

**BEFORE THE HIMACHAL PRADESH ELECTRICITY REGULATORY COMMISSION**

Vidyut Aayog Bhawan, Block No. 37, SDA Complex, Kasumpti, Shimla- 171009

**CORAM**

**Sh. Devendra Kumar Sharma**  
**Chairman**

**Sh. Bhanu Partap Singh**  
**Member**

**Sh. Yashwant Singh**  
**Member**

**Date of order: 15 .07.2021**

**In the matter of:**

The Himachal Pradesh Electricity Regulatory Commission (Renewable Power Purchase Obligation and its Compliance) (Seventh Amendment) Regulations, 2021.

**Order**

The Himachal Pradesh Electricity Regulatory Commission (hereinafter referred as “the Commission”) notified the Himachal Pradesh Electricity Regulatory Commission (Renewable Power Purchase Obligation and its Compliance) Regulations, 2010 (hereinafter referred as “RPO Regulations, 2010”), which were published in the Rajpatra, Himachal Pradesh, dated 29<sup>th</sup> May, 2010.

2. The Ministry of Power (MoP), Government of India vide office memorandum No. 15/02/2016-H-1(Pt) dated 8<sup>th</sup> March, 2019, had issued various policy measures to promote hydro power sector in India, inter-alia, declared Large Hydro Projects [(LHPs) i.e. > 25 MW projects] as Renewable Energy Sources. As per the aforesaid office memorandum, the Hydro Purchase Obligation (HPO) is considered as a separate entity within Non-Solar Renewable Purchase Obligation (RPO). The HPO shall cover the LHPs commissioned after 8<sup>th</sup> March, 2019.
3. Consequent to the aforesaid office memorandum dated 8<sup>th</sup> March, 2019, the Ministry of Power (MoP), Government of India, vide order 23/03/2016-R&R dated 9<sup>th</sup> January, 2021, issued the RPO trajectory including HPO mentioning that the SERCs may consider to notify the said RPO trajectory for their respective States.
4. Taking the above into consideration, the Commission has notified the draft amendment i.e. HPERC (Renewable Power Purchase Obligation and its Compliance) (Seventh Amendment) Regulations, 2021. In exercise of the powers conferred under sub-section (1) of section 181 of the Electricity Act,

2003 (36 of 2003), the same was published in the Rajpatra, Himachal Pradesh on 4<sup>th</sup> June, 2021.

5. As required under sub-section (3) of the section 181 of the Electricity Act, 2003, the Commission invited objections and suggestions from the stakeholders by way of insertions in two News papers i.e. “Hindustan Times” and “Amar Ujala” on 8<sup>th</sup> June, 2021 under Rule (3) of Electricity (Procedure of Previous Publication) Rules, 2005 and the full text of the draft amendment regulations was made available on the Commission’s website: [www.hperc.org](http://www.hperc.org).
6. The Commission, vide letter dated 10.06.2021, requested the major stakeholders, including Industries Associations, State Government, Directorate of Energy, Consumer Representative, HIMURJA, SLDC, Small Hydro Power Producers Associations and Distribution Licensee to send their objections/suggestions as per the aforesaid public notice.
7. Two stakeholders namely M/s IA Hydro Energy Pvt. Ltd. and Indian Energy Exchange Ltd. have made the following submissions on the aforesaid draft amendment regulations:-

**A. Comments of M/s IA Hydro Energy Pvt Ltd:-**

M/s IA Hydro Energy Pvt. Ltd. has submitted the following comments:-

- (i) The stakeholder has appreciated that the Government of India has approved the proposal of Ministry of Power to adopt some measures in order to promote Hydro Power Sector. Large Hydro Power Projects (LHPs i.e. above 25 MW capacities) have been declared as renewable energy with a separate Hydropower Purchase obligation (HPO) for LHPs commissioned after notification of the said measures. The stakeholder has submitted that all commissioned environment friendly Run-of-the-River/already running Hydro Projects shall be deprived of said benefits if not included under HPO mechanism despite of the fact that they also deserve for the same. The stakeholder has mentioned that the commissioned projects are under more stress than under construction projects. Moreover, discrimination is being made among project developers and under these circumstances, survival in this competitive market will be very difficult for the Project Developers who have already commissioned their project with great difficulties despite of all odds. The stakeholder has suggested that the measures to promote Hydro Power Sector should have been made applicable to all Large Hydro Power Projects irrespective of their running status whether commissioned/running or under construction/to be commissioned whereas contrary to above, due to said measures the eligibility of

separate Hydropower Purchase Obligation (HPO) for LHPs are being offered to only those projects which shall be commissioned (i.e. projects kept on hold/deferred/about to commission/under advance stages of clearness or lying untapped) after notification of the measures, rather already commissioned/running projects are being penalized hence does not eligible for separate HPO.

- (ii) The stakeholder has submitted that in the draft amendment regulations, the Commission has proposed that “The energy generated from Large Hydro Projects (LHPs) with an installed capacity above 25 MW which come into commercial operation after 8<sup>th</sup> March, 2019 shall be eligible for fulfilling the Hydro Power Purchase Obligation (HPO) only” whereas in para-3.1, of the Office Memorandum issued by Ministry of Power, GoI vide reference no. F. No. 15/2/2016-H-1-(Pt) dated 08.03.2019, apart from other measure to promote hydro power sector, the following measure is also included and the same is reproduced as under:

“Hydro Power Purchase Obligation (HPO) is notified as a separate entity within Non-solar Renewable Power Purchase Obligation (RPO). The HPO shall cover all LHPs commissioned after issue of this office memorandum as well as the untitled capacity (i.e. without PPA) of the commissioned project. This HPO will be within the existing non-solar RPO after increasing the percentage assigned for it so that existing non-solar RPO for other renewable sources remains unaffected by the introduction of HPO. The trajectory of annual HPO targets will be notified by Ministry of power based on the projected capacity addition plans in hydropower sector. Necessary amendments will be introduced in the Tariff Policy and Tariff Regulations to operationalize HPO.”

The stakeholder has suggested that the above referred para 3.1 of office memorandum issued by Ministry of Power dated 08.03.2019 should be incorporated in the proposal so as to consider eligibility of untied capacity (i.e. without PPA) of the commissioned project also.

### **Commission’s View:-**

- (i) The Commission observes that the present regulatory process is limited only to specify the RPO trajectory in the State by including HPO for the obligated entities. The Ministry of Power, Government of India in continuation to its office memorandum dated 8<sup>th</sup> March, 2019 devised a long term HPO trajectory vide its order dated 29<sup>th</sup> January, 2021 considering the Hydro Purchase Obligation (HPO) as a separate entity within Non-Solar RPO. These HPO shall be met from LHPs (including pumped storage projects) commissioned after 8<sup>th</sup> March, 2019. The SERCs are required to notify the said HPO trajectory for their respective States as provided in para-6.4(1) of the Tariff Policy, 2016.

As suggested by the stakeholder to include the project commissioned prior to cut-off date i.e. 08.03.2019 and also all commissioned/running

Run-of-the-River Large Hydro Projects under HPO, it is clarified that the matter does not fall under the preview of this Commission so the stakeholder is advised to take-up the above issue with the Ministry of Power, Government of India.

- (ii) As far as inclusion of untied capacity (i.e. without PPA) of LHPs as on 8<sup>th</sup> March, 2019 for eligibility of HPO benefit, the Commission is of similar view as expressed above that the stakeholder may take-up the matter with the Ministry of Power, Government of India on this issue also.

**B. Comments of Indian Energy Exchange Ltd.:-**

Indian Energy Exchange Ltd. has welcomed the Commission's initiative to align the RPO trajectory with the nationally prescribed targets and to incorporate the HPO targets in the proposal. It has been submitted that the Central Commission on 27.08.2020 has approved the Green Term Ahead Market (GTAM) wherein Solar and Non-Solar energy is being transacted in four contracts namely Intra-day, Day ahead contingency, Daily and Weekly. The DISCOMs and obligated entities have an option to fulfill their existing RPO obligations as well as the targets in forthcoming years by procuring RE power through the GTAM and also sell surplus RE power through this platform. The Indian Energy Exchange has suggested that clause 4(3) of the HPERC RPO Regulations, 2010 may be modified to include the Renewable energy purchased from the exchanges also for meeting the Renewable Power Purchase Obligation (RPPO) by the obligated entities.

**Commission's View:-**

The Commission finds merit in the suggestion made by the Indian Energy Exchange relating to inclusion of Renewable energy purchased from the exchanges as another option to meet the Renewable Power Purchase Obligation (RPPO) by the obligated entities and accordingly, decides to include the same provision in sub-regulation (3) of regulation 4 of HPERC RPO Regulations, 2010.

The draft amendment regulations are finalized by incorporating changes as discussed above and approved as such and be notified accordingly.

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

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

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

Place: Shimla.

Dated: 15<sup>th</sup> July, 2021