ORDER
OF THE
WEST BENGAL ELECTRICITY REGULATORY COMMISSION
IN CASE NO. PPA-99 /19-20

IN REGARD TO THE APPLICATION SUBMITTED BY INDIA POWER CORPORATION LIMITED (IPCL) UNDER SECTION 86(1)(B) OF THE ELECTRICITY ACT 2003 READ WITH REGULATION 7.4.1 OF WBERC (TERMS AND CONDITIONS OF TARIFF) REGULATIONS, 2011 AND AMENDMENT THEREOF PRAYING FOR APPROVAL OF SUPPLEMENTAL POWER PURCHASE ARRANGEMENT THROUGH MINUTES OF MEETING DATED 23.07.2019 ENTERED BETWEEN THE DISTRIBUTION SEGMENT OF IPCL (FORMERLY, DPSC LIMITED) AND THE EMBEDDED 1X12 MW GENERATION UNIT OF IPCL [ALSO KNOWN AS DISHERGARH TPS (NEW)] READ WITH ORIGINAL MOM DATED 10.08.2010.

PRESENT:
SRI SUTIRTHA BHATTACHARYA, CHAIRPERSON
SRI DURGADAS GOSWAMI, MEMBER
SRI PULAK KUMAR TEWARI, MEMBER

DATE: 20.11.2019
In regard to the application submitted by India Power Corporation Limited (IPCL) under section 86(1)(b) of the Electricity Act 2003 read with Regulation 7.4.1 of WBERC (Terms and Conditions of Tariff) Regulations 2011 and amendments thereof praying for approval of Supplemental Power Purchase Arrangement through Minutes of Meeting dated 23.07.2019 entered between the distribution segment of IPCL [formerly, DPSC Limited] and the embedded 1 X 12 MW generation unit of IPCL (also known as Dishergarh TPS (new)) read with original MOM dated 10.08.2010.

**Facts in Brief**

1. India Power Corporation Limited (in short 'IPCL', formerly DPSC Limited) submitted a Petition, dated 2nd August 2019, under Section 86(1)(b) of the Electricity Act 2003 read with Regulation 7.4.1 of West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations 2011 as amended [in short, Tariff Regulations], seeking approval of a Supplemental Power Purchase Arrangement through Minutes of Meeting, dated 23rd July 2019, between IPCL (12 MW Dishergarh TPS) and IPCL (Distribution) and thereby, to allow the provision of tariff discount of 7 paise/unit in the FY 2019 – 20, if applicable and also in subsequent tariff orders of IPCL with respect to the energy generated by 12 MW Dishergarh TPS (new) using the coal linkage under SHAKTI Scheme (as per para (B)(ii) of the notification of the Ministry of Coal, Govt. of India, dated 22nd May 2017).

2. IPCL has also submitted an LOI, dated 17th July 2019, issued by Central Coalfields Limited (CCL), which states that,
   i. M/s IPCL is the Provisional Successful Bidder for award of 53,400 tonne of coal per year for 19 years, pursuant to the Scheme Document for auction of coal linkages for IPPs having already concluded long term PPAs
   ii. Levelised discount in tariff of power supplied by IPCL shall be 7 paise/kwh
   iii. IPCL has to execute a Fuel Supply Agreement (FSA) with CCL
   iv. One of the documents to be submitted by IPCL prior to execution of FSA is ‘PPA duly amended / supplemented and which has been approved by Appropriate Commission as per paragraph B (ii) of the Policy. The term PPA has been defined at clause no. 1.1.50 of the ‘Scheme Document for the 2nd round of Auction of Coal Linkages to IPPs having already concluded long term PPAs’ as the long term power purchase agreement between the power generating source and the power procurer(s), i.e., DISCOM(s) either directly or through PTC(s) who has / have
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signed back to back PPA(s) with DISCOMs for a period of 7 (seven) years and above.

3. IPCL submitted a Supplementary Petition, dated 30th August 2019, under Section 86(1)(b) of the Electricity Act 2003 read with second proviso of Regulation 7.4.1 of West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations 2011 as amended [in short, Tariff Regulations], seeking approval of Supplemental Power Purchase Agreement (Arrangement) dated 23rd July 2019 entered between the distribution segment of IPCL [formerly, DPSC Limited] and the embedded 1 X 12 MW generation unit of IPCL (also known as Dishergarh TPS (new)) and thereby, to allow the provision of tariff discount of 7 paise/unit in the FY 2019 – 20 and also in subsequent tariff orders of IPCL with respect to the energy generated by 12 MW Dishergarh TPS (new) using the coal linkage under SHAKTI Scheme (as per para (B)(ii) of the notification of the Ministry of Coal, Govt. of India, dated 22nd May 2017).

4. In the case of the Petition, dated 2nd August 2019, as well as for the Supplementary Petition, dated 30th August 2019, the petitioner has sought approval in terms of second proviso of Regulation 7.4.1 of the WBERC Tariff Regulations.

Observations of the Commission

1. In the Supplementary Petition, dated 30th August 2019, submitted by IPCL, a Power Purchase Agreement (Arrangement)(between DPSC Limited (Generation) and DPSC Limited (Distribution), dated 22nd March 2011, has been referred to as the Original Arrangement, based on which the Supplemental Power Purchase Agreement (Arrangement) dated 23rd July 2019 has been prepared and submitted for approval.

2. The said original Power Purchase Agreement (Arrangement), dated 22nd March 2011, was never submitted before the Commission for specific approval.

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3. For the licensees like IPCL, who have their own generating unit(s) (that is, embedded generation), there is no provision of Power Purchase Agreement in the Regulations of West Bengal Electricity Regulatory Commission (WBERC) and as such this Commission never asks for any Power Purchase Agreement from them. In case of this kind of licensees, there cannot be any Power Purchase Agreement; though a Power Procurement Arrangement may exist between the distribution segment and the generation segment of the licensee. The Commission has admitted combined ARR (Aggregate Revenue Requirement) for distribution and generation segments of IPCL, only on the basis of Power Procurement Arrangement.

4. SHAKTI Scheme envisages allocation of linkage of coal on the basis of long term approved PPA and also, to what extent the licensee can pass on benefits to the consumers.

5. IPCL participated in the auction process and CCL, a subsidiary of Coal India Limited, has granted Loi to IPCL for 53,400 tonne of coal per year for 19 years, while levelised discount in tariff of power supplied by IPCL using this coal has to be 7 paise/kwh.

6. As mentioned in the Loi issued by CCL, IPCL has to execute a Fuel Supply Agreement (FSA) with CCL accordingly, to get coal for the Specified End Use Plant: Dishergarh Power Station, PO Sunderchak, Bardhaman. One of the prerequisites for signing FSA is submission of 'PPA duly amended/supplemented and which has been approved by Appropriate Commission as per paragraph B(ii) of the Policy' (clause no. 9 of Annexure X of the Scheme Document).

7. In order to enable execution of FSA between IPCL and CCL, the Power Purchase Agreement, as submitted by IPCL, need to be considered as the Power Procurement Arrangement with approval of the Commission and tariff is to be reduced as presented in the Loi dated 17th July 2019 issued by CCL, successively.

8. Also, the Commission shall have to ensure that the levelised discount is passed on to the consumers following due regulatory process to facilitate the objective of SHAKTI.
In regard to the application submitted by India Power Corporation Limited (IPCL) under section 86(1)(b) of the Electricity Act 2003 read with Regulation 7.4.1 of WBERC (Terms and Conditions of Tariff) Regulations 2011 and amendments thereof praying for approval of Supplemental Power Purchase Arrangement through Minutes of Meeting dated 23.07.2019 entered between the distribution segment of IPCL [formerly, DPSC Limited] and the embedded 1 X 12 MW generation unit of IPCL (also known as Dishergarh TPS (new)) read with original MOM dated 10.08.2010.

9. Access to domestic coal will thus lead to reduction in power cost of consumers by Commission’s approving the levelised discount in the Power Purchase Arrangement following extant regulatory practices.

10. The Ministry of Coal, Govt. of India, was requested through a letter dated 11th September 2019 from this Commission, to confirm the understanding presented in point no. 7 to 9 above, so as to enable the consumers of IPCL to receive the benefit of reduced tariff.

11. An OFFICE MEMORANDUM no. FU-8/2018-IPC (Part-III) dated 15th November 2019, has been issued by the Ministry of Power, Govt. of India in reference to the letter dated 11th September 2019 of this Commission addressing the Ministry of Coal, Govt. of India, with a copy to this Commission. It clarifies the confirmation sought by this Commission as, “the views of the WBERC are considered to be in order.”

12. If IPCL cannot execute FSA with CCL, the consumers of IPCL shall be deprived of the discount of 7 paisa per unit and the objective of SHAKTI of ‘reduced tariff to consumers’ shall be defeated and interest of consumers will be adversely affected.

ORDER

1. The Commission, in terms of Regulation 7.4.1 of the Tariff Regulations, after careful consideration of all the facts described above, approves the Supplemental Power Purchase Agreement (Arrangement) dated 23rd July 2019 entered between the distribution segment of IPCL [formerly, DPSC Limited] and the embedded 1 X 12 MW generation unit of IPCL (also known as Dishergarh TPS (new)) submitted by IPCL, as a POWER PROCUREMENT ARRANGEMENT.

2. Tariff shall be determined through ARR by the Commission, with the applicable levelised discount of 7 paise per unit, as specified in “Schedule A – Tariff Discount” of the POWER PROCUREMENT ARRANGEMENT thus approved. The discount shall be computed with

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reference to scheduled generation from the linkage coal to the extent supplied through the SHAKTI scheme and the benefit shall be passed on to the end consumers through tariff.

3. IPCL as a single corporate entity, shall comply with the provisions of the applicable laws.

4. IPCL shall maintain all documents related to receipt of coal under the SHAKTI scheme and submit the same alongwith the bills to this Commission while submitting APR and FPPCA, in order to substantiate computation of discount adjustment.

5. The petition is, thus, disposed off. Let a copy of the Order be served upon IPCL.

Sd/-
(PULAK KUMAR EWARI)
MEMBER

Sd/-
(DURGADAS GOSWAMI)
MEMBER

Sd/-
(SUTIRTHA HATTACHARYA)
CHAIRPERSON

Dated: 20.11.2019

Sd/-
(T. K. MUKHERJEE)
SECRETARY

West Bengal Electricity Regulatory Commission