

**Before the Himachal Pradesh Electricity Regulatory Commission, Shimla**

Authentication of Renewable Energy Purchase (Non-Solar & Solar) for FY 2019-20 under the provisions of Regulation 4(1) of the HPERC (Renewable Power Purchase Obligation and its Compliance) Regulations, 2010.

**AND**

In the matter of:-

The Himachal Pradesh State Electricity Board Limited  
Vidyut Bhawan, Shimla-171004 (HP).

..... Petitioner

Versus

The Addl. Chief Secretary (Power/NES)  
GoHP, Shimla-02

The Director,  
Directorate of Energy,  
Shanti Bhawan, Phase-III, New Shimla-09 (HP).

The Director,  
HIMURJA, SDA Complex, Kasumpti, Shimla-09

.....Respondents

Petition No. 03 of 2021  
Heard on 03.03.2021  
(Decided on 14 .09.2021)

**CORAM**

DEVENDRA KUMAR SHARMA

**Chairman**

BHANU PRATAP SINGH

**Member**

Counsels/Representatives:-

for Petitioner: Sh. Kamlesh Saklani  
(Authorized Representative),  
a/w Sh. Joginder Singh CE(SO)

for Respondents: Sh. Shanti Swaroop (Legal Consultant)  
Ms. Kamlesh Shandil (Advocate)

**ORDER**

This Order relates to the petition bearing No. 03/2021 filed by the Himachal Pradesh State Electricity Board Limited (hereinafter referred as “the HPSEBL” or “the distribution licensee”), an Obligated Entity under the HPERC (Renewable Power Purchase Obligation and its Compliance) Regulations, 2010 (hereinafter referred as “the RPPO Regulations”) seeking

authentication of Renewal Energy Purchase (Non-Solar and Solar) for FY 2019-20.

## **2. Petitioners submissions:**

2.1 The HPSEBL submitted that regulation 4(1) of the HPERC Renewable power Purchase Obligation and its compliance) (Third Amendment) Regulations, 2010 reads as under:-

*“The distribution licensee shall during each financial year, purchase such quantum of electricity (in kWh) from renewable energy sources as is not less than the quantum of electricity (in kWh), worked out as per the Table below:-*

Year	Minimum Quantum of Purchase in percentage (%) from renewable sources (in terms of energy in kWh) of total consumption.		
	Non-Solar	Solar	Total
2017-18	9.50%	4.75%	14.25 %
2018-19	9.50%	6.75%	17.00%
2019-20	10.25%	7.25%	17.50%

The RPPO will be applicable on total consumption of electricity by an obligated entity, excluding consumption met from hydro electric sources of power.

Accordingly, the HPSEBL has purchased power from renewable sources (non-solar & solar) in order to meet its obligation of 10.25% from non-solar and 7.25% from solar power for the financial year FY 2019-20.

2.2 The details of net shortfall/surplus of the HPSEBL in respect of Non-solar RE obligations during FY 2019-20 are as below:

### **RE (Non-Solar) Purchase for FY 2019-20**

Sr. No.	Description	Quantum (MUs)
1	Financial Year	<b>FY 2019-20</b>
2	a) HPSEBL consumption within the State (including Hydro)	10303.54
	b) % age of hydel share in total requirement as per 4 <sup>th</sup> MYT for Control Period (FY 20 to FY 24)	87.49%
	c) Requirement met from hydro sources as worked out on % age mentioned in item (b) of Sr. No. 2	9014.56
	d) Actual Requirement met from hydro sources during FY 20	9352.62
	e) Requirement met from hydro sources for working out RPPO (Minimum of (c) &(d) above)	9014.56
	f) Total consumption of HPSEBL excluding consumption met from hydro sources (a-e)	1288.97
3	Non-Solar Renewable Power Purchase Obligations	10.25%
4	<b>Non-Solar Renewable Power Purchase Obligations (in MUs)</b>	<b>132.12</b>
5	<b>Detail of Purchase of non-solar RE Power by HPSEBL including own generation</b>	
	a. HPSEBL's own generation from 25 MW & below projects (excluding free power )	435.17
	b. Power Purchased (Net saleable energy) from IPP owned SHPs of 25 MW & below capacity (excluding projects under REC)	1440.16
	c. Free power entitlement of GoHP in HPSEBL's SHPs of 25 MW & below capacity	37.84

	d. Free power entitlement of GoHP in IPP owned SHPs of upto 25 MW capacity purchased by HPSEBL	138.11
	<b>Total Non-Solar RE purchased</b>	2051.82
6	Non-solar RE sold outside its area of supply as renewable energy	530.07
7	Total Non –solar RE purchased for supply and utilized to meet own RPPO (5-6)	<b>1521.75</b>
8	<b>Net shortfall (-) /surplus (+) in meeting Non Solar RE Obligation for FY 2019-20 (7-4)</b>	<b>(+)1389.63</b>

The HPSEBL has submitted that the surplus Non-solar RE for FY 2019-20 i.e. 1389.63 MUs may be considered for the issuance of Non-solar RE Certificates for FY 2019-20 and recommend their case for such issuance on the format devised by the Central Agency.

2.3 The details of net shortfall/surplus of the HPSEBL in respect of Solar RE obligations during FY 2019-20 are as below:

**RE (Solar) Purchase for FY 2019-20**

Sr. No.	Description	Quantum (MUs)
1	Financial Year	<b>2019-20</b>
2	a) HP's consumption within the State (including Hydro)	10303.54
	b) % age of hydel share in total requirement as per 4 <sup>th</sup> MYT for Control Period (FY 20 to FY 24)	87.49%
	c) Requirement met from hydro sources as worked out on % age mentioned in item (b) of Sr. No. 2	9014.56
	d) Actual Requirement met from hydro sources during FY 20	9352.62
	e) Requirement met from hydro sources for working out RPPO (Minimum if (c) &(d) above)	9014.56
	f) Total consumption of HPSEBL excluding consumption met from hydro sources (a-e)	1288.97
3	Solar Renewable Power Purchase Obligations	7.25%
4	Solar Renewable Power Purchase Obligations (in MUs)	<b>93.45</b>
5	<b>Detail of Purchase of Solar Power by HPSEBL</b>	
	a. Purchased from SECI Solar Power Project (M/s ACME Rajdhani Power Pvt. Ltd.)	41.51
	b. Purchased from NTPC (Singrauli Solar Power Project)	19.25
	c. IPP Owned Solar Plants in HP through Long Term PPAs	22.72
	d. HPPCL owned Berra Dol Solar PV Project through Long Term PPA	8.36
	e. Solar Rooftop in the State	17.96
	f. BBMB Rooftop (HPSEBL share)	0.21
	<b>Total Solar RE purchased</b>	<b>110.02</b>
6	Solar RE sold outside its area of supply as RE Power	0.00
7	Total Solar RE purchased for supply and utilized to meet own RPPO (5-6)	<b>110.02</b>
8	<b>Net shortfall (-)/surplus (+) in meeting Solar RE Power Purchase Obligation for FY 2019-20 (7-4)</b>	<b>(+)16.56</b>

The HPSEBL has submitted that the surplus power purchase from Solar power projects for FY 2019-20 i.e. 16.56 MUs may be considered against the shortfall in Solar RPO compliance during FY 2018-19.

2.4 The HPSEBL through this petition has requested the Commission:-

- (a) to recommend the case for issuance of Non-Solar RECs of 1389.63 MUs of Non-Solar surplus energy, procured beyond the RPO for FY 2019-20, on the format devised by the Central Agency;
- (b) to allow for the adjustment of 16.56 MUs of surplus power purchased from solar power projects beyond Solar RPPO for FY 2019-20 against the shortfall in solar RPO compliance during FY 2018-19;
- (c) to condone any inadvertent omissions/errors/shortcomings and permit the petitioner to add/change/modify/alter this filing and make further submissions as may be required at a future date;
- (d) to allow further submissions, addition and alteration to this petition as may be necessitating from time to time;
- (e) to treat the filing as complete in view of substantial compliance as also the specific requests for waivers with justification placed on record; and
- (f) to pass such other and further orders as are deemed fit and proper in the facts and circumstances of the case.

3. This Commission, taking note of the fact that the State Agency i.e. the Directorate of Energy, Govt. of Himachal Pradesh, is monitoring the RPPO compliance, impleaded the State Agency as the necessary party to this petition and directed the State Agency, and other stakeholders i.e. the Additional Chief Secretary (Power NES), GoHP, Director, Himachal Pradesh Energy Development Agency (HIMURJA) and the Consumer Representative to file their objections/suggestions or view points, on the prayer made by the petitioner HPSEBL, by the 1<sup>st</sup> March, 2021.

#### **4. Respondents' replies**

4.1 In response, the State Agency vide MA No. 30/2021 submitted the following comments relevant to this petition as under:-

- (i) as per HPERC (Renewable Power Purchase Obligation and its Compliance) Regulations, 2010, the status of RPPO compliance by all designated consumers i.e. Captive Consumers, Open Access Consumers and State Discom are required to be submitted to the State Agency on quarterly basis. The quarterly submissions by the State Discom enables the State Agency, Directorate of Energy, in monitoring the compliance at all levels

of reporting including in-line National Level portal. But the State Discom has been submitting its RPPO compliance status directly to the HPERC.

- (ii) Since the compliance reports have been directly submitted by the Discom to the HPERC, the data furnished by Discom in the petition cannot be authenticated by the State Agency.
- (iii) The State Agency is of the view that adjustment regarding shortfall/surplus, if any, may be considered as per availability of Solar and Non-solar quantum in power exchange during the respective year.

4.2 The Consumer Representative submits the following comments relevant to this petition that from the scrutiny of the Non-solar Obligation for FY 2019-20, it is evident that the distribution licensee has been able to meet its Non-solar obligation for FY 2019-20. Also, in respect of Solar Renewable Energy Obligation, the Distribution Licensee has surplus to the tune of 16.56 MUs for FY 2019-20. Any penalty on account of RPO shortfall of the distribution licensee may have burden on the consumers of the State.

4.3 The Commission conducted a public hearing in the matter held on 03.03.2021, through video conferencing. The objections/suggestions filed by stakeholders were taken on record. The learned Counsel Ms. Kamlesh Shandil, representing the Respondent No. 3 i.e. HIMURJA, prayed for time to file the objections/suggestions in the matter. The Commission vide interim order dated 03.03.2021 directed the Respondent No.3 (HIMURJA) to file its objections/suggestions within two weeks. The Commission heard the parties/stakeholders and carefully considered their written submissions also. No response has been received from the HIMURJA and the Commission decides to proceed further in the matter.

#### **5. Petitioner's observations on Respondent's response/objections**

The petitioner filed its response to the objections raised/suggestions by the Respondents stating that the comments/suggestions of Consumer Representative are of suggestive nature and filed its response on the objections/suggestions made by the State Agency relevant to this petition, as under:-

- (i) that the Petitioner/HPSEBL submits the annual compliance status of RPPO only before the HPERC for purpose of data authentication and fairly conceded that the HPSEBL, being Discom, is also required to

furnish the RPO Compliance Report to the State Agency i.e. Directorate of Energy (DOE), Govt. of Himachal Pradesh as well on quarterly basis. There is lapse on the part of the HPSEBL and further undertakes to furnish, in future, the quarterly Compliance Reports to the State Agency i.e. DoE on regular basis.

- (ii) The HPSEBL has submitted the data relating to compliance of Renewable Power Purchase Obligations by the Discom for the authentication by the Commission, for discharge of obligations as specified under the prevalent RPPO Regulations and further issuance of RECs as per the provisions of Central Electricity Regulatory Commission (Terms and Conditions for Recognition and Issuance of Renewable Energy Certificate for Renewable Energy Generation) Regulation, 2010 (hereinafter referred as “CERC REC Regulations, 2010”).

## **6. Commission’s Analysis and Views**

6.1 Section 86(1)(e) of the Electricity Act, 2003 provides the following as one of the functions of the State Electricity Regulatory Commission:-

*“promote co-generation and generation of electricity from renewable sources of energy by furnishing suitable measures for connectivity with the grid and sale of electricity to any person, and also specify for the purchase of electricity from such source, a percentage of the consumption of electricity in the area of a distribution licensee”.*

6.2 The Commission has made the Himachal Pradesh Electricity Regulatory Commission (Renewable Power Purchase Obligation and its Compliance) Regulations, 2010, specifying the minimum percentage of the total consumption, for Renewable Power Purchase Obligation (RPPO) for Non-solar and Solar energy for the distribution licensee, as well as the Captive and Open Access Users/ Consumers, and provided that the certificates issued under the Central Electricity Regulatory Commission (Terms and Conditions for Recognition and Issuance of Renewable Energy Certificates for Renewable Energy Generation) Regulations, 2010 (“the REC Regulations”) shall be the valid instrument for the discharge of the mandatory obligation set out in these regulations for the obligated entities to purchase electricity from renewable energy sources during each financial year as specified by the Commission.

6.3 On 19<sup>th</sup> June, 2010, the Commission designated the “Directorate of Energy”, which is an authority created under the administrative control of the Government of Himachal Pradesh, as the State Agency for the purposes of the RPPO Regulations and the State Agency has to undertake functions under RPPO Regulations. The RPPO Regulations provide that the Captive and Open Access Consumer(s)/User(s) shall purchase renewable energy as stated in the table below regulation 4 thereof. If the Captive User(s) and Open Access Consumer(s) are unable to fulfil the criteria or if the distribution licensee fails to fulfil the minimum quantum of purchase from renewable sources, it shall be liable to pay compensation as per Regulation 9 of the RPPO Regulations (ibid), the shortfall of the targeted quantum would attract payment of compensation as per Regulation 9 of the RPPO Regulations (ibid).

6.4 In order to appreciate the submissions of the petitioner, it will be useful to set out the provisions of regulations 4 and 5 read as under:

**“4. Quantum of Renewable Power Purchase Obligation (RPPO):-**

(1) The distribution licensee shall, during each financial year, purchase such quantum of electricity (in kWh) from renewable sources as is not less than the quantum of electricity (in kWh), worked out as per the Table below:-

Table-Minimum percentage for Renewable Power Purchase Obligation

Year	Minimum Quantum of Purchase in percentage (%) from renewable sources (in terms of energy in kWh) of total consumption.		
	Non-Solar	Solar	Total
2019-20	10.25%	7.25%	17.50%
2020-21	10.25%	8.75%	19.00%
2021-22	10.50%	10.50%	21.00%

The RPPO will be on total consumption of electricity by an obligated entity, excluding consumption met from hydro-electric sources of power.

Provided that for computing the Renewable Power Purchase Obligation (RPPO) of the distribution licensee for a year under this sub-regulation, the following conditions shall also apply, namely:-

- (i) the total consumption of the distribution licensee for a year shall include the quantum of electricity purchased, alongwith electricity generated, by it from various sources, including the power purchased under REC mechanism for meeting its requirement for consumption of electricity, and shall also include the transmission and distribution losses, within the area of distribution licensee, for meeting such consumption in the State during that year but shall not include the electricity purchased for the trading purposes;
- (ii) save as provided in the succeeding item (iii) under this sub- regulation, the quantum of electricity to be considered as utilized by the distribution licensee from hydro-electric sources for meeting its consumption during a year shall be computed at such percentage of the

total consumption in that year as is equal to the percentage derived from the quantum of electricity purchased, including generated, from hydro-electric sources, as envisaged in the tariff order for that year, for meeting the estimated requirement for consumption in the State vis-a-vis the total estimated requirement for that year for consumption in the State; and

- (iii) the consumption of electricity to be considered as met from hydro-electric sources shall not exceed the electricity purchased (in kWh), including electricity generated, by the distribution licensee from hydro-electric sources in that year, after excluding the dedicated sale of power to any person, other than its consumers, by the distribution licensee specifically earmarked out of any such purchase from hydro-electric sources.”

- (2) Each Captive and Open Access User/Consumer shall, during the respective financial year, purchase such quantum of electricity (in kWh) from the renewable sources, which shall not be less than the quantum of electricity (in kWh), worked out as per the Table given in sub-regulation (1):

Provided that for computing the Renewable Power Purchase Obligation (RPPO) of such obligated entities for a year under this sub-regulation, the following conditions shall also apply, namely:-

- (i) the total consumption of any such obligated entity shall include the quantum of electricity purchased, including electricity generated, by it from various sources, including the power purchased under REC mechanism for meeting its requirement for consumption of electricity, and shall also include the transmission and distribution losses incurred within the State for meeting such consumption in the following manner, namely:-
    - (a) in case the electricity is purchased by such obligated entity from sources outside the State, the electricity purchased at the State periphery shall be considered as the consumption of the obligated entity from such sources;
    - (b) in case the electricity is purchased, or generated, from generating sources located within the State, the electricity (in kWh) injected for such obligated entity at the generating bus bar shall be considered as its consumption;
  - (ii) the energy consumed by obligated entity, other than the distribution licensee, shall be considered to have been consumed from the sources other than the hydro-electric sources, unless such obligated entity establishes to the satisfaction of the State Agency that such consumption was made from hydro-electric sources.
- (3) The obligated entities may meet their Renewable Power Purchase Obligation (RPPO) as per sub-regulations (1) and (2) of this regulation from any renewable sources, including-
    - (i) purchases from generating stations, based on renewable energy sources;
    - (ii) purchases from any other distribution licensee, which would arise from renewable energy sources; and
    - (iii) the energy generated from its own renewable sources, if any, by the obligated entity:



Provided that the electricity purchased at pooled cost, as specified in the Central Electricity Regulatory Commission (Terms and Conditions of Renewable Energy Certificate for Renewable Energy Generation) Regulations, 2010, shall not be taken into account for offsetting such obligations:

Provided further that the Solar power purchase obligation shall be fulfilled from the generation based on Solar sources only:

Provided further that the quantum of electricity generated by the consumer through roof-top Solar PV system under net metering arrangement in any year, shall qualify towards compliance for Solar RPPO of the Distribution Licensee or the consumer, as the case may be, for that year in accordance with the provisions contained in Himachal Pradesh Electricity Regulatory Commission (Rooftop Solar PV Grid Interactive Systems based on Net Metering) Regulations, 2015:

Provided further that the power purchases under the power purchase agreements from renewable energy sources, already entered into by the distribution licensees, shall continue to be made till their present validity, even if the total purchases under such agreements exceed the percentage as specified hereinbefore.

- (4) The Commission may, keeping in view the power supply constraints or other factors beyond the control of the distribution licensee or for any other reasons, suo-moto or at the request of an obligated entity, also revise the percentage targets for a year(s) for which Renewable Power Purchase Obligations have been fixed as per sub-regulations (1) and (2) of this regulation.”

**Regulation 5: Certificates under the regulations of the Central Commission.-**

- (1) *Subject to the terms and conditions contained in these regulations, the Certificates issued under the Central Electricity Regulatory Commission (Terms and Conditions for recognition and issuance of Renewable Energy Certificate for Renewable Energy Generation) Regulations, 2010 shall be the valid instruments for the discharge of the mandatory obligations set out in these regulations for the obligated entities to purchase electricity from renewable energy sources:*

*Provided that in the event of the obligated entity fulfilling the renewable purchase obligation by purchase of certificates, the obligation to purchase electricity from generation based solar as renewable energy source can be fulfilled by purchase of solar certificates only and the obligation to purchase electricity from generation based on renewable energy other than solar can be fulfilled by purchase of non-solar certificates.*

- (2) *Subject to such direction as the Commission may give, from time to time, the obligated entity shall act consistent with the Central Electricity Regulatory Commission (Terms and Conditions for recognition and issuance of Renewable Energy Certificate for Renewable Energy Generation) Regulations, 2010, notified by the Central Commission in regard to the procurement of the certificates for fulfillment of the Renewable Power Purchase Obligation under these regulations.*

- (3) *The Certificates purchased by the obligated entities from the power exchange in terms of the regulations of the Central Commission mentioned in sub-regulation (1) shall be deposited by the obligated entities with the Commission in accordance with the detailed procedure issued by the Central Agency.*

6.5 The sub-regulation (1A) of Regulation 5 of the CERC REC Regulations, 2010, stipulates as under:-

“(1A) A distribution licensee shall be eligible to apply for registration with the Central Agency for issuance of and dealing in Certificates if it fulfills the following conditions:-

- (a) It has procured renewable energy, in the previous financial year, at a tariff determined under Section 62 or adopted under Section 63 of the Act, in excess of the renewable purchase obligation as may be specified by the Appropriate Commission or in the National Action Plan on Climate Change or in the Tariff Policy, whichever is higher:

Provided that the renewable purchase obligation as may be specified for a year, by the Appropriate Commission should not be lower than that for the previous financial year:

Provided further that any shortfall in procurement against the non-solar or solar power procurement obligation set by the Appropriate Commission in the previous three years, including the shortfall waived or carried forward by the said Commission, shall be adjusted first and only the remaining additional procurement beyond the threshold renewable purchase obligation-being that specified by the Appropriate Commission or in the National Action Plan on Climate Change or in the Tariff Policy, whichever is higher-shall be considered for issuance of RECs to the distribution licensees.

- (b) It has obtained a certification from the Appropriate Commission, towards procurement of renewable energy as provided in sub-clause (a) of this regulation.”

6.6 The conditions of format 3.1.1 of devised under ‘Procedure for Issuance of Renewable Energy Certificate to the Eligible Entity’ by the Central Agency under CERC REC Regulations, 2010 are reproduced as below:-

“It is hereby certified that-

1. Distribution Company has procured renewable energy, in the previous financial year, at a tariff determined under Section 62 or adopted under Section 63 of the Act, in excess of the renewable purchase obligation as may be specified by the Appropriate Commission or in the National Action Plan on Climate Change or in the Tariff Policy, whichever is higher.
2. The renewable purchase obligation as specified for a year, by the State Electricity Regulatory Commission is not lower than that for the previous financial year.
3. Any shortfall in procurement against the non-solar or solar power procurement obligation set by the Appropriate Commission in the previous three years, including the shortfall waived or carried forward by the said Commission, has been adjusted first and only the remaining

additional procurement beyond the threshold renewable purchase obligation-being that specified by the Appropriate Commission or in the National Action Plan on Climate Change or in the Tariff Policy, whichever is higher-has been considered for issuance of RECs to the distribution licensees.”

6.7 For self retention of RECs, the Central Electricity Regulatory Commission (CERC) has approved the following procedure:-

- (i) The eligible entity interested in retaining their Renewable Energy Certificates may apply to the host State Agency, where the eligible entity is located.
- (ii) The eligible entities may apply online from 1<sup>st</sup> to 5<sup>th</sup> of every month and mention the quantity of RECs for which they want to retain and the name of their plant and the State for which the eligible entity wants to retain the application signed and stamped to the host State Agency in such a way so that it shall reach the office of State host agency latest by 12<sup>th</sup> of every month.
- (iii) The host State Agency shall check the proposed volume for each eligible entity the quantity of valid RECs for that entity for both ‘Solar’ and ‘Non-Solar’ Certificates by 18<sup>th</sup> of every month.
- (iv) In case the retained volume placed exceeds the quantity of valid RECs held by the eligible entity as per the records of the REC Registry, then, the State Agency shall limit the RECs that can be retained by the eligible entity to the number of valid RECs as per the records of REC Registry.
- (v) The State Agency shall send the final list of certificates to be retained for eligible entities to the Central Agency for extinguishing the RECs. The certificates will be extinguished by the Central Agency in the ‘First-in-First-out’ order by 22<sup>nd</sup> of the every month.
- (vi) The State Agency shall issue the purchase certificate to the eligible entities.

6.8 From the statutory provisions set out in the preceding sub-paras, it can be observed that:-

- (a) The distribution licensee is eligible for RECs, if it fulfills the conditions given in sub-regulation (1A) of Regulation 5 of the CERC REC Regulations, 2010.
- (b) Regulation 4(1) of the RPPO regulations provides that the distribution licensee shall purchase the quantum of the electricity (in kWh) from renewable sources, at a minimum percentage (as specified in the Table) of the total consumption excluding the consumption met from Hydro-Electric sources of power. The Solar Power Purchase Obligation is to be fulfilled from the generation based on Solar Sources only.
- (c) Regulation 5 of the RPO Regulations, 2010 provides that the certificates issued under the Central Regulations (i.e. CERC REC Regulations, 2010) shall be valid instrument for the discharge of the mandatory obligations, set out in the RPPO Regulations for the obligated entities, to purchase electricity from renewable energy sources. In the event of the obligated entity fulfilling the renewable purchase obligation by procuring certificates, the obligation to purchase electricity from solar based generation can be

fulfilled by purchasing the Solar certificates (Solar RECs) only and the obligation to purchase electricity from generation based on renewable energy other than Solar, can be fulfilled by purchase of Non-solar certificates.

- (d) Regulation 5 (IA) of the CERC REC Regulations, 2010 lays down the conditions for registration with the Central Agency for issuance of certificates and the provisions for obtaining certification from the Commission by the obligated entities, which have procured renewable energy in excess of the RPPO target fixed by the Commission. While recommending the case for issuance of RECs to the distribution licensee, the State Commission needs to ensure that the conditions/guidelines laid down are duly complied with.
- (e) The Central Commission has already approved the procedure for self retention of RECs which means that if any obligated entity has inventory of RECs, the same may be utilised to fulfill their RPO compliance, by following the aforesaid procedure. However, such retention could not materialize in case of HPSEBL for want of amendment in the CERC REC Regulations, 2010 and procedure framed thereunder.

6.9 The Commission, while framing the RPPO Regulations, has already specified the minimum percentage for Renewable Power Purchase Obligation from Renewable Sources (including Solar Energy) for period of 3 years (i.e. FY 2019-20 to FY 2021-22). Per regulation 4 of the RPPO Regulations, the HPSEBL i.e. the distribution licensee is to comply with Solar and Non-solar and RPPO as per the Table given as under:-

Year	Minimum Quantum of Purchase in percentage (%) from renewable sources (in terms of energy in kWh) of total consumption.		
	Non-Solar	Solar	Total
2019-20	10.25%	7.25%	17.50%
2020-21	10.25%	8.75%	19.00%
2021-22	10.50%	10.50%	21.00%

The RPPO will be applicable on total consumption of electricity by an obligated entity, excluding consumption met from hydro electric sources of power.

#### 6.10 Non-Solar RPO Compliance.-

6.10.1 The Non-solar RPO compliance status of HPSEBL from FY 2015-16 onward upto FY 2018-19 is tabulated as under:-

Year	Demand (MUs)	Demand excluding Hydro (MUs)	Non-Solar RPPO % age	Total Obligation MUs	Total non-solar RE available for supply to the consumers (MUs)	Surplus/shortfall (MUs)
2015-16	8800.33		11.00	968.04	803.44	-164.59
2016-17	8896.90	1815.42	9.50	172.47	40.74	-131.73
2017-18	9351.38	1611.35	9.50	153.08	388.31	+230.23
2018-19	10114.50	2813.98	10.25	288.43	271.00	-17.43

6.10.2 During FY 2019-20, the HPSEBL, after meeting own obligations, had net surplus of 1389.63 MUs of Non-solar RE Power.

6.10.3 While recommending the case for issuance of RECs to the distribution licensee, the Commission has to satisfy the following conditions as per Central Commission REC Regulations and model procedure/guidelines issued thereunder :-

- (i) Distribution Company has procured renewable energy, in the previous financial year, at a tariff determined under Section 62 or adopted under Section 63 of the Act, in excess of the renewable purchase obligation as may be specified by the Appropriate Commission or in the National Action Plan on Climate Change or in the Tariff Policy, whichever is higher.
- (ii) The renewable purchase obligation as specified for a year, by the State Electricity Regulatory Commission is not lower than that for the previous financial year.
- (iii) Any shortfall in procurement against the non-solar or solar power procurement obligation set by the Appropriate Commission in the previous three years, including the shortfall waived or carried forward by the said Commission, has been adjusted first and only the remaining additional procurement beyond the threshold renewable purchase obligation-being that specified by the Appropriate Commission or in the National Action Plan on Climate Change or in the Tariff Policy, whichever is higher-has been considered for recommending for the purpose of issuance of RECs to the distribution licensees.

As per the condition (iii) above , any shortfall in procurement of power against the Non-solar or Solar power procurement obligation set by the Appropriate Commission in the previous three years, including the shortfall waived or carried forward by the said Commission, has to be adjusted first.

### **6.11 Solar RPO Compliance:-**

6.11.1 The Solar RPO compliance status of HPSEBL from FY 2017-18 onwards upto FY 2018-19 is tabulated as under:-

Year	Demand (MUs)	Demand excluding Hydro (MUs)	Solar RPPO % age	Total Obligation on MUs	Total Solar RE available for supply to the consumers (MUs)	Surplus/shortfall (MUs)
2017-18	9351.38	1611.35	4.75	76.54	64.86	-11.68
2018-19	10114.50	2813.98	6.75	189.94	81.09	-108.85

6.11.2 During FY 2019-20, the HPSEBL, after meeting own obligations, had net surplus of 16.56 MUs of Solar RE Power.

## 7.1 Conclusion:

7.1.1 The Commission's in its Order dated 19.08.2021 in petition No. 04/2021 decided as under:-

*“8.1.3 .....taking a reasonable view and by exercising provisions of Regulation 13 of the RPPO Regulations, the Commission decides to consider the status of deficits, Solar as well as Non-solar RPOs, upto financial year 2018-19 without considering any adjustment against the inventory of RECs available with the HPSEBL and to fix a deadline by which the entire deficit upto financial year 2018-19 must be offset through any of the available means. The net deficit, when computed on above lines, upto 31.3.2019 in respect of Non-solar RPOs and Solar RPOs works out to 83.52 MUs (-164.59-131.73+230.23-17.43) and 120.53 MUs (-11.68-108.85) respectively.*

*8.1.4 The Commission directs the HPSEBL to offset these deficits, latest by 31<sup>st</sup> March, 2022, through any of the available means i.e.*

*(i) by adjustment against surpluses, if any, for the financial years 2019-20 and 2020-21;*

*(ii) by procurement of RECs;*

*(iii) by procurement of additional power during the remaining part of the current financial year dedicated for adjustment of this deficit;*

*(iv) by adjustment against the REC inventory, if feasible; and/or*

*(v) by any other available mean.*

*In case HPSEBL fails to offset any part of the deficit, as quantified above by 31.03.2022, it shall not only be liable to be penalized under Regulation 9 (2) of the RPPO Regulations but may also have to face action under section 142 of the Act.”*

7.1.2 Accordingly, the Commission decides to offset the cumulative deficit (upto FY 2018-19) of Non-solar RPOs of 83.52 MUs with surplus 1389.63 MUs Non-solar RE of FY 2019-20.

7.1.3 As per the eligibility criteria fixed by the Central Commission for issuance of RECs to the distribution licensees and taking into account the Non-solar RPO compliance status of previous three financial years, the Commission certifies that the HPSEBL is eligible for issuance of Non-solar RECs for net surplus of 1306.11 MUs equivalent Non-solar energy for the year FY 2019-20 as tabulated below:-

<b>Year</b>	<b>Surplus/ shortfall (in MUs) of Non-solar RPO</b>	<b>Status after adjustment of Shortfall /surpluses as per Commission's Order dated 19.08.2021</b>
2016-17	-131.73	230.23 MUs adjusted against deficit of FY 2015-16 and remaining balance with 131.73 MUs deficit of FY 2016-17. The net deficit 66.09 MUs now adjusted with surplus of FY 2019-20 which results in compliance of Non-solar RPO for FY 2016-17.
2017-18	+230.23	Compliant
2018-19	-17.43	The deficit of 17.43 MUs now adjusted with surplus of FY 2019-20 which results in compliance of Non-solar RPO for FY 2018-19.
<b>2019-20</b>	<b>+1389.63</b>	Out of 1389.63 MUs surplus, 83.52 MUs i.e. 66.09 MUs balance deficit of FY 2016-17 and 17.43 MUs net deficit of FY 2018-19 is now adjusted resulting in a net surplus of 1306.11 MUs considered for issuance of Non-solar RECs.

7.1.4 On the application of the HPSEBL, the Commission shall initiate the process of issuance of certificate as per the format 3.1.1 devised under 'Procedure for Issuance of Renewable Energy Certificate to the Eligible Entity' by the Central Agency under CERC REC Regulations, 2010 for recommending the case for issuance of Non-solar RECs to the distribution licensee for surplus Non-solar energy of 1306.11 MUs for FY 2019-20.

7.1.5 As far as Solar RPO compliance of FY 2019-20 is concerned, the Commission decides to offset the cumulative deficit of Solar RPOs of 120.53 MUs with surplus Solar RE of FY 2019-20 i.e. 16.56 MUs. With this adjustment, the HPSEBL has net deficit of Solar RPO 103.97 MUs as on 31.03.2020 as tabulated below:-

<b>Year</b>	<b>Surplus/shortfall (in MUs) of Solar RPO</b>	<b>Status after adjustment of Shortfall /surpluses as per Commission's Order dated 19.08.2021</b>
2017-18	-11.68	The deficit of 11.68 MUs now adjusted with surplus of FY 2019-20 which results in compliance of Solar RPO for FY 2017-18.
2018-19	-108.85	The deficit of 108.85 MUs now adjusted with 4.88MUs balance surplus of FY 2019-20 which now results in deficit of 103.97 MUs Solar RPO for FY 2018-19.
2019-20	+16.56	Compliant.

7.1.6 The Commission directs the HPSEBL to offset this deficit i.e. 103.97 MUs of Solar RE, latest by 31<sup>st</sup> March, 2022, through any of the available means i.e.

- (i) by adjustment against surpluses, if any, for the financial year 2020-21;
- (ii) by procurement of Solar RECs;
- (iii) by procurement of additional power during the remaining part of the current financial year dedicated for adjustment of this deficit;
- (iv) by adjustment against the REC inventory, if feasible; and/or
- (v) by any other viable mean.

In case HPSEBL fails to offset the deficit, as quantified above by 31.03.2022, it shall not only be liable to be penalized under Regulation 9 (2) of the RPPO Regulations but may also have to face action under section 142 of the Act.

7.1.7 The Commission also directs the petitioner to properly plan as to how it would meet its Solar RPO judiciously well in advance taking into cognizance of procurement of Renewable Energy from existing and upcoming firm sources through preferential tariff as well as through

other modes so that there may not be any deficit in renewable purchase obligation of particular year.

8. Before parting with this Order, the Commission would like to record that despite of its best efforts, the Commission could not make and pronounce this Order immediately after the date on which the matter was last heard and orders were reserved as the RPO compliance of previous financial years i.e. FY 2017-18 and FY 2018-19 was pending for authentication and further situation arising due to COVID-19 Pandemic.

This petition is disposed of in the terms of this Order.

Sd/-  
(Bhanu Pratap Singh)  
**Member**

Sd/-  
(Devendra Kumar Sharma)  
**Chairman**