

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

**Petition No:** 15 of 2023  
**Date of Institution:** 19.01.2023  
**Arguments Heard on:** 22.02.2023  
**Decided on:** 07.03.2023

**CORAM**

**DEVENDRA KUMAR SHARMA  
CHAIRMAN**

**YASHWANT SINGH CHO GAL  
MEMBER (Law)**

**SHASHI KANT JOSHI  
MEMBER**

**In the matter of:**

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

**....Joint Petitioner No. 1**

**AND**

**M/s Palchan Bhang Power Pvt. Ltd. through,  
Sh. E.S.V.V.S. Narayana Murty,  
Room No. 18, Hotel Rohtang View, Vashisht,  
Manali, Himachal Pradesh**

**....Joint Petitioner No. 2**

**Joint Petition under Section 86 (1) (b) of the Electricity Act, 2003 read with Regulation 50-A of the Conduct of Business Regulations, 2005, for approval of the Power Purchase Agreement under Generic Levellised Tariff to be executed by the HPSEBL with M/s Palchan Bhang Power Pvt. Ltd. in respect of the Palchan Bhang HEP (9 MW).**

Present:-

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

Sh. Vikas Chauhan, Ld. Counsel for the Joint Petitioner No. 2.

## **ORDER**

This Joint Petition has been filed under Section 86 (1) (b) of the Electricity Act, 2003 (Act for short) read with Regulation 50-A of the Himachal Pradesh Electricity Regulatory Commission (Conduct of Business) Regulations, 2005 by the Himachal Pradesh State Electricity Board Limited (HPSEBL or Joint Petitioner No. 2 for short) and M/s Palchan Bhang Power Private Limited (Joint Petitioner No. 1 for short) for the approval of Long Term Power Purchase Agreement on Generic Levellised Tariff in respect of Palchan Bhang HEP (9 MW) situated at Kothi Bhang on Kothi Nallah, a tributary of River Beas, Beas Basin, Distt. Kullu, Himachal Pradesh (Project for short).

2. The Joint Petitioner No. 2 signed the Implementation Agreement (IA for short) dated 21.02.2011 (Annexure-III) for implementation of the Project with the Government of Himachal Pradesh (GoHP for short). The revised Techno Economic Clearance was accorded to the Project vide Order No. DoE/CE (Energy)TEC-Palchan Bhang (R)/2022-9824-32 dated 05.03.2022 (Annexure-V). As per the Petition, the Scheduled Commercial Operation Date (SCOD for short) of the Project is

28.07.2024 as per the certificate issued by the Department of Energy (DoE for short) for the purpose of the tariff.

3. It is averred that the Joint Petitioner No. 2 requires the Power Purchase Agreement (PPA for short) in order to achieve the financial closure and to meet the timelines specified in the Supplementary Implementation Agreement (SIA for short) executed on 28.01.2021 (Annexure-IV) with the GoHP.

4. Also averred that the GoHP vide notification dated 15.05.2018, amended vide order dated 10.10.2018 has made it mandatory for the HPSEBL to purchase the entire power generated from the Projects having capacity upto 25 MW on Generic Levellised Tariff and both the parties have agreed for the sale and purchase of energy from the Project at Generic Levellised Tariff.

5. As per the Joint Petition, the Joint Petitioner No. 2 has applied online on the Web Portal of Industries Department vide Application No. IDS/HP/2124 on 20.09.2021 for availing the Central Capital Investment Incentive (Subsidy) and the actual amount of the subsidy will be adjusted under the aforesaid Scheme in accordance with the provisions of the Small Hydro Electric Projects tariff order as may be notified by

the Commission for the control period in which SCOD of the Project falls.

6. As per the Joint Petition, the Joint Petitioner No. 2 has signed the Connection Agreement with Himachal Pradesh Power Transmission Corporation Limited (HPPTCL for short) on 04.03.2022 in respect of the Project and as per the Connection Agreement, the interconnection point of the Project is at 33 kV switching station of HPPTCL at Palchan.

7. We have heard Sh. Kamlesh Saklani, Authorised Representative for Joint Petitioner No. 1 and Sh. Vikas Chauhan, Ld. Counsel for Joint Petitioner No. 2 and have perused the record carefully.

8. It is apparent from the record that the Joint Petition No. 2 has signed the IA with the GoHP on 21.02.2011 (Annexure-III) for the implementation of the Project. It is evident from the SIA dated 28.01.2021 executed by the Joint Petitioner No. 2 with the GoHP that pursuant to notification dated 07.11.2020, vide which One Time Amnesty was allowed to the Projects by redefining zero date for the Projects which are under investigation and clearances stage where IAs have been signed and by redefining SCOD for the Projects under construction stage, the Joint Petitioner No. 2 made an application date 26.11.2020 and accordingly, the benefit of the One Time Amnesty Scheme dated 07.11.2020 has been allowed in respect of the Project

and pursuant thereto, the SIA has been signed which defines various timelines. It is evident from office Order No. DoE/CE(Energy)/TEC-Palchan Bhang (R)/2022-9824-32 dated 05.03.2022 that the revised Techno Economic Clearance has been granted in respect of the Project. The record also shows that the SCOD of the Project is 28.07.2024 as evident from Certificate (Annexure-I) to the letter of the Directorate of Energy No. HPDOE/CE(Energy)/Palchan Bhang (OTA)/2021-1886 dated 30.06.2021 (Annexure-VII). It is also evident from the record that the Joint Petitioner No. 2 has signed the Connection Agreement with HPPTCL on 04.03.2022 which shows that the HPPTCL has agreed to the connection of the Project (Palchan Bhang 9 MW) at 33 kV Switching Station at Palchan.

9. It is also evident from the Petition that the Joint Petitioner No. 2 has applied for availing the Central Capital Investment Incentive (subsidy) on the Web Portal of the Industries Department vide Application No. IDS/HP/2124 on 20.09.2021 and has agreed for adjustment of the actual amount of subsidy released under the aforesaid Scheme. It is also evident from the Petition that the SCOD of the Project falls on 28.07.2024 and the tariff of said period is yet to be determined by the Commission but the Joint Petition is necessitated as the Joint Petitioner No. 2 requires PPA for achieving the financial

closure failing which it would not be possible to complete the Project within stipulated period.

10. The Petition is duly supported by affidavits of the Joint Petitioners.

11. Therefore, taking into consideration the aforesaid facts and circumstances and in exercise of the powers vested in the Commission under Section 86 (1) (b) of the Act and Regulations 50 & 50-A of the Himachal Pradesh Electricity Regulatory Commission (Conduct of Business) Regulations, 2005 and also taking into consideration the notifications dated 15.05.2018 and 10.10.2018 of the GoHP, Swaran Jayanti Policy, 2021, 'One Time Amnesty' Scheme dated 07.11.2020, the Connection Agreement dated 04.03.2022, the Implementation Agreement dated 21.02.2011, the Supplementary Implementation Agreement dated 28.01.2021, the SCOD Certificate dated 30.06.2021 and that the Joint Petitioner No. 2 has applied for the Central Capital Investment Incentive being provided by the Ministry of Commerce and Industries, the Joint Petitioners have made out a case for the approval of the Long Term PPA under the Generic Levellised Tariff . Since the present tariff determined as per the provisions of Himachal Pradesh Electricity Regulatory Commission (Promotion of Generation from the Renewable Energy Sources and Terms and Conditions for Tariff Determination) Regulations, 2017 is only upto 30.09.2023 and SCOD of

the Project is 28.07.2024, from which date the generation of power will commence and will be supplied to the Joint Petitioner No. 1, the Joint Petitioner No.2 shall be entitled for the tariff which would be prevalent at the relevant control period where SCOD of the Project falls. Hence, the Petition is allowed. The PPA is ordered to be approved subject to the following terms and conditions:-

- (i) The SCOD of the Project is 28.07.2024, therefore, the Joint Petitioner No. 2 would be entitled for the tariff which would be prevalent in the control period, where the SCOD of the Project falls, which may be higher or less and if, the tariff in the prevalent control period, when the SCOD of the Project falls, is less, Joint Petitioner No.2 will have to supply the power to the Joint Petitioner No.1 on the said tariff only.
- (ii) The Joint Petitioner No. 2 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 affidavit to this effect shall be furnished by the Joint Petitioner No. 2 which shall form part of the PPA and the Joint Petitioner No. 1 shall carry out the adjustment in the tariff accordingly.

- (iii) The Joint Petitioner No. 2 is directed to pursue the matter of Subsidy/Central Capital Investment Incentive with the Industries Department. However, in case no response is gathered from the Joint Petitioner No. 2 by the Joint Petitioner No. 1, the adjustment in the tariff as per applicable amount of Central Capital Investment Incentive shall be carried out by the Joint Petitioner No. 2 on commissioning of the Project.
- (iv) The additions and alterations qua **‘Base Rate of Late Payment Surcharge’, ‘Default Trigger Date’, ‘Due Date’, ‘Outstanding Dues’, ‘Payment Security Mechanism’ and Regulations 31-B, and Regulation 31-BB**, as per Himachal Pradesh Electricity Regulatory Commission (Promotion of Generation from the Renewable Energy Sources and Terms and Conditions for Tariff Determination) (Sixth Amendment) Regulations, 2023 shall be carried out at appropriate places in the draft PPA before draft approved PPA is sent to the parties. Similarly, necessary addition and alteration, if any, required to be carried out as per Connection Agreement dated 04.03.2022 or any other necessary addition and alteration as per the prevailing Regulations be also carried out before approved draft PPA is sent to the parties.



(v) The water cess, as made applicable by the Govt. of H.P. for the Hydro Electric Projects, shall be dealt accordingly as per the notification of the Government.

12. The Joint Petitioners are directed to execute the Power Purchase Agreement accordingly within a period of 30 days from the date of this order. Three copies of the executed Power Purchase Agreement be submitted to the Commission for record.

Announced  
**07.03.2023**

**-Sd-**  
**(Shashi Kant Joshi)**  
**Member**

**-Sd-**  
**(Yashwant Singh Chogal)**  
**Member (Law)**

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