IN REGARD TO THE APPLICATION SUBMITTED BY WEST BENGAL STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED (WBSEDCL) FOR "IN-PRINCIPLE" CLEARANCE IN RESPECT OF INVESTMENT PROPOSAL FOR INSTALLATION AND COMMISSIONING OF 10 MW SOLAR PV POWER PLANT AT DHAKA-I UNDER RAJNAGAR BLOCK OF BIRBHUM DISTRICT, WEST BENGAL IN TERMS OF REGULATION 2.11.1 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: 06.12.2019

Certified true Copy
"In-principle" clearance in respect of investment proposal for Installation and Commissioning of 10 MW Solar PV Power Plant at Dhaka-I under Rajnagar Block of Birbhum district, West Bengal by West Bengal State Electricity Distribution Company Limited (WBSEDCL) in terms Regulation 2.11.1 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 dated 21.10.2019 for "in-principle" clearance i.r.o investment approval for Installation and Commissioning of 10 MW (AC) Solar PV Power Plant at Dhaka-I under Rajnagar Block of Birbhum district, West Bengal in terms of Regulation 2.11.1 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011, as amended (in short 'Tariff Regulations'). The application dated 21.10.2019 has been admitted by the Commission in Case No. OA-314/19-20 on 06.12.2019.

2.0 WBSEDCL along with their application dated 21.10.2019 submitted a DPR for the scheme. Brief description of the submission made by WBSEDCL in the application is as follows:

2.1 In order to fulfil the solar Renewable Purchase Obligation (RPO) target, Department of Power & NES, GoWB has entrusted WBSEDCL to take necessary measure for setting up of grid connected solar PV plants at different districts of the State.

2.2 Accordingly, WBSEDCL has taken up the project of installation and commissioning of 10 MW (AC) Solar PV power plant at Dhaka-I under Rajnagar Block of Birbhum district, West Bengal.

2.3 Dept. of Power & NES, GoWB has accorded administrative approval vide their letter no. 105-POW-13012(11)/9/2018-SECTION(POWER) dated 23.07.2018 to provide fund of Rs. 51.05 Crores (inclusive of service tax) for the project under RIDF Tranche XXIV. Dept. of Power & NES, GoWB accordingly issued sanction cum allotment order vide their letter 66(Sanc.)-POW-13012(11)/9/2018-SECTION (POWER) dated 25.01.2019 to provide the fund.

WBSEDCL submitted that the total cost of the project inclusive of solar modules and estimated evacuation cost comes to Rs. 42.89 Crores including Tax Liabilities. WBSEDCL also stated that the total awarded value is within the administrative approval of Rs. 51.05
Crores accorded by Dept. of Power & NES, GoWB. WBSEDCL also submitted a breakup of total project cost as below:

<table>
<thead>
<tr>
<th>SI No.</th>
<th>Description</th>
<th>Cost (in Rs. Lakh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A.</td>
<td>Solar Modules</td>
<td></td>
</tr>
<tr>
<td>(i)</td>
<td>Supply of Material</td>
<td>3471.66</td>
</tr>
<tr>
<td>(ii)</td>
<td>Installation &amp; Commissioning</td>
<td>233.84</td>
</tr>
<tr>
<td>(iii)</td>
<td>Operation and Maintenance (5 years)</td>
<td>346.43</td>
</tr>
<tr>
<td></td>
<td><strong>Sub-Total</strong></td>
<td><strong>4051.93</strong></td>
</tr>
<tr>
<td>B.</td>
<td>Evacuation Cost</td>
<td></td>
</tr>
<tr>
<td>(i)</td>
<td>Cost of Material including Sundries for Drawal of 33 kV HT OH Line</td>
<td>174.95</td>
</tr>
<tr>
<td>(ii)</td>
<td>Erection Charges, etc</td>
<td>60.09</td>
</tr>
<tr>
<td>(iii)</td>
<td>Cess</td>
<td>2.26</td>
</tr>
<tr>
<td></td>
<td><strong>Sub-Total</strong></td>
<td><strong>237.30</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Total Cost of Project</strong></td>
<td><strong>4289.23</strong></td>
</tr>
</tbody>
</table>

2.4 The salient technical and financial features of the project as stated by WBSEDCL are as below:

Technical features:
- Capacity of the power plant: 10 MW (AC);
- Grid Interfacing Voltage: 33 kV;
- Capacity Utilization Factor (CUF): 17.76%;
- Performance ratio: 77.43%;
- Annual Energy Exported to Grid: 15.558 MU;
- Project commissioning period: 1 year;

Financial features:
- Total project cost is Rs. 42.89 Crore with 100% grant fund.

2.5 WBSEDCL further submitted that such investment will finally lead to following advantages:

- a) Utilization of vested land of 50 acres (Conventionally 5 acres/MW).
- b) Saving of Fossil Fuel and reduction of Green House Gas (GHG) emissions.
- c) Reduction in transmission & distribution loss as generation is closer to consumption points.
"In-principle" clearance in respect of investment proposal for Installation and Commissioning of 10 MW Solar PV Power Plant at Dhaka-I under Rajnagar Block of Birbhum district, West Bengal by West Bengal State Electricity Distribution Company Limited (WBSEDCL) in terms Regulation 2.11.1 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011 as amended.

d) Periodic rise in coal price consequent to consistent hike in electricity tariff can be contained by developing such solar PV plants as a cheaper alternative of conventional counterparts.

3.0 WBSEDCL vide letter dated 23.10.2019 further submitted that the project is entirely financed by State Government including O&M cost of 5 years operation after commissioning and handing over the project to WBSEDCL. The project cost will accordingly be capitalized considering the state grant. Only O&M cost for such solar project will be applicable after 5 years of operation from commissioning and handing over the project to WBSEDCL. WBSEDCL in their letter also mentioned that, due to misunderstanding, the work of the generation project has been already started based on the approval of Board of Directors of the Company. However, WBSEDCL has already issued instruction to all directorates to start work of such type of generation project in future only after approval of the Commission.

Observations of the Commission:

4.0 The Commission observes from the application that Dept. of Power & NES, Government of West Bengal (GoWB) had entrusted WBSEDCL to take necessary measures for setting up of grid connected solar PV plant at different district of West Bengal. Accordingly, WBSEDCL has taken up the project for installation and commissioning of 10 MW (AC) solar PV power plant at Dhaka-I under Rajnagar Block of Birbhum district, West Bengal. Dept. of Power & NES, Government of West Bengal vide their letter 105-POW-13012(11)/9/2018-SECTION(POWER) dated 23.07.2018 accorded administrative approval of Rs 51.05 Crore (including tax) under RIDF Tranche XXIV for setting up such 10 MW solar PV power plant at Dhaka-I under Rajnagar Block of Birbhum district, West Bengal.

5.0 WBSEDCL in their application dated 21.10.2019 submitted that, through tender process they have received the contract price of installation of 10 MW solar module including comprehensive O&M for 5 years of Rs. 39.63 Crore (excluding taxes). Considering tax component, the price for solar module comes to Rs. 40.52 Crore. WBSEDCL also submitted
"In-principle" clearance in respect of investment proposal for Installation and Commissioning of 10 MW Solar PV Power Plant at Dhaka-I under Rajnagar Block of Birbhum district, West Bengal by West Bengal State Electricity Distribution Company Limited (WBSEDCL) in terms Regulation 2.11.1 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011 as amended.

the estimated cost for evacuation of generated power of Rs. 2.37 Crore (including taxes). WBSEDCL further submitted that the overall project cost comprising solar PV power plant and evacuation system comes to Rs. 42.89 Crore, which is well within the administratively approved amount of Rs. 51.05 Crore. WBSEDCL vide letter dated 22.11.2019 informed that approval from Board of Directors is not required since the project cost is below Rs 50 Crore.

6.0 The Commission observes that the project is entirely financed by the State Government including its O&M for 5 years operation after commissioning and handing over the project to WBSEDCL and the project will be capitalized considering the state grant. Therefore, there is no capital investment by the licensee in the project. Further, O&M cost for five years is also included within the project cost which is given as a grant by the Government. In fact the licensee is capitalizing the asset against the grant from the government following due procedures. Further the plant being connected at 33kV system near consumption point the T&D loss will also be less. Thus, it will be ultimately beneficial to the consumers of WBSEDCL.

7.0 Now it is required to examine the requirement of installation and commissioning of 10MW solar power by WBSEDCL in terms of clause (i) of regulation 3.4 of RE Regulations.

8.0 In terms of regulation 3.1 read with regulation 3.2 of RE Regulations the RPO target for the year 2019-2020 WBSEDCL comes to 8.00 % including solar target of 0.50%.

9.0 From the APR petition for the year 2017-18 it is evident that WBSEDCL has met 4.05% of total RPO out of the target 6.00% of which 0.38% was solar against target solar of 0.30%. Thus, during 2017-18 WBSEDCL has fulfilled their solar RPO target but is not able to achieve their total RPO target.

10.0 WBSEDCL in this petition has proposed for installation of 10 MW solar PV plant at Dhaka-I under Rajnagar Block of Birbhum district, West Bengal to fulfil their RPO requirement. Commission further observed that approval was given to WBSEDCL for setting up 7 nos. of
"In-principle" clearance in respect of investment proposal for Installation and Commissioning of 10 MW Solar PV Power Plant at Dhaka-I under Rajnagar Block of Birbhum district, West Bengal by West Bengal State Electricity Distribution Company Limited (WBSEDCL) in terms Regulation 2.11.1 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011 as amended.

10 MW Solar PV Plant at different districts in West Bengal with proposed total annual generation from the seven (7) projects as 105.71 MU. WBSEDCL has further submitted 2 more applications seeking 'in-principle' clearance for installation and commissioning of solar PV power plant in different districts of West Bengal. The total annual generation from all the ten (10) projects proposed is 153.09 MU.

11.0 Commission observes that, in terms of regulation 3.3 of the RE Regulations, licensee can purchase additional solar power to fulfil its overall RPO provided such purchase of solar energy beyond the target of any year shall not exceed 0.25% of total consumption in the area of supply of distribution licensee for that year or target of solar RPO for that year whichever is higher. Considering the last five years' sales to consumers by WBSEDCL and their procurement of power from the existing solar sources, the proposed 153.09 MU of annual generation from all the 10 projects as stated in paragraph 10.0 above, including the 10 MW plant at Dhaka-I under Rajnagar Block of Birbhum district, West Bengal appears to be within the limit specified in regulation 3.3 of the RE Regulations.

12.0 However, regarding fulfilment of total RPO, the Commission in previous orders of investment approval for solar PV Plants dated 23.10.2019 has already directed WBSEDCL to submit a report on future power procurement plan from the solar and other renewable and co-generation sources.

Order:

13.0 The Commission hereby accords approval to the proposal contained in the letter of WBSEDCL dated 23.10.2019 read with petitions dated 21.10.2019 and noted that the State Government sanctioned Rs. 51.05 Crores i.e. 100% of the project cost for setting up the 10 MW Solar PV Power Plant at Dhaka-I under Rajnagar Block of Birbhum district, West Bengal in the following manner:
“In-principle” clearance in respect of investment proposal for Installation and Commissioning of 10 MW Solar PV Power Plant at Dhaka-I under Rajnagar Block of Birbhum district, West Bengal by West Bengal State Electricity Distribution Company Limited (WBSEDCL) in terms Regulation 2.11.1 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011 as amended.

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</thead>
<tbody>
<tr>
<td>A.</td>
<td>Solar Modules (inclusive of Tax and 5 years O&amp;M)</td>
<td>40.52</td>
</tr>
<tr>
<td>B.</td>
<td>Evacuation Cost (inclusive of Tax)</td>
<td>2.37</td>
</tr>
<tr>
<td></td>
<td>Total Cost of Project</td>
<td>42.89</td>
</tr>
</tbody>
</table>

14.0 The Commission also gives the following directions:

14.1 On completion of the project, WBSEDCL shall submit the COD before the Commission.

14.2 The cost related to maintenance of the Solar PV Power Plant for initial five years from the date of commissioning of the power plant shall not be claimed in tariff for the said period as the project cost includes 5 years' maintenance costs of the total solar PV power plant. The Licensee shall include the requisite O&M cost at appropriate time in the ARR.

14.3 In future, WBSEDCL shall not make any progress towards implementation of a project before obtaining prior approval of the Commission as per provisions of Tariff Regulations.

15.0 The petition is thus disposed of. Let a copy of the order be served upon WBSEDCL.

Sd/- (PULAK KUMAR TEWARI)
MEMBER

Sd/- (SUTIRTHA BHATTACHARYA)
CHAIRPERSON

Certified true Copy

Dated: 06.12.2019

(T.K. MUKHERJEE)
SECRETARY

West Bengal Electricity Regulatory Commission