



**ORDER
OF THE
WEST BENGAL ELECTRICITY REGULATORY COMMISSION
IN CASE NO. PPA- 55 / 11-12**

IN REGARD TO THE APPLICATION SUBMITTED BY WEST BENGAL STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED (WBSEDCL) FOR APPROVAL OF SECOND SUPPLEMENTARY AGREEMENT TO POWER PURCHASE AGREEMENT DATED 26.05.2010 (PRINCIPLAL AGREEMENT) EXECUTED BY AND BETWEEN HIMADRI SPECIALITY CHEMICAL LTD AND WBSEDCL FOR A PERIOD OF 5 YEARS (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 SUTIRTHA BHATTACHARYA, CHAIRPERSON
SRI PULAK KUMAR TEWARI, MEMBER**

DATE: 25.07.2022



In regard to the application submitted by West Bengal State Electricity Distribution Company Limited (WBSEDCL) for approval of the second 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 for a period of 5 years (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 02.08.2021 for approval of Supplementary Agreements to the Power Purchase Agreement dated 26.05.2010 executed by and between Himadri Speciality Chemical Ltd. (Formerly known as Himadri Chemical & Industries Ltd) (HSCL) & WBSEDCL for purchase of surplus power from 12 MW 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 – 55/11-12 (II).
- 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 entered into First Supplementary Agreement dated 03.01.2017 to extend the contract period up to 16.02.2021 which was revised by agreement dated 09.02.2017. The Commission vide its order dated 23.05.2017 directed WBSEDCL to cancel the agreement dated 03.01.2017 and modify some parts of the agreement dated 09.02.2017.
 - 2.3 Accordingly, in compliance to the direction of the Commission, WBSEDCL and HSCL has cancelled the agreement dated 03.01.2017 and entered into an Amended First Supplementary Agreement dated 11.02.2022 by modifying the agreement dated 09.02.2017. Further, both parties agreed to extend the contract period up to 16.02.2026 through a Second Supplementary Agreement dated 10.05.2022 with a capped price of Rs. 2.00 per kWh.
- 3.0 WBSEDCL, accordingly had published the gist of the amended 1st Supplementary Agreement and 2nd Supplementary Agreement in (i) the "Aajkaal", (ii) the "The Telegraph", (iii) the "Sanmarg" and (iv) the "Bartaman" on 17.06.2022 in inviting suggestions and



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objections on their petition to be submitted within 21 (twenty-one) days of publication of the gist. No suggestion and objection were received by the Commission within the stipulated time-period.

Observations of the Commission:

- 4.0 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, 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.
- 5.0 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 1/3rd of energy at Rs. 2.55 per kWh;
 - (ii) Tariff for balance 2/3rd of energy at minimum of weighted average UI price or weighted average price of power exchanges viz. IEX, PXIL or any other exchange, deducted by the capping price of trading margin.
- 6.0 The Commission notes that WBSEDCL in its First Supplementary Agreement dated 09.02.2017 along with its amendment dated 11.02.2022 has extended the period of PPA upto 16.02.2021 with the same terms and conditions as was in principal agreement, except by replacing the word UI with DSM. Now, WBSEDCL and HSCL has entered into Second Supplementary Agreement to extend the PPA up to 16.02.2026 and agreed to an overall capped price of Rs. 2.00 per kWh.
- 7.0 The Commission 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



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purchase from co-generation plants. The proposed tariff is also below the average power purchase price of WBSEDCL for 2022 – 23 (Rs. 3.36 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:

- 8.0 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 Amended First Supplementary Agreement dated 11.02.2022 and Second Supplementary Agreement dated 10.05.2022 executed by and between the WBSEDCL and M/s Himadri Speciality Chemical Ltd for purchase of 12 MW surplus power from waste gas based power plant of HSCL on mutually agreed basis in terms of regulation 7.4.1 of the Tariff Regulations.
- 9.0 The petition is thus disposed of.
- 10.0 A copy of the order shall be posted in the website of the Commission.
- 11.0 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/-
(SUTIRTHA BHATTACHARYA)
CHAIRPERSON

Dated: 25.07.2022

Sd/-
SECRETARY