IN THE JHARKHAND STATE ELECTRICITY REGULATORY COMMISSION AT RANCHI

Case No. 26 of 2025

Tata Steel Limited (TSL)………………………………………………… Petitioner

Vrs

Damodar Valley Corporation (DVC)……………………………………Respondent

CORAM: HON'BLE MR. JUSTICE NAVNEET KUMAR, CHAIRPERSON

HON'BLE MR. MAHENDRA PRASAD, MEMBER (LAW)

HON'BLE MR. ATUL KUMAR,MEMBER(TECHNICAL)

For the Petitioner : Mr. S.K.Mathur, Sr. Advocate & Mr. P.A.S. Pati, Advocate

For the Respondent: Ms. Khushboo Kataruka and Mr. Gaurav Kumar, Advocates

Date – 4th November, 2025

1. The instant Petition has been filed by the Petitioner-Tata Steel Limited (TSL) under section 86(1)(b) of the Electricity Act, 2003 read with clause 6.29 of the JSERC (Terms and Conditions for Determination of Distribution Tariff) Regulation 2020, seeking approval of Power Purchase Agreement between the Petitioner-Tata Steel Limited (TSL) and the Respondent – Damodar Valley Corporation (DVC) for procurement of 50 MW power from Mejia TPS, 15 MW from Raghunathpur TPS and 25 MW from Koderma TPS for five (5) years from the date of commencement of power supply.

2. The Prayers of the Petitioner- Tata Steel Limited are as under: -

(i) To approve the draft Power Purchase Agreement between Damodar Valley Corporation (DVC) and Tata Steel Limited (TSL) to source power from DVC Generating Stations (MEJIA THERMAL POWER STATION, 500 MW, (U#5&6: 2X250 MW), KODERMA THERMAL POWER STATION, 1000 MW, (U#1&2: 2X500 MW) AND RAGHUNATHPUR THERMAL POWER STATION, 1200 MW, (U#1&2: 2x600MW)) on schedule mode and the corresponding Power Purchase cost.

(ii) To pass specific orders for a reasonable prospective 'appointed date' where after the approved agreement shall be effective in the larger public interest.

(iii) To Pass such other order/orders as may deem fit and proper.

The factual matrix of the case as submitted by the parties may be appreciated in the following manner:

Submission of the Petitioner

3. The Learned Counsel for the Petitioner submitted that DVC and Tata Steel Limited have entered into an Agreement dated 25th July 2002 for the supply

of electrical energy in bulk to Tata Steel as Distribution Licensee under consumer mode which was effective from 01st April 2001 for the contract demand of 90 MVA till 31.01.2002 and 85 MVA from 01.02.2002 and thereafter vide Supplemental Agreement dated 31st July 2008, inter alia, other changes, the Contract Demand under the Original Agreement was increased from 85MVA to 120MVA in phases. He further stated that the Agreement dated 25th July 2002 along with the Supplemental Agreement dated 31st July 2008, all subsequent renewal, revisions, and amendment, thereof are hereinafter referred to as "Original Agreement".

4. It was submitted that vide email dated 09th April, 2020 & 24th April, 2020, Tata Steel Limited has requested DVC for reduction of contract demand under the Original Agreement from existing 120.0 MVA to 90.0 MVA and DVC has agreed for the revised contract demand of 90.0 MVA effective from 00:00 hrs. of 01st May, 2020.

5. It was further submitted that the Petitioner, again vide email dated 27th October 2020, has requested the Respondent-DVC for the enhancement of contract demand under the Original Agreement from 90.0 MVA to 103.0 MVA and DVC has agreed for the revision of contract demand from 90.00 MVA to 103.0 MVA effective from 00:00 hrs. of 01st November 2020.

6. Learned Counsel pointed out that DVC vide letter dated 13th March 2025, pursuant to meeting held between Tata Steel Limited and DVC on 09th December 2024, has requested Tata Steel to finalize and execute an agreement for drawing of power by Tata Steel from DVC in schedule mode. Thereafter, the parties DVC and Tata Steel Limited have mutually agreed to conclude and terminate the Original Agreement wherein, DVC has been supplying power to Tata Steel under 'consumer mode' and to enter into this fresh arrangement wherein DVC will supply power to Tata Steel as 'distribution licensee' in Jamshedpur under the schedule mode.

7. Learned Counsel for the Petitioner apprised the Commission that the Respondent-DVC is owning, operating and maintaining a coal fired power station named as Mejia thermal Power Station Unit #5&6 (2 X 250 MW) at Durlavpur, Mejia, West Bengal State hereinafter specifically referred to as "Mejia TPS" and another coal fired power station named as Raghunathpur Thermal Power Station Unit#1&2 (2X600 MW) at Raghunathpur in Purulia District of West Bengal, hereinafter specifically referred to as "Raghunathpur TPS" and another coal fired power station named Koderma Thermal Power station Unit# 1&2 (2X500 MW) at Koderma in Koderma District of Jharkhand hereinafter specifically referred to as "Koderma TPS", to be referred collectively as "Station(s)"/ "Generating Stations" to be owned, operated and maintained by DVC.

8. It was submitted that Tata Steel Limited as distribution licensee in Jamshedpur is desirous of purchasing 50 MW electricity from Mejia TPS, 15 MW electricity from Raghunathpur TPS & 25 MW from Koderma TPS for five (5) years to be operationalized under MTOA/GNA/T- GNA from the date of commencement of power supply and DVC is willing to supply the above quantum of electricity from Mejia TPS, Raghunathpur TPS & Koderma TPS from the date of commencement of power supply on mutually agreed terms and conditions mentioned therein in schedule mode.

9. Learned Counsel submitted that after detailed discussions between the Petitioner and the Respondent Damodar Valley Corporation, the draft agreement was mutually agreed vide email dated 08.07.2025 @ 19.36hrs.

10. Learned Counsel for the Petitioner submitted that the Petitioner requires at least 1 months' time to make the necessary changes to prepare itself for receiving electricity supply in the scheduled mode as the current agreement shall be terminated, once the approval as sought for is accorded and the approved agreement would be implemented and such transition shall reasonably require a time frame of about one month. Such transition would also have an effect upon the cost of the supply of electricity and its consequent effect upon the consumers. Accordingly, the petitioner prayed that the draft agreement ought to be implemented after a reasonable period of one month from the date of approval required for the transition from "consumer mode" to "schedule mode" from an appointed date effective from 1st day of the subsequent calendar month.

<u>Submission of the Respondent</u>

11. Learned Counsel for the Respondent affirmed the submission of the Petitioner and submitted that the draft PPA contains detailed comprehensive mutual obligations regarding: -

   I. Scheduling and dispatch of contracted capacity on a firm basis in accordance with grid and regulatory norms;

   II. Metering, energy accounting, and billing procedures subject to Central Electricity Regulatory Commission (CERC) and JSERC standards;

   III. Financial terms including energy charges, capacity charges, transmission and wheeling charges, payment security mechanisms including irrevocable revolving Letter of Credit;

   IV. Taxes, statutory levies, and change of law provisions; - Force majeure events and their treatment;

   V. Dispute resolution through arbitration in Kolkata jurisdiction under Arbitration and Conciliation Act, 1996;

VI. Termination events, amendments. and responsibilities for compliance with prevailing laws and regulations.

12. Learned Counsel for the Respondent DVC submitted that the "Appointed Date" for the Power Purchase Agreement with TSL shall be "The first day of the calendar month following the month in which the PPA is approved by JSERC." The same has also been included in the PPA with TSUISL in case no. 13 of 2025, as approved by the commission vide order dated 19.08.2025

13. It was further pointed out that the approval of the draft PPA is quite essential to enable the Respondent to continue the supply of electricity to the Petitioner as the Petitioner being a distribution licensee cannot be permitted to procure electricity under consumer mode and is required to be shifted to scheduled bilateral mode, in view of the applicable laws.

14. Learned Counsel in its conclusion submitted that the draft PPA to be executed between the parties reflects an equitable balance of interests and duties consistent with the Electricity Act, 2003, JSERC Distribution Regulations, and other relevant laws, ensuring uninterrupted and lawful supply of power to Tata Steel Limited's Distribution Licensed area, in a manner mutually agreed and subject to statutory oversight.

Commission's Observations and findings

15. The Commission has considered the submissions made by the parties and perused the materials available on records.

16. Under section 86(1)(b) of the Electricity Act, 2003, the State Commission has the responsibility to regulate the electricity purchase and procurement process of distribution licensees. The relevant Section 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;

………………………

17. Clause 6.29 of JSERC (Terms and Conditions for Determination of Distribution Tariff) regulations, 2020 deals with the prior approval of power purchase agreement/arrangement by the Commission. The relevant excerpts

have been reproduced as under: -

> *"6.29: Every agreement or arrangement for power procurement by a Distribution Licensee from a Generating Company or Licensee or from other source of supply entered into shall come into effect only with the prior approval of the Commission:*
>
> *Provided that the prior approval of the Commission shall be required in respect of any agreement or arrangement for power procurement by the Distribution Licensee from a Generating Company or Licensee or from any other source of supply on a standby basis:*
>
> *Provided further that the prior approval of the Commission shall be required for any change to an existing arrangement or agreement for power procurement, whether or not such existing arrangement or agreement was approved by the Commission."*

18. It is evident from the above provisions that under section 86(1)(b) of the Electricity Act, 2003 read with Clause 6.29 of JSERC (Terms and Conditions for Determination of Distribution Tariff) regulations, 2020 the Distribution Licensee is obligated to get the Power Purchase Agreement, approved by the Commission.

19. The Commission noted that as per the terms of agreement, the PPA is for 5 years from the date of commencement and the tariff shall be determined by CERC. Further, it is observed that TSL is agreed to shift from 'consumer mode' to 'schedule mode' as per the terms and conditions of PPA.

20. Furthermore, it is also noted, as jointly submitted by both the parties that the "Appointed date" may be ordered as the first day of the calendar month subsequent to the month the PPA is approved by the Commission.

<u>OREDR</u>

21. Considering the facts and circumstances of the case as discussed herein above, the prayers of the petitioner are hereby allowed. The Commission hereby approves the draft PPA for procurement of 50 MW power from Mejia TPS, 15 MW from Raghunathpur TPS and 25 MW from Koderma TPS, by TSL under schedule mode for five (5) years from the date of commencement of power supply. It is also clarified that the appointment date will be 1st day of calendar month subsequent to the month of approval of this PPA.

22. Accordingly, the petition stands disposed off with above order.

Sd/-	Sd/-	Sd/-
Member (Tech)	Member (Law)	Chairperson