



**ORDER**  
**OF THE**  
**WEST BENGAL ELECTRICITY REGULATORY COMMISSION**  
**IN CASE NO. PPA – 126 / 23 - 24**

REGARDING THE APPLICATION SUBMITTED UNDER SECTION 86(1) AND SECTION 86(1)(K) OF THE ELECTRICITY ACT, 2003 READ WITH REGULATION 2.4 OF THE WEST BENGAL ELECTRICITY REGULATORY COMMISSION (CONDUCT OF BUSINESS) REGULATIONS, 2013 BY INDIAN RAILWAYS THROUGH EASTERN RAILWAY FOR APPROVAL OF POWER PURCHASE AGREEMENT EXECUTED BETWEEN THE PETITIONER AND M/S INDIA POWER CORPORATION LIMITED FOR PURCHASE OF POWER BY THE PETITIONER AS A DEEMED DISTRIBUTION LICENSEE FROM M/S INDIA POWER CORPORATION LIMITED A DISTRIBUTION LICENSEE

**PRESENT:**

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

**DATED: 03.01.2024**





### **Facts in Brief**

1. On 30.10.2023, Eastern Railways (E. Rly) filed an application before the Commission seeking approval for a Power Purchase Agreement (PPA) with India Power Corporation Limited (IPCL). The agreement entails the purchase of 13 MW power at 132 kV at Pandabeswar Traction Sub-Station (TSS) by E. Rly from IPCL. The application was admitted by the Commission under Case No. PPA-126/23-24.
2. E. Rly, a department of the Indian Railways, Government of India under the Ministry of Railways, operates from Fairlie Place, Kolkata-700001, and has been designated as the Nodal Railway for power procurement matters in West Bengal.
3. IPCL is a distribution licensee in West Bengal in the Asansol Area whose head office is located at Salt Lake City, Kolkata – 700091.
4. Indian Railways, authorized under the Railways Act 1989 and deemed licensee under the Electricity Act, 2003, is empowered to undertake distribution activities related to railway operations. This authority is subject to decision of the ongoing proceedings before the Hon'ble APTEL (Appeal No. 276 of 2015).
5. E. Rly currently receives 13 MW power at Pandabeswar TSS from IPCL and aims to transition from being a consumer to a licensee for power procurement.
6. E. Rly negotiated with IPCL to become a licensee for power purchase at Pandabeswar TSS, resulting in an agreement based on a single part tariff.
7. The agreed single part tariff between E. Rly and IPCL, set at RS. 5.90/kWh for the period 2022-23 to 2024-25, is documented in the executed PPA on 30.11.2022.

### **Observations**

8. Indian Railways, through its authorized department E. Rly, is entitled to procure electricity, subject to Commission approval as per Tariff Regulations, 2011 together with subsequent amendments.
9. E. Rly will disconnect from IPCL at Pandabeswar TSS as consumer upon becoming a licensee.
10. E. Rly commits to augmenting the power drawal infrastructure, subject to necessary formalities and costs.
11. Incentives for E. Rly include a 1% rebate for timely payment and an additional 1% discount for e-payment.
12. The mutually agreed tariff includes the merger of MVCA (Rs. 1.06 per kWh) into the tariff of Rs. 5.90 per kWh, subject to potential upward revisions.





13. E. Rly is liable to pay a share of IPCL's Regulatory Asset determined by WBERC during its tenure as a consumer even after the agreement between the parties being ceased.
14. The agreed tariff includes taxes, levies, duties, royalties, CESS, and surcharges.
15. Base Energy for minimum charges is determined as 70% of energy drawn by E. Rly from IPCL during FY 2021-22, with applicable charges levied and paid accordingly.

### Analysis

16. 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.

17. The Commission observes that E.Rly, as a deemed licensee in terms of CERC order dated 05.11.2015, will purchase 13 MW power from IPCL at 132 kV for the period from 2022 – 23 to 2024 – 25. The agreed Single Part Tariff for the period 2022-23 to 2024-25 stands at Rs. 5.90/kWh, determined by both parties.

18. The Commission acknowledges that Indian Railways, although a deemed licensee, will primarily utilize this authority for its own traction and non-traction loads. Moreover, the agreed-upon tariff exceeds the average power purchase cost of IPCL, standing at Rs. 4.07 per unit for FY 2024-25 in the MYT application for the 8th control period. Consequently, the proposed power purchase agreement aims to lower Indian Railways' power expenses while assisting IPCL in recovering a portion of its Fixed Cost. This, in turn, will be advantageous for IPCL's end consumers.

### Order

19. The Commission, under section 86 (1) (b) of the Electricity Act, 2003, after considering the above facts approves the Power Purchase Agreement executed on 30.11.2022 by and between Indian Railways and IPCL for purchase of 13 MW power from IPCL at 132kV at Pandabeswar TSS drawal point at the mutually agreed tariff and associated conditions therein.



Appropriate order in case no. PPA-126/23-24 for the approval of a Power Purchase Agreement (PPA) between Eastern Railways and India Power Corporation Limited for the purchase of 13 MW power at 132 kV at Pandabeswar Traction Sub-Station by Eastern Railway from India Power Corporation Limited for a period from effective date up to 31.03.2025, at a single part tariff



20. This shall be effective from the mutually agreed date between IPCL and Railways after the approval of PPA by the Commission with due intimation to the Commission.

20. The petition is thus disposed of.

21. The Commission will post a copy of this order on its website.

22. IPCL shall download a copy of the order from the website of the Commission and act on it. A 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: 03.01.2024**

**Sd/-**  
**DY. DIR. (ENGINEERING)**