



**ORDER
OF THE**

**WEST BENGAL ELECTRICITY REGULATORY COMMISSION
IN CASE NO. PPA-74/14 – 15 (VOL. IV)**

IN REGARD TO THE APPLICATION SUBMITTED BY WEST BENGAL STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED (WBSEDCL) FOR APPROVAL OF THE FOURTH SUPPLEMENTARY AGREEMENT TO POWER PURCHASE AGREEMENT DATED 11.12.2010 EXECUTED BY AND BETWEEN M/S BENGAL ENERGY LIMITED (BEL) AND WEST BENGAL STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED (WBSEDCL) FOR A PERIOD OF ONE YEAR (UPTO 16.03.2025)

PRESENT:

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

DATE: 30.08.2024



CASE IN BRIEF

- 1.0 The West Bengal State Electricity Distribution Company Limited (in short 'WBSEDCL') submitted an application vide letter dated 10.06.2024 for approval of Fourth Supplementary Agreement dated 15.03.2024 to the Power Purchase Agreement dated 11.12.2010 (Principal Agreement) executed by and between M/s Bengal Energy Limited (BEL) and WBSEDCL for a period of one year (i.e., up to 16.03.2025) in terms of regulation 7.4.1 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011, as amended from time to time [in short Tariff Regulations']. The Commission admitted the application in Case No. PPA- 74/14-15 (Vol. IV).
- 2.0 WBSEDCL in their application inter-alia stated the following:
 - a) WBSEDCL entered into a Power Purchase Agreement (PPA) with M/s Bengal Energy Limited on 11.12.2010 (Principal Agreement) for purchase of entire power from BEL's 40 MW waste heat-based cogeneration plant at Makrampur, West Bengal for a period of 5 years with effect from 17.03.2012 at a mutually agreed tariff. After detailed analysis, the Commission approved the said PPA vide order dated 10.01.2011.
 - b) Thereafter, as per the direction of the Commission vide order dated 22.06.2016, WBSEDCL and BEL have agreed to amend the PPA dated 11.12.2010 through First Supplementary Agreement dated 17.03.2017 by extending the contract period up to 16.03.2022. The Commission vide its order dated 06.08.2019 approved the First Supplementary Agreement dated 17.03.2017 and directed WBSEDCL to modify certain provisions in the PPA and submit the same for record. Accordingly, WBSEDCL submitted Amendment 1 to the First Supplementary Agreement on 03.11.2020 for record of the Commission. Further, WBSEDCL and BEL had entered into Second Supplementary Agreement on 31.03.2022 to extend the contract period for further one (1) year i.e., from 17.03.2022 to 16.03.2023 with a single part tariff of Rs.2.84/ kWh. The Commission vide its order dated 03.11.2022 approved the Second Supplementary Agreement dated 31.03.2022. Subsequently, WBSEDCL and BEL entered into Third Supplementary Agreement on 14.03.2023 to extend the contract period for another one (1) year, from 17.03.2023 to 16.03.2024, maintaining the single-part tariff of Rs. 2.84/ kWh. The Commission, in its order dated 12.06.2023, approved the Third Supplementary Agreement dated 14.03.2023.



- c) Now, in the instant petition, WBSEDCL and BEL had entered into a Fourth Supplementary Agreement on 15.03.2024 to extend the contract period for one (1) year i.e., from 17.03.2024 to 16.03.2025. WBSEDCL and BEL has also mutually agreed that the tariff clause will be same as that of the Third Supplementary Agreement dated 14.03.2023 i.e., single part tariff of Rs. 2.84/ kWh.
- d) WBSEDCL submitted that the Board of Directors WBSEDCL in its 120th meeting dated 25.04.2024 has accorded approval for execution of Fourth Supplementary Agreement to the Principal Agreement dated 11.12.2010.
- e) WBSEDCL also submitted that they are continuing to purchase power from BEL as per the aforesaid PPA.
- f) In view of the above, WBSEDCL prayed for approval of the Fourth Supplementary Agreement dated 15.03.2024.

OBSERVATIONS OF THE COMMISSION

- 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, and 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.
- 4.0 The In the instant petition, WBSEDCL has proposed to purchase cogeneration power from BEL for a period of one (1) year i.e., from 17.03.2024 to 16.03.2025 at a mutually agreed single part tariff of Rs. 2.84/ kWh. In terms of applicable regulations, the Commission observes the following:
- i. The prayer for purchase of power is for a period of one (1) year i.e., on short-term basis and in terms of regulation 7.5.4 of the Tariff Regulation, licensees can seek for post – facto approval of PPA on short term procurement of power within three (3) months of entering such agreement.



Approval of Fourth Supplementary Agreement to Power Purchase Agreement dated 11.12.2010 executed by and between M/s Bengal Energy Limited (BEL) and West Bengal State Electricity Distribution Company Limited (WBSEDCL) for a period of one year (i.e., up to 16.03.2025)



- ii. The proposed purchase of power by way of executing a Fourth Supplementary Agreement is basically an extension of the tenure of existing PPA, which has already been approved by the Commission vide orders dated 10.01.2011, 06.08.2019, 03.11.2022 and 12.06.2023.
- iii. The proposed single part tariff of Rs. 2.84 per kWh is well within the ceiling rate of Rs. 3.34 per kWh as specified by the Commission for power purchase from co-generation plants. The proposed tariff is also below the average power purchase of WBSEDCL for 2024- 25 (Rs. 3.80 per kWh). Thus, the power purchase from BEL is found to be beneficial to WBSEDCL and its consumers.

ORDER

5.0 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 Fourth Supplementary Agreement dated 15.03.2024 executed by and between the WBSEDCL and M/s Bengal Energy Limited for purchase of entire 40 MW power from waste gas-based power plant of BEL on mutually agreed basis in terms of regulation 7.5.4 of the Tariff Regulations.

6.0 The application is thus disposed of.

7.0 A copy of the order shall be posted in the website of the Commission.

8.0 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: 30.08.2024

Sd/-
SECRETARY