

of Power Purchase Agreement (PPA for short) to be executed by the Himachal Pradesh State Electricity Board Limited (HPSEBL for short) and Himachal Pradesh Power Corporation Limited (HPPCL for short). As per Joint Petition, the HPPCL was incorporated in December, 2006 under the Companies Act, 1956, with an objective to plan, promote and organize the development of all aspects of hydroelectric power on behalf of the Government of Himachal Pradesh (GoHP for short) and the HPSEBL is a Distribution licensee.

2. As per the Joint Petition, the HPPCL has commissioned the following Projects:

- A. Kashang HEP:- HPPCL has commissioned Integrated Kashang HEP having capacity of 195 MW (3x65MW) located on Kashang & Kerang stream, a tributary of river Satluj in Kinnaur Distt. Of Himachal Pradesh to be operated and maintained by HPPCL. All the Units of Kashang Hydro Electric Project have been commissioned in the FY 2016-17. However, at present the water is available for only one Unit i.e. for a capacity of 65 MW only.
- B. Sainj HEP:- Sainj Hydro Electric Project having aggregate capacity of 100 MW (2 x 50 MW) located on river Sainj, a tributary of river Beas in Distt. Kullu of Himachal Pradesh

to be operated and maintained by the HPPCL. The Sainj HEP (100 MW) was commissioned on 04.09.2017.

- C. Sawra Kuddu HEP:- Sawra Kuddu Hydro Electric Project having aggregate capacity of 111 MW (3x37 MW) located on river Pabbar, a tributary of river Yamuna in Distt. Shimla of Himachal Pradesh to be operated and maintained by the HPPCL. The Sawra Kuddu HEP (111 MW) was commissioned on 21.01.2021.

3. Further, the status of the sale of power of the HPPCL's commissioned Projects is as under:-
- a. As per CMM, GoHP decision dated 05.12.2013 the matter regarding sale of power of HPPCL projects was taken up with different utilities all over the region, but no beneficiaries/ utilities have shown their willingness/ consent for purchasing of power from HPPCL.
 - b. As a result, due to non-availability of buyers for purchasing power from the HPPCL Projects on CERC/ SERC determined tariff throughout India, power traders were approached for selling power of HPPCL projects. Accordingly, the power of the HPPCL Hydro Electric Projects was being sold on short term basis through Power Traders.

- c. Meanwhile, CEA has been regularly seeking the status of united capacity from the HPPCL commissioned project. Hence, a meeting for the review of hydro projects with united capacity was held under the chairmanship of Hon'ble Minister of Power and New & Renewable Energy on 07.09.2021 and as per the minutes of meeting (Annexure A) the CEA highlighted that out of 8 projects with united capacities throughout the nation, 03 were that of the HPPCL i.e. Integrated Kashang HEP (195 MW), Sainj HEP (100 MW) and Sawra Kuddu HEP (111 MW). Accordingly, after reviewing the issue, it was decided that the Ministry of Power would take up the matter of procurement of power from Integrated Kashang, Sainj and Sawra Kuddu HEPs by the HPSEBL with Govt. of Himachal Pradesh. Further, the Ministry of Power is continuously reviewing the status of the same (Annexure-B).
- d. Consequently, meetings were conducted between the HPPCL and the HPSEBL and initially it was decided in the meeting held on 19.02.2022 that the HPSEBL will purchase the power of Kashang HEP (65 MW) and Sawra Kuddu HEP (111 MW) on short term basis for a period of one year i.e. during FY 2022-23 at Ex-Bus

and the deliberations for purchase of power of the HPPCL projects on long term basis shall continue.

- e. In this regard, a Joint Petition was submitted with the HPERC for approval of procurement of power from Sawra Kuddu HEP and Kashang HEP and the same was approved on 19.04.2022 by the HPERC in Petition No. 20/2022 for the duration w.e.f. 01.05.2022 to 31.03.2023. Accordingly, the power of Sawra Kuddu HEP and Kashang HEP is being procured by the HPSEBL on bilateral basis till 31.03.2023. Moreover, the power of Sainj HEP is being sold on short term basis through Power Traders.
- f. Further on the basis of meeting held on 19.02.2022, subsequent meetings were held under the Chairmanship of the Managing Director, HPPCL on 29.06.2022 (Annexure-C) and 26.07.2022 (Annexure-D). After detailed deliberations, it has been agreed between both the HPPCL and the HPSEBL for sale/ purchase of power from the HPPCL's Hydro Electric Projects i.e. Kashang HEP Stage I (1X65 MW), Sawra Kuddu HEP 111 MW (3X37 MW) and 50% generation of HPPCL share of power from Sainj HEP (2 X 50 MW) for the useful life of these projects at Ex-Bus on the HP Electricity Regulatory Commission determined tariff.

- g. Further it has also been decided that the tie up of remaining upcoming Hydro projects i.e. Integrated Kashang HEP Stage II & III HEP (2 x65 MW), Shongtong Karchham HEP (3X150 MW), Chanju III HEP (3X16 MW), Deothal Chanju HEP (3X10.17 MW), Renuka Ji HEP (2X20 MW) etc. and solar power projects shall be taken later on depending upon their COD.
- h. Also the 50% generation of HPPCL share of power from Sainj HEP has been committed to World bank for their mission regarding “*INDIA: Himachal Pradesh Power Sector Development Program (P176032)*” as the pilot project (i.e. Bundled power project for RTC power) and for this, only 50% generation of HPPCL share of power from Sainj HEP (2 X 50 MW) is being tied up with HPSEBL.
4. As per the Joint Petition, the status of the Anticipated Power Supply and the Anticipated Demand of the State is as under:
- i) HPSEBL have long term power purchase arrangements from various sources i.e., hydro generation (88%), thermal/gas generation (9%), solar generation (2%) and nuclear generation (1%) aggregating to 2612.40 MW capacity. Out of the above energy mix, major source is hydro generation upto 3 hours pondage. Hydro generation projects have the peak generation

of upto 110% during the Summer/ Monsoon months and this generation falls to 15 to 20% during winter months due to snow-clad hills.

- ii) Anticipated demand of Himachal Pradesh, as also anticipated by the Central Electricity Authority (CEA) through periodic Electric Power Survey (EPS) for next four years and the anticipated availability of power is as under:-

Anticipated Power Availability with HPSEBL	FY 2023-24 (in MU)	FY 2024-25 (in MU)	FY 2025-26 (in MU)	FY 2026-27 (in MU)
Total On Generation	2043	2426	2426	2426
Total Free Power	667	720	720	720
Total NTPC	1358	1355		
Total NPCIL	178	178	178	178
Total NHPC	326	326	326	326
Total BBMB & Other Shared Stations	1104	1103	1103	1103
Total SJVNL & Others	2135	2132	2132	2132
Total IPPs and Private SHPs	3320	3336	3441	3849
Total Solar	173	456	1161	1164
HPPCL's Projects	694	693	693	693
Solid Waste to Energy	25	25	25	25
THDC Projects	134	133	133	133
Grand Total	12156	12881	13691	14102
Anticipated Demand as per CEA	13033	13685	14369	15087
Gross Surplus (+)/Deficit (-)	-877	-804	-678	-985

*HPPCL's Power Projects i.e. Kashang, Sawra Kuddu & Sainj HEP (50% generation of HPPCL's) have been considered in anticipated power supply position.

- iii) HPSEBL has surrendered its SoR Share of Power from 4 no. thermal/ Gas power stations of NTPC i.e. Unchahar-I (7 MW) Anta (15.01 MW), Auriya (22.02 MW), Dadri (24.98 MW) as per the directives issued by the HPERC. The availability of Power from these power stations is anticipated to the tune of around 163 MU in FY 2023-24.
- iv) As detailed above, HPSEBL will be deficit in power in the coming years. In order to mitigate the power deficit, the HPSEBL will either have to meet the demand on short term basis through bilateral purchases or have to procure power on long term basis, as prayed in the instant petition, at HPERC determined tariff.
- v) In line with above and in order to meet the anticipated demand on long term basis, the HPSEBL and HPPCL have decided for purchase/sale of power from HPPCL's Hydro Electric Projects i.e. Kashang HEP Stage-I (1x65 MW), Sawra Kuddu HEP 111MW (3x 37 MW) and 50 % generation of HPPCL Share of power from Sainj HEP (2x 50 MW) for useful life of projects at Ex-Bus on the HPERC determined tariff.

5. As per the Joint Petition, the salient feature of the Kashang HEP Stage-I (1x65 MW), Sainj HEP (2x50 MW) and Sawra Kuddu 111 MW

(3x 37 MW) HEP are mentioned in the enclosed Form A, B and C of the Petition. It is averred that the power from the aforesaid of Projects is proposed to be sold to the HPSEBL and accordingly, the Petition for approval of the Power Purchase Agreement (PPA for short). Draft PPA is also enclosed alongwith the Petition.

6. On appearance, the Authorised Representative of Joint Petitioner HPPCL apprised the Commission that the tariff of the aforesaid three Projects is yet to be determined. Accordingly, vide Order dated 17.12.2022, the Joint Petitioner No. 2 i.e. HPPCL was directed to file a Petition for determination of capital cost and tariff within a period of 15 days. Similarly, the HPSEBL was directed to file a detailed 10 years ahead power demand and procurement plan within a period of 15 days.

7. The said details of 10 years ahead power demand and procurement plan as directed vide Order dated 17.12.2022 has been filed by the Joint Petition No. 1. However, a further time of 3 ½, months has been sought by the Joint Petitioner No. 2 (HPPCL) for filing the Petition for determination of capital cost and tariff in respect of the aforesaid three Projects and that a provisional tariff be fixed and the Petition for approval of the PPA be decided on the basis of provisional tariff.

8. A careful perusal of 10 years ahead power demand and procurement as submitted shows that the HPSEBL has considered almost all the parameters of the Power demand and procurement.

9. Sh. Rohit Sharda, GM (Gen) of the Joint Petitioner 2 has submitted that during the year 2022, a Joint Petition had been filed for approval of the PPA in respect of Kashang HEP (65 MW) and Sawra Kuddu HEP (111 MW) and the Commission has permitted to sign the PPA on short-term basis for the year FY 2022-23 as per mutually agreed tariff of Rs. 3.40 per unit and since a significant time will be consumed in filing the Petition for approval of capital expenditure and tariff and its disposal the same tariff as provided for the year FY2022-2023, may kindly be allowed as provisional tariff.

10. The Petitioners have enclosed a copy of office memorandum dated 22.09.2021 of the Government of India (Annexure A), copy of the Email dated 01.08.2022 sent by the HPPCL to various authorities regarding sale and purchase of entire power of the aforesaid two Projects, Kashang HEP (1x 65 MW), Sawra Kuddu HEP (3x 37 MW) and 50% generation of HPPCL share of power from Sainj HEP (2x 50 MW). Regarding balance Power of Sainj HEP, it is mentioned that the same has been committed to the World Bank for their Mission regarding "INDIA: Himachal Pradesh Power Sector Development Program (P176032)" as a

pilot project (i.e. Bundled power project for RTC power). The Petitioners have also enclosed copy of minutes of meetings held on 29.06.2022 and 26.07.2022 (Annexure C and D) respectively.

11. The minutes of meeting held on 29.06.2022 also show that the entire power of Kashang and Sawra Kuddu HEPs would be sold for the useful life of the Projects and only 50% of the HPPCL share in Sainj HEP will be sold. Similarly, minutes of meeting held on 26.07.2022 between the HPPCL and HPSEBL regarding procurement of power by the HPSEBL from HPPCL show that only 50% generation of HPPCL share in Sainj HEP (2x 50 MW) shall be sold to HPSEBL for useful life of the project at Ex-Bus on the HPERC determined tariff.

12. It is apparent from the Petition that no beneficiaries/utilities have shown their willingness for purchasing power from the Project of HPPCL and the Power was being sold on short term basis through power traders. It is also apparent that before finalization of the arrangement of sale and purchase between the Joint Petitioners, detailed deliberations have been held as evident from minutes of meeting dated 29.06.2022 and 26.07.2022 and E-mail dated 01.08.2022. It is also apparent that HPSEBL has also surrendered the 50% share from the thermal/gas power stations, as a result, the HPSEBL would be in deficit in power.

13. Significantly, the tariff in respect of the aforesaid Projects is yet to be determined. However, a Petition had been filed by both the parties for sale/purchase of the entire power of Kashang and Sawra Kuddu HEPs for the Finance year 2022-2023 on mutually agreed rate of Rs. 3.40 per unit which was allowed by the Commission vide Order dated 19.04.2022 (Petition No. 20/2022) for duration w.e.f. 01.05.2022 to 31.03.2022 and PPA was accordingly signed, which is valid upto 31.03.2023. The Petition for capital expenditure and determination of tariff in respect of the above Projects is yet to be filed and would take a considerable time for disposal after its filing. Since, the Commission had permitted to sell the power of the two Projects, i.e. Kashang 65 MW and Sawra Kuddu 111 MW on a mutually agreed tariff of Rs. 3.40 per unit for the year 2022-23 and the authorised representative of HPPCL has also prayed for allowing the Petition on the basis of provisional tariff, it would be prudent to fix a provisional tariff of Rs. 3.40 per unit in respect of Kashang 65 MW, Sawara Kuddu 111 MW and 50% generation of Sainj HEP, which would, however, be subject to revision on determination of the actual tariff in respect of the all the three Projects.

14. The Petition is duly supported by the affidavits of the respective parties. The Commission is vested with the powers to approve Power Purchase Agreements under Section 86 (1) (b) of the Act. Therefore, in

view of the powers conferred under Section 86(1)(b) of the Act read with Regulations 50 & 50-A of the HPERC (Conduct of Business) Regulations, 2005 and the averments made in the Petition, the Petitioners have made out a case for the approval of PPA. Accordingly, the Petition is allowed and the PPA, as prayed, is ordered to be approved for the purchase and sale of power in respect of Kashang (1x 65 MW), Sawra Kuddu 111 MW (3x 37 MW) and 50% of generation of Sainj HEPs (2x 50MW) of the Joint Petitioner No.2 at the provisional tariff of Rs. 3.40 per unit at Ex-Bus for the useful life of the Project which is 40 years from the date of CoD as per the Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Hydro Generation Tariff) Regulations, 2011. Since the HPPCL has not yet filed the Petition for determination of Capital cost/ tariff in respect of the aforesaid HEPs, the carrying cost shall not be admissible till the determination of tariff by the Commission.

15. Necessary additions and alternations in the draft PPA be carried out as required before the same is sent to the parties. The Petitioners are directed to execute the Power Purchase Agreement accordingly within a period of 10 days from the date of this order. Three copies of the

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

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

-Sd-
(Devendra Kumar Sharma)
Chairman

HPERC