



**ORDER
OF THE
WEST BENGAL ELECTRICITY REGULATORY COMMISSION**

IN CASE NO. PPA- 84 /16-17

IN REGARD TO THE APPLICATION SUBMITTED BY WEST BENGAL STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED (WBSEDCL) FOR APPROVAL OF FIRST SUPPLEMENTARY AGREEMENT DATED 09.12.2016 AND SUBSEQUENT SECOND SUPPLEMENTARY AGREEMENT DATED 28.06.2021 EXECUTED BY AND BETWEEN RASHMI CEMENT LIMITED (RCL) AND WBSEDCL FOR PURCHASE OF SURPLUS POWER FROM 18 MW WASTE GAS-BASED POWER PLANT OF RCL 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: 05.07.2022



Approval of First Supplementary Agreement dated 09.12.2016 and subsequent Second Supplementary Agreement dated 28.06.2021 executed by and between Rashmi Cement Limited (RCL) and WBSEDCL for purchase of surplus power from 18 MW waste gas-based power plant of RCL in terms of regulation 7.4.1 of the Tariff Regulations.



Facts in brief:

- 1.0 The West Bengal State Electricity Distribution Company Limited (WBSEDCL) submitted an application vide letter dated 06.08.2021 for approval of Supplementary Agreements to the Power Purchase Agreement dated 11.12.2010 executed by and between Rashmi Cement Limited (RCL) and WBSEDCL for purchase of surplus power from 18 MW waste gas-based power plant of RCL 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 – 84/16-17.
- 2.0 The application of WBSEDCL inter-alia state the followings:
 - 2.1 WBSEDCL had entered into a Power Purchase Agreement with M/s Rashmi Cement Limited on 11.12.2010 for purchase of surplus power from 18 MW waste heat power plant of RCL for an initial period of 5 years at a mutually agreed tariff which was approved by the Commission vide order dated 10.01.2011 in Case No. WBERC/OA-108/10-11.
 - 2.2 On expiry of the principal agreement, WBSEDCL and RCL entered into First Supplementary Agreement dated 09.12.2016 to extend the contract period upto 09.01.2021 and subsequently both parties agreed to extend the contract period upto 09.01.2026 through Second Supplementary Agreement dated 28.06.2021 with a capped price of Rs. 2.04 per kWh.
 - 2.3 In view of the above, WBSEDCL prayed for approval of both First Supplementary Agreement dated 09.12.2016 and Second Supplementary Agreement dated 28.06.2021 in terms of regulation 7.4.1 of the Tariff Regulations.
- 3.0 The Commission had directed WBSEDCL to publish the gist of their application as approved by the Commission in terms of paragraph 8.12 of Tariff Order dated 04.07.2018 of WBSEDCL. WBSEDCL, accordingly had published the gist of the application in (i) the "Aajkal", (ii) the "The Telegraph", and (iii) the "Sanmarg" on 29.04.2022 and also in the "Bartaman" on 30.04.2022 inviting suggestions and objections on their application 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.



Approval of First Supplementary Agreement dated 09.12.2016 and subsequent Second Supplementary Agreement dated 28.06.2021 executed by and between Rashmi Cement Limited (RCL) and WBSEDCL for purchase of surplus power from 18 MW waste gas-based power plant of RCL in terms of regulation 7.4.1 of the Tariff Regulations.



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, 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.
- 5.0 The Commission observes that it had already accorded approval of the PPA dated 11.12.2010 vide order dated 10.01.2011 for purchase of surplus power from 18 MW waste gas-based power plant of RCL upto 09.01.2016 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, less by the capping price of trading margin.
- 6.0 The Commission notes that WBSEDCL in its First Supplementary Agreement has extended the period of PPA from 10.01.2016 to 09.01.2021 with the same terms and conditions, except by replacing the word UI with DSM. Now, WBSEDCL and RCL has entered into Second Supplementary Agreement to extend the PPA upto 09.01.2026 and agreed to a overall capped price of Rs. 2.04 per kWh.
- 7.0 The Commission observes that the mutually agreed capped rate of Rs. 2.04 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 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 RCL is found to be beneficial to WBSEDCL and its consumers.



Approval of First Supplementary Agreement dated 09.12.2016 and subsequent Second Supplementary Agreement dated 28.06.2021 executed by and between Rashmi Cement Limited (RCL) and WBSEDCL for purchase of surplus power from 18 MW waste gas-based power plant of RCL in terms of regulation 7.4.1 of the Tariff Regulations.



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 First Supplementary Agreement dated 09.12.2016 and Second Supplementary Agreement dated 28.06.2021 executed by and between the WBSEDCL and M/s Rashmi Cement Limited for purchase of surplus power from waste gas based power plant of RCL on mutually agreed basis in terms of regulation 7.4.1 of the Tariff Regulations.
- 9.0 The application is thus disposed off.
- 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: 05.07.2022

Sd/-
SECRETARY