

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

**Petition No: 151 of 2024**  
Instituted on: 30.11.2024  
Heard on: 09.12.2024  
**Decided on: 17.12.2024**

**CORAM**

**DEVENDRA KUMAR SHARMA  
CHAIRMAN**

**YASHWANT SINGH CHOGAL  
MEMBER (Law)**

**SHASHI KANT JOSHI  
MEMBER**

**In the matter of :**

The HP State Electricity Board Limited, thro'  
Sh. Mandeep Singh, Chief Engineer (S.O.),  
Vidyut Bhawan, Shimla-171004.

.....Petitioner

Versus

The Solar Energy Corporation of India Limited (SECI), thro',  
Sh. Atul Kumar Naik, ED(EM),  
6TH Floor, Plate-B, NBCC Office, Block Tower-2,  
East Kidwai Nagar, New Delhi-110023.

.....Respondent

**Petition under Section 86(1)(b) and (e) of the Electricity Act, 2003 and Regulation 56 and 57 of the HPERC (Conduct of Business) Regulations, 2024 for the approval of Power Procurement of 550MW Solar Photo-Voltaic (PV) power from the Solar Energy Corporation of India Limited (SECI), under ISTS Solar Tranche-XIII of ISTS-connected Solar PV Power Projects pursuant to the competitive bidding conducted by the SECI.**

**Present:**

For the Petitioner: Sh. Kamlesh Saklani, Authorized Representative  
For the Respondent: Sh. Atul Kumar Naik, ED(EM)

**ORDER**

This Petition has been filed by the Petitioner i.e. the HP State Electricity Board Limited (HPSEBL for short) under the provisions of the Section 86(1)(b) and (e) of the Electricity Act, 2003 (Act for short) and Regulation 56 and 57 of the HPERC (Conduct of Business) Regulations, 2024 for the approval of Procurement of 550MW Solar Photo-Voltaic (PV) Power from the Respondent i.e. the Solar Energy Corporation of India Limited (SECI for short) for a period of 25 years, under the 1500 MW Inter State Transmission System (hereinafter being referred to as "ISTS")-connected Solar Power Projects Tender under ISTS Solar Tranche XIII.

2. The Petitioner /HPSEBL is a company incorporated under the provisions of the Companies Act, 2013. The HPSEBL is the successor of the erstwhile the Himachal Pradesh State Electricity Board and is engaged in the business of distribution of electricity in the State of Himachal Pradesh. The Petitioner has been procuring electricity from various sources, including, from renewable sources of energy to meet the power supply requirements in order to maintain the distribution and retail supply of electricity in the State of Himachal Pradesh.

3. The Respondent/SECI has been designated as Renewable Energy Implementing Agency by the Ministry of New and Renewable Energy (MNRE for short), Government of India (GoI for short) for setting up of ISTS connected renewable projects.

4. As per the details furnished by the Petitioner, the 550MW ISTS Connected Solar Power shall be provided by the SECI on the terms and conditions contained in the draft Power Sale Agreement (PSA for short) at the Tariffs of Rs. 2.56/kWh +Rs. 0.07/kWh as trading margin of SECI from sources specified hereunder:

SPD	Project Capacity (MW)	Energy (MUs)				Tariff (Rs/kWh)
		Declared	Min. (-15%) until 10 years from COD	Max. (+10%) from COD till 25 years of PPA	Min. (-20%) thereafter till 25 years of PPA	
<b>Sunsure Solarpark Fourteen Private Limited</b>	300	720.30	612.26	792.33	576.24	2.56
<b>Tejorupa Renewables India Project Private Limited</b>	250	580.75	493.64	638.82	464.60	2.56
	<b>Total (MUs)</b>	<b>1301.05</b>	<b>1105.89</b>	<b>1431.15</b>	<b>1040.84</b>	

5. As per the Petitioner, the Ministry of Power (MoP for short), GoI vide Notification dated 28.06.2023 issued Guidelines for Resource Adequacy Planning Framework vide which each Distribution Licensee shall undertake a Long Term Distribution Licensee Resource Adequacy Plan (LT-DRAP for short) for a 10 year horizon to meet their energy requirements, wherein, the share of long-term contracts is suggested to be at least 75% of the required capacities as

per LT-DRAP of the DISCOM, share of Medium term contracts is suggested to be in the range of 10–20%, while the rest of the power demand can be met through short term contracts. In line with the aforesaid guidelines, the Petitioner has prepared a draft Resource Adequacy Plan upto 2034-35, which has been submitted to the Central Electricity Authority (CEA for short) for final concurrence. The Petitioner has planned to tie up 3000 MW Solar/Hybrid Power upto 2034-35 and provision for the same has been kept in draft Resource Adequacy Plan submitted to the CEA.

6. It is further averred by the Petitioner that it has received multiple offers for long term procurement of Solar / Hybrid power from various Renewable Energy Implementing Agencies (REIAs) i.e. the Satluj Jal Vidyut Nigam Limited, the National Hydro Power Corporation, the National Thermal Power Corporation & the SECI. The offer of the Respondent/SECI has been found most suitable and thus the Petitioner has decided to procure the Power through M/s SECI. The Summary of the Respondent's offer is as under:

- i) Procurement of 900MW Hybrid power i.e. 300MW @Rs. 3.15/kWh and 600MW @Rs. 3.21/kWh. + SECI Trading Margin of Rs.0.07/kWh.
- ii) Procurement of 550MW Solar power @ Rs. 2.56/kWh + SECI Trading Margin of Rs. 0.07/kWh.

7. It is also averred by the Petitioner that in addition to fulfill its Renewal Power Purchase Obligations, this Power shall also enable to achieve 1<sup>st</sup> Green Energy State in the Country in line with the HP Energy Policy, 2021.

8. We have heard Sh. Kamlesh Saklani, Authorized Representative for the Petitioner and Sh. Atul Kumar Naik, ED(EM) Authorized Representative for the Respondent and have perused the entire file with minute care.

9. Though, the Petition has been filed under Section 86 (1) (b), 86 (1) (e) of the Act read with Regulation 56 & 57 of the HPERC(Conduct of Business) Regulations, 2024 (CBR , 2024 for short) but no Power Purchase Agreement is to be approved by the Commission. Only a permission for Power procurement has been sought. Therefore the Petition is under Section 63, 86 (1) (b), 86 (1) (e) of the Act read with Regulation 56 of the CBR, 2024 and not under Regulation 57 of the CBR, 2024.

10. At the very outset the Commission has analysed the power supply and demand situation within the State as submitted by the Petitioner and agrees that there shall be demand supply mismatch/gap in the State in coming years and with the continuous growth in power demand, this gap is going to increase. Therefore, the Petitioner needs to tie up for its power requirement on long term basis.

11. The promotion of Renewable Power such as Solar is one of the best alternatives for the State in order to meet the rising power demand, reduce the dependency on the fossil fuel and for converting the State into a Green Energy State as per the Energy Policy, 2021. Therefore, there is need to promote renewable energy as mandated under Section 86(1)(e) of the Act. Thus, having

analysed the Power supply and demand situation within the State and keeping overall power scenario of the State and Power available with the DISCOM in view, the Commission is of the opinion that there is a definite need to procure the proposed Solar Energy.

12. The Tariff, of Rs. 2.56/kWh for 550 MW, offered by the Respondent has been discovered through a transparent bidding process as per the “*Guidelines for Tariff Based Competitive Bidding Process for Procurement of Power from Grid Connected Solar Power Projects*” dated 28.07.2023 issued by the MoP, GoI. The Trading Margin of Rs. 0.07/kWh is to be charged by the Respondent in addition to the above Tariffs.

13. Section 63 of the Act provides for the determination of tariff by bidding process which is reproduced here as under:

*“Section 63. (Determination of tariff by bidding process): Notwithstanding anything contained in section 62, the Appropriate Commission shall adopt the tariff if such tariff has been determined through transparent process of bidding in accordance with the guidelines issued by the Central Government.”*

14. Hon’ble Central Electricity Regulatory Commission (CERC for short), vide its Order dated 11<sup>th</sup> Nov, 2024 in Petition No. 235/AT/2024, has already adopted the aforesaid Tariffs of the Respondent/SECI for Wind-Solar Hybrid Power Projects (Tranche-VII) connected with the ISTS. With respect to the Trading Margin of Rs. 0.07/kWh, it has been observed by the Hon’ble CERC that the Clause (1)(d) of Regulation 8 of the CERC(Procedure, Terms and Conditions

for grant of trading licence and other related matters) Regulations, 2020 (Trading Licence Regulations for short) gives the choice to the contracting parties to mutually agree on trading margin for long term transactions, however, in case of failure by Respondent/SECI to provide an escrow arrangement or irrevocable, unconditional, and revolving letter of credit to the Wind-Solar Hybrid Power Generators, the trading margin shall be limited to Rs. 0.02/kWh specified in Regulations 8(1)(d) and (f) of the Trading Licence Regulations.

15. In view of the above discussions, the Petition succeeds and allowed. Permission is accorded under Section 86(1)(b) and Section 63 of the Act to the Petitioner for procurement of 550MW ISTS Connected Solar Power for a period of 25 years from the Respondent, under tender for procurement of 1500 MW Solar Power (Tranche-XIII) subject to the following conditions:

- A.** Procurement of Power shall be carried out at a rate of Rs. 2.56/kWh +Rs. 0.07/kWh as trading margin of the Respondent/SECI.
- B.** In case of failure by the Respondent/SECI to provide an escrow arrangement or irrevocable, unconditional, and revolving letter of credit to the Solar Power Generators, the trading margin of the Respondent shall be restricted to Rs. 0.02/kWh.
- C.** If the trading Margin of Rs. 0.07/kWh of the Respondent/SECI is reduced by the MoP, GoI or a competent Statutory Authority for existing contracts, in future, the benefit of the same shall be passed on by the Respondent to the Petitioner.
- D.** In the event of failure on the part of developer to commission the project and supplying the power from scheduled date of commercial operation, the

transmission charges over & above the present waiver of 50% on ISTS charges shall be borne by the developer.

16. The Commission, in the facts and circumstances of the matter, accords approval of Power Sale Agreement as per the above.

The present petition stands disposed off. The file after the needful be consigned to records.

**Announced**  
**17.12.2024**

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

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

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