ORDER
OF THE
WEST BENGA L ELECTRICITY REGULATORY COMMISSION
IN CASE NO. PPA-96/18-19

IN REGARD TO THE APPLICATION SUBMITTED BY WEST BENGAL STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED (WBSEDCL) FOR APPROVAL OF POWER PURCHASE AGREEMENT EXECUTED ON 24.01.2019 BETWEEN M/S ANKIT METAL AND POWER LIMITED (AMPL) AND THE WEST BENGAL STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED (WBSEDCL) FOR PURCHASE OF SURPLUS POWER BY WBSEDCL FROM WASTE BASED CAPTIVE GENERATING PLANT (CGP) OF CAPACITY 16 MW OF AMPL SITUATED AT VILLAGE-JOREHIRA, PS- CHHATNA, DIST. BANKURA, WEST BENGAL, PIN-722137, FOR A CONTRACT PERIOD OF 15 (FIFTEEN) YEARS IN TERMS OF REGULATIONS 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 DURGADAS GOSWAMI, MEMBER
SRI PULAK KUMAR TEWARI, MEMBER

DATE: 28.01.2020
Approval of Power Purchase Agreement executed on 24.01.2019 between M/s Ankit Metal & Power Limited (AMPL) and the West Bengal State Electricity Distribution Company Limited (WBSEDCL) for purchase of surplus power by WBSEDCL from the waste gas-based Captive Generating Plant (CGP) of capacity 16 MW of AMPL in terms of regulations 7.4.1 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) on 22.02.2019 for approval of power purchase agreement (PPA) executed on 24.01.2019 between M/s Ankit Metal & Power Limited (AMPL) and the West Bengal State Electricity Distribution Company Limited (WBSEDCL) for purchase of surplus power by WBSEDCL from AMPL for a period of 15 (Fifteen) years, in terms of regulations 7.4.1 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011, as amended (in short 'Tariff Regulation').

2.0 In their application WBSEDCL submitted that AMPL is presently a 33 kV Industrial Consumer of WBSEDCL and AMPL has set up a waste gas based Co-generating Plant of 16.00 MW capacity at P.S-Chhatna, Dist. Bankura utilizing waste gas of its sponge iron producing plant located in the same premises.

3.0 WBSEDCL also submitted that AMPL intends to sale the surplus power to WBSEDCL after meeting auxiliary consumption and captive use of electricity at factory premises and WBSEDCL is desirous to purchase such surplus power from the said Captive Generating Plant of AMPL through execution of a Power Purchase Agreement (PPA).

4.0 Accordingly, as submitted by WBSEDCL, a PPA has been executed by and between AMPL and WBSEDCL on 24.01.2019 for purchase of surplus power by WBSEDCL from AMPL with mutually agreed terms and conditions. A copy of the said PPA has been submitted by WBSEDCL along with the application.

5.0 WBSEDCL further submitted that the PPA is valid for a period of 15 years effective from the date of approval of the Board of Directors of WBSEDCL and the Commission, whichever is later. The quantum of surplus energy to be purchased by WBSEDCL from AMPL is envisaged to 33 MU with a variation of -20% and the point of interconnection is the 33kV bus of AMPL and the tariff of power for the entire period of agreement is Rs 1.19/kWh.
Approval of Power Purchase Agreement executed on 24.01.2019 between M/s Ankit Metal & Power Limited (AMPL) and the West Bengal State Electricity Distribution Company Limited (WBSEDCL) for purchase of surplus power by WBSEDCL from the waste gas-based Captive Generating Plant (CGP) of capacity 16 MW of AMPL in terms of regulations 7.4.1 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011, as amended.

6.0 Regarding need for procurement of power WBSEDCL submitted that as per the provisions of the West Bengal Electricity Regulatory Commission (Cogeneration and Generation of Electricity from Renewable Sources of Energy) Regulations, 2013, it is regulatory obligation on the part of WBSEDCL to consume a certain quantum of electricity from cogeneration and renewable sources of energy as percentage of total consumption of electricity in their licensed area and that WBSEDCL is trying to fulfil such regulatory obligation by purchasing renewable power from AMPL.

7.0 WBSEDCL also submitted that this purchase of power shall improve the voltage profile in Chhatna, Bankura or continue to be relatively stabilized. Moreover, overall technical loss for supply of this power will be less as the power of AMPL would be received from distributed generation mode.

8.0 From the projection submitted by WBSEDCL it is revealed that the financial impact for purchase of 33 MU of power from 16 MW power plant of AMPL would be Rs. 3.927 Crore annually considering tariff of Rs 1.19/kWh.

9.0 In view of above, WBSEDCL has prayed before the Commission to approve the Power Purchase Agreement executed on 24.01.2019 by and between M/s Ankit Metal & Power Limited and the West Bengal State Electricity Distribution Company Limited for purchase of surplus power by WBSEDCL from AMPL from waste gas based captive generating plant of capacity 16 MW of AMPL for a period of 15 (Fifteen) years in terms of regulations 7.4.1 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011 as amended.

10.0 The application submitted by WBSEDCL was admitted by the Commission on 20.03.2019. The Commission directed WBSEDCL to publish the gist of their application as approved by the Commission. WBSEDCL accordingly published the gist of the petition in (i) The Telegraph, (ii) The Times of India and (iii) the Ananda Bazar Patrika on 04.04.2019 inviting suggestions and objections on their petition within 10 days (including the date of publication)
Approval of Power Purchase Agreement executed on 24.01.2019 between M/s Ankit Metal & Power Limited (AMPL) and the West Bengal State Electricity Distribution Company Limited (WBSEDCL) for purchase of surplus power by WBSEDCL from the waste gas-based Captive Generating Plant (CGP) of capacity 16 MW of AMPL in terms of regulations 7.4.1 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011, as amended.

of publication of the notice in Newspaper. No suggestion and objection were received by the Commission within the stipulated time-period.

11.0 Subsequently, WBSEDCL vide letter dated 10.04.2019 submitted the extracts from the minutes of the 78th meeting of Board of Directors of WBSEDCL held on 16.07.2018 for in principle approval of execution of power purchase agreement.

**Point of determination**

12.0 Clause (b) of sub-section (1) of section 86 of the Electricity Act 2003 (hereinafter referred as “the Act”) 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. At the same time clause (e) of sub-section (1) of section 86 of the Act 2003 further specified to promote co-generation and generation of electricity from renewable sources.

13.0 Accordingly, WBERC has specified a Renewable & Cogeneration Purchase obligation (RPO) in the West Bengal Electricity Regulatory Commission (Cogeneration and Generation of Electricity from Renewable Sources of Energy) Regulations 2013 [hereinafter termed as “RE Regulations”]. Regulation 16.3 of the RE Regulation specified the points those are at least to be incorporated in the PPA and 16.4 of the RE Regulations inter-alia directs to submit the PPA, as agreed and signed, to the Commission for approval so that such purchasing price will be approved under section 86(1)(b) of the Act.

14.0 Further provision of prior approval of Power Purchase Agreement (PPA) has also 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:
Approval of Power Purchase Agreement executed on 24.01.2019 between M/s Ankit Metal & Power Limited (AMPL) and the West Bengal State Electricity Distribution Company Limited (WBSEDCL) for purchase of surplus power by WBSEDCL from the waste gas-based Captive Generating Plant (CGP) of capacity 16 MW of AMPL in terms of regulations 7.4.1 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011, as amended.

"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."

15.0 In the instant petition for approval of PPA, WBSEDCL has submitted that, the it will help them to fulfill their RPO and the tariff has been mutually agreed in terms of RE Regulations. Hence considering the provisions of regulation 7.4.2 of Tariff Regulations read with regulation 16.3 and 16.4 of the RE Regulations the followings are required to be reviewed:
Approval of Power Purchase Agreement executed on 24.01.2019 between M/s Ankit Metal & Power Limited (AMPL) and the West Bengal State Electricity Distribution Company Limited (WBSEDCL) for purchase of surplus power by WBSEDCL from the waste gas-based Captive Generating Plant (CGP) of capacity 16 MW of AMPL in terms of regulations 7.4.1 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011, as amended.

(i) Requirement of purchase of cogeneration power in line with clause (a) & (h) of regulation 7.4.2 of the Tariff Regulations read with RPO requirement under RE regulations;

(ii) Admissibility of the price of power in line with clause (e) of regulation 7.4.2 of the Tariff Regulations read with relevant provisions of RE Regulations;

(iii) Availability of capacity in the Intra-State transmission system for evacuation and supply of power in line with clause (f) of regulation 7.4.2 of the Tariff Regulations;

Observations of the Commission:

16.0 From the quarterly RPO status submitted by WBSEDCL it is observed that WBSEDCL at the end of 2nd quarter of FY 2019-20 has achieved the solar RPO as 0.47% against the solar RPO target of 0.50% and total RPO as 4.26% against the total RPO target of 8.00%. Therefore, it shows that there is a considerable gap in fulfilling both solar RPO and total RPO target. It is further observed that WBSEDCL could not able to fulfil its RPO target during the FY 2018-19. Thus purchasing 33 MU from the waste gas based captive generation plant of AMPL will help to reduce the gap in RPO.

17.0 The interconnection point has been decided as 33kV bus bar of AMPL. AMPL is presently a 33 kV Industrial Consumer of WBSEDCL thus the surplus power will directly be delivered to the WBSEDCL system. Hence there is no involvement of intra-state transmission system in evacuation of such power, helps in reducing technical losses and as well improve the voltage level.

18.0 While scrutinizing the application for PPA, Commission observes that the overall purchase price proposed from the waste gas based captive power plant of AMPL is Rs 1.19/kWh which is well within the capped tariff / price of Rs. 3.34 /kWh specified in Regulation 6.1 (iv) of RE Regulation.
Approval of Power Purchase Agreement executed on 24.01.2019 between M/s Ankit Metal & Power Limited (AMPL) and the West Bengal State Electricity Distribution Company Limited (WBSEDCL) for purchase of surplus power by WBSEDCL from the waste gas-based Captive Generating Plant (CGP) of capacity 16 MW of AMPL in terms of regulations 7.4.1 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011, as amended.

19.0 From the extracts of the 78th meeting of Board of Directors of WBSEDCL, it has been observed that Board has given 'in-principle' approval for execution of PPA for 25 years whereas WBSEDCL in their petition submitted the contract period as 15 years. WBSEDCL was requested to clarify the issue. Subsequently, WBSEDCL vide letter dated 18.10.2019 submitted extracts from the minutes of the 84th meeting of Board of Directors of WBSEDCL held on 13.05.2019 wherein it has been observed that in-principle post-facto approval has been accorded to the agreement executed on 24.01.2019 by and between AMPL and WBSEDCL for a period of 15 years in place of 25 years.

Order:

20.0 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 Power Purchase Agreement signed by and between the WBSEDCL and AMPL for purchase of surplus power from waste gas based Captive Generating Plant of AMPL at Chhatna, Dist. Bankura for a period of 15 (Fifteen) years on mutually agreed basis in terms of regulation 7.4.1 of the Tariff Regulations read with regulation 16.4 of the RE Regulations. The tariff for entire period of agreement will be Rs 1.19/kWh.

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

Sd/-
(PULAK KUMAR TEWARI)
MEMBER

Sd/-
(DURGADAS GOSWAMI)
MEMBER

Sd/-
(SUTIRTHA BHATTACHARYA)
CHAIRPERSON

DATED: 28.01.2020

(T. MUKHERJEE)
SECRETARY

Certified true Copy

West Bengal Electricity Regulatory Commission