ORDER
OF THE
WEST BENGAL ELECTRICITY REGULATORY COMMISSION

IN CASE NO. PPA-95/18-19

IN REGARD TO THE APPLICATION SUBMITTED BY THE WEST BENGAL STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED (WBSEDCL) FOR APPROVAL OF POWER PURCHASE AGREEMENT EXECUTED ON 25.01.2019 BY AND BETWEEN THE WEST BENGAL STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED (WBSEDCL) AND THE DAMODAR VALLEY CORPORATION (DVC) FOR PURCHASE OF 204 MW POWER FROM RAGHUNATHPUR THERMAL POWER STATION, PHASE – I BY WBSEDCL, FOR A PERIOD OF THREE YEARS FROM THE DATE OF COMMENCEMENT OF SUPPLY AT THE REGULATED PRICE DETERMINED BY CENTRAL ELECTRICITY REGULATORY COMMISSION (CERC) IN TERMS OF REGULATIONS 7.8.1, 7.8.2 AND 7.8.3 OF THE WEST BENGAL ELECTRICITY REGULATORY COMMISSION (TERMS AND CONDITIONS OF TARIFF) REGULATIONS, 2011, AS AMENDED.

PRESENT:
SRI SUTIRTHA BHATTACHARYA, CHAIRPERSON
SRI DURGADAS GOSWAMI, MEMBER

DATE: 05.04.2019
Approval of Power Purchase Agreement executed on 25.01.2019 by and between the West Bengal State Electricity Distribution Company Limited (WBSEDCL) and the Damodar Valley Corporation (DVC) for purchase of 204 MW from Raghunathpur Thermal Power Station, Phase – I by WBSEDCL, for a period of three (3) years from the date of commencement of supply at the regulated price determined by Central Electricity Regulatory Commission (CERC) in terms of regulations 7.8.1, 7.8.2 and 7.8.3 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011, as amended.

Facts in brief:

1.0 This is in regard to the application submitted by the West Bengal State Electricity Distribution Company Limited (WBSEDCL) for approval of power purchase agreement (PPA) executed on 25.01.2019 by and between the West Bengal State Electricity Distribution Company Limited (WBSEDCL) and the Damodar Valley Corporation (DVC), a corporation constituted under the Damodar Valley Corporation Act (Act No. XIV of 1948), for purchase of 204 MW (17% of Installed Capacity of 1200 MW) from Raghunathpur Thermal Power Station, Phase – I by WBSEDCL in terms of regulations 7.8.1, 7.8.2 and 7.8.3 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011, as amended (in short 'Tariff Regulation').

2.0 WBSEDCL submitted an application on 08.02.2019 for approval of purchase of power from Raghunathpur Thermal Station, Phase – I at the regulated price determined by the Central Electricity Regulatory Commission for a period of 3 years from the date of commencement of supply. WBSEDCL also submitted that there is a provision of extension of the period through exchange of letter.

3.0 In their petition, WBSEDCL submitted the following brief details of PPA along with a copy of the agreement

a. The contracted quantum is 204 MW which is 17% of Installed Capacity of 1200 MW of Raghunathpur Thermal Power Station, Phase – I.

b. WBSEDCL may, through exchange of letter increase the contracted capacity and/ or extend the contract period with same terms and conditions and tariff as per this PPA i.e. as per CERC

c. The tariff shall be at the regulated price determined by CERC
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d. The Sale of Electricity shall be at the bus bar of the Raghunathpur Thermal Power Station, Phase – I.

e. All charges and losses beyond the Delivery Point shall be borne by WBSEDCL.

f. For timely and expeditious development of the required transmission system for evacuation of power WBSEDCL shall make an application for Medium Term Access to the Central Transmission Utility. WBSEDCL will subsequently sign all necessary agreements including Bulk Power Transmission Agreement with Powergrid/ other transmission licensees corresponding to its share of allocated capacity from the project. Charges for utilization of transmission system(s) owned by the Powergrid/ other Transmission Licensee for wheeling of the electricity beyond busbar of the Raghunathpur Thermal Power Station, Phase – I shall be paid directly by WBSEDCL to the Power grid or the Transmission Licensee as the case may be.

4.0 Regarding need for procurement of power WBSEDCL submitted that as per the recent planning of Load Generation Balance Report it is observed that there will be shortfall ranging from 731 MW to 1199 MW over the span of five years i.e. from 2019-2020 to 2023-2024 as per the power scenario of WBSEDCL in respect of the projected availability vis-a-vis system demand of WBSEDCL for the aforesaid period.

5.0 In their petition, WBSEDCL has submitted the following advantages of the Agreement:

a. Price of power sale will be determined by CERC. As both the investment as well as tariff will be subjected to regulatory approval, thus the rationality and reasonability of the power is likely to increase.

b. DVC and WBSEDCL shall comply with the provisions of the Applicable Law regarding scheduling & dispatching as per provisions of Inter-state ABT, Grid code etc.

West Bengal Electricity Regulatory Commission
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c. With an objective to procure power in the Short Term mode through competitive bidding on the ‘DEEP’ portal, WBSEDCL found from the recently concluded tender event WBSEDCL/PTP/e-NIT/02/2018 dated 15.09.2018, that not only bids for the entire requisitioned quantum were not received, but the prices discovered were abnormally high also, to the extent of up to Rs. 7.25/- per kwh for RTC Power during the period from March 2019 to June 2019.

6.0 WBSEDCL have submitted the financial implications on purchasing the power from Raghunathpur Thermal Power Station, Phase I as per the latest Tariff Order of CERC which are tabulated below:

<table>
<thead>
<tr>
<th>Capacity</th>
<th>As per CERC Tariff Order</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Capacity Charge (18-19)</td>
</tr>
<tr>
<td>In MW</td>
<td>In MU</td>
</tr>
<tr>
<td>1200 (100%)</td>
<td>8446.102</td>
</tr>
<tr>
<td>204 (17%)</td>
<td>1439.237</td>
</tr>
</tbody>
</table>

WBSEDCL also stated that energy charge rate may vary based on availability of coal and such rate will be computed as per CERC Regulation.

7.0 Gist of the application for approval of PPA inviting objections and suggestions from the stakeholders was published on 02.03.2019 in The Times of India, The Telegraph and the Anandabazar Patrika. However, no comments /objections / suggestions were received within the scheduled date.

Point of determination

8.0 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.
Approval of Power Purchase Agreement executed on 25.01.2019 by and between the West Bengal State Electricity Distribution Company Limited (WBSEDCL) and the Damodar Valley Corporation (DVC) for purchase of 204 MW from Raghunathpur Thermal Power Station, Phase – I by WBSEDCL, for a period of three (3) years from the date of commencement of supply at the regulated price determined by Central Electricity Regulatory Commission (CERC) in terms of regulations 7.8.1, 7.8.2 and 7.8.3 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011, as amended.

9.0 Accordingly provision of prior approval of Power Purchase Agreement (PPA) has been specified in the Tariff Regulations notified by the Commission. The extent of review of the PPA as specified in regulation 7.4.2 of the Tariff Regulations is produced below:

"7.4.2 The Commission shall review an application for approval of power purchase agreement / arrangement for a period exceeding one year having regard to the following factors, as appropriate.

(a) Requirement for power procurement;

(b) Adherence to a transparent process of bidding in accordance with guidelines issued by the Central Government;

(c) Adherence to the tariff determined by the Central Electricity Regulatory Commission for the purchase of power from Central generating company;

(d) Adherence to the agreed tariff for purchase of energy from international sources;

(e) Adherence to policy approved by the Commission for purchase of power from captive and non-conventional sources;

(f) Availability (or expected availability) of capacity in the Intra-State transmission system for evacuation and supply of power procured under the agreement / arrangement;

(g) Adherence to Purchase of power from any source, other than those mentioned from (a) to (e) above in pursuance to different provisions of these regulations;

(h) Need to promote cogeneration and generation of electricity from renewable sources of energy."

10.0 For this instant petition of approval of PPA it is proposed that the tariff is to be determined by the CERC which is considered in line with clause (c) of regulation 7.4.2 of the Tariff
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Regulations. Now it is required to review the requirement of power procurement as per clause (a) of regulation 7.4.2 of the Tariff Regulations.

Observations of the Commission:

11.0 The Commission in view of the various Long-term and Medium-term power purchase initiatives taken by WBSEDCL, including the proposed PPAs and already approved PPAs by the Commission and considering the restructuring of DPL, by which the demand of WBSEDCL and generation capacity of WBPDCL has been changed (as DPL with its generating units, now being a subsidiary company to WBPDCL), requested WBSEDCL to submit the following

a) Load duration curve for each season for 2017-18 based on actual data
b) Load duration curve for each season for future years considering proposed percentage growth.

c) Details of contracted capacity vis-a-vis generation projection from the Generating Stations/ Trading Licensees/ other Distribution Licensees for each future years.

12.0 WBSEDCL vide letter no. PTP/SERC/527 dated 13.03.2019 submitted the hourly load/demand data of 2017-18 for each season and for the year 2018-19 to 2021-22 considering a percentage growth of 4.4% for summer and monsoon seasons and 1.8% for winter seasons. The projected maximum demand considered by WBSEDCL during the peak period (summer) from 2019-20 to 2021-22 is 6364 MW, 6655 MW and 6960 MW respectively. WBSEDCL also submitted source wise contracted capacity along with projected generation from those sources for the year 2018-19 to 2021-22.

13.0 The Commission observed from the information submitted by WBSEDCL in paragraph 12.0 above that WBSEDCL has considered the availability from WBPDCL as 2803 MW, 2849 MW and 2980 MW during summer of 2019-20, 2020-21 and 2021-22 in place of ex-bus contracted capacity of 4307 MW. The Commission also observed that WBSEDCL has
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neither considered the generation of erstwhile DPL now available with WBPDCL (as a subsidiary company of WBPDCL) after restructuring of DPL nor the recent PPAs approved by the Commission in Case No. PPA-91/18-19 and Case No. PPA-92/18-19.

14.0 The Commission is of view that for proper analysis of requirement of power by WBSEDCL in coming years it is required to consider the impact of restructuring of DPL, where the load/demand of erstwhile DPL will be served by WBSEDCL and on the other hand the generation capacity of erstwhile DPL will be available with WBPDCL. Thus the Commission finds it prudent to consider the generation available from erstwhile DPL units less the demand in erstwhile DPL area as an additional availability to WBSEDCL. It is also felt necessary to consider all the recently approved PPA while analyzing the requirement of further power purchase.

15.0 WBSEDCL is advised to work out the future requirement of power procurement duly keeping in mind the above observations of the Commission.

16.0 From the hourly load/demand data submitted by WBSEDCL and the availability of power submitted by WBSEDCL along with additional availability from DPL and recently approved PPAs as elaborated in paragraphs 13.0 and 14.0 above it is observed that though the demand during off-peak and normal hours could be met but there will be shortfall during peak hours of summer and monsoon seasons. However to ensure reliable and uninterrupted supply the distribution licensee has been allowed in the Tariff Regulations to make provision of spinning reserve upto 5% and cold reserve upto 5%. Hence it is felt that purchase of 204 MW power from Raghunathpur Thermal Power Station, Phase – I of DVC will help in achieving reliable and uninterrupted power supply by WBSEDCL in its supply area.

Order:

17.0 The Commission after considering the above facts and to ensure reliable and quality power supply in the State approves the Power Purchase Agreement by and between West Bengal Electricity Regulatory Commission and WBSEDCL.
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Bengal State Electricity Distribution Company Limited (WBSEDCL) and Damodar Valley Corporation (DVC) for purchase of 204 MW from Raghunathpur Thermal Power Station, Phase – I by WBSEDCL for a period of three (3) years at the regulated price determined by Central Electricity Regulatory Commission (CERC) in terms of regulations 7.4.1 and 7.8.3 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011, as amended.

18.0 This approval is valid for procurement of round the clock (RTC) power of 204 MW and for a duration of three (3) years from the date of commencement of supply.

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

Sd/-
(DURGADAS GOSWAMI)
MEMBER

Sd/-
(SUTIRTHA BHATTACHARYA)
CHAIRPERSON

Dated: 05.04.2019

(T.K. MUKHERJEE)
SECRETARY

West Bengal Electricity Regulatory Commission