



**ORDER
OF THE
WEST BENGAL ELECTRICITY REGULATORY COMMISSION
IN CASE NO. PPA – 99 / 19 – 20 / VOL II**

IN REGARD TO THE APPLICATION SUBMITTED BY INDIA POWER CORPORATION LIMITED (IPCL) FOR APPROVAL OF 2ND SUPPLEMENTAL POWER PROCUREMENT ARRANGEMENT DATED 05.02.2024 ENTERED BETWEEN THE DISTRIBUTION SEGMENT OF INDIA POWER CORPORATION LIMITED (IPCL) AND THE EMBEDDED GENERATION UNIT OF IPCL KNOWN AS DISHERGARH TPS

PRESENT:

**DR MALLELA VENKATESWARA RAO, CHAIRPERSON
SRI PULAK KUMAR TEWARI, MEMBER**

DATE: 07.03.2024



Facts in Brief

- 1.0 India Power Corporation Limited (in short 'IPCL') submitted an application vide letter dated 05.02.2024 for approval of 2nd Supplemental Power Procurement Arrangement dated 05.02.2024 to the original arrangement dated 22.03.2011 entered between the distribution segment of IPCL and the embedded 1 x 12 MW generating unit known as Dishergarh Thermal Power Station (Dishergarh TPS) under clause (b) of sub-section (1) of section 86 of the Electricity Act 2003 (hereinafter referred as "the Act") read with second proviso of regulation 7.4.1 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011, as amended from time to time (in short 'Tariff Regulations'). The Commission admitted the application and registered it in Case No. PPA – 99/ 19 – 20/ Vol-II.
- 2.0 IPCL in its application inter-alia submitted the following:
 - 2.1 IPCL had made an arrangement for power procurement from its embedded 12 MW generating unit known as Dishergarh TPS on 22.03.2011 and is referred to as the Original Arrangement. Subsequently, Dishergarh TPS had secured a coal linkage of 53400 Tonnes per annum under 2nd Round of Scheme for Harnessing and Allocating Koyala Transparently in India (SHAKTI Scheme) of Ministry of Coal by quoting a levelized tariff discount of 7 paisa per unit to its consumers for a period of 19 years. In view of the above, IPCL had amended the Original Arrangement through a Supplementary Power Purchase Arrangement dated 23.07.2019. The Commission approved the "Power Purchase Arrangement" dated 23.07.2019 vide order dated 20.11.2019 in Case No. PPA – 99/ 19 – 20.
 - 2.2 Now, Dishergarh TPS has participated in the bidding under 6th Round of SHAKTI Scheme and successfully received provisional allocation of 9500 Tonnes per annum from Central Coalfields Limited (CCL) by offering a levelized tariff discount of 19 paisa per unit to its consumers for 14 years.
 - 2.3 IPCL has submitted that Dishergarh TPS will be awarded with a Letter of Intent from CCL for 9500 Tonnes per annum of G-11 grade coal subject to submission of prescribed documents as required under the Scheme Document for entering into a Fuel Supply Agreement (FSA). IPCL has also submitted that in terms of clause (B) (ii) (b) of the Shakti Policy of the Ministry of Coal dated 22.05.2017, FSA will be signed on submission of approval by the Commission of the amended or



supplemented Power Purchase Arrangement. In view of the above, IPCL has entered into a 2nd Supplemental Power Procurement Arrangement on 05.02.2024 with the Dishergarh TPS.

- 2.4 IPCL has stated that, this arrangement will help them to meet their coal requirement and the tariff discount of 19 paisa per unit would be adjusted from the gross amount of generation cost for 12 MW Dishergarh TPS, thus will benefit the end consumers.
- 3.0 In view of above, IPCL has prayed before the Commission for approval of the 2nd Supplemental Power Purchase Arrangement executed on 05.02.2024 entered between the distribution segment of IPCL and embedded generation unit Dishergarh TPS under clause (b) of sub-section (1) of section 86 of the Act read with second proviso of regulation 7.4.1 of the Tariff Regulations.

Observations of the Commissions

- 4.0 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 distribution and supply within the State.
- 5.0 For a distribution licensee having an own generating unit(s) (i.e., embedded generation), there is no provision of Power Purchase Agreement in the Regulations of the Commission. However, a Power Procurement Arrangement may exist between the distribution segment and the generation segment of the licensee. The Commission determines combined Aggregated Revenue Requirement for the distribution segment and generation segment only on the basis of Power Procurement Arrangement.
- 6.0 SHAKTI Scheme envisages allocation of linkage coal on the basis of long term approved PPA and also to what extent, the licensee can pass on benefits to the end consumers.
- 7.0 IPCL has participated in the bidding process under 6th Round of SHAKTI Scheme and has received provisional allocation of 9500 Tonnes per annum from CCL by offering a levelized tariff discount of 19 paisa per unit to its consumers for 14 years.
- 8.0 The Commission observes that IPCL has to execute a Fuel Supply Agreement (FSA) with CCL to receive coal for the Specific End Use Plant i.e., Dishergarh TPS and in terms of clause (B) (ii) (b)