

# HIMACHAL PRADESH ELECTRICITY REGULATORY COMMISSION

Dated: 3<sup>rd</sup> Oct., 2011

## Statement of Objects/Reasons

### **Himachal Pradesh Electricity Regulatory Commission (Renewable Power Purchase Obligation and its Compliance) (First Amendment) Regulations, 2011.**

The Commission, through its regulations namely Himachal Pradesh Electricity Regulatory Commission (Renewable Power Purchase Obligation and its Compliance) Regulations, 2010, has specified quantum of Renewable Power Purchase Obligation (RPPO) for FY 2010-11 to 2013. Subsequently the distribution licensee has expressed difficulty in fulfilling the Solar RPPO on account of non allotment of projects under Jawahar Lal Nehru National Solar Mission and also on account of time required for identification of suitable sites for Solar projects.

On account of target set under National Action Plan for Climate Change, National Tariff Policy, substantial increase in consumption, advent of REC mechanism and long gestation period of hydro projects, distribution licensee may barely meet the RPPO in the coming years.

Moreover long term trajectory of RPPO is always desirable to promote investment in renewable and market stability by providing regulatory certainty.

In view of above it has become necessary to amend the Himachal Pradesh Electricity Regulatory Commission (Renewable Power Purchase Obligation and its Compliance) Regulations, 2010.

### **Previous publication of draft regulations:**

In accordance with sub-section (3) of section 181 of the Electricity Act, 2003 read with rule 3 of Electricity Rules, 2005, requiring previous publication of the regulations made by the State Commission, the Commission published draft of HPERC (Renewable Power Purchase Obligation and its Compliance) (First Amendment) Regulation, 2011 in the Rajpatra, Himachal Pradesh on date 8<sup>th</sup> Aug., 2011.

The above draft amendment regulations were also hosted on the Commission website [www.hperc.org](http://www.hperc.org). The Commission also issued a Public Notice on date 13.8.11 in the "The Tribune and Amar Ujala" inviting objections or suggestions on the above draft amendment regulations clearly stating that the draft regulations will be taken into consideration after the expiry of 30 days from the date of their publication in the Rajpatra, Himachal Pradesh together with any objections or suggestions which may within the aforesaid be received in respect therein and copy of the these draft amendment Regulations were also circulated to various stakeholders for inviting their objections or suggestions.

## **Objections and suggestions received in the office of HPERC**

In response to the publicity given to the draft amendment regulations comments/suggestions were received only from one stakeholder i.e. HPSEB Ltd.

### **Comments or suggestions of HPSEB Ltd.**

1. In view of the reasons identified by the Commission for reduction of Obligation of purchase of Solar Power for the FY 2011-12, the Solar RPP0 %age for FY 2012-13 may also be reduced the same reasons as it is unlikely that the HPSEBL will be able to fulfill the obligation of 0.25% in FY 2012-13 due to non-availability of power from solar sources. This can also be substantiated considering the fact that while HPSEBL has also taken up for the firm allocation of approx 10MW in upcoming Anta Solar Power Plant of NTPC, the confirmation of allocation has not been received till date. Also this plant is likely to be commissioned by FY 2013-14 only.
2. In compliance to the direction of the Commission, the HPSEBL has to identify sites in the HPSEBL's generating stations and power sub-stations and also other sites for developing solar generating plants on Case-II competitive bidding basis. Considering the time period required for complete identification sites and bidding process and subsequent time required for development of projects at these sites, it is unlikely that these plants will be commissioned by the end of FY 2012-13.
3. As the current and envisaged availability of the Solar Power is very limited as compared to the National requirement, it is also suggested that provision for clubbing of Non Solar and Solar Obligation at least for FY 11-12 and FY 12-13 may also be considered so that HPSEBL will be in a position to fulfill the total RPP0 for these years in present scenario and will also result in non-defaulting of HPSEBL in meeting these obligations.

### **Commission's view**

#### **Objection No1 and 2**

Amended Para 6.4 of Tariff Policy, Ministry of Power vide resolution dated 20.1.2011 stipulates as under:-

*“The SERCs shall also reserve a minimum percentage for purchase of solar energy from Official Gazette will go upto 0.25% by the end of 2012-13 and further upto 3% by 2022.”*

On account of Policy direction as stipulated above the suggestions of HPSEBL is not acceptable.

#### **Objection No.3**

The NTP provides for Solar RPO and non Solar RPO to give thrust to generation of Solar Energy. Therefore, the suggestions of HPSEBL is also not acceptable as it would be against the intent and purpose of National Tariff Policy.

The Commission tried its best to fix solar RPO during the intervening period i.e. 2012-13 to 2022 in such a manner that there is sufficient opportunity to harness solar resources. Also as of now Tariff Policy does not earmark percentage from other renewable sources and therefore if the Licensee achieve higher percentage in a solar RPO in a particular year, such quantum will be countered towards compliance of total RPO of that year.

The Commission after taking into consideration the facts as set out in preceding para orders that the proposed amendment published in draft form be now finalized and notified in the Official Gazette after incorporating the modification/changes as discussed in the foregoing paragraphs.

Place Shimla

Dated

Sd/-  
(Subhash Chander Negi)  
Chairperson