



सत्यमेव जयते

**ORDER  
OF THE  
WEST BENGAL ELECTRICITY REGULATORY COMMISSION  
IN CASE NO. PPA- 106 /20-21**

IN REGARD TO THE APPLICATION FOR APPROVAL OF POWER PURCHASE AGREEMENT EXECUTED ON 07.04.2021 BY AND BETWEEN DURGAPUR PROJECTS LIMITED (DPL) AND WEST BENGAL STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED (WBSEDCL) FOR PURCHASE OF POWER OF 550 MW FROM PLANT OF DPL WITH A CONTRACT PERIOD OF 25 YEARS IN TERMS OF REGULATION 7.4.1 AND PARAGRAPH 1.2 (C) OF SCHEDULE 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: 31.05.2021**

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Approval of the Power Purchase Agreement executed on 07.04.2021 by and between the Durgapur Projects Limited (DPL) and the West Bengal State Electricity Distribution Company Limited (WBSEDCL) for purchase of power of 550 MW from plant of DPL, West Bengal with a contract period of 25 years in terms of regulation 7.4.1 and paragraph 1.2(C) of Schedule 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) vide letter dated 09.10.2020 had initially submitted an application for approval of the draft Power Purchase Agreement and subsequently through supplementary application dated 12.04.2021 has submitted the final Power Purchase Agreement executed on 07.04.2021 by and between the Durgapur Projects Limited (DPL) and the West Bengal State Electricity Distribution Company Limited (WBSEDCL) for purchase of power of 550 MW from the plant of DPL located at Durgapur in the District of Paschim Bardhaman of West Bengal with a contract period of 25 years in terms of regulation 7.4.1 and paragraph 1.2 (C) of Schedule 1 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011 as amended. The Commission admitted the applications in Case No. PPA-106/20-21.
- 2.0 The application of WBSEDCL inter-alia states the following:
  - 2.1 DPL used to be a distribution licensee having own generating station and supplying to its consumers in the Durgapur area and selling surplus power in bulk to WBSEDCL upto 31.12.2018. In pursuance to the notification dated 31.12.2018 read with notification dated 08.12.2018 and 26.12.2018 of the Department of Power, Government of West Bengal and subsequent order of the Commission dated 31.12.2018, the entire Transmission and Distribution business and activities of DPL has been taken over by WBSETCL and WBSEDCL respectively on and from 01.01.2019 and since 01.01.2019, DPL operates as a generating company.
  - 2.2 The Commission vide order dated 16.05.2019 in Case No. PPA-80/16-17 directed WBSEDCL and DPL to come up with a mutually agreed fresh Power Purchase Agreement with the consent of the Government of West Bengal (GoWB) and place before the Commission for approval for the period from 01.01.2019 and onwards since everything has been frozen upto 31.12.2018.
  - 2.3 Subsequently, the Board of Directors, WBSEDCL in its 90<sup>th</sup> meeting held on 20.02.2020 has accorded approval to the purchase of 550 MW power from the plant of DPL through execution of long-term power purchase agreement. Accordingly, WBSEDCL and DPL had entered into a draft Power Purchase Agreement on 10.08.2020 which shall come into force from 01.01.2019 and shall remain operative for a period of 25 years. WBSEDCL had also sought consent of the Department of Power, GoWB. WBSEDCL and DPL has executed the final Power Purchase Agreement on 07.04.2021.







Approval of the Power Purchase Agreement executed on 07.04.2021 by and between the Durgapur Projects Limited (DPL) and the West Bengal State Electricity Distribution Company Limited (WBSEDCL) for purchase of power of 550 MW from plant of DPL, West Bengal with a contract period of 25 years in terms of regulation 7.4.1 and paragraph 1.2(C) of Schedule 1 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011 as amended.



- 2.4 WBSEDCL also submitted that the Department of Power, GoWB vide letter dated 31.01.2019, in the post restructuring scenario of DPL, had conveyed the approval of the State Government to purchase the total generation quantum of DPL at a pool power cost of 389 p/kWh of WBPDCCL for FY 2017-18 with effect from 01.01.2019 as an interim measure pending final tariff determination by the Commission under Section 62 of the Electricity Act, 2003. Further, the Department of Power, GoWB vide letter dated 19.06.2019 consented to the mutually agreed revised provisional power purchase cost of Rs. 4.07/ kWh (comprising of Rs. 1.43/kWh as Fixed Cost and Rs. 2.64/kWh as Variable Charge) with effect from 01.06.2019 and subsequently vide letter dated 25.08.2020 consented to mutually agreed revised provisional power purchase cost of Rs. 4.15/ kWh (comprising of Rs. 1.60/kWh as Fixed Cost and Rs. 2.55/kWh as Variable Charge) with effect from 01.09.2020. The above tariffs have been agreed as an interim measure subject to determination of tariff by the Commission under Section 62 of the Electricity Act, 2003. In the letters dated 19.06.2019 and 25.08.2020, the State Government had directed WBSEDCL and DPL to move to the Commission with the above referred mutually agreed provisional power purchase agreement in terms of the Commission's order dated 16.05.2019 in Case No. PPA-80/16-17.
- 2.5 In view of the above, WBSEDCL prayed before the Commission to approve the Power Purchase Agreement executed on 07.04.2021 by and between DPL and WBSEDCL for purchase of power of 550 MW from the plant of DPL, West Bengal with a contract period of 25 years with effect from 01.01.2019 in terms of regulation 7.4.1 and paragraph 1.2 (C) of Schedule 1 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011 as amended.
- 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 the Tariff Order dated 04.07.2018 of WBSEDCL. WBSEDCL vide letter dated 27.11.2020 stated that they had published the gist of the application in (i) the "Bartaman", (ii) "The Telegraph" and (iii) the "Anandabazar Patrika" on 27.11.2020 inviting suggestions and objections on their application to be submitted within 14 (fourteen) days of publication of the gist. No suggestion and objection was received by the Commission within the stipulated time-period.

**Observations of the Commission:**

- 4.0 The Commission observed that approval of the Commission is required in terms of regulation 7.4.1 of the Tariff Regulations for every agreement or arrangement for power procurement by a licensee from any source of supply.

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Approval of the Power Purchase Agreement executed on 07.04.2021 by and between the Durgapur Projects Limited (DPL) and the West Bengal State Electricity Distribution Company Limited (WBSEDCL) for purchase of power of 550 MW from plant of DPL, West Bengal with a contract period of 25 years in terms of regulation 7.4.1 and paragraph 1.2(C) of Schedule 1 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011 as amended.



- 5.0 The Commission noted that the Government of West Bengal has conveyed 'in-principle' approval of purchase for the total generation quantum of DPL at mutually agreed provisional power purchase cost as an interim measure subject to final determination of tariff by the Commission. The provisional rates under interim measures have been elaborated in clause 7.1.2 of the PPA.
- 6.0 The Commission further observed that it had already determined the tariff of DPL under section 62 of the Electricity Act, 2003 for the year 2018-19 (from 01.01.2019 to 31.03.2019) and 2019 – 20 vide Tariff Order dated 13.11.2020 in Case No. TP – 87/19 – 20 (Part – II). Thus, it is found advisable to mention the rates approved by the Commission at the end of clause 7.1.2 of the PPA for completeness of the facts along with the method of adjustment for over and under recovery mentioned in the Tariff order.
- 7.0 WBSEDCL has prayed for approval of PPA for purchase of 550 MW power from DPL for 25 years (which is the combined installed capacity of the Unit VII and Unit VIII of DPL). From Article 3.1 of the PPA, it is noted that both the parties have agreed that the agreement deemed to come into force from 01.01.2019 and shall remain operative for a period of 25 years. However, the Commission observes that the Unit – VII (300 MW) and Unit – VIII (250 MW) of DPL have been commissioned on 30.04.2008 and 01.10.2014 respectively. Considering normative useful life of 25 years for a thermal power plant, the proposed PPA of 25 years from 01.01.2019 exceeds the useful life of the plants. In view of about 6 years' gap between COD of unit-VII and unit-VII of DPL, it is found advisable to enter the PPA up to the normative useful life of the units. with a clause of extending the PPA on mutual agreement basis.

**Order:**

- 8.0 The Commission after considering the above facts approves the Power Purchase Agreement executed on 07.04.2021 by and between DPL and WBSEDCL for purchase of entire quantum of power from Unit – VII and Unit – VIII of DPL with effect from 01.01.2019 up to the useful life of the units at a tariff to be determined under Section 62 of the Electricity Act, 2003 in terms of regulation 7.4.1 and paragraph 1.2 (C) of Schedule 1 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011 as amended with the following directions:
- (i) WBSEDCL is required to incorporate suitable provision in their PPA as mentioned in Paragraph 6.0 and 7.0 above and submit a copy of the agreement with due amendment







Approval of the Power Purchase Agreement executed on 07.04.2021 by and between the Durgapur Projects Limited (DPL) and the West Bengal State Electricity Distribution Company Limited (WBSEDCL) for purchase of power of 550 MW from plant of DPL, West Bengal with a contract period of 25 years in terms of regulation 7.4.1 and paragraph 1.2(C) of Schedule 1 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011 as amended.



keeping all other terms and conditions unaltered within two (2) months from the date of issuance of this order.

- (ii) WBSEDCL and DPL shall comply with the provisions of the applicable law regarding scheduling and dispatching as per the provisions of intra-state ABT, State Grid Code, etc.
- (iii) SLDC shall prepare the monthly energy accounting mentioning the availability and scheduled energy based on daily schedule.

9.0 The application is thus disposed of. Let a copy of the order be served upon WBSEDCL, DPL and SLDC.

Sd/-  
(PULAK KUMAR TEWARI)  
MEMBER

Sd/-  
(DURGADAS GOSWAMI)  
MEMBER

Sd/-  
(SUTIRTHA BHATTACHARYA)  
CHAIRPERSON

Dated: 31.05.2021

(Smt. M. GUHA ROY)  
SECRETARY



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