



**ORDER
OF THE
WEST BENGAL ELECTRICITY REGULATORY COMMISSION**

IN CASE NO. PPA-123 /22 – 23

IN REGARD TO THE APPLICATION SUBMITTED BY THE WEST BENGAL STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED (WBSEDCL) FOR APPROVAL OF POWER USAGE AGREEMENT EXECUTED ON 23.11.2022 BY AND BETWEEN WBSEDCL AND NHPC FOR PURCHASE OF 100 MW SOLAR POWER FROM NHPC SOLAR PV STATION AT KADRI, ANDHRA PRADESH IN TERMS OF CLAUSE (IV) OF REGULATION 3.4 OF THE WEST BENGAL ELECTRICITY REGULATORY COMMISSION (COGENERATION AND GENERATION OF ELECTRICITY FROM RENEWABLE SOURCES OF ENERGY) REGULATIONS, 2013, AS AMENDED.

PRESENT:

**SRI MALLELA VENKATESWARA RAO, CHAIRPERSON
SRI PULAK KUMAR TEWARI, MEMBER**

DATE: 12.06.2023



Approval of Power Usage Agreement executed on 23.11.2022 by and between WBSEDCL and NHPC for purchase of 100 MW Solar Power from NHPC Solar PV Station at Kadri, Andhra Pradesh in terms of clause (iv) of regulation 3.4 of the West Bengal Electricity Regulatory Commission (Cogeneration and Generation of Electricity from Renewable Sources of Energy) Regulations, 2013, as amended.



Facts in brief:

- 1.0 The West Bengal State Electricity Distribution Company Limited (WBSEDCL) submitted an application vide letter dated 02.01.2023 for approval of Power Usage Agreement (PUA) executed on 23.11.2022 by and between NHPC and WBSEDCL for purchase of 100 MW Solar Power from NHPC Solar Photovoltaic (PV) Station at Village – NPT Kunta Kadri, Andhra Pradesh for a period of 25 years. The Commission admitted the application in Case No. PPA – 123/22-23.
- 2.0 The application of WBSEDCL read with the Power Usage Agreement dated 23.11.2022 inter-alia state the followings:
 - 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. NHPC Limited has been declared a successful bidder under the IREDA RfS dated 29.01.2021 for development of 1000 MW Solar PV Power named as NHPC Solar PV Station at Kadri, Andhra Pradesh. IREDA has now issued the Letter of Award dated 04.10.2021 to NHPC for development of solar power project of 1000 MW and to make available the quantum of electricity to the Government/Government Entities through the Distribution Licensee.
 - 2.3 WBSEDCL's Board of Directors accorded approval for purchase of 100 MW of such Solar Power from NHPC. Accordingly, WBSEDCL has entered into a Power Usage Agreement with NHPC on 23.11.2022 for a period of 25 years from the date of declaration of commercial operation or scheduled commissioning date of the project, whichever is later. However, the COD for supply of power from the project has been scheduled as 04.04.2024.



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- 2.4 WBSEDCL has submitted that the power will be utilized for meeting RPO requirement of WBSEDCL.
- 2.5 The Usage Charges for the power made available by NHPC from Solar PV Station shall be payable by WBSEDCL 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.
- 2.6 The power shall be delivered by the power developer at the delivery point, which is 220 kV substation of CTU, where energy meters are installed. The cost of building the transmission line from Solar PV plant to delivery point shall be borne by NHPC. NHPC shall obtain necessary approval of ISTS/STU connectivity from Solar PV plant till the delivery point. WBSEDCL's responsibility is to make the required arrangement for evacuation of energy from and beyond the delivery point including obtaining LTA along with all other clearances at WBSEDCL's cost.
- 2.7 In view of above, WBSEDCL has prayed before the Commission to approve the said PUA dated 23.11.2022.

Point of determination:

- 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, 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:

4.0 Requirement of power procurement:

- 4.1 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



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observes that WBSEDCL has proposed to purchase 166.554 MU of Solar Power at an estimated CUF of 19% (minimum) of the contracted capacity of 100 MW. On analysis, it is observed that WBSEDCL is lagging far behind the target set by the Commission. Thus, this PSA will help WBSEDCL to improve its RE portfolio.

5.0 Price of power purchase:

- 5.1 The Commission observes that the Usage Charges of Rs. 2.45 per kWh is well below the average power purchase cost of Rs. 3.79 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 30.03.2023 of WBSEDCL. Thus, the Commission finds that the tariff for purchase of 100 MW Solar Power from NHPC will be beneficial for the end consumers.
- 5.2 The Commission noted that as per the Order No. 302/4/2017 – GRID SOLAR dated 10.05.2021 by MNRE, the power produced by the Government Producers (herein NHPC) be used for self-use or use by Government/ Government entities, either directly or through DISCOMS (herein WBSEDCL) on payment of mutually agreed usage charges of not more than Rs. 2.45 per kWh. This charge shall be exclusive of any other third-party charges like wheeling and transmission charges and losses, point of connection charges and losses, cross subsidy surcharge, SLDC/ RLDC Charges, etc., as may be applicable. The Commission further noted from the letter dated 22.04.2022 of NHPC Limited that WBSEDCL can sell this solar power to Government/ Government entities with the tariff applicable for such consumer categories as determined by this Commission.
- 5.3 It is also noted that, NHPC Limited has been selected as developer of the solar project through competitive bidding process. NHPC Limited being a Central Government owned / controlled generating station (ISGS), tariff of NHPC discovered through competitive bidding needs to be adopted by the Central Electricity Regulatory Commission.
- 5.3 In view of the above, the Commission concludes the following:
- (i) The solar power will help WBSEDCL to improve its Renewable Energy Portfolio.



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- (ii) The proposed rate of Rs. 2.45/ kwh is found reasonable and economic. However, the price being discovered following the competitive bidding guidelines issued by the Government of India is subject to adoption by CERC.

Order:

- 6.0 The Commission after considering the above facts and in order to promote procurement of renewable energy by WBSEDCL 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 23.11.2022 executed by and between WBSEDCL and NHPC for purchase of 100 MW Solar Power by WBSEDCL from NHPC for a period of 25 (twenty-five) years 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.
- 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/
(MALLELA VENKATESWARA RAO)
CHAIRPERSON

Dated: 12.06.2023

Sd/-
SECRETARY