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ORDER

OF THE

WEST BENGAL ELECTRICITY REGULATORY COMMISSION

IN THE MATTER OF

CASE NO. WBERC/ PPA-129/ 24 - 25

**IN RE APPLICATION SUBMITTED BY CESC LIMITED FOR
INPRINCIPLE APPROVAL FOR PROCUREMENT OF 150 MW
RTC HYDRO POWER THROUGH TRADER (NVVNL)**

PRESENT:

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

DATE: 02.07.2024



Order of the West Bengal Electricity Regulatory Commission on the application submitted by CESC Limited for in-principle approval for procurement of 150 MW RTC Hydro power through trader (NVVNL)



CASE IN BRIEF

- 1.0 The instant petition has been filed by CESC Limited (CESC) for in-principle approval for procurement of 150 MW Round the Clock (RTC) Hydro Power through trader (NVVNL) on bilateral agreed price.
- 2.0 The salient features of the petition as submitted by CESC are as follows:
 - a. **Quantum of power:** Upto 150 MW Hydro Power on RTC basis from a generating source from a neighboring country.
 - b. **Period of contract:** 1st June to 15th November each year for a period of 5 years starting from June 2024.
 - c. **Tariff : Rs 5.93/ kWh at the delivery point.**
 - d. **Delivery Point : Muzaffarpur ISTS substation of Dhalkebar – Muzaffarpur cross border transmission line.**
 - e. **Transmission and open access charges beyond delivery point – on account of CESC Limited.**
- 3.0 CESC has submitted that their system demand is expected to surge in the impending summer months. Their highest ever system demand reportedly reaches 2728 MW on 26.04.2024.
- 4.0 CESC has further submitted that procurement of hydro power will immensely help them to meet its surging power reliably and will benefit the consumer. Procurement of hydro power at the proposed tariff will also reduce CESC's dependence on costlier power procured from power exchanges to meet its power demand. The offered tariff also compares well with other available options during the period June to November each year.
- 5.0 CESC has also submitted that procurement of hydro power will help them in meeting their RPO target in terms of West Bengal electricity Regulatory Commission (Co generation and Generation of Electricity from Renewable Sources of Energy) Regulations, 2013 and Ministry Power notification S.O. 4617(E) dated 20.10.2023, besides meeting a part of their power demand.



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- 6.0 With the above submissions CESC has prayed for in-principle approval for procurement of upto 150 MW cross-border hydro power @ Rs 5.93/kWh from NVVNL.

OBSERVATION

- 7.0 In terms of regulation 7.4.1 of WBERC Tariff Regulation, every new agreement or arrangement for procurement of power by a licensee shall come into effect only with the prior approval of the Commission, subject to the exception for short term power as provided in regulation 7.5 of the Tariff Regulations.

- 8.0 On scrutiny of the petition, the following points emerged:

- I) CESC has not given any justifications for procurement of such hydro power on RTC basis. Hydro power, being costlier, is normally utilized for meeting the peak deficit. Hydro power, on RTC basis, is very unique in concept as the water availability varies significantly from one season to another. If the RTC power is really required to meet the energy deficit, then thermal power, being cheap, should be the first choice.
- II) CESC has also not provided whether the RTC Hydro power is required to meet energy deficit or to comply with HPO. The quantum of hydro power CESC is going to procure will be substantially more than that is required for meeting HPO.
- III) CESC has not provided any justification regarding the reasonableness of the negotiated tariff of Rs 5.93/ kWh .
- IV) The Commission has already approved CESC's petition for procurement of hydro power through competitive bidding route vide order dated 16.05.2024 in case No OA-465/23-24. The result of bidding has not been communicated to the Commission by CESC.



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- V) As per tariff policy, distribution licensee is required to procure power through competitive bidding route. The reason for adopting bilateral PPA route has not been elucidated by CESC in the instant petition.
- VI) No signed PPA or draft PPA has been attached by CESC with the Petition.

Therefore, there is serious deficiency in the petition submitted by CESC.

A meeting was held on 27.05.2024 at this office with the representatives of CESC Ltd. wherein they were asked to clarify the followings:

- Purpose and justification of procurement of such high cost hydro power on RTC basis.
- Justification and basis of determination of price on negotiation basis.
- Month wise energy to be received in each year during the contract period.
- No PPA has been enclosed with their petition.
- The result of the competitive bidding which the CESC's petition has been approved by the Commission vide order dated 16.05.2024 in case No OA-465/23-24 including the entities who had participated in the pre-bidding meeting.

CESC representatives submitted that they would come up with a supplementary petition along with these justifications and the PPA to be executed for procurement of these power.

- 9.0 Since CESC has not come up with any supplementary petition clarifying the justifications on the points raised before them along with the PPA to be executed for procurement of the proposed hydro power, the prayer of CESC cannot be acceded to.

ORDER

- 10.0 With the above observation, the petition of CESC is disposed of in negative.
- 11.0 CESC Limited is to take note of this order.



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12.0 A copy of the order shall be posted in the website of the Commission. A copy of the order be served upon CESC Limited.

Sd/-

(PULAK KUMAR TEWARI)
MEMBER

Sd/-

(MALLELA VENKATESWARA RAO)
CHAIRPERSON

Dated : 02.07.2024

Sd/-

(SECRETARY)