



सत्यमेव जयते

**ORDER
OF THE
WEST BENGAL ELECTRICITY REGULATORY COMMISSION
IN CASE NO. PPA-124 /22-23**

IN REGARD TO THE APPLICATION SUBMITTED BY THE CESC LIMITED FOR APPROVAL OF POWER SALE AGREEMENT EXECUTED ON 11.01.2023 BY AND BETWEEN SOLAR ENERGY CORPORATION OF INDIA LIMITED (SECI) AND CESC LIMITED FOR PURCHASE OF WIND-SOLAR HYBRID POWER OF 100 MW IN TERMS OF REGULATION 7.4.1 OF THE WEST BENGAL ELECTRICITY REGULATORY COMMISSION (TERMS AND CONDITIONS OF TARIFF) REGULATIONS, 2011 AND REGULATION 3.4 OF THE WEST BENGAL ELECTRICITY REGULATORY COMMISSION (COGENERATION AND GENERATION OF ELECTRICITY FROM RENEWABLE SOURCES OF ENERGY) REGULATIONS, 2013.

PRESENT:

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

DATE: 15.05.2023



Approval of Power Sale Agreement executed by and between Solar Energy Corporation of India Limited (SECI) and CESC Limited for purchase of Wind-Solar Hybrid power of 100 MW in terms of regulation 7.4.1 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011 and regulation 3.4 of the West Bengal Electricity Regulatory Commission (Cogeneration and Generation of Electricity from Renewable Sources of Energy) Regulations, 2013.



Facts in brief:

- 1.0 CESC Limited submitted an application dated 08.03.2023 for approval of Power Sale Agreement (PSA) executed on 11.01.2023 by and between Solar Energy Corporation of India Limited (SECI) and CESC Limited (CESC) for purchase of Wind-Solar Hybrid power of 100 MW in terms of regulation 7.4.1 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011 and regulation 3.4 of the West Bengal Electricity Regulatory Commission (Cogeneration and Generation of Electricity from Renewable Sources of Energy) Regulations, 2013. The Commission has admitted the application in Case No. PPA – 124/22-23 on 23.03.2023.
- 2.0 The application of CESC read with the Power Sale Agreement dated 11.01.2023 and additional information inter-alia state the following:
 - 2.1 SECI has been instrumental for developing and facilitating the establishment of the Grid connected Wind-Solar Hybrid Power capacity in India. Accordingly, SECI had initiated a Tariff Based Competitive Bidding process for procurement of 1200 MW of power generated from the ISTS-connected Wind-Solar Hybrid Power Projects (Tranche-V) under the provisions of Request for Selection (“RfS”) dated 22.10.2021. Pursuant to the bid process, Wind-Solar Hybrid Power Developers (“HPD”) have been selected by SECI for setting up and implementing Wind-Solar Hybrid Power Projects for an aggregate capacity of 1170 MW.
 - 2.2 CESC has agreed to purchase 100 MW Wind-Solar Hybrid Power from SECI under the proposed 1170 MW Wind-Solar Hybrid Power Project. Accordingly, CESC has signed a Power Sale Agreement (PSA) with SECI on 11.01.2023 for purchase of 100 MW Wind-Solar Hybrid power for a period of 25 years from the ‘Scheduled Commissioning Date’ (SCD) of the project. In terms of Clause 1.2 of the PSA and Clause 2.1.1 of the PPA, ‘Scheduled Commissioning Date’ is 10.01.2025 (24 months from Effective Date of the PPA i.e 11.01.2023).



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- The 100 MW Wind-Solar Hybrid Power consists of 51 MW from TP Saurya Limited, Karnataka (HPD 1), 10 MW is from AMP Energy Green Private Limited, Rajasthan (HPD 2) and 39 MW is from NTPC Renewable Energy Limited, Gujarat (HPD 3) and Power Purchase Agreements (PPA) have been signed with the HPDs on a long-term basis.
- 2.3 The tariff for procurement of the 100 MW Wind-Solar Hybrid Power is fixed tariff of Rs. 2.53 per kWh plus a trading margin of Rs. 0.07 per kWh for the entire term of the PSA (25 years from COD).
 - 2.4 The power shall be delivered by the power developer at its interconnection point with Inter State Transmission System at single point or multiple points at 220 KV or above ISTS substation. All charges and losses upto the Delivery Point shall be borne by the HPDs.
 - 2.5 It is submitted that the Wind-Solar Hybrid Power with long term agreement will reduce the dependency on power exchanges to meet the Renewable Purchase Obligation (RPO).
 - 2.6 All the PPAs signed between SECI and HPDs have been submitted by CESC vide communication dated 08.03.2023 and 06.04.2023 and it is stated in the petition that SECI will approach the Hon'ble CERC for adoption of tariff.
 - 2.7 CESC has stated that in terms of Order No. 23/12/2016-R&R dated 23.11.2021 of the Ministry of Power, ISTS Charges will not be applicable for renewable energy projects, including solar, wind etc. commissioned up to 30.06.2025. However, as per Clause 2.1.3 and 2.1.4 of the PPA between SECI and HPDs, in case of tariff adoption and/ or approval of the PSA by the Commission gets delayed beyond 120 days from the effective date of the PPA (which is 11.01.2023), the scheduled financial closure and scheduled Commissioning Date of the Projects will also get extended by equal number of days.
 - 2.8 In view of the above, CESC has prayed to approve the petition dated 11.01.2023 within 11.05.2023 in consumer interest.



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Observations of the Commission:

3.0 Requirement of power purchase:

3.1 The Commission being guided by the Tariff Policy, noted that the Ministry of Power (MOP) vide Order dated 22.07.2022 has specified the long-term growth trajectory of Renewable Purchase Obligation upto 2029-30 in terms of paragraph 6.4 (1) of the Tariff Policy, 2016. The Commission observes that as per the PSA, CESC will get minimum 242.35 MU quantum of energy annually from Wind-Solar Hybrid Project. It is observed that in FY 2021 – 22, CESC could not achieve Total RPO target set in terms of West Bengal Electricity Regulatory Commission (Cogeneration and Generation of Electricity from Renewable Sources of Energy) Regulations, 2013. Thus, this PSA will help CESC to improve its RE portfolio.

4.0 Price of power purchase:

- 4.1 The Commission observes that as per the Power Sale Agreement, CESC will purchase 100 MW Solar Wind Hybrid Power from SECI at Rs. 2.53 per kWh as per provisions of the PSA/ RfS fixed for the entire term of the agreement. The Tariff has been discovered through competitive bidding and is well below the average power purchase cost of CESC and thus, economic as compared to the other power purchase sources approved in the Tariff Order of 2020-21, 2021-22 and 2022-23.
- 4.2 In addition to the above, a trading margin of Rs 0.07 per kWh which has been mutually agreed between CESC and SECI is payable to SECI for the entire term of the agreement. However, the Commission observes that the trading margin has been mutually agreed in consonance with Regulation 8 (1) (d) of CERC Trading License Regulations subject to the proviso specified in the regulation. Therefore, in case of failure of SECI to provide the conditions specified in the said regulations, the trading margin shall be limited to Rs. 0.02 per kWh as specified in the Regulation 8 (1) (d) and 8 (1) (f) of the CERC Trading License Regulations.



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- 4.3 The Commission has noted that SECI has been designated as the nodal agency in guidelines issued by Ministry of New and Renewable Energy (MNRE) dated 14.10.2020 for implementation of the scheme for setting up of ISTS-connected Wind-Solar Hybrid Power Projects under the National Wind Solar Hybrid Policy issued by MNRE dated 14.05.2018. As per the guideline dated 14.10.2020, the Intermediary Procurer, i.e. SECI, shall enter into a Power Purchase Agreement (PPA) with the Hybrid Power Generator(s) and also enter into a Power Sale Agreement (PSA) with the distribution licensee(s) / consumer(s) and the PSA shall contain the relevant provisions of the PPA on a back to back basis.
- 4.4 As per Clause III of the PSA, the duration of the PSA shall be coextensive and coterminous with the duration of the Power Purchase Agreement between the SECI and the HPD for all intent and purposes unless otherwise terminated in terms hereof. Also, as per Clause V of the PSA, SECI agrees to sell and make available 100 MW of electricity to the Buying Entity CESC, procured by SECI from Wind-Solar Hybrid Power Projects to be set up by the HPDs on the terms and conditions contained in the PPA between SECI and the HPDs on a back to back basis.
- 4.5 It is noted that, SECI being the nodal agency is acting as 'Intermediary Procurer'. SECI will purchase power from the Wind-Solar Hybrid Power Developers through competitive bidding. It is also observed from the application that the procurement process is under Section 63 of the Electricity Act, 2003 and SECI is selling such power at discovered price to different States including CESC. Therefore, Central Electricity Regulatory Commission (CERC) is the Appropriate Commission to adopt the instant discovered tariff under Section 63 of the Electricity Act, 2003. The same has also been mentioned in para 5.1 of the MNRE guidelines dated 14.10.2020 and Article 1.1 of the Power Purchase Agreement executed between HPDs and SECI.
- 4.6 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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23.11.2021. Since, the scheduled commissioning date of the proposed Wind-Solar Hybrid project is 10.01.2025 with 24 months from 11.01.2023 - the effective date of PSA, thus no ISTS charges will be applicable. Further, as per clause 4.2.6 of the PPA between SECI and HPDs, the ISTS charges will be borne by the Hybrid Power Generator in case of any delay in commissioning of the project beyond 30.06.2025 due to reasons attributable to the project developer.

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

- (i) The hybrid power will help CESC to meet its RPO target and also will help 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 expected to be paid.

Order:

- 5.0 The Commission after considering the above facts and in order to promote procurement of renewable energy by CESC 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 11.01.2023 executed by and between SECI and CESC for purchase of 100 MW Wind-Solar Hybrid power by CESC from SECI for a period of 25 (twenty-five) years, in terms of regulation 7.4.1 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011 as amended. The tariff is however subject to adoption by the Central Electricity Regulatory Commission in terms of Section 63 of the Electricity Act, 2003.
- 6.0 The Commission also directs CESC to comply with the provisions of applicable law regarding scheduling as per the provisions of intra-state ABT, State Grid Code, etc.



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- 7.0 The petition is thus disposed of.
- 8.0 A copy of the order shall be posted in the website of the Commission.
- 9.0 CESC 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: 15.05.2023

Sd/-
SECRETARY