

Before The Himachal Pradesh Electricity Regulatory Commission
Vidyut Aayog Bhawan, Block No. 37, SDA Complex, Kasumpti, Shimla-09

CORAM: Sh. Devendra Kumar Sharma, Chairman
Sh. Yashwant Singh Chogal, Member (Law)
Sh. Shashi Kant Joshi, Member

Date of Order: 22.01.2025

In the matter of finalization of the Himachal Pradesh Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) (First Amendment) Regulations, 2024.

ORDER

The Himachal Pradesh Electricity Regulatory Commission notified the HPERC (Deviation Settlement Mechanism and Related Matters) Regulations, 2024 on 20.05.2024, as published in the Rajpatra, Himachal Pradesh on 21st May, 2024 (hereinafter referred to as the “Principal Regulations, 2024”).

2. A reference was received in The Commission from the Himachal Pradesh State Load Despatch Centre (HPSLDC) that the overall deficit of bills on account of Deviation Settlement could not be fully recovered from the relevant Intra-State entities due to the provision of 50% capping provided in the Regulation 10 of the Principal Regulations. It has been suggested that in order to avoid deficit in Deviation Settlement Mechanism Pool Account (DSM Pool Account for Short) resulting penalties, the said capping of 50% needs to be deleted.
3. On the careful analysis of the reference, the Commission found it expedient to amend clause (ii) of sub-regulation (1) of Regulation 10 and Sub-regulation (3) of Regulation 12 of the Principal Regulations and accordingly floated the draft amendment Regulations.
4. As required under Sub-section (3) of the Section 181 of the Electricity Act, 2003, (hereinafter to be referred as the Act for short) and Rule (3) of Electricity (Procedure of Previous Publication) Rules, 2005, the Commission invited public objections and suggestions by way of insertion of public notice in two News papers i.e. “ Times of India” and “Divya Himachal” on 05.12.2024. The full text of the draft amendment Regulations was made

available on the Commission's website: www.hperc.org. The last date for filing objections/ suggestions was 30.12.2024.

5. The Commission, vide letter dated 11.12.2024, also requested the major stakeholders, including the Industries Associations, State Government, Directorate of Energy, Open Access Users Association, Small Hydro Power Producers Associations, State Load Despatch Centre and Distribution Licensee to send their objections/suggestions on the draft proposal as per the aforesaid public notice.
6. The following stakeholders filed their written submissions on the draft amendment Regulations:-
 - (i) The Himachal Pradesh Electricity Board Limited, Vidyut Bhawan, Shimla-171004 (HP)
 - (ii) The Himachal Pradesh State Load Despatch Centre State Load Dispatch Center, Totu, Shimla-171011(HP).
 - (iii) IA Hydro Energy Private Limited, D-7, Sector-I, Lane-1, New Shimla-171009(HP).
 - (vi) The Directorate of Energy, MC Parking Building, 2nd Floor, near Tutikandi crossing, Shimla-171005.
7. The Commission, vide letter dated 08.01.2025, requested the major stakeholders to attend the public hearing which was scheduled to be held on the 14th January, 2025 at 11.30 AM onwards in the Commission for which public notice was inserted in the newspapers i.e. "Times of India" and "Divya Himachal" on 08.01.2025.
8. The list of participants who attended the public hearing on 14.01.2025 is annexed as Annexure-"A".

During the public hearing, the representatives of M/s IA Hydro, Himachal Pradesh State Electricity Board (HPSEBL for short), Himachal Pradesh State Load Despatch Centre (HPSLDC for short), Directorate Of Energy and Consumer Representative Sh. K.S. Dhaulta remained present and have presented their views.

9. The Commission has carefully examined and analysed the written suggestions/objections and the view points expressed by the stakeholders during the public hearing. The analysis and views of the Commission are as under:-

10.1 Comments/suggestions on item (ii) of Sub-regulations (1) of Regulations 10:-

- (a) The HPSEBL has submitted that the provisions provided in item (ii) of Sub-regulations (1) of Regulation 10 to cover-up the shortfall in proportion on day basis may be made on weekly basis. The HPSEBL has also referred the scenario with an example in this regard wherein recovery from the State entities is in excess viz-a-viz payable to the Regional Load Dispatch Centre (RLDC for short). HPSEBL has also suggested to align the DSM Regulations of Himachal Pradesh Electricity Regulatory Commission (HPERC for short) with that of Central Electricity Regulatory Commission (CERC for short).
- (b) The IA Hydro Energy Pvt. Ltd. has submitted that the inclusion of additional charges on DSM Adjustment is an increased burden on entities like them. Because, they are being already charged/penalised for UI etc. In this regard, the stakeholders submitted that such mechanism does not find place in Regulations of Central Commission or in those of any other States like Haryana, Chhattisgarh etc.

The stakeholder referred the existing provisions of item (ii) of Sub-regulations (1) of Regulation 10 of the Principal Regulations, 2024 with a submission that while finalizing the said Principal Regulations, 2024, on the objections/suggestions of the stakeholder(s), these provisions were modified as compared to the proposed draft provisions of the Principal Regulations, 2024. From the draft amendment, it is revealed that HPSLDC is facing operational problems because of the stipulation of 50% capping provided in the Regulation. The stakeholder further submitted that it may not be out of place to mention that they had already raised the objections earlier. The additional adjustment amount is being charged, in addition to the UI Bill to the entities which, at most of the time, is on higher side and even greater than the DSM being charged to the entity. It seems that HPSLDC is getting double benefit from entities. The stakeholder also shared the UI bills wherein they have paid more additional adjustment amount against their normal DSM charges. As per

the submission of the stakeholder in some week when their net DSM is receivable despite of that they have also been paid additional adjustment amount which is not justifiable at all. The stakeholder requested the Commission to remove such provision(s) which is nothing but the additional burden in shape of additional adjustment amount, over and above the UI amount.

- (c) The Directorate of Energy has submitted that the State entities are already paying proportionately increased amount to cover-up shortfall for the day as per existing limit of 50% and on removal the said capping of 50% as proposed at item (ii) of Sub-regulation (1) of Regulation 10 of the Principal Regulations, 2024 may cause un-necessary financial burden to the State entities.
- (d) The HPSLDC has submitted that during the period commencing from week-19 of FY 2024-25 onwards, the billed amount of DSM charges bills issued by the HPSLDC to all the Intra-State entities has fallen short/deficit as compared to the bills issued by the Northern Region Power Committee (NRPC for short) in respect of HP State as a whole, even after adding adjustment amount on account of shortfall calculated as per the HPERC Regulation 10(1) of the DSM Regulations, 2024. In support to their submission, the stakeholder has also shared the detail of week-wise deficit amount. The stakeholder further requested the Commission to make the HPERC (DSM & Related Matters) (First Amendment) Regulations, 2024 applicable w.e.f. 01.07.2024 instead of proposed provision for enforcement of amendment Regulations.

Commission's View:-

The Commission is of the view that DSM Charges bill raised by NRPC on HPSLDC is required to be recovered from the state entities. HPSLDC is experiencing a shortfall in the recovery from state entities due to 50 % capping provided in Regulation 10 of the Principal Regulation, 2024. In case the 50 % capping is not removed, the DSM charges as per the Regulations 7 of the Principal Regulations shall require revision. Thus, in either case the entire amount of bill raised by NRPC is to be recovered from the state entities. Therefore, Commission do not agree to the suggestion of M/s IA Hydro Energy Pvt. Ltd and The Directorate of Energy that additional burden is being caused on the entities or HPSLDC is getting double benefit from entities. As far as

suggestion of HPSEBL that the provisions provided in item (ii) of Sub-regulations (1) of Regulation 10 to cover-up the shortfall in proportion on day basis may be made on weekly basis is concerned, the same cannot be accepted as the adjustment are to be based on the deviations for different time blocks in a day, so it is appropriate to make such adjustment on daily basis.

In view of above, the Commission decides to retain the provisions proposed in the draft amendment Regulations.

10.2 Comments/suggestions on Sub-regulations (3) of Regulation 12:-

- (a) The HPSEBL has submitted that the time period of four (4) days provided for payments to the HPSLDC in Regulation 12 should be enhanced to six (6) working days. The stakeholder further submitted that in case of delayed payment to State Deviation pool account by any State entity or NRLDC/NRPC, the State entity or NRLDC/ NRPC shall make the payment alongwith simple interest and this interest must be passed on to the receiving State entities/NRLDC/NRPC.
- (b) The HPSLDC has submitted that word "constituents" appearing in the Regulation should be deleted as payment(s) (in case of receivable DSA charges) is done by NRPC only.

The stakeholder further submitted that many times, it happens that there is huge delay from NRPC in making DSA charges payment to HP State. As per Regulation 12 of the Principal Regulation, 2024, if DSA charges are paid to buyer(s)/seller(s), it may lead to the reduction in balance available in State Deviation Pool Account which may further lead to delay in making DSA charges payments of next week DSA. Hence, it is not possible to pay the payment for Deviation or interest within eight (8) days from the date of issuance of the DSA charges. So, the provision provided in item (i) of proviso to Sub-regulation (3) of Regulation 12 may be deleted.

Commission's View:-

- (i) As per Regulation 9 of Central Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2024 Regional entity is required to pay the due amounts within ten (10) days of the issue of statement of charges for deviation by the regional power committee, the Commission, therefore, find merit in the suggestion made

by the HPSEBL and decides to provide six (6) days for payment to the HPSLDC. The Regulations shall be modified to such extent.

(ii) As far as the suggestion of the HPSLDC to delete the word "constituents" is concerned, the Commission agrees for such deletion and the Regulation shall be modified to that extent.

(iii) Further, the suggestion of the HPSLDC to delete the provision provided in item (i) of proviso to Sub-regulation (3) of Regulation 12 is concerned, commission declines to accept the same as if sometimes, there is delay from NRPC in making Deviation Settlement Account (DSA for short) charges payment to HP State, sufficient provisions exist in Principle Regulations to handle the situations.

10.3 Miscellaneous Suggestions:-

(i) The HPSEBL has submitted that the adjustment in DSA bill raised by HPSLDC is due to difference in CERC & HPERC DSM Regulations. If the DSM Regulation issued by the HPERC is in line with DSM Regulations issued by the CERC, then there may be less or no adjustment amount.

(ii) The Directorate of Energy has submitted that these Regulations may be aligned with CERC methodology to achieve consistency and uniformity in Deviation Settlement Account (DSA) calculations.

(iii) The consumers representative has also suggested to align the regulations with the CERC (Deviation Settlement Mechanism and Related Matters) Regulations, 2024

(iv) The HPSLDC has submitted that the since issuing DSM charges bill to intra State entities is a time bound process, this office had issued the DSM charges bills by incorporating minor changes in calculations of adjustment amount on account of shortfall i.e. by removing the capping of 50% of the charges as per Regulation 7 of the Principal Regulations, 2024 on the adjustment amount in respect of all the intra-State entities, so that the deficit amount of Rs. 270.74 lakhs (as on 10.12.2024) may be recovered.

The stakeholder has also submitted that the matter of shortfall/deficit in the DSM bills issued by the HPSLDC and adjustment thereof is not strictly

as per the Regulation 10(1) of the HPERC (DSM & Related Matters) Regulations, 2024. It has requested the Commission to accord the Ex- Post facto approval towards action taken by the HPSLDC vide various correspondence and further requested to approve their action under Regulation 17 i.e. 'Power to remove difficulties' of the Principal Regulations, 2024.

Commission's View:-

In so far as the Miscellaneous Suggestions at 10.3(i to iii) are concerned in order to minimize the difference in recovery/payment on account of DSM, the Commission decides to revisit the rates of DSM charges duly keeping in view the provision of the CERC (Deviation Settlement Mechanism and Related Matters) Regulations, 2024 in due course of time.

As far as the suggestion at 10.3 (iv) are concerned the amended Regulations shall come into force from the date of publication in the Rajpatra, Himachal Pradesh. The suggestion to invoke the provision of 'Power to remove difficulties' provided in the Principal Regulations, 2024 is concerned, the matter may be examined separately after receipt of further inputs from the HPSLDC, if required.

The Commission, after concluding its views on the objections and suggestions received on the draft amendment Regulations, decides to finalize and notify the Himachal Pradesh Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters)(First Amendment) Regulations, 2025 after making changes as concluded in this order.

Sd/-

(Shashi Kant Joshi)

Member

Sd/-

(Yashwant Singh Chogal)

Member (Law)

Sd/-

(Devendra Kumar Sharma)

(Chairman)

Annexure-A**List of participants in the public hearing held on 14th January, 2025.**

Sr. No.	Participants
1	Er. Mandeep Singh, Chief Engineer (SO) HPSEBL
2	Er. ArvindDhiman, Sr. XEN, HPSEBL
3	Er. Rakesh C. Negi, SE, HPSLDC
4	Er. Abhimanyu, AE, HPSLDC
5.	Er. Kuldeep Kumar, Sr. XEN, DoE
6	Er. AbhayPathania , Energy Consultant, DoE
7	Shri. K.S. Dhaulta, Consumer Representative
8	Shri. Ravi Gupta, Sr. Manager, IAHydro Energy Pvt. Ltd.
9	Shri. Rakesh Kumar, Officer HR, IA Hydro Energy Pvt. Ltd.