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**ORDER
OF THE
WEST BENGAL ELECTRICITY REGULATORY COMMISSION
IN CASE NO. OA-368/21-22**

IN REGARD TO THE APPLICATION SUBMITTED BY THE WEST BENGAL STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED (WBSEDCL) FOR ISSUANCE OF APPROPRIATE ORDER I.R.O REMOVAL OF DIFFICULTY IN TERMS OF REGULATION 19.1 OF THE WEST BENGAL ELECTRICITY REGULATORY COMMISSION (COGENERATION AND GENERATION OF ELECTRICITY FROM RENEWABLE SOURCES OF ENERGY) REGULATIONS, 2013, AS AMENDED SO THAT WEST BENGAL STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED (WBSEDCL) MAY PURCHASE SOLAR POWER AT LEVELIZED TARIFF FROM SOLAR POWER PROJECT FOR ENTIRE LIFE DEVELOPED UTILIZING STATE GOVERNMENT GRANT

PRESENT:

**SRI SUTIRTHA BHATTACHARYA, CHAIRPERSON
SRI DURGADAS GOSWAMI, MEMBER
SRI PULAK KUMAR TEWARI, MEMBER**

DATE: 08.09.2021



Certified true Copy



Application for issuance of appropriate order i.r.o removal of difficulty in terms of Regulation 19.1 of the West Bengal Electricity Regulatory Commission (Cogeneration and Generation of Electricity from Renewable Sources of Energy) Regulations, 2013, as amended so that West Bengal State Electricity Distribution Company Limited (WBSEDCL) may purchase solar power at levelized tariff from solar power project for entire life developed utilizing State Government grant



FACTS IN BRIEF:

- 1.0 The West Bengal State Electricity Distribution Company Limited (in short 'WBSEDCL') has submitted an application vide letter dated 11.06.2021 for issuance of appropriate order for removal of difficulty in terms of Regulation 19.1 of the West Bengal Electricity Regulatory Commission (Cogeneration and Generation of Electricity from Renewable Sources of Energy) Regulations, 2013, as amended (in short 'WBERC RE Regulations') so that WBSEDCL may purchase solar power at levelized tariff from solar power project, for entire life, developed by utilizing State Government grant. The Commission has admitted the application submitted by WBSEDCL on 12.08.2021 and registered in Case No. OA-368/21-22.
- 2.0 The application of WBSEDCL inter-alia states the following:
 - 2.1 West Bengal Renewable Energy Development Agency (WBREDA) has taken up a 10 MW Solar Power Project at Bhajanghat in Nadia District of West Bengal at a project cost of Rs. 50.12 Crore which includes the cost of the power plant along with 5 years' operation and maintenance cost and power evacuation cost from the plant. The project cost is entirely funded by the State Government as grant. WBREDA has approached WBSEDCL for execution of a Power Purchase Agreement (PPA) for purchase of power from the said power plant for 25 years at a negotiated price.
 - 2.2 WBSEDCL stated that the levelized tariff of the solar generation of the project comes to Rs.043 /kWh considering the parameters given in the Discussion Paper for determination of Generic Tariff of solar power published by the Commission. The levelized tariff is much lower than the solar tariff discovered through competitive bidding as per trend.
 - 2.3 WBSEDCL further stated that as per the existing provision of WBERC RE Regulations solar power is to be purchased only through competitive bidding.
 - 2.4 Accordingly, WBSEDCL prayed for removal of difficulty in terms of regulation 19.1 of the WBERC RE Regulations so that they can purchase solar power at levelized tariff for entire life of the solar project of WBREDA at Bhajanghat in Nadia District of West Bengal and other similar projects of the state which is fully or partially funded by the State Government as grant through execution of a Power Purchase Agreement.

OBSERVATIONS OF THE COMMISSION:

- 3.0 The Commission observes that Clause 6.4 (2) of the Tariff Policy dated 28.01.2016 specifies that the procurement of power by Distribution Licensee from renewable energy sources from projects above the notified capacity shall be done through competitive bidding process from the date to be notified by the Central Government.





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Further, Ministry of Power, Government of India vide notification dated 03.08.2017 has specified the Guidelines for Tariff Based Competitive Bidding Process for Procurement of Power from Grid Connected Solar PV Power Projects. The said guidelines had been issued under the provisions of Section 63 of the Electricity Act, 2003 for long term procurement of electricity by the 'Procurers', from grid connected Solar PV Projects having size of 5 MW and above, through competitive bidding.

- 4.0 The Commission also observes that, in terms of regulation 5.3 of the WBERC RE Regulations, the distribution licensee shall purchase solar power through competitive bidding only except purchase from grid connected solar projects below the notified capacity for competitive bidding located within the State. Relevant provision of WBERC RE Regulations is reproduced below:

"5.3 Notwithstanding anything contained to the contrary in any other regulations, distribution licensee shall purchase solar power through competitive bidding only except purchase from grid-connected solar projects below the notified capacity for competitive bidding located within the State. However, the solar power purchased from any source under JNNSM bundled power or SECI which are selected through competitive bidding or from power exchange, will not be required to go through any separate competitive bidding by the licensee:

Provided that purchase of power from grid-connected solar projects below the notified capacity for competitive bidding located within the State shall be within the limit of feed-in-tariff to be notified by the Commission from time to time. Till such notification is made by the Commission tariff for such solar projects will be determined by the Commission on case to case basis."

- 5.0 The Commission notes that, the objective of the Tariff Policy as well as the regulation 5.3 of WBERC RE Regulations is to promote competition among the developers, bring down the tariff and pass on the benefit of low-cost power to the end consumers. However, in case of fully (100%) grant funded solar projects the only component that will come in the tariff computation is the O&M cost. As such, the tariff will definitely be significantly lower than the tariff discovered through competitive bidding route for a similar capacity solar RE project. In fact, WBSEDCL has estimated the levelized tariff as 43 paisa/kWh in the instant case. So, procurement of power from such projects which are 100% funded by Government as grant will benefit the customers of the distribution licensee in addition to fulfilling the solar RPO obligation. However, The PPA so entered on case to case basis shall be submitted to the Commission by the distribution licensee for approval and only after the explicit approval of the Commission, the PPA shall be implemented by the distribution licensee.





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ORDER OF THE COMMISSION:

- 6.0 The Commission after considering the above facts and submissions made by WBSEDCL in their application dated 11.06.2021 and exercising the general power conferred under regulation 19.1 of the WBERC RE Regulations allows WBSEDCL to enter into a Power Purchase Agreement for purchase of solar power from projects entirely funded by the State Government as grant without going through competitive bidding process.
- 7.0 The Commission also gives the following directions:
- (i) WBSEDCL shall enter into a Power Purchase Agreement with the seller on case to case basis and submit the PPA for approval of the Commission in terms of provisions of the Tariff Regulations.
 - (ii) The PPA shall not be operative unless the same is approved by the Commission.
 - (iii) The procurement of power from Solar PV Power Projects which has been partly funded by the State Government has to be necessarily done through competitive bidding process only.
- 8.0 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: 08.09.2021

Certified true Copy



Inuoy
Secretary