

HIMACHAL PRADESH ELECTRICITY REGULATORY COMMISSION, SHIMLA

Notification

Shimla, the 20th July 2023

No. HPERC/428.- In exercise of the powers conferred under Sub-section (1) of Section 61, Sub-section(1) of Section 62, clauses (a), (b) and (e) of Sub-section (1) of Section 86 and Clause (zd) 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 proposes to amend the Himachal Pradesh Electricity Regulatory Commission (Promotion of Generation from the Renewable Energy Sources and Terms and Conditions for Tariff Determination) Regulations, 2017 and as required by Sub-section (3) of Section 181 of the said Act and Rule 3 of the Electricity (Procedure for Previous Publication) Rules, 2005, the draft amendment Regulations are hereby published for the information of all the persons likely to be affected thereby; and notice is hereby given that the said draft amendment Regulations will be taken into consideration after the expiry of thirty (30) days from the date of publication of this notification in the Rajpatra, Himachal Pradesh, together with any objections or suggestions which may within the aforesaid period be received in respect thereto.

The text of the aforesaid draft amendment, alongwith Explanatory Memorandum, is available on the website of the Commission i.e. <http://www.hperc.org>.

The objections or suggestions in this behalf should be addressed to the Secretary, Himachal Pradesh Electricity Regulatory Commission, Vidyut Aayog Bhawan, Block-37, SDA Complex, Kasumpti-171009(HP).

DRAFT REGULATIONS

- 1. Short title and commencement.-** (1) These Regulations may be called the Himachal Pradesh Electricity Regulatory Commission (Promotion of Generation from the Renewable Energy Sources and Terms and Conditions for Tariff Determination) (Seventh Amendment) Regulations, 2023.
(2) These Regulations shall come into force from 1st October, 2023.
- 2. Amendment of Regulation 2.-** In Sub-regulation (1) of Regulation 2 of RE Tariff Regulations, 2017, the following shall be amended:-
 - (a) The Clause (g) shall be modified in following manner, namely;-
‘Date of commencement of operation of the project’ means the date on which the first unit of the project is synchronized with the grid for the first time. However, in case of solar PV project such

date shall be reckoned with respect to the first synchronization for each part of the total capacity of such plant.

(b) The Clause (j) shall be modified in following manner, namely;-

'Installed capacity' or 'IC', for the purpose of tariff determination, means the summation of the name plate capacities of all the units of the generating station, reckoned at the renewable energy generator terminals or the capacity for which the renewable energy generator has executed implementation agreement with the State Government, whichever is higher. However, in case of Solar PV power projects and Floating solar projects, Installed capacity shall be sum of name plate capacities (Nominal AC power) of the inverters of the project;

(d) The Clause (w) shall be modified in following manner, namely;-

'Renewable Energy Certificate mechanism' or 'REC mechanism' means the mechanism devised for the development of market in power from nonconventional energy sources by issuance of certificates under the Central Electricity Regulatory Commission (Terms and Conditions for Renewable Energy Certificates for Renewable Energy Generation) Regulations, 2022 and the Himachal Pradesh Electricity Regulatory Commission (Renewable Power Purchase Obligation and its Compliance) Regulations, 2023;

3. Amendment of Regulation 9.- In Sub-regulation (1) of Regulation 9 of RE Tariff Regulations, 2017, the following additional proviso shall be inserted, immediately after the second proviso, namely:

“Provided further that the fourth control period for the small hydro projects under these Regulations shall start from 1st October, 2023 and shall end by 31st March, 2027.”

4. Amendment of Regulation 13.- In clause (aa) of Sub-regulation (1) of Regulation 13 of RE Tariff Regulations, 2017, the following additional proviso shall be inserted, immediately after the third proviso, namely:

“Provided further that in case of the SHPs covered under the One Time Amnesty Scheme notified by the State Government, the generic levelled tariff as applicable for the control period, encompassing the Scheduled Commercial Operation Date (SCOD) fixed as per the said scheme, or the actual date of commencement of the operation of the project, whichever is earlier, shall only be considered without allowing any further revision of the said Schedule date.”

5. Amendment of Chapter-IV.- In Chapter-IV of the RE Tariff Regulations, 2017, after Regulations 32-BB, the following PART-IV shall be inserted, namely;-

“PART-IV
FINANCIAL PRINCIPLES
(APPLICABLE FROM 01.10.2023 TO 31.03.2027)

21-C. Capital Cost.- (1) The norms for the capital cost in case of small hydro projects shall be as specified in Part-IV of Chapter-V of these Regulations and in case of other renewable technologies, shall be as stipulated under relevant orders of the Commission under Regulation 18.

Provided that in case of small hydro projects upto 100 kW capacity, such norms shall be as fixed in the relevant orders of the Commission under Regulation 14.

(2) The norms for the capital cost shall be inclusive of all the expenses required to be incurred as per prudent practices upto the commissioning of the project, including, but not limited to, the cost of capital works, land, preparation of the Detailed Project Report, Survey and Investigation, plant and machinery, civil works, erection and commissioning, financing and interest during construction, land acquisition, resettlement and rehabilitation, contribution towards Local Area Development Fund (LADF), statutory and non-statutory clearances and evacuation infrastructure up to inter-connection point (also including interconnection facilities), insurance charges against the risks during construction stage etc. and also all taxes, levies and duties on all such components/works capital works:

Provided that any cost pertaining to allotment of the project, including upfront premium and any other amount charged by the State Government while granting extension or capacity enhancement or/and any liquidated damages/penalty imposed by the licensee in accordance with the power purchase agreement executed with it, or by the State Government in accordance with the implementation agreement executed with it, will not form part of the capital cost:

Provided further that for project specific tariff determination, the renewable energy generator shall submit the item wise break-up of capital cost alongwith its petition in the manner specified under Regulation 19 and the capital cost admitted by the Commission shall be taken into consideration.

22-C Subsidy or incentive or grant/budgetary support by the Central/ State Government.-(1) While determining the generic levelled or project specific levelled tariff, as the case may be, for the renewable energy project(s) under these Regulations, the Commission shall take into consideration any incentive and/or subsidy and/or grant and/or budgetary support available, irrespective of whether the same is actually availed or not, under the schemes of the Central or State Government or their agencies, but excluding accelerated depreciation benefit under the Income Tax Act:

Provided that the capital subsidy under the schemes of the Central or State Government or their agencies shall be adjusted in the normative capital cost and the cost so arrived, after such adjustment, shall be considered for computing Debt-Equity Components for the purposes of determination of generic levelled tariffs:

Provided further that where the Central Government or the State Government notifies, or has notified, any generation based incentive (GBI) scheme for a particular kind of renewable technology, such technology based generating station shall be assumed to have availed the benefit of such a scheme and their tariffs shall be reduced by the amount of generation based incentive (GBI) per unit for the period during which such incentive remains applicable.

(2) Where any additional project specific grant or budgetary support is available to any project, apart from the incentive and/or subsidy and/or grant available under Sub-regulation (1) of this regulation, the Commission shall account for such budgetary support also, while determining project specific levelled tariff.

(3) The amount of subsidy shall be considered for each renewable source as per the applicable policy of the MNRE/State Government/Central Government and if the amount and/or mechanism of subsidy is changed by the MNRE/ State Government/Central Government, consequent corrections in tariffs may be carried out by the Commission in accordance with Regulation 20.

23-C. Debt-Equity Ratio.-(1) The normative debt equity ratio shall be 70:30.

(2) For generic levelled tariff, the Commission shall adopt debt equity ratio of 70:30:

Provided that for arriving at the amount of debt and equity, the debt equity ratio shall be considered after deducting, from the normative capital cost, the amount of incentive, grant and capital subsidy available for the project.

(2) For project specific levelled tariff, the following provisions shall apply-

- (i) if the equity actually deployed is more than 30% of the net capital cost arrived at after subtracting the incentive, grant and capital subsidy from the capital cost admitted by the Commission under Regulation 15, the equity deployed in excess of 30% limit shall be treated as normative loan in accordance with the National Tariff Policy and shall be deemed as advanced at the weighted average rate of interest and for a weighted average tenor of the long term debt component of the project after ascertaining the reasonableness of the interest rates and taking into account the effect of debt restructuring, if any;

- (ii) in case the equity deployed is equal to or below the normative level of 30%, the actual equity would be used for determination of Return on Equity in tariff computations;
- (iii) the equity invested in foreign currency, if any, shall be designated in Indian rupees on the date of each investment.
- (iv) for arriving at the amount of equity in cases involving project specific determination of tariff, the debt equity ratio shall be considered after deducting, from the capital cost admitted by the Commission under Regulation 15, the amount of incentive, grant and capital subsidy available for the project.

Explanation.-For the purposes of return on equity, any resources available to the renewable energy generator from its share premium account or from its internal resources that are used to fund the equity commitments of the project under consideration shall be treated as equity subject to the limitations contained in this Regulation and Regulation 26-C.

(4) The Commission shall treat any incentive or subsidy and/or grant/ budgetary support available from the MNRE/State Government/Central Government, to have been availed and shall adjust the same as per the provisions of these regulations.

24-C. Loan and Finance Charges.-(1) For the purpose of determination of tariff, loan tenure of 15 years shall be considered:

(2) **Interest Rate.**-

- (a) The loan amount (*i.e.* the debt component) arrived at in the manner indicated in the Regulation 23-C shall be considered as gross normative loan for calculation of interest on loan. The normative loan outstanding as on 1st April of every year shall be worked out by deducting the cumulative repayment up to 31st March of previous year from the gross normative loan.
- (b) For the purpose of computation of tariff(s) under these Regulations, normative interest rate of two hundred (200) basis points above the average State Bank of India Marginal Cost of Funds based Lending Rate (MCLR) (one year tenor) prevalent during the last available six months, prior to the respective date(s) from which such tariff(s) the respective generic levellised tariffs are to be made applicable, shall be considered:

Provided that in case where the project specific tariff is to be determined, such average rate of SBI, as prevalent during the respective periods in which the loan has been availed, shall be taken into account on weighted average basis and the rate so worked out on this basis or the weighted average rate at which the loan has been availed, whichever is lower, shall be considered.

- (c) Notwithstanding any moratorium period availed by the renewable energy generator, the repayment of loan shall be considered from the first year of the tariff period and shall be equal to the annual depreciation allowed.
- (d) The loan repayment for a financial year or the relevant part period thereof shall be considered to have been done in the middle of that financial year or the relevant part period thereof, as the case may be.

25-C. Depreciation.-For the purpose of tariff determination, depreciation shall be computed in the following manner, namely:-

- (a) the value base for the purpose of depreciation shall be equal to sum total of the debt and equity components as per the provisions of Regulation 23-C;
- (b) the salvage value shall be considered as 10% and depreciation shall be allowed up to maximum of 90% of the value base as per clause (a) of this Regulation:

Provided that no depreciation shall be allowed to the extent of incentive, grant and capital subsidy available for the project.

- (c) depreciation per annum shall be based on “Differential Depreciation Approach”. For tariff purposes, the depreciation shall be allowed @ 4.67% per annum of the value base as per clause (a) of this Regulation till such time the requirement for repayment of loan component of the capital cost as per regulations 21-C, 23-C and 24-C is fully provided and the remaining depreciation shall be spread over the residual useful life of the project on straight line method;
- (d) depreciation shall be chargeable from the first year of commencement of operation of the project:

Provided that in case of operation of the asset for part of the year, depreciation shall be charged on pro rata basis for the purposes of project specific determination of tariff.

26-C. Return on Equity.-(1) The value base for the equity (on which return on equity shall be calculated) shall be equal to the equity component computed in accordance with the provisions of Regulation 23-C.

(2) The normative Return on Equity shall be 14%.

(3) The MAT/Corporate Tax actually paid by the RE generator to the Income Tax Department in relation to income from RE project shall be reimbursed. For this purpose, suitable mechanism alongwith suitable appropriate limits shall be evolved at the time of determination of generic levellised tariff.

27-C. Interest on working capital.-(1) The working capital requirement in respect of wind energy projects, small hydro power, solar PV and solar thermal projects shall be computed in accordance with the following:-

- (a) operation and maintenance expenses for one month;
- (b) receivables equivalent to 45 days of energy charges for sale of electricity calculated on the net saleable energy corresponding to the CUF considered for tariff determination on normative basis;
- (c) maintenance spare @ 15% of operation and maintenance expenses.

(2) The working capital in respect of biomass power projects with Rankin Cycle technologies, biomass gasifier based power projects, non-fossil fuel based cogeneration projects, Municipal Solid Waste power projects and Refused Derived Fuel project shall be computed in accordance with the following:—

- (a) fuel cost for four months equivalent to normative Plant Load Factor (PLF);
- (b) operation and maintenance expenses for one month;
- (c) receivables equivalent to 45 days of energy charges (fixed and variable charges) for sale of electricity calculated on the net saleable design energy on normative basis;
- (d) maintenance spare @ 15% of operation and maintenance expenses.

(3) In case of the renewable technologies not covered in Sub-regulations (1) and (2), the Commission may adopt such norms, as it may consider appropriate, at the time of determination of tariff.

(4) Interest on Working Capital shall be at interest rate equivalent to the normative interest rate of three hundred and fifty (350) basis points above the average State Bank of India Marginal Cost of Funds based Lending Rate (MCLR) (One Year Tenor) prevalent during the last available six months, prior to the respective date(s) from which the generic tariff(s) are to be made applicable:

Provided that in case where the project specific tariff is to be determined, such average rate for the last available six months prior to the date from which the project specific tariff is to be made applicable, shall be considered.

28-C. Operation and maintenance expenses.-(1) Operation and maintenance expenses mean the expenditure incurred on operation and maintenance of the project, or part thereof, and includes, without limitation, the expenditure on manpower, establishment (including employees expense, administrative and general expenses), repairs, spares, consumables, insurance and overheads as well as the taxes, duties and other levies on any or all such activities.

(2) Operation and maintenance expenses shall be determined for the tariff period based on normative operation and maintenance expenses specified

in Part-IV of Chapter-V of these Regulations for the small hydro projects exceeding 100 kW Capacity and as stipulated in relevant orders of the Commission for other renewable energy projects.

(3) Normative O&M expenses allowed under these Regulations shall be escalated over the tariff period at the rate of 3.84% per annum.

29-C. Taxes and duties.-Tariff determined under these Regulations shall be inclusive of all taxes and duties and shall not be subject to any change except for the provisions specified under Regulation 20.

30-C. Rebate.-(1) The due date for payment of bills shall be 45 days from the date of billing.

(2) For payment of bills of the generating company through revolving and valid letter of credit on presentation or through National Electronic Fund Transfer (NEFT) or Real Time Gross Settlement (RTGS) payment mode within a period of 5 days of presentation of bills, a rebate of 1.5% on bill amount shall be allowed.

(3) Where payments are made on any day after 5 days within a period of thirty (30) days from date of presentation of bills by the generating company, a rebate of 1% shall be allowed.

Explanation.-For computing the “5 days” and other cutoff dates for the purposes of this Regulation and Regulation 31-C, the number of days shall be counted consecutively without considering any holiday. However, in case the last day is official holiday, the last day for these purposes shall be construed as the immediate succeeding working day.

31-C. Late payment surcharge.- The Distribution Licensee shall make timely payments of energy bills of the renewable energy generator(s) by assigning priority over and above all other payments. In case the payment of any bill payable under the power purchase agreement is delayed beyond a period of 45 days from the date of presentation of the bill, a Late Payment Surcharge shall be payable on the payment outstanding after the due date at the base rate of Late Payment Surcharge applicable for the period for the first month of default:

Provided that if the period of default lies in two or more financial years, the base rate of Late Payment Surcharge shall be calculated separately for the periods falling in different years:

Provided further that the rate of Late Payment Surcharge for the successive months of default shall increase by 0.5 per cent for every month of delay and shall not be more than three per cent higher than the base rate at anytime:

Provided further that the payment made by the Distribution Licensee to the renewable energy generator for power procured from it shall be first adjusted towards Late Payment Surcharge irrespective of the bill to

which it pertains and thereafter towards monthly charges starting from the longest overdue bill:

Provided further that all the bills payable by the Distribution Licensee to a renewable energy generator for power procured from it, shall be time tagged with respect to the date and time of submission of the bill and the payment made by the Distribution Licensee, as has not been adjusted towards the Late Payment Surcharge as per the third proviso to this Regulation, shall be adjusted first against the oldest bill and then to the second oldest bill and so on so as to ensure that payment against a bill is not adjusted unless and until all bills older than it have been paid for.

31-CC. Payment Security Mechanism.- (1) The Distribution Licensee shall maintain unconditional, irrevocable and adequate payment security mechanism.

(2) The supply of power shall only be made if an adequate Payment Security Mechanism is maintained or in the absence thereof, advance payment is made:

Provided that in case the renewable energy generator supplies power without the Payment Security Mechanism or without advance payment, it shall lose the right to collect the late payment surcharge from the Distribution Licensee:

Provided further that in case of non-payment of outstanding dues by the default trigger date, the obligation of the renewable energy generator to supply power shall be reduced to 75% of the contracted power to Distribution Licensee and balance 25% of contracted power may be sold by the renewable energy generator through the Power Exchanges:

Provided further that if the Distribution Licensee does not establish Payment Security Mechanism or continues to default in payment of outstanding dues for a period of thirty days after the commencement of sale of power by the RE generator to the extent of 25% of contracted power through the Power Exchanges then the renewable energy generator shall be entitled to sell 100% of the contracted power through Power Exchanges.

(3) In case of non-maintenance of Payment Security Mechanism, renewable energy generator shall regulate power supply to the Distribution Licensee in accordance with Electricity (Late Payment Surcharge and Related Matters) Rules, 2022 notified by the Ministry of Power on 3rd June, 2022.

(4) The gains or losses, as the cases may be from the sale of such power, which shall be the difference between selling price of such power in the Power Exchanges and the expense borne by the renewable energy generator including energy charges, transmission charges; other incidental charges and shall be adjusted on monthly basis in the following order:- (i) liquidation of overdue amount, if any (in case of gains only); (ii) the balance shall be shared in the ratio of 75:25 between the Distribution Licensee and the renewable energy generator.

(5) The renewable energy generator shall share the detailed calculations as per the Sub-regulation (4) of this Regulation, with the defaulting entity i.e. Distribution Licensee on a monthly basis:

Provided that such gains or losses, as the case may be, shall be computed by taking into account on daily basis the selling rate of such power in the Green Day Ahead Market (GDAM) or actual sale price on any other platform, whichever is higher.

32-C. Ceiling norms.-The financial norms, except for capital cost, as specified in this Chapter of these Regulations, shall be considered as ceiling norms and the same shall not preclude the licensee or renewable energy generator from agreeing to improved norms, including operation and maintenance norms, which may lead to overall reduction in the levelled tariff and in case the improved norms are agreed to, such improved norms shall be applicable for determination of the project specific levelled tariff.

32-CC. The provisions of this Chapter shall be applicable for all the RE technologies for the matters to be dealt under fourth control period irrespective of the intervals at which the generic levelled tariffs are determined under this control period.

5. Amendment of Chapter-V.- In Chapter-V of the RE Tariff Regulations, 2017, after Regulation 39-BBB, the following PART-IV shall be inserted, namely;-

“PART-IV

**TECHNOLOGY SPECIFIC PARAMETERS FOR SMALL HYDRO PROJECTS
HAVING INSTALLED CAPACITY MORE THAN 100 kW (APPLICABLE
FROM 01.10.2023 TO 31.03.2027)**

33-C. Categorisation.-For the purpose of tariff determination, the small hydro projects having installed capacity of more than 100 kW shall be categorized as under:-

(i)	Above 100 kW to 2 MW capacity
(ii)	Above 2 MW but below 5 MW capacity
(iii)	5 MW to 25 MW capacity

34-C. Normative Capital Cost.-(1) In case of small hydro projects, the normative capital cost, inclusive of all its components as specified in Regulation 21-C of these Regulations, for the control period shall be as under:-

Sl. No.	Category of small hydro Project	Rupees (in Lac) per MW of the installed capacity
(i)	Above 100 kW to 2 MW capacity	1100
(ii)	Above 2 MW but below 5 MW capacity	1100
(iii)	5 MW to 25 MW capacity	1100

(2) The subsidy/grant/budgetary support or incentives etc. provided by the Central/ State Government or their agencies shall be adjusted in accordance with the Regulation 22-C of these Regulations.

35-C. Normative saleable energy.-(1) The normative saleable energy at the interconnection point for the purpose of generic levelled tariff shall be computed on the following lines namely:-

- (i) the normative annual capacity utilisation factor (CUF), net of 13% free power including 1% contribution towards the Local Area Development Fund (LADF), shall be 47.85% for all the small hydro projects upto 25 MW. The number of hours in a year for calculations of CUF shall be 8766;
- (ii) the quantum of normative annual saleable energy worked out for the installed capacity of the project at the normative CUF under preceding clause (i) shall be reduced by 1.7%, to account for the auxiliary consumption, transformation losses and the losses in the project line(s) at the normative rates as per Regulations 37-C and 38-C, to arrive at the normative saleable energy at the interconnection point;
- (iii) the generic levelled tariff determined on the basis of the normative saleable energy at the interconnection point as per the preceding clause (ii) shall be deemed to have accounted for total free power of 13% [including 1% contribution towards the Local Area Development Fund LADF]:

Provided that in case where the generic levelled tariff is to be determined for a free power structure which is at variance from the above, the net saleable energy shall be adjusted suitably after taking into account the free power structure corresponding to which such tariff is to be determined.

(2) The normative capacity utilization factor (CUF) under clause (i) of Sub-regulation (1) takes into account the impact of mandatory release of water discharge immediately downstream of diversion structure of the project based on the existing instructions of the State Government which provide that for the purpose of determination of minimum discharge, the threshold value not less than 15% of the minimum inflow observed in the lean season shall be considered.

(3) The normative year wise net saleable energy for the purpose of project specific tariff determination shall also be worked out on similar lines given in Sub-regulations (1) and (2) but by taking into account the annual Capacity Utilisation Factor (CUF) in accordance with clause (ii) of Sub-regulation (1) of Regulation 15, the normative auxiliary consumption and transformation losses under Regulation 37-C and the energy losses in the project line under Regulation 38-C.

36-C. Free Power.-(1) The Commission shall consider appropriate structure(s) of free power for determination of generic levelled tariffs for various categories of small hydro projects, as mentioned in Regulation 33-C, duly keeping in view of the provisions of the State Hydro Policy for allotment of sites for small hydro projects, National Hydro Policy, Tariff Policy and the limits specified under Sub-regulation(3):

Provided that in case the structure of free power actually applicable to a project, duly curtailed as per Sub-regulation (3), is at variance from the structure considered while determining the generic levelled tariff, such tariff shall be suitably adjusted based on the structure of free power applicable subject to the limit specified in Sub-regulation(3):

Provided further that in cases requiring determination of the project specific tariff, the Commission shall consider the structure of free power actually applicable to that project subject to the above and the limits specified in Sub-regulation(3).

(2) In case of any change in the structure of free power for a small hydro project from that considered for the determination of generic levelled tariff or project specific levelled tariff in accordance with Sub-regulation (1) or in cases where the adjustment in tariff on account of variation in free power has to be allowed as per the specific provisions contained in these Regulations, including those covered in Regulation 17 and Sub-regulation (2) of Regulation 20, the Distribution Licensee shall adjust the tariff as per the following formula:-

Rate payable for the month for the net saleable Energy (Rs/kWh)	$= a \times (100-b)/(100-c)$
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Where,-

“a” is the levelled tariff (in Rs/kWh) which is required to be adjusted under this Regulation

“b” is the free power (in percentage) taken into account or deemed as taken into account for the month, in “a” in the corresponding month of the tariff period by reckoning the date of commencement of operation of the project as the starting date of the tariff period.

“c” is the free power (in percentage) to be allowed in the tariff for the month subject to maximum limit of 13% free power(energy) and the provisions of Sub- regulation (3)-

Where free power is applicable at different rates for different parts of a month, the permissible free power (*i.e.* “c”) shall be determined under this Sub-regulation separately for each such part and weighted average rate for the month as a whole shall be worked out by considering the total quantum of energy for each day of the month.

(3) The free power (in percentage) to be taken into consideration for the purpose of determination of tariff under Sub-regulation (1) and/or any adjustment under Sub-regulation (2) shall be subject to the following:—

- (i) The free energy to be taken into account for any part of the tariff period for the purposes of Sub-regulation (1), or to be allowed for any part of the tariff period for the purposes of Sub-regulation (2), shall not exceed 13% free power (energy) which includes 12% free power to home State and 1% additional free power for Local Area Development Fund, as stipulated in the National Hydro Policy/ Tariff Policy;
- (ii) Any quantum of free energy, if committed by the renewable energy generator over and above the 13% free power (energy) for any period shall not be factored into the tariff;
- (iii) Additional free energy, if any, to be provided by the renewable energy generator to the State Government, on account of curtailment of waiver period due to delay in commissioning of project as per provisions of Implementation Agreement and/or for enhancement of capacity and/or for any reason attributed to the renewable energy generator shall not be taken into account even if the total free power for any period, including such additional free power, does not exceed 13% free power(energy);
- (iv) The quantification and adjustment of free energy as well the energy accounting shall be made with reference to the energy projected/ received at the interconnection point;
- (v) The free energy to be allowed for any period for the purpose of Sub-regulation (2) shall in no case be more than that actually deducted for that period in the energy accounts, out of the total energy received at the interconnection point.

37-C. Auxiliary consumption and transformation losses.-Normative auxiliary consumption and transformation losses for the small hydro projects shall be 0.5% of the gross generation and the same for transformation losses at the switchyard linked to the generating station of the projects shall also be 0.5%:

Provided that for the sake of simplicity, these two factors shall be clubbed together and accounted for as 1% of the gross generation.

38-C. Energy losses.-(1) The normative energy losses in the project line(s) shall be 0.7% of the gross generation.

(2) For the project specific levellised tariff, the percentage losses worked out on the basis of actual length of the project line(s), conductor size and expected power flow shall be taken into consideration.

39-C. Operation and maintenance expenses.- Normative annual O&M expenses for the control period shall be as follows:-

No.	Installed capacity of SHP	Annual O&M expenses in Rupees (in Lac) per MW of installed capacity
(i)	Above 100 kW to 2 MW capacity	46.78
(ii)	Above 2 MW but below 5 MW capacity	46.78
(iii)	5 MW to 25 MW capacity	35.09

Provided that the Commission may, in order to offset the effect of reduction in O&M charges on the generic levelled tariff in cases of small hydro projects having capacities of 5 MW and above but not exceeding 10 MW, evolve suitable mechanism, while determining the generic levelled tariff, so as to provide for adjustment to the maximum extent of 10 paise per kWh to 3 paise per kWh, linked with the project capacity, in the generic levelled tariff in case of small hydro projects having capacities in the said range.

39-CC. Adjustment for fraction of a MW of the installed capacity.-The installed capacity shall be rounded to one decimal place by ignoring the fraction of less than 0.05 MW and by considering the fraction of 0.05 MW and above as 0.1 MW.

39-CCC. The norms specified under this chapter shall be applicable only for small hydro projects having installed capacity of more than 100 kW and the same for the small hydro projects with installed capacity upto 100 kW shall be fixed in the relevant orders issued under Regulations 14 of these Regulations.

6. Consequential amendments in the Regulations.-

On and from the commencement of these amendment Regulations, in relation to the Himachal Pradesh Electricity Regulatory Commission (Promotion of Generation for the Renewable Energy Sources and Terms and Conditions for Tariff Determination) Regulations, 2017, in the Regulations mentioned in Column (2) of the Table given below, the references to the Regulations mentioned in Column (3) shall be construed as if references therein are the references to the Regulations mentioned opposite thereto in the Column(4) of the said Table.

Table

Sr. No.	Regulations of the said Regulations	For existing references	Substitute reference to
(1)	(2)	(3)	(4)
1.	Clause (c) of Sub-regulation (1) of Regulation 2.	Regulation 21 or 21-A or 21-B	Regulation 21 or 21-A or 21-B or 21-C as the case may be
2.	Proviso of clause (iii) of Sub-regulation (1) of Regulation 14.	Chapter-IV and Chapter-V respectively, shall remain in force upto 30 th September, 2023	PART-IV of Chapter-IV and PART-IV of Chapter-V respectively, shall remain in force upto 31 st March, 2026
3.	Sub-regulation (2) of Regulation 14.	Regulations 33 or 33-A or 33-B	Regulations 33 or 33-A or 33-B or 33-C as the case may be
4.	Proviso to Sub-regulation (1) of Regulation 15.	Regulation 32 or 32-A or 32-B	Regulation 32 or 32-A or 32-B or 32-C as the case may be

5.	Clause (b) of Sub-regulation (1) of Regulation 16.	Regulations 20 to 41 or 20-A to 39-A or 20-B to 39-B	Regulations 20 to 41 or 20-A to 39-A or 20, 21-B to 39- BBB or 21-C to 39-CCC , 40 and 41, as the case may be
6.	Sub-regulations (5) and (7) of Regulation 17.	Regulation 36 or 36-A or 36-B (wherever occurs)	Regulation 36 or 36-A or 36-B or 36-C , as the case may be
7.	Sub-regulation (5) of Regulation 18	Regulations 32 or 32-A or 32-B and 42	Regulations 32 or 32-A or 32-B or 32-C and 42 as the case may be
8.	Regulation 20	(i) Regulation 36 or 36-A or 36-B (wherever occurs)	i) Regulation 36 or 36-A or 36-B or 36-C , as the case may be
		(ii) Regulations 22 or 22-A or 22-B	(ii) Regulations 22 or 22-A or 22-B or 22-C , as the case may be,

By order of the Commission

Sd/-
 (Chhavi Nanta), HPAS
Secretary