 12 MW) waste gas-based power plant of HSCL on mutually agreed basis in terms of regulation 7.4.1 of the Tariff Regulations.
- 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/-  
(MALLELA VENKATESWARA RAO)  
CHAIRPERSON

Dated: 08.06.2023

Sd/-  
SECRETARY