

**IN THE JHARKHAND STATE ELECTRICITY REGULATORY COMMISSION AT  
RANCHI**

**Case No. 14 of 2023**

Inland Power Ltd. (IPL) ..... Petitioner

Versus

Jharkhand Bijli Vitran Nigam Ltd. (JBVNL) ..... Respondent

**CORAM: HON'BLE JUSTICE MR. AMITAV KUMAR GUPTA, CHAIRPERSON  
HON'BLE MR. MAHENDRA PRASAD, MEMBER (LAW)  
HON'BLE MR. ATUL KUMAR, MEMBER (TECH)**

For the Petitioner : Mr. Saket Upadhyay, Advocate

For the Respondent : Mr. Ravi Shankar Kumar, Electrical Executive Engineer  
(C&R), JBVNL

**Date – 23<sup>rd</sup> June, 2023**

1. The Petitioner (Inland Power Limited) has filed the affidavited petition under Section 86(1)(b) read with 62, and 63 of the Electricity Act 2003 for approval of the 3<sup>rd</sup> supplementary Power Purchase Agreement (PPA) under Shakti Scheme B-II Round-V for 4300 MT of Coal to be signed between Inland Power Limited (IPL) & Jharkhand Bijli Vitran Nigam Limited (JBVNL).

The petitioner has prayed :-

- (a) To grant approval to the 3<sup>rd</sup> Supplementary Power Purchase Agreement (PPA) under Shakti Scheme B-II Round-V for 4300 MT of Coal to be signed between Inland Power Limited (IPL) & Jharkhand Bijli Vitran Nigam Limited (JBVNL).
- (b) To grant other relief or reliefs as deemed fit in the facts and circumstances of the instant case.

**Facts of the case**

2. Learned Counsel for the petitioner has submitted that the petitioner had entered into a MoU with the Government of Jharkhand on 18.10.2011 for setting up of 126 MW (2x 63 MW) thermal power station under the name of Inland Gola Thermal Power Project located at Inland Nagar, Gola, District-Ramgarh, Jharkhand on a build, own and operate basis. Thereafter, a Power Purchase Agreement (PPA) was signed between the petitioner and respondent (erstwhile JSEB) on 23.02.2012 herein after referred to as the **Principal PPA** (Annexure – 1), for purchase of 35MW from 1<sup>st</sup> unit i.e. 63 MW thermal power.
3. Learned Counsel has submitted that subsequent to the above, first supplementary Power Purchase Agreement (PPA) was signed between the petitioner and the respondent (erstwhile JSEB) on 22.04.2013 herein after referred to as 1<sup>st</sup> Supplementary PPA (**Annexure – 2**), for purchase and sale of entire quantity of power to be generated from the 1st Unit of 63 MW.
4. It was submitted that the Ministry of Coal, Government of India has introduced a new mode of transparent coal allocation policy for power sector, vide letter no 23011/15/2016-CPD/CLD dated 22.05.2017 (**Annexure – 3**) known as SHAKTI SCHEME i.e. Scheme for Harnessing and Allocating Koyala Transparency in India. Under clause B(ii) of the Shakti Scheme, CIL/SCCL

may grant coal linkages on notified price on auction basis for power producers/IPPs having already concluded long term PPAs (both under section 62 and 63 of the Electricity Act) based on domestic coal and the power producers/IPPs participating in the auction will bid for discount on the tariff (in paisa/unit). The discount, by generating companies would be adjusted from the gross amount of bill at the time of billing i.e. the original bill shall be raised as per the terms and conditions of the PPA and the discount would be reduced from the gross amount of the bill.

5. Learned counsel has submitted that Coal India Limited (CIL) invited EOI under Shakti Scheme on 04.08.2017 for auction of coal linkage for IPPs having already concluded long term PPA and the petitioner was declared a successful bidder for 67400 tons of coal providing a discount of 01 paisa per unit of electricity supplied as mentioned in the LOI issued by CCL vide letter dated 21.12.2017. Thereafter, 2nd Supplementary PPA was signed between the petitioner and respondent on 13.02.2018(**Annexure – 4**).
6. It was also submitted that the petitioner participated in the auction conducted by CIL (Coal India Limited) under Shakti Scheme B-II Round V pursuant to the auction process and vide letter no CCL/HQ/C-4/FSA/2022 23/337 dated 24.02.2023, LOI (**Annexure – 5**) was received for signing of FSA for 4300 MT of coal and the petitioner offered a discount of 12 paisa per unit for the contracted capacity of 63MW supplied at Ex Bus SRHP, Sikdari Grid, only on the part of electricity generated by using the quantity of coal supplied under long term FSA signed between the petitioner and CCL under Shakti Scheme B(ii)-5th Round.
7. It was pointed out that the period of supply will be for two years from the date of commencement of 2nd supply of coal under the Shakti Scheme b(ii)-5th Round and the discount will be deducted from the gross bill raised by the seller, subject to quarterly reconciliation.
8. Learned Counsel for the petitioner has submitted that the respondent had earlier approached this Commission seeking approval of PPA dated 23.02.2012 along with other prayers in Case No 04 of 2018 and this Hon'ble Commission vide order dated 28.05.2019 disposed the case approving the Principal PPA dated 23.02.2012 with an observation that no PPA would be acted upon without prior approval of Commission and therefore, the instant petition is preferred before the Hon'ble Commission for approval of the 3rdSupplementary PPA.
9. Learned Counsel for the petitioner has submitted that the office of Respondent No 2 vide its letter no. 559/CE(C&R)/Ranchi dated 05.06.2023 had given the consent for filing of petition for approval of 3rdSupplementary PPA (**Annexure – 6 & 6/A**) under Shakti Scheme b(ii)-5th Round for 4300 MT of coal enclosing the draft of third supplementary PPA.
10. The respondent has not objected to the submission and prayers of the petitioner.

#### **Commission's observation and findings**

11. The Commission has considered the submissions made by the petitioner and perused the materials available on record.
12. UnderSection86 (1)(f) of the Electricity Act, 2003, the State Commission has the responsibility to regulate the electricity purchase, and discharge such other functions as may be assigned to it under the Act. The relevant Sections

of the Electricity Act, 2003 reads as under: -

**“Section 86 Function of State Commission:** - (1) The state Commission shall discharge the following functions, namely: -

.....

(b) 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;

.....

(k) discharge such other functions as may be assigned to it under this Act.

13. Hence, under section 86(1)(b) of the Electricity Act, the distribution licensee is obligated to get the Power Purchase Agreement as approved by the Commission
14. It is also observed that under the SHAKTI Policy, the Petitioner has offered a discount rate of 12 paisa per unit for the contracted capacity of 63MW supplied at Ex Bus SRHP, Sikdari Grid, only on the part of electricity generated by using the quantity of coal supplied under the long term FSA signed between the petitioner and CCL under Shakti Scheme B(ii)-5th Round.
15. Further, the parties have also mutually agreed upon amendment/supplementary PPA to be executed between them subject to approval of the Commission.
16. In the result, it is ordered as under:

**ORDER**

17. Considering the facts and circumstances of the case, and the discussion made herein above, the prayer of the petitioner is allowed.
18. The 3<sup>rd</sup> Supplementary Power Purchase Agreement to be executed between the petitioner IPL and the respondent JBVNL which provides the methodology for adjustment of the discount in the monthly bills to the procurer in terms of the 'SHAKTI Scheme', as stated above is approved.
19. The petition stands disposed off, accordingly.

Sd/-  
Member (T)

Sd/-  
Member (L)

Sd/-  
Chairperson