

**BEFORE THE HIMACHAL PRADESH ELECTRICITY
REGULATORY COMMISSION SHIMLA**

Petition No.	141 of 2025
Date of Institution:	01.04.2025
Arguments Heard on:	25.04.2025
Decided on:	25.04.2025

CORAM

DEVENDRA KUMAR SHARMA
CHAIRMAN

YASHWANT SINGH CHOGAL
MEMBER (Law)

SHASHI KANT JOSHI
MEMBER

The HP State Electricity Board Ltd. through
Chief Engineer (System Operation),
Vidyut Bhawan, Shimla, HP-171004.

....Joint Petitioner No. 1.

AND

M/s RGM Spirits Pvt. Ltd. Solar Power Project,
Registered Office at Village and Post Office Nangal Khurd,
Tehsil Haroli, Distt. Una, H.P.-174301,
through its Authorized Signatory, Sh. Parveen Kumar.

....Joint Petitioner No. 2.

Joint Petition under the provisions of Section 86(1)(b) of the Electricity Act 2003 read with Regulations 56 and 57 of the HPERC (Conduct of Business) Regulations, 2024, for approval of the Power Purchase Agreement (Solar) in respect of M/s RGM Spirits Pvt. Ltd. Solar Power Project (5 MW).

Present:-

Sh. Kamlesh Saklani, Authorised Representative for the
Joint Petitioner No. 1.

Sh. Parveen Kumar, Authorised Representative for the
Joint Petitioner No. 2.

ORDER

This Joint Petition has been filed by the Himachal Pradesh State Electricity Board Ltd. (the Joint Petitioner No.1 or the HPSEBL for short) and M/s RGM Spirits Pvt. Ltd. Solar Power Project (the Joint Petitioner No. 2 for short) for the approval of the Power Purchase Agreement (PPA for short) under Section 86 (1) (b) of the Electricity Act, 2003 (Act for short) read with Regulations 56 and 57 of the HPERC (Conduct of Business) Regulations, 2024, (CBR, 2024 for short) in respect of M/s RGM Spirits Pvt. Ltd. Solar Power Project (5 MW).

2. The case of the Petitioners is that a Solar PV Project (5 MW) known as M/s RGM Spirits Pvt. Ltd. Solar Power Project, situated at Village and Post Office Khurd, Tehsil Haroli, Distt. Una, H.P (Project for short) is being setup pursuant to the approval accorded by the HIMURJA (HP Govt. Energy Development Agency) vide letter No. HIMURJA (F-7)/SPV Projects/2024-11254 dated 13.03.2025 (Annexure-IV). As per the Joint Petition, the date of scheduled commercial operation of the Project is 12.03.2026.

3. As per the Joint Petition, the Commission vide Order dated 29.02.2016 passed in Suo Moto Petition No. 104 of 2015 amended vide order dated 28.10.2024 in Suo Moto Petition No. 02 of 2024 has

approved the Model Power Purchase Agreement for Solar PV Projects. The HIMURJA has also approved the Project inventory vide letter No. HIMURJA (F-7)/SPV Projects/ 2024-13789 dated 21.03.2025 (Annexure-VIII).

4. It is averred that HPSEBL has issued the feasibility report on 22.03.2025 providing that the interconnection point has been proposed at 33 kV Una (Rakkar)- Tehliwal line through LILO arrangement by constructing 33 kV Switching Station alongwith Single Circuit at LILO Point, in joint mode with Krishna Solar Power Solution (5 MW). Further, the connection agreement will be signed soon.

5. It is also averred that the Joint Petitioner No. 2 shall apply for the admissible subsidy and shall intimate the Joint Petitioner No. 1 to that effect.

6. It is also averred that the Commission vide Order dated 14.03.2024 has determined the generic levellised tariff in respect of Solar PV Projects for FY 2024-25 (01.04.2024-31.03.2025) under the HPERC (Promotion of Generation from Renewable Energy Sources and Terms and Conditions for Tariff Determination) Regulations, 2017, as amended, (RE Regulations, 2017 for short). The Joint Petitioner No. 2 has submitted an affidavit that the project is situated

in a rural area and that the tariff for the Projects to be set up in areas other than Industrial and Urban areas above 1 MW and upto 5 MW is Rs. 3.47 per kWh as determined by the Commission vide Order dated 14.03.2024 which shall be applicable to the Project which has been incorporated in Clause 6.2 of the draft PPA.

7. We have heard Sh. Kamlesh Saklani, Authorised Representative for the Joint Petitioner No. 1 and Sh. Parveen Kumar, Authorised Representative for the Joint Petitioner No. 2 and have perused the entire record carefully.

8. It is evident from the record that the feasibility report in respect of the Project has been issued by the Joint Petitioner No. 1 on 22.03.2025, a copy whereof has been placed on record. As per the feasibility report, the interconnection point has been proposed at 33 kV Una (Rakkar)- Tehliwal line through LILO arrangement by constructing 33 kV Switching Station alongwith Single Circuit at LILO Point, in joint mode with Krishna Solar Power Solution (5 MW). The Connection Agreement is yet to be signed but the parties state that the same will be signed as per the feasibility report.

9. It is evident from the Petition that the proposed Solar Power Project shall evacuate its power in joint mode with Krishna Solar Power Solution (5 MW). A copy of the joint agreement dated

26.03.2025 has been placed on record which shows that the parties have agreed to share the infrastructure of the transmission of Solar Power generated including the transformer in their plants and to share the invoice of electricity generated by their respective Solar Plants in equal share i.e. 1/2 of the invoice amount to each party. This arrangement runs counter to the Scheme for promoting small Solar Power Plants in terms of the H.P. Solar Power Policy, 2016, Swaran Jayanti Energy Policy, 2021, as under said policies, the tariff for purchase of solar power upto 5 MW capacities was made to be determined by the Commission under the prevailing Regulations but tariff above 5 MW capacities, was made to be discovered through competitive bidding. Not only this, under the above policies, the Solar Power for the Projects upto 5 MW capacity has been made mandatorily purchasable by the HPSEBL and accordingly, the Commission has been determining the generic levelized tariff for the Solar PV Plants not exceeding 5 MW by taking into account various parameters such as economies of scale, transportation of equipment to the site and associated infrastructure and operation and maintenance of the Project on standalone basis. However, from careful perusal of the aforesaid agreement, it appears that all the five projects are located at the same place and will utilize the same

infrastructure including transformer. Not only this, the invoice of electricity generated is also proposed to be shared jointly. Significantly, the Government of India has notified the Competitive Bidding Guidelines for discovery of tariff of Solar PV Projects above 5 MW on 19.01.2005 and 03.08.2017. Since, the above five projects are located at the same place and have agreed to share the common infrastructure, transformer and even the invoice by 1/5th, the true picture has been withheld while getting the Projects allotted and instead of setting up the Solar Plant for higher capacity, small Solar PV Plants having capacity of 5 MW each have been got allotted from the HIMURJA so as to claim the benefit of generic levelized tariff as determined by the Commission for the Projects upto 5 MW capacity under the Regulations in terms of Solar Energy Policy, 2016 and Swaran Jayanti Energy Policy, 2021. Therefore, the arrangement appears to be contrary to the interest of consumers, misuse of the tariff determined for Projects upto 5 MW, competitive bidding guidelines issued by the GoI as also the Solar Power Policy, 2016 and Swaran Jayanti Energy Policy, 2021. In the circumstances, though the parties may share the transmission lines, keeping in view the limited corridor available in the State of H.P. but the Joint Petitioner No. 2 will have to install its individual transformer as well as

all other equipments and the billing has to be made individually for each Project. Further, in case the capacity of the Project is found to be more than 5 MW at any stage, least of the tariff discovered by the Solar Energy Corporation of India (SECI) at the time of commissioning of the Project as per the competitive bidding guidelines, shall be made basis by the Commission.

10. It is also evident from the letter of the HIMURJA dated 13.03.2025 that the tariff in respect of the Project shall be as per the rates determined by the HPERC and that the Project has been provisionally registered. As per the Swaran Jayanti Energy Policy, 2021, notified on 20.01.2022, Solar Power from the Solar PV Projects upto 5 MW shall mandatorily be purchased by the HPSEBL, if commissioned on or before 31.03.2030 at HPERC approved tariff applicable on the date of allotment of the Project. It is also evident from the affidavit that the Project office is being registered at the site of the Project.

11. The Commission vide Order dated 14.03.2024 in Suo Moto Petition No. 01 of 2024 has determined the generic levellised tariff for Solar PV Power Projects for FY 2024-25 (for a period w.e.f. 01.04.2024 to 31.03.2025) as under :-

Sr. No.	Capacity	Generic levellised tariff (Rs. Per kWh)
1.	Projects to be set up in other than industrial areas and urban areas.	
(a)	Upto 1.00 MW	3.50
(b)	Above 1.00 MW & upto 5.00 MW	3.47

2.	Projects to be set up in industrial areas and urban areas	
(a)	Upto 1.00 MW	3.55
(b)	Above 1.00 MW & upto 5.00 MW	3.52

12. This Project is situated in the rural area as per affidavit. The capacity of the Project is 5 MW. Though the Petition has been filed on 01.04.2025 but the same had been received by the HPSEBL in their office prior to 31.03.2025 as evident from letter No. HPSEBL/CE(SO)/PSP/Solar-Gen/2025-10981 dated 29.03.2025. A total of 72 applications were received during the last days of March, 2025 in the office of the HPSEBL and a significant time was consumed in processing the applications and granting connectivity and feasibility for evacuation of power. Since, 30.03.2025 and 31.03.2025 were holidays on account of Sunday and Eid-ul-Fitar, the Project is entitled to the tariff of Rs. 3.47 per kWh, which is subject to adjustment of capital subsidy, if any. This tariff shall be applicable upto 31.03.2026 as per Clause 12 (E) (i) of the Order dated 14.03.2024 in Suo Moto Petition No. 1 of 2024. The SCOD of the Project is 12.03.2026.

13. The Government of Himachal Pradesh vide notification No. MPP-F(10)-43/2023 dated 21st September, 2023 amending clause 4.3.11 of the Swaran Jayanti Energy Policy, 2021 has levied a tariff based royalty of 5 paise per unit on commissioning Solar Power Project having capacity of more than 1 MW. Since, this provision has

come into being w.e.f 21.09.2023, the tariff based royalty has to be paid in the manner provided in the policy to the State Government. Accordingly, the royalty as provided i.e. 5 paise per unit shall be worked out by the HPSEBL from the generation of the project and shall be payable @ 5 paise per unit to the Government of HP over and above the approved tariff of the project which shall be eligible for the pass through.

14. The Petition is supported by the affidavits of the respective parties.

15. Therefore, in view of the powers vested in the Commission under Section 86 (1) (b) of the Act, read with Regulations 56 and 57 of the CBR, 2024, the Joint Petitioners have made out a case for the approval of the Power Purchase Agreement (Solar) in respect of the Project. Hence, the Petition succeeds and allowed. The PPA is ordered to be approved subject to the following conditions:-

- (i) The tariff of Rs. 3.47 per kWh will be applicable to the Project of the Joint Petitioner No. 2 which will be subject to further adjustment of subsidy, if any, and is provisional.
- (ii) The Joint Petitioner No. 2 shall have to install individual transformer as well as all other equipments for the Project and the billing shall be issued individually for the Project.

- (iii) The Joint Agreement dated 26.03.2025 shall form part of the PPA.
- (iv) The affidavit of the Joint Petitioner No. 2 that the Project is at rural area shall form the part of the PPA.
- (v) The Joint Petitioners are directed to sign the Connection Agreement within 15 days. The feasibility report and the Connection Agreement shall also form part of the PPA.
- (vi) The Joint Petitioner No.2 shall apply to the State/Central Government or its designated department(s)/agency(ies), for grant of applicable subsidy/financial assistance to the Solar Power Project immediately on receipt of this Order, if not already applied, and shall intimate the Joint Petitioner No.1 i.e. HPSEBL of the receipt of financial assistance/subsidy released to the Project by the State/ Central Government or its designated Department(s)/ agency(ies), within 15 days of receipt of the same and an undertaking to this effect shall be furnished by the Joint Petitioner No. 2 which shall form part of the PPA.
- (vii) The Joint Petitioner No. 2 shall make an endeavour to avail the admissible subsidy/financial assistance (if any). In case the subsidy/financial assistance is not availed or the Joint Petitioner No. 2 fails to approach the State/Central Government or its designated Department(s)/agency(ies), the same shall be deemed to have been availed by the Joint Petitioner No. 2 and the Joint Petitioner No. 1 shall carry out the adjustment

of such benefit, if any, admissible to the project after a period of 2 years from the date of the Order, as per order dated 14.03.2024 passed by the Commission in Suo-Moto Petition No. 01/2024. The Joint Petitioner No. 1 shall also intimate the Commission in this regard on making adjustment.

(viii) The SCOD of the Project will be 12.03.2026 in view of order dated 28.10.2024 in Suo Moto Petition No. 2 of 2024.

(ix) This tariff shall be applicable upto 31.03.2026 as per Clause 12 (E) (i) of the Order dated 14.03.2024 in Suo Moto Petition No. 1 of 2024.

(x) The royalty as provided i.e. 5 paise per unit shall be worked out by the HPSEBL from the generation of the project and shall be payable @ 5 paise per unit to the Government of HP over and above the approved tariff of the project which shall be eligible for the pass through.

16. Other terms and conditions of the PPA shall be subject to provisions of the RE Regulations, 2017, as amended from time to time and the Order of Commission dated 14.03.2024 in Suo-Motu Petition No. 01 of 2024 issued under the aforesaid Regulations.

17. The Joint Petitioners are directed to execute PPA as per the above order after carrying out the necessary additions and alterations within 30 days from the date of this order. Three copies of the

executed Power Purchase Agreement be submitted to the Commission for record.

Let a copy of this order be supplied to the Joint Petitioners forthwith.

The file after needful be consigned to records.

Announced
25.04.2025

-sd-
(Shashi Kant Joshi)
Member

-sd-
(Yashwant Singh Chogal)
Member (Law)

-sd-
(Devendra Kumar Sharma)
Chairman