

HIMACHAL PRADESH ELECTRICITY REGULATORY COMMISSION SHIMLA

NOTIFICATION

Shimla, the 22nd August, 2020

HPERC-H(1)32/2020.-, In exercise of the powers conferred under sub-section (1) and clause (zp) of sub-section (2) of Section 181, of the Electricity Act, 2003 (36 of 2003) and all other powers enabling it in this behalf and after previous publication, the Himachal Pradesh Electricity Regulatory Commission, hereby makes the following regulations, namely:-

REGULATIONS

1. Short title and commencement. - (1) These regulations may be called the Himachal Pradesh Electricity Regulatory Commission (Power System Development Fund) Regulations, 2020.

(2) These regulations shall come into force from the date of their publication in the Rajpatra, Himachal Pradesh.

2. Definitions and Interpretation.-

(1) In these Regulations, unless the context otherwise requires:

- a) **'Act'** means the Electricity Act, 2003 (36 of 2003), including amendments thereto;
- b) **'Appraisal Committee'** means the Committee constituted by the Commission as per regulation 6 of these regulations;
- c) **'Commission'** means the Himachal Pradesh Electricity Regulatory Commission;
- d) **'Monitoring Committee'** means the committee constituted by the Commission as per regulation 8 of these regulations;
- e) **'Nodal Agency'** means the agency designated for the purpose of these regulations as per regulation 5 of these regulations;
- f) **'PSDF'** means the State Power System Development Fund to be opened, operated and maintained by the HPSLDC under the regulation 15 of Himachal Pradesh Electricity Regulatory

Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2018;

- g) **‘Project Entity’** means the State Transmission Utility (STU) or Distribution Licensee or Himachal Pradesh State Load Dispatch Centre (HPSLDC) who may submit the proposal(s) for funding from PSDF under regulation 4 of these regulations and shall also be responsible for execution, operation & maintenance of the scheme sanctioned by the Commission under regulation 10 of these regulations; and
- h) **‘Scheme’** means the proposal for the implementation of a set of works, as approved by the Commission under regulation 7 of these regulations.

(2) The words and expressions used in these regulations and not defined herein, but defined in the Act or the regulations issued by the Commission, shall have the meanings assigned to them in the Act or in such regulations issued by the Commission; the words and expressions used herein but not specifically defined in these regulations or in the Act, but defined under any law, passed by a competent Legislature and applicable to the electricity industry in the State, shall have the meanings assigned to them in such law; and the words and expressions used herein, but not specifically defined in the regulations or in the Act or any law passed by a competent Legislature, shall have the meanings as are generally assigned to them in the electricity industry.

3. Utilization of Power System Development Fund.-

The proposal(s) which meet the following criteria may be considered for funding from PSDF:-

- (i) the proposal(s) which are not covered under any scheme formulated for funding, fully or partially, under the State Government/Central Government/Project Entity schemes;

- (ii) proposal(s) may broadly cover the works of the following nature:-
- (a) improvement in LT/HT/EHT distribution system of Distribution Licensee to ensure the smooth and reliable power supply to the consumers and also improvement in distribution system beyond the interconnection points where the renewable power generators have connected;
 - (b) transmission/distribution systems of strategic importance based on operational feedback by Himachal Pradesh State Load Despatch Centre (HPSLDC), STU or Distribution Licensee for relieving congestion in Intra -State Transmission/Distribution system;
 - (c) installation of special protection schemes, pilot and demonstrative projects, standard protection schemes and for setting right the discrepancies identified in the protection audits; and
 - (d) scheme in furtherance of the above objectives such as technical studies, capacity building, improvement of voltage profile, hardware/software for up-gradation of HPSLDC/HPALDC, Smart Grid initiatives, Energy Storage, Demand Side Management, Power System communication & communication hardware, Monitoring and Measuring schemes including installation of Phasor Measurement Unit (PMU), etc;
- (iii) the proposal(s) should be useful for the safe, smooth and efficient operation of a larger part of the State Power System instead of a few individuals; and
- (iv) private sector schemes shall not be eligible for assistance from the PSDF.

4. Submission of proposals to be funded from PSDF.-

The concerned Project Entity(ies) shall submit the draft scheme(s), complete in all respects and duly supported by the cost benefit analysis, proposed for funding from State PSDF to the Nodal Agency under intimation to the Appraisal Committee and the Commission by 30th September, 2020 and subsequently by the end of each quarter.

5. Nodal Agency and its functions.-

(1) The Himachal Pradesh State Load Despatch Centre (HPSLDC) shall be the Nodal Agency for all intents and purposes and the overall coordination of the various activities under these Regulations.

(2) The Functions of the Nodal Agency: -

(i) functions related to the preparation of detailed guidelines for :-

- (a) submission of DPRs by the Project Entity(ies) to Nodal Agency and by the Nodal Agency to the Commission;
- (b) processing of appraisal of the schemes;
- (c) disbursement and release of funds subject to the provisions of these regulations;
- (d) monitoring of scheme(s) at the execution and operation stage;
- (e) cost/time overrun in the execution of scheme(s) and remedial measures to curb and mitigate the same ;
- (f) submission of schemes to the Commission for sanction and submission of progress reports etc. to the Commission; and
- (g) any other item required to complete the intend of the regulations to ensure the proper implementation of the provisions of these regulations;

(ii) functions related to the scrutiny of the draft schemes:-

- (a) the Nodal Agency shall initially scrutinize the proposals received from the concerned Project Entity(ies) in each quarter for technical suitability duly keeping in view the eligibility conditions as per regulation 3 of these regulations;

- (b) all the proposals received by it at the end of a quarter shall be scrutinized as per the prudent practices and submitted, within one month, to the Appraisal Committee for its suitable directions/recommendations; and
- (c) all the proposals received by the Nodal Agency in a quarter shall be processed in a single lot;
- (iii) functions related to submission of the draft schemes to the Commission:-

The Nodal Agency shall submit the self contained draft scheme(s), duly scrutinized and processed as per clause (ii) above, alongwith the recommendations of the Appraisal Committee, to the Commission for sanction, soon after the availability of the recommendations of the Appraisal Committee;

- (iv) functions related to monitoring the progress of sanctioned schemes during the execution stage:-
 - (a) the Nodal Agency shall monitor the progress of the implementation of the scheme(s), sanctioned by the Commission as per regulation 7 of these regulations, on monthly basis based on the progress report to be submitted to it by the concerned Project Entity implementing the scheme;
 - (b) to submit the status report, along with the proposed remedial measures if any, to the Monitoring Committee on a quarterly basis;
 - (c) to submit to the Commission the progress reports, along with the recommendations of the Monitoring Committee under sub-regulation (2) of regulation 8, to the Commission on a monthly basis;
 - (d) to submit the proposals for revision of the scope of work, sanctioned cost or the completion targets, along with the recommendations of the Monitoring Committee under clause

(iii) of sub-regulation (2) of regulation 8, to the Commission;
and

(e) to submit proposals, along with the recommendations of Monitoring Committee, for the release of funds against the sanctioned cost of the scheme(s) to the Commission;

(v) functions related to monitoring the progress of sanctioned schemes during operation stage:-

(a) the Nodal Agency shall submit the progress report on a quarterly basis about the functioning of the schemes during the operation stage to the Monitoring Committee; and

(b) the Nodal Agency shall also submit, to the Commission, half yearly progress reports about the functioning of the schemes during operation stage, along with the details of recommendations, if any, made by the Monitoring Committee for improving the performance of such schemes and action taken in this regard; and

(vi) other functions:-

(a) function as Secretariat to the Monitoring Committee and the Appraisal Committee;

(b) keep the Record of Business transacted at each meeting of the Appraisal Committee and the Monitoring Committee;

(c) to submit, to the Commission the proposals received by it in a quarter, along with complete details as well as the recommendations of the Appraisal Committee, within 15 days from the receipt of recommendations from the Appraisal Committee;

(d) prepare Annual Report of PSDF; and

(e) perform such other functions as may be assigned by the Commission, Monitoring Committee and the Appraisal Committee.

6. Appraisal Committee.-

- (1) The Commission may constitute an Appraisal Committee under the chairmanship of the Executive Director (Technical) of the Commission with General Manager (Projects), State Transmission Utility, Chief Engineer (System Planning) of Distribution Licensee, Sr. Accounts Officer of the Commission, as its members and the Superintending Engineer (HPSLDC) as its Member Secretary:

Provided that the Commission may nominate any other person not below the rank of Superintending Engineer as a Member of the Committee.

- (2) (a) The Appraisal Committee shall carry out the techno-economic appraisal of the proposals submitted to it by the Nodal Agency, under clause (ii)(b) of sub-regulation 2 of regulation 5, keeping in view, the eligibility criteria as per regulation 3 of these regulations and shall finalize its findings/recommendations on each scheme submitted to it. The schemes received by the Nodal Agency from the concerned Project Entity in a quarter shall be considered simultaneously;
- (b) The Member Secretary of the Appraisal Committee shall duly compile and process the recommendations of the Appraisal Committee and shall expedite the submission of the self-contained proposals by the nodal agency to the Commission in accordance with clause (iii) of sub-regulation 2 of regulation 5; and
- (c) any other functions as may be specifically assigned to it by the Commission or Monitoring Committee or which may otherwise be required to discharge by it for smooth implementation of its role under these regulations.

7. Sanction of Schemes.-

- (1) The Commission may further shortlist the proposals received by it under clause (iii) of sub-regulation (2) of regulation 5 from the Nodal Agency, by taking into account:-
 - (i) the eligibility conditions as per regulation 3 of these regulations;
 - (ii) the critical importance of each such proposal for the smooth operation of the State Power System;
 - (iii) cost benefit analysis of each proposal;
 - (iv) availability of balance amount in the PSDF after accounting for the estimated amount required for the schemes already sanctioned; and
 - (v) any other factors as the Commission may consider appropriate.
- (2) The proposals so shortlisted and prioritized shall be considered for sanction for funding out of PSDF depending upon the availability of funds in PSDF.
- (3) The funds against the sanctioned schemes shall be released on the recommendations of the Monitoring Committee as per the provisions of clause (ii) of sub-regulation (2) of regulation 8:

Provided that amount to the extent of 10 % of the sanctioned cost of the scheme or Rs.10 lacs, whichever is lower, may be released, on the request of the concerned Project Entity, upfront immediately after the sanction of the scheme without waiting for the recommendations of the Monitoring Committee.
- (4) The Commission may also, subsequent to sanction of the scheme, revise the scope, sanctioned cost and/or the completion targets of any such schemes based on the proposals submitted to it by the Nodal Agency alongwith the recommendations of the Monitoring Committee:

Provided that in case of any upward revision of the cost, the Commission may also direct the Nodal Agency and the concerned

Project Entity to meet the additional cost in a manner as may be considered appropriate by it keeping in view the quantum of such additional amount and the other details.

- (5) The Commission may issue suitable directions to the concerned Project Entity, or the Nodal Agency, in case of any deficiency in the performance of any scheme during operation stage duly taking into account the half yearly progress reports submitted to it under clause (v)(b) of sub-regulation (2) of regulation 5.

8. Monitoring Committee.-

- (1) The Commission may constitute a Monitoring Committee under the Chairmanship of the Member (Technical) of the Commission with the Director (Projects), State Transmission Licensee, Director (Operation) of Distribution Licensee, Chief Accounts Officer of Distribution Licensee and any other officer (s) of the concerned Project Entity, as considered appropriate, as its members and Superintending Engineer (HPSLDC) as its Member-Secretary.
- (2) The Monitoring Committee shall discharge the following functions, namely:-
 - (i) review the progress of the implementation of the scheme(s) sanctioned by the Commission under regulation 7 based on the status to be submitted to it by the Nodal Agency;
 - (ii) make its recommendations for release of funds against the sanctioned cost in a phased manner after taking into account the plan of implementation and the progress actually achieved:

Provided that in case any amount, in excess of the limit specified in the proviso to sub-regulation (3) of regulation 7, is required to be released upfront keeping in view the specific requirements, the Monitoring Committee may give its recommendations after detailed examination;

- (iii) in case of any cost/time over run in the completion of the scheme, the Monitoring Committee may recommend the remedial measures to curb and mitigate the time/cost overrun and also for the revision of the estimated cost and completion target and/or the scope of the work based on the actual progress achieved :

Provided that in cases where revision of cost is recommended, it will also make recommendations about the funding of the additional cost based on the benefit analysis for the additional cost;

- (iv) the Monitoring Committee shall also review the progress about the functioning of each such scheme during operation stage so as to evaluate the benefits being derived as a result of the execution of any such scheme and also to recommend the steps for improving the function of the scheme in case of any shortfall;
- (v) any other functions as may be specifically assigned to it by the Commission or otherwise may require to be discharged for smooth implementation of its role under these regulations; and
- (vi) the Member Secretary of the Monitoring Committee shall duly compile and process the recommendations of the Monitoring Committee and shall expedite the submission of the self-contained proposals/status reports along with recommendations of the Monitoring Committee to the Commission by the Nodal Agency in accordance with clauses (iii), (iv) and (v) of sub-regulation 2 of regulation 5.

9. Assistance Pattern.-

For the purpose of determination of ARR in relation to any project funded from PSDF, the funds released from PSDF shall normally be considered as grant unless ordered otherwise by the Commission.

10. Execution, Operation & Maintenance of the Assets.-

- (1) The Project Entity shall be responsible for the execution as well as Operation & Maintenance of the projects during the useful life thereof.
- (2) The Project Entity shall also submit the monthly progress reports of the completion of the scheme(s), along with the reasons for delays, if any, and the remedial measures proposed to be taken to mitigate such delays as well as the revised cost, completion targets and/or scope, to the Nodal Agency on monthly basis.
- (3) The Project Entity shall also submit quarterly reports about the successful functioning of the project/scheme along with the benefits accrued from the project/scheme to the Nodal Agency so as to enable the Nodal Agency to evaluate the benefits accrued from such scheme(s) and submit the same to Monitoring Committee on a quarterly basis.

11. Miscellaneous functions:-

Preparation of Budget, Accounts other records and Annual Reports.-

The miscellaneous functions related to the preparation of the budget, accounting of receipts/disbursals from PSDF, Utilization Certificates, Audit and Annual Reports etc. shall be carried out by the State Load Dispatch Centre (SLDC) as a separate part in their accounts for the other functions discharge by it.

12. Powers to Remove Difficulties.-

If any difficulty arises in giving effect to the provisions of these Regulations, the Commission may, by a general or special order, make such provisions not consistent with these provisions of the Act, as may appear to be necessary for removing the difficulties.

13. Power to Relax.-

The Commission may, by general or special order, for reason to be recorded in writing, and after giving an opportunity of being heard to the parties likely to be affected by the grant of relaxation, may relax any of the provision of these Regulations on its own motion or an application made before it by an interested person.

14. Interpretation.-

All the issues arising in relation to the interpretation of these Regulations shall be determined by the Commission and the decision of the Commission on such issues shall be final.

15. Inherent Powers of the Commission.-

Nothing contained in these Regulations shall limit or otherwise affect the inherent powers of the Commission from adopting a procedure, which is at variance with any of the provisions of these Regulations, if the Commission, in view of the special circumstances of the matter or class of matters and for reasons to be recorded in writing, deems it necessary or expedient to depart from the procedure specified in these Regulations.

16. Power to Amend.-

The Commission, may at any time, vary, alter, modify or amend any provisions of these Regulations.

By the order of Commission

Sd/-
Secretary