

**HIMACHAL PRADESH ELECTRICITY REGULATORY COMMISSION,  
SHIMLA**

In the matter of:

Himachal Pradesh Electricity Regulatory Commission (Power  
System Development Fund) Regulations, 2020.

**ORDER**

**HPERC-H(1)32/2020.-** The Himachal Pradesh Electricity Regulatory Commission notified the HPERC (Deviation Settlement Mechanism and Related Matters) Regulations, 2018 on 16<sup>th</sup> October, 2018 (hereinafter referred to as “DSM regulations”) and the same were published in the Rajpatra on 26<sup>th</sup> October, 2018. These regulations came into force from 3<sup>rd</sup> day of December, 2018.

2. The regulation 15 of DSM regulations provides that the surplus amount, if any, in the State Deviation Pool Account as on the last days of the months of June and December of each year, or at such other intervals as the Commission may direct from time to time, shall be transferred to a separate fund namely " State Power Systems Development Fund", which shall be opened, operated and maintained by the HPSLDC and that the fund shall be utilized for the purpose relating to the development of power system in the State in the manner specified in these regulations or as may be approved/directed by the Commission from time to time.
3. In order to specify the provisions for utilization of the State Power System Development Funds (PSDF) for the development of the power system in the State of Himachal Pradesh, the Commission intends to make separate regulations for the purpose.
4. In exercise of the powers conferred by sub-section (1) and clause (zp) of sub-section (2) of Section 181, of the Electricity Act, 2003 (36

of 2003), read with section 21 of the General Clauses Act, 1897 (10 of 1897), and all other powers enabling it in this behalf, the Commission issued the draft Himachal Pradesh Electricity Regulatory Commission (Power System Development Fund) Regulations, 2020 which were published in the Rajpatra on 20<sup>th</sup> June, 2020 and in the two major newspaper i.e. Indian Express and Divya Himachal for the information of all the persons likely to be affected thereby. Notice was also sent to the major stakeholders for inviting their comments and suggestions. The last date for receiving the comments/suggestions from the stakeholders was 24<sup>th</sup> July, 2020.

5. Up to the scheduled date, the Commission received suggestions/objections on the draft regulations from the following stakeholders:-
  1. The Himachal Pradesh State Load Dispatch (HPSLDC) Centre, Totu, Shimla.
  2. Forum of the Hydro Power Producers. , New Shimla.
  3. Himachal Pradesh Power Corporation Ltd.(HPPCL), BCS New Shimla.

6. **Consideration of written submissions made by the stakeholders and the Commission's views.-**

The comments/suggestions from Himachal Pradesh State Electricity Board Limited were received on 31.07.2020 through e-mail after due date i.e. 24.07.2020, even though, we decide to consider the same. After having gone through all the written submissions made, we now proceed to examine and give our views on the various suggestions which are considered to be relevant, as follows:-

6.1 **Regulation 2 'Definitions and Interpretation'- definition of the term 'Project Entity'.-**

**Comments:-**

- (a) In relation to item (g) of sub-regulation (1) of Regulation 2 of the draft regulations, the HPPCL has suggested to include/ consider State's Power Generating Utility viz. Himachal Pradesh Power Corporation Limited (HPPCL) in the definition of Project Entity. It has also been mentioned

that as per the CERC (Power System Development Fund) Regulations, 2019, the term Project Entity has been defined under sub-clause(1) (m) of clause No. (1) as “agency that submits proposals for funding of projects from PSDF and shall include Regional Power Committees; Generating Companies, Transmission Licensees, Distribution Licensees, Load Dispatch Centres”. It has further been mentioned that as the basic idea of creating the separate fund viz. State Power System Development Fund is for the development of the power system in the State, the role of State’s Generating Utility i.e. Himachal Pradesh Power Corporation Limited cannot be ignored in the development of the State’s power system.

- (b) The Forum of the Hydro Power Producers has submitted that the Commission may consider the inclusion of one member from Genco in the Appraisal Committee as well as in the Monitoring Committee constituted under these regulations and accordingly the definition of ‘Project Entity’ as given in regulation 2(1)(g) of the proposed draft regulations needs to be suitably amended.

**Commission’s View:-**

We feel that the investment in the Distribution system and/or the Intra-State transmission system can benefit the consumers of the State, by way of a better quality of supply, as well as the generating stations, connected to these systems, by way of facilitating improvement in the evacuation infrastructure beyond the interconnection point. Such investments are, thus, of common benefit for a larger group of stakeholders. On the other hand, the works of generating companies may generally be of dedicated nature. We find it appropriate to restrict the scope to the works of common nature and also to avoid coverage of the works of dedicated in nature.

In view of the above, we decline to accept the suggestions for modifying the definition of the term ‘Project Entity’.

**6.2 Regulation 3 ‘Utilization of Power System Development Fund’.-**

In relation to clause (ii) of regulation 3 of the draft regulations, the HPSLDC and HPSEBL have suggested the expansion of the indicating list about the scope of works which can be considered for

funding from State PSDF. The suggestions have been made on the following lines, namely:-

- (i) The HPSLDC has submitted that in item (a), the scope should also specifically include “the strengthening/provisioning of communication equipment for telemetry of SCADA data between HPSLDC Control Centre, Shimla and the sub-station at which IPPs/ Small HEPs (Renewable) of HPSEBL, for the purpose of effective monitoring of availability of generation and provisioning of black start run operation of Generators connected with 66 kV and above system by the DISCOM.”
- (ii) The HPSEBL has also suggested the same as that of HPSLDC. In addition to the above, HPSEBL has also suggested providing the provisions for strengthening/provisioning of communication equipment for telemetry of SCADA data between HPALDC, Shimla and distribution sub-stations of DISCOM, for the purpose of effective monitoring and control of distribution network by DISCOM through its control centre (ALDC).
- (iii) The HPSLDC has suggested that in item (c), the scope of works should also include the renovation and up-gradation/modernization of protection system and switchgear of substations of DISCOM and STU.
- (iv) For item (c), the HPSEBL has also suggested the same as that of HPSLDC.
- (v) **The HPSLDC has suggested that in item (d):-**
  - (a) for the words ‘Hardware/software for up gradation of HPSLDC’, the words ‘Hardware/customized software and infrastructure development for up gradation of HPSLDC’ should be substituted;
  - (b) for the words ‘Energy Storage, Demand Side Management, Power System communication & communication hardware’, the words ‘Energy Storage/conservation, Demand Side Management/Automatic Demand Side Management (ADSM), Power System communication & communication hardware, Strengthening of Real Time Data Acquisition system’ should be substituted; and
  - (c) after the words ‘installation of Phasor Measurement Unit (PMU)’, the words ‘at 66 kV and above level substations wherever required and to conduct technical studies by the

HPSLDC viz. Load Forecasting RE Forecasting etc.’ should be inserted.

- (vi) For item (d), HPSEBL has suggested the same points as suggested by the HPSLDC and further to include the HPSLDC/HPALDC instead of HPSLDC.
- (vii) In addition to the above, HPSEBL has further suggested that a major portion of funds should be allocated to distribution system improvement as the Inter-State and Intra State Transmission System is already covered under PSDF scheme of NRLDC.

**Commission’s View:-**

We find it appropriate that the provisions about the scope/nature of works, which can be considered for funding through the State PSDF, should be specified in a generic manner only instead of virtually specifying the nomenclature of the schemes. We feel that most of the additions suggested by HPSLDC and HPSEBL are of specific nature and most of such activities may not be debarred for funding under State PSDF even under the generic provisions, subject to approval/prioritization by the Appraisal Committee within the framework of the generic provisions of the regulations. Needless to mention, the actual funding shall depend upon the sanction to be accorded by the Commission. However, with regard to the suggestion of HPSEBL made for item (d) to include the scope of works for HPALDC in addition to HPSLDC, we feel that the suggestion of HPSEBL may be considered. The suggestion of HPSEBL with regard to allocation of a major portion of funds to their project instead of the projects of STU, we feel it appropriate to retain the provision of draft regulations in this regard, as the Appraisal and Monitoring Committee have been empowered to take the decision in this behalf.

In view of the above, we decide to retain the provisions made in the draft regulations except to include the HPSLDC/HPALDC instead of HPSLDC appearing in item (d) of the draft regulations.

**6.3 Regulation 4 ‘Submission of Proposals to be funded from PSDF’.-**

**Comments:-**

The HPSLDC has suggested some formats for submission of the scheme for funding under State PSDF by the Project Entity(ies).

**Commission’s View:-**

As per clause (i) of sub-regulation (2) under regulation 5 of the draft regulations, the guidelines for submission of the schemes are to be framed by the Nodal agency. The requisite formats for submission of schemes, along with the other details as may be required for the purpose, can be stipulated as a part of such guidelines.

**6.4 Regulation 5 ‘Nodal Agency and its functions’.-**

**Comments:-**

The HPSLDC and HPSEBL have submitted that for the items (a) & (c) of clause (i) under sub-regulation (2) of regulation 5 regarding the functions of the Nodal Agency related to the preparation of detailed guidelines, the following should be substituted, namely -

- (i) “(a) Submission of DPRs received from the different entity(ies) to the HPERC.”; and
- (ii) “(c) Disbursement and release of the grant after the schemes are technically cleared by the Appraisal Committee, Monitoring Committee and the Final sanction order is issued by the HPERC.”

**Commission’s View:-**

We observe that these provisions relate to the preparation of the detailed Guidelines by the Nodal Agency. We decide to modify the said items as follows, namely: -

- (i) “(a) submission of DPRs by the Project Entity(ies) to the Nodal Agency and by the Nodal Agency to the Commission;” and
- (ii) “(c) disbursement and release of funds as per the provisions of these regulations;”.

**6.5 Regulation 6 ‘Appraisal Committee’.-**

**Comments:-**

(a) The HPSLDC has suggested that-

- (i) the Appraisal Committee to be constituted under sub-regulation (1) of regulation 6, should include the Chief Engineer (HPSLDC)/ Superintending Engineer (HPSLDC) as its Member Secretary instead of Chief Engineer (HPSLDC) envisaged in the draft regulations;
- (ii) in the proviso to this sub-regulation (1) of regulation 6, for the words ‘Chief Engineer’, the words ‘Superintending Engineer’ should be substituted;

- (b) the Forum of the Hydro Power Producers has suggested inclusion of one Member from Genco in the Appraisal Committee; and
- (c) the HPPCL has suggested the inclusion of 'General Manager (Electrical), HPPCL', as one of the Member of Appraisal Committee keeping in view the role of the State's Generating Utility viz. HPPCL in the development of the power system of the State.
- (d) The HPSEBL has suggested the inclusion of 'Chief Engineer (System Planning) of the Distribution Licensee' instead of the proposed 'concerned Chief Engineer (Operation) of Distribution Licensee', as one of the Member of Appraisal Committee.

**Commission's View:-**

- (a) (i) in order to avoid any uncertainty about the constitution of the Appraisal Committee, we decide the for the words "Chief Engineer (HPSLDC)", the words "Superintending Engineer (HPSLDC)" shall be substituted;
- (ii) we agree to the suggestion and accordingly for the words "Chief Engineer" appearing in the proviso to sub-regulation (1) of regulation 6, the words "Superintending Engineer" shall be substituted;
- (b)&(c) in view discussion under para 6.1, we feel that it may not be necessary to include the member from Genco in the Appraisal Committee. However, in view of the enabling provisions already made in the draft regulations needful to nominate an additional member can be done if the necessity arises; and
- (d) we agree to the suggestion of HPSEBL and accordingly for the words "concerned Chief Engineer (Operation) of Distribution Licensee", the words "Chief Engineer (System Planning) of the Distribution Licensee', shall be substituted.

**6.6 Regulation 7 'Sanction of Schemes'.**

**Comments:-**

- (a) The HPSLDC and HPSEBL have suggested that the limit for release of the grant as the upfront amount, as mentioned in the proviso to sub-regulation (3) under regulation 7 of the draft regulations should be increased from 5% of the sanctioned cost

to 10% of the sanctioned cost. Consequently, modification has also been suggested in the item (ii) of sub-regulation (2) under regulation 8 of draft regulations.

**Commission's View:-**

We agree to modify the said limit, as proposed in the draft regulations, to 10% of the sanctioned cost of the scheme or Rs. 10 lacs, whichever is lower. The provisos to sub-regulation (3) under regulation 7 and item (ii) of sub-regulation (2) under regulation 8, of the draft regulations, shall be modified accordingly.

- (b) The HPSLDC has suggested the additional provisions in sub-regulation (4), as follows, namely:-

“Once the scheme forwarded by the Nodal Agency is finally cleared technically by the Appraisal Committee, Monitoring Committee and final sanction of the scheme are issued by the Commission, No positive or negative deviation the scheme with regards to the scope and costing shall be allowed in any case. An undertaking has to be given by the entity during the Appraisal Committee meeting that:

The provisions of scheme finalized by the Appraisal Committee and Monitoring Committee are correct and acceptable to us and it is confirmed that we will not make any request later on for revision of the scope of work, estimated cost of the scheme (either +ve or-ve) proposed to be funded under State PSDF.”

**Commission's View:-**

We feel that the provision made in sub-regulation (4) of regulation 7 of the draft regulations in this regard is reasonable and adequate. As such, we decline to accept the suggestion made by HPSLDC in this regard.

**6.7 Regulation 8 'Monitoring Committee'.**

**Comments:-**

- (a) the Monitoring Committee to be constituted under sub-regulation (1) of regulation 8, should include the Chief Engineer (HPSLDC) / Superintending Engineer (HPSLDC) as its Member Secretary instead of Chief Engineer (HPSLDC) envisaged in the draft regulations;



- (b) the Forum of the Hydro Power Producers has suggested inclusion of a member in the Monitoring Committee from Genco and further suggested the insertion of a proviso on similar lines as incorporated under sub-regulation (1) of regulation 6 of the draft regulations relating to the Appraisal Committee; and
- (c) the HPPCL has suggested the inclusion of Director (Electrical), HPPCL, as one of the Member of the Monitoring Committee.

**Commission's View:-**

- (a) in view of the discussion in para 6.5, in order to avoid any uncertainty about the constitution of the Monitoring Committee and Appraisal Committee, we feel it appropriate to make the provision to include the Superintending Engineer (HPSLDC) as member Secretary in both the said Committees and accordingly, we decide that for the words "Chief Engineer (HPSLDC)" appearing in sub-regulation (1) of regulation 8, the words "Superintending Engineer (HPSLDC)" shall be substituted;
- (b)&(c) apart from the representatives of the Commission and the Nodal Agency, the Monitoring Committee includes the members from Project Entity only. In view of the above discussion under para 6.1, we decide that the provisions of the draft regulations shall be retained without any changes.

**6.8 Other Provisions.-**

No comments have been received on the other provisions of the draft regulations and as such, we decide to retain the same in the final regulations without any changes.

After due consideration of the objections and suggestions received from the stakeholders on the draft regulations, we decide to finalise the regulations after incorporating the changes on the above lines and other minor changes as may be considered necessary.

Sd/-  
**(Bhanu Pratap Singh)**  
**Member**

Sd/-  
**(S.K.B.S. Negi)**  
**Chairman**

Place: Shimla

Date: 22/08/2020