

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: 20.05.2024

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

ORDER

Whereas, the Himachal Pradesh Electricity Regulatory Commission notified the HPERC (Deviation Settlement Mechanism and Related Matters) Regulations, 2018 on 16th October, 2018, published in the Rajpatra, Himachal Pradesh on 26th October, 2018, and also notified the 1st and 2nd amendments thereof on 29th June, 2019 and 8th September, 2021 as published in Rajpatra, Himachal Pradesh on 3rd July, 2019 and 10th September, 2021 respectively. The said Regulations, alongwith the aforesaid amendment Regulations have hereinafter been jointly referred to as 'HPERC DSM Regulations, 2018';

And whereas, the Central Electricity Regulatory Commission (CERC for short) notified the DSM Regulations i.e. CERC (Deviation Settlement Mechanism and Related Matters) Regulations, 2022 on 14th March, 2022 (hereinafter to be referred as CERC DSM Regulations, 2022) after repealing its earlier DSM Regulations i.e. CERC (Deviation Settlement Mechanism and Related Matters) Regulations, 2014. Several changes relating to deviation settlement and related matters have been made by the CERC in the CERC DSM Regulations, 2022, the implementation of which commenced from 00 hours of 05.12.2022.

And whereas, the Commission, in order to align its DSM Regulations, 2018 with the CERC Regulations, 2022, had proposed to replace the HPERC DSM Regulations, 2018 with new Regulations by repealing the HPERC DSM Regulations, 2018 and issued the draft HPERC (Deviation Settlement Mechanism and Related Matters) Regulations, 2023 on 9th January, 2023, as published in the Rajpatra, Himachal Pradesh on 12th January, 2023 and invited objections and suggestions from all the stakeholders on said draft Regulations.

And whereas, the CERC carried out further amendments in the CERC DSM Regulations, 2022, vide Order dated 26.12.2022 in Petition No. 16 of 2022 revising the provisions of Clause (1) and (2) of Regulation 8 of the CERC DSM Regulations, 2022.

And whereas, the Commission in order to align the HPERC DSM Settlement Regulations, 2018 with the amendments carried out by the CERC in its Regulations vide Order dated 26.12.2022, published revised Draft HPERC (Deviation Settlement Mechanism and Related Matters) Regulations, 2024 which was published in the Rajpatra Himachal Pradesh on 08.02.2024.

And whereas, as required under Sub-section (3) of the Section 181 of the Electricity Act, 2003, (hereinafter to be referred as the Act for short) the Commission invited public objections and suggestions by way of insertion of public notice in two News papers i.e. “Hindustan Times” and “Amar Ujala” on 14.02.2024 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. The last date for filing objections/ suggestions was 11.03.2024.

2. The Commission, vide letter dated 17.02.2024, 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 as per the aforesaid public notice.
3. The following stakeholders have filed their written submissions on the draft Regulations:-
 - (i) The State Load Despatch Centre (HPSLDC) SLDC Complex, State Load Dispatch Center, Totu, Shimla-171011(HP).
 - (ii) The Himachal Pradesh State Electricity Board Limited, Vidyut Bhawan, Shimla-171004 (HP)
 - (iii) The Himachal Pradesh Power Corporation Ltd., Himfed Building, BCS, New Shimla-171009 (HP).
 - (iv) IA Hydro Energy Private Limited, D-7, Sector-I, Lane-1, New Shimla-171009(HP).
4. The public hearing in the subject matter was scheduled to be held on the 3rd April, 2024 at 11.30 AM onwards in the HPERC for which public notice was inserted in two newspapers i.e. “Hindustan Times” and “Amar Ujala” on 16.03.2024. Due to administrative reasons, the public hearing in the subject matter was re-scheduled for 08.04.2024 at 11.30 AM onwards in the HPERC as per the public notice inserted in two newspapers i.e. “Hindustan Times” and “Amar Ujala” on 02.04.2024.
5. The list of participants who attended the public hearing on 08.04.2024 is annexed as Annexure-“A”.

6. Objections and issues raised during the public hearing.-

During the public hearing, the stakeholders and their representatives presented their views. The issues and concerns voiced by them are briefly given as under:-

- 6.1 The representative of HPSEBL stated that the written submissions made by the HPSEBL may be considered and a new row may be inserted in Regulation 7 in order to cover Discom buyer (with schedule upto 400 MW) as an exclusive category. He also, suggested that the SLDC should share the data of interface/special meters required for computation of actual injection/drawl with multiplying factor etc. on their website.
- 6.2 The representative of SLDC requested that the written submissions made by the SLDC on the draft Regulations may be considered. As regards the sharing of interface meters data with the State Entity(ies), it is stated that the same can be done once the mechanism of online communication of such data for the requisite time period (each time block) is provided to the SLDC by the concerned entities as per the provisions of CEA Regulations/Codes/Guidelines etc. The SLDC has also sought extra time of about one month for enforcement of the amended Regulations after its publication in the Rajpatra, for effective implementation of the provisions of these Regulations.
- 6.3 The representative of IA Hydro Energy Pvt. Ltd. stated that the grace period for payment of weekly bills may be considered as seven (7) days instead of four (4) days as considered in the draft Regulations. He also mentioned that the SLDC should not charge any additional amount to adjust the shortfall, for any day, in the recovery from State Entity(ies) viz-a-viz the amount payable by it for that day. In some cases (in a particular time block(s), these charges are exorbitantly high.
- 6.4 The representative of the HPPTCL (STU) submitted in the hearing that the written submissions made by them on the draft Regulations may be considered while finalizing these Regulations.

7. Consideration of written submissions and viewpoints expressed in the public hearing by the stakeholder(s) and Commission's analysis/view.-

After having gone through all the written submissions and the viewpoints expressed by the various stakeholders in the public hearing, we now proceed to analyze the various suggestions which are considered to be relevant for the finalization of the amendment Regulations.

7.1 Sub-regulation (1) of Regulation 2 i.e. Definitions and Interpretation: -

(a) Sub-regulation (1)(e) of Regulation 2- Comments of SLDC:-

The SLDC has suggested that in the definition of the term "Ancillary Service", the words "Ancillary Service Operations" may be replaced with the words,

“Ancillary Service”.

Commission’s View:-

The Commission accepts the same.

(b) **Sub-regulation (l)(1) of Regulation 2-**

Comments of SLDC:-

The SLDC has suggested that the term “Day Ahead Market (DAM)” need not be defined. The HPSEBL has also commented that the definition being irrelevant, can be deleted.

Commission’s View:-

The term 'Day Ahead Market (DAM)' finds mention in the Regulation 7 of the draft Regulations. As such, it will be appropriate to retain the definition.

(c) **Sub-regulation (x)(1) of Regulation 2-**

Comments of SLDC:-

The SLDC has suggested that the definition of the term “Reference Charge Rate” being irrelevant may be deleted.

Commission’s View:-

The term find reference in Regulation 7 of the draft Regulations. As such, the Commission decides to retain the same.

(d) **Sub-regulation (zm) of Regulation 2-**

Comments of SLDC and HPSEBL:-

The SLDC and the HPSEBL have suggested that the definition of the term 'Weighted Average Area Clearing Price' being irrelevant may be deleted.

Commission’s View:-

This term find reference in Regulation 7 of the draft Regulations. As such, the Commission decides to retain the same.

7.2 **Regulation 3 i.e. Objective: -**

Comments of SLDC:-

The SLDC has suggested that the reference to the CERC (Indian Electricity Grid Code) Regulations, 2008 made in Sub-regulation (3) of draft Regulations may be substituted with the sign, brackets and words “Central Electricity Regulatory Commission (Indian Electricity Grid Code) Regulations, 2023 and re-enactment thereof.”

Commission’s View:-

The Commission is in the agreement with the suggestion and intend to modify the said Regulation 3 as follows, namely.-

“3. **Objective.-** The objective of these Regulations is to maintain grid discipline and grid security, as envisaged under the Central Electricity

Regulatory Commission (Indian Electricity Grid Code) Regulations, 2023 and State Grid Code as amended/replaced from time to time, through the commercial mechanism for settlement of the Deviation, made by the users of the grid, between the draws/ injections viz-a-viz corresponding schedules.”

7.3 **Regulation 4 i.e. Scope:-**

Comments of HPSEBL:-

HPSEBL has suggested that for better clarity, the clause may be amended as under:-

“4. **Scope.**-These Regulations shall be applicable to the buyers and the sellers i.e. the State Distribution Licensee (s), State Sector Generating Stations, GoHP and Open Access Customers connected to the State Grid:”

Commission’s View:-

The Commission feels that the applicability of these Regulations to the Directorate of Energy, Government of Himachal Pradesh, which is selling power directly or through open access arrangement, is implied. However, in order to provide more clarity, the Commission decides to include the Directorate of Energy, Government of Himachal Pradesh in Regulation 4 as suggested.

The para containing explanation to the said Regulation shall, however, be retained without any changes.

7.4 **Regulation 5 i.e. Principles for operationalizing Deviation Settlement Mechanism. -**

(a) Sub-regulation (C) of Regulation 5 i.e. Consolidated scheduling of all the State Entities at the State periphery:-

(i) Comments of SLDC:-

The SLDC has suggested that the words, “except for inevitable minor adjustments, as may be carried out by the SLDC, with the total schedule of drawl or injection for the State and such matching is not carried out simply by apportioning the residual quantum to a single State Entity” should be replaced with the words, “except for inevitable minor adjustments as may be carried out by the SLDC, with the total schedule of drawl or injection for the State as per the DSM Bill(s) raised by NRPC/NRLDC.”

Commission’s View:-

The Commission accepts the suggestion made by the SLDC and decides to modify the 4th proviso of Sub-regulation (C) of Regulation 5 as under:

“Provided further that the SLDC shall ensure that the sum total of the schedule/actual drawl or injection, as the case may be, for each time block matches with the corresponding total quantum for the State as a whole, as per

the DSM bills raised by the NRPC/NRLDC, except for inevitable minor adjustments as may be carried out by the SLDC.”

(ii) **Comments of HPPTCL (STU):-**

HPPTCL has submitted that in the first proviso to Sub-regulation (C) of Regulation 5, the words, “the transmission losses of the STU shall not be loaded to their respective injection/drawl schedules for projecting the same to the State periphery” should be reviewed in the present scenario as it may not be appropriate to consider the scenario of generating station directly connected to the distribution system of the Distribution Licensee to the retail consumers of Distribution Licensee procuring power from such generating stations through Intra-State Open Access without involving STU system. In this connection a reference has also been invited by the HPPTCL to Sub-regulation (J) of Regulation 5 of Draft Regulations regarding maintenance of the intra-State transmission losses and it has been submitted that the provision regarding maintenance of losses is a welcome step and it has been contended that this provision also support their contention about loading of losses in all scenario.

Commission’s View:-

Even though the power flow takes place through displacement, the losses of STU cannot be loaded on the Intra-State transaction i.e. where the generating station as well as the consumers both are connected directly to the distribution system of the Discom. The obligation of SLDC under Sub-regulations (J) of Regulation 5 of Draft Regulations does not in any way support the contention of HPPTCL to load STU losses in case of intra-State transactions. The losses shall have to be applied on the percentage basis. The Commission, **therefore**, declines to make changes in the relevant provisions.

(b) **Sub-regulation (H) of Regulation 5 i.e. Adherence to Schedule and Deviation. -**

(i) **In clause (iii)**

Comments of SLDC:-

The SLDC has suggested that the words, “such action” should be replaced with the words, “corrective action”.

Commission’s View:-

The Commission is in agreement with the suggestion and decides to substitute the words, “such action” with the words, “corrective action”.

(ii) **In Clause (v)**

Comments of SLDC:-

The SLDC has suggested that the following provision should be added after clause(v):

“Provided that repeated violation of schedule by any of the State Entity(ies) shall be reported to the Commission to initiate the strict action against that State Entity (ies) as deemed fit.”

Commission’s View:-

The Commission observes that a suitable provision to avoid gaming already exists in the Regulation 6. However, the commission feels that normally such matters should be dealt by SLDC at its own level. The Commission shall be inclined to consider inclusion of suitable additional provisions enabling SLDC to deal with such matters more effectively. The SLDC may examine the matter in a greater detail and submit suitable proposal. In this connection, the attention of SLDC may be drawn to the Sub-regulation (7) of Regulation 12 of the draft Regulations which relates to recovery of outstanding dues accumulated due to prolonged non-payment by any State Entity(ies).

**(c) Sub-regulation (J) of Regulation 5 i.e. Premise for allocation of losses: -
Comments of SLDC:-**

The SLDC has suggested for the insertion of the following additional proviso under Sub-regulation (J) of Regulation 5:-

“Provided further that State Transmission Utility (STU)/ Transmission Licensee shall submit the meter data of HP Periphery and STU Periphery as required by the SLDC.”

Commission’s View:-

The Commission agrees to this suggestion of SLDC and decides to include a general provision as mentioned in subsequent para 7.4 (d) (i).

(d) Sub-regulation (N) (i) of Regulation 5 i.e. Transfer/Downloading/ recording of Meters data and communication to the SLDC: -

(i) Comments of SLDC :-

The SLDC has suggested insertion of a new proviso to the effect that ALDC shall be the Nodal Agency to ensure timely submission of the meter data as required by the SLDC for all intra-State boundary points in respect of distribution Licensee (DISCOM).

Commission’s View:-

The Commission agrees in principle that all the State Entities must ensure timely submission of meter data of the metering points, falling under their preview, as required by the SLDC. As such, the Commission decides to include a general proviso on the following lines:

“Provided that each State Entity shall designate one of its officers as Nodal officer who shall be responsible for ensuring timely submission of the meter data in respect of the metering points, falling under the preview of that State Entity, as required by the SLDC:”

(ii) **Comments of HPSEBL**

The HPSEBL has suggested inclusion of the provision to the effect that SLDC shall maintain and provide list of all the interface/special energy meters required for the computation of actual injection/drawl with details such as multiplying factor etc at its website.

Commission's View:-

The SLDC has stated that suggestion given by HPSEBL is not acceptable to it especially when it is not supported by the Central Electricity Authority (Installation and Operation of Meters) Regulations, 2006. The Commission feels that since the suggestion relates to the maintenance of the list of the interface meter and does not cast any obligation for ownership of the meter by the SLDC, the aforesaid CEA Regulations are not violated. The Commission, therefore accepts the suggestion made by HPSEBL and decides to include such a provision in the Regulation.

(iii) **Comments of the HPSEBL:-**

HPSEBL has suggested inclusion of the provision to the effect that the SLDC shall publish processed meter data on weekly basis on its website in public domain.

Commission's View:-

The Commission agrees to the suggestion made by HPSEBL to the extent that SLDC shall supply the processed meter data to the State Entities as and when required by them and has made suitable provision in this regard in Regulation.

7.5 **Regulation 7 i.e. Charges for Deviation. -**

(a) **Sub-Regulation (1) of Regulation 7-**

(i) **Comments of SLDC:-**

The SLDC has suggested the realignment of the proposed draft Regulation in within the provisions relating to the Grid frequency band.

Commission's View:-

The Commission agrees to **the suggestion of the SLDC, to re-align** the said provisions to provide more clarity.

(b) **Sub-regulation (2) of Regulation 7:-**

Comments of HPSEBL:-

The HPSEBL has submitted as under:-

7. Charges for Deviation.-(2) *The term RE rich state alongwith relevant row can be removed being irrelevant for intra state regulations.*

Commission's View:-

The Commission agrees that at present, the Himachal Pradesh is not a RE rich State within the meaning assigned to this term under the CERC Regulations, 2022. However, the Commission finds it appropriate to retain the enabling

provisions of draft Regulations which shall come into force as and when the Himachal Pradesh State meets the condition of CERC Regulations in this regard.

(c) Sub-regulation (2) of Regulation 7:-

Comments of HPSEBL:-

HPSEBL has suggested that a new row may be inserted for Discom buyer (with schedule upto 400 MW) as under:-

Deviation by way of under drawal-

Zero:

Provided that such buyer shall be paid back for under drawal @ 90% of normal rate of charges for deviation up to 40 MW.

Deviation by way of over drawal

(i) @ normal rate of charges for deviation up to 40 MW; and

(ii) @120% of normal rate of charges for deviation beyond 40 MW.

Commission's View:-

The draft Regulations contain general provisions for the Buyer Entity (ies) and shall apply to the Distribution Licensee also. The cut off limit has been proposed in the draft Regulations separately for each buyer. The Commission feels that the draft Regulations adequately take into account the concern of Discom and no additional purpose may be served by inserting a new row as suggested by the HPSEBL. The Commission decides to retain the provision of the draft Regulations in this regard.

(d) Sub-regulation (3) of Regulation 7-

Comments of SLDC:-

The SLDC has suggested addition of the following provisions:-

“(i) The seller other than a generating station based on municipal solid waste shall pay for deviation by way over-injection @ 200% of normal rate when [f \geq 50.10].

(ii) The buyer shall pay for deviation by way of under-drawal @ 200% of normal rate when when [f \geq 50.10].”

Commission's View:-

The Commission finds that the suggestions made by the SLDC are too harsh and also not in line with the CERC DSM Regulations, 2022. As such, the Commission declines to accept the same.

(e) Sub-regulation (4) of Regulation 7-

(i) Comments of SLDC:-

The SLDC has suggested that sub-clause (b) may be modified as follows:

“(b) in cases not covered under the Clause (a) of Sub-regulation 4 of Regulation 7, the charges for deviation for injection of infirm power shall be zero.”

(ii) Comments of HPSEBL:-

The HPSEBL has also suggested that the Clause (b) of Sub-regulation (4) of Regulation 7 should be modified as under:-

“(b) in cases not covered under the Clause (a) of Sub-regulation (4) of Regulation 7, the charges for injection of infirm power injected into the grid by a generating unit or a generating station during the testing, prior to Commercial Operation Date (COD) of the unit, shall be zero; and”

Commission’s View:-

The Commission declines to accept the suggestions that in the cases not covered under Clause (a) of Sub-regulation (4) of Regulation 7, no payment should be made for the infirm power injected into the Grid. However, in order to further rationalise the provision, the Commission decides to amend Clause (b) of Sub-regulation (4) of Regulation 7 as follows, namely.-

“ (b) in cases not covered under the Clause (a) above, the infirm power injected into the grid by a generating unit or a generating station during the testing, prior to Commercial Operation Date (COD) of the unit, shall be paid, at the rate of Rs. 1.78/kWh, or at any other such rates as may be fixed by order, by the Commission from time to time, of the energy sent out in case of hydro/wind/solar/ Municipal Solid Waste generation. This shall be subject to further condition that such rate shall be payable for a period not exceeding 6 months or any other period fixed, by order, by the Commission for the purpose; ” and

7.6 Accounting of Charges for Deviation and Billing. -

(a) Clause (ii) of Sub-regulation (1) of Regulation 10:-

(i) Comments of HPSEBL:-

The HPSEBL has suggested that the adjustment to cover the shortfall should be carried out on weekly basis by taking into account the weekly charges and the weekly bill received from NRPC to avoid situations under which there may be a shortfall for a day but there may be surpluses for the week as a whole.

(iii) Comments of IA Hydro Energy Pvt. Ltd.:-

The IA Hydro Energy has suggested that provision for such adjustment should be deleted altogether and this is an additional burden for the State entities and SLDC may get double benefit in some cases. It was also mentioned by them in the public hearing that in some cases they had to pay such charges at exorbitant rate of about Rs. 19.00 per kWh.

(iii) **Comments of SLDC:-**

The SLDC has suggested that the adjustment should be continued to be made on daily basis and the matter can be re-visited after the implementation of the new Regulations.

Commission's View:-

The Commission feels that the provision for such adjustment on daily basis should be retained so as to take care of the shortfalls, if any, between the amount billed on SLDC and the same billed by the SLDC further to the State Entity(ies). However, taking into account the views of the stakeholders on the subject, the Commission decides to modify Clause(ii) of the Sub-regulation (1) of Regulation 10 of the draft Regulations as follows:-

“(ii) in case, for any day, the amount of deviation charges payable by various State Entity(ies) under Regulation 7 falls short of the total amount payable by SLDC for that day for the State as a whole as per the weekly bill(s) raised by NRLDC/NRPC, the amount payable for that day by the concerned State Entity(ies) shall be increased proportionately to cover-up such shortfall for that day:

Provided that the amount of such increase for a day shall not, for any State Entity(ies), exceed the following limit, as applicable-

- (a) in case the amount billed on SLDC for the relevant week exceeds the amount to be billed on the State Entities as per Regulations 7 of these Regulations for that week 50% of the charges as per Regulation 7;
- (b) In case the amount billed on SLDC for the relevant week is equal to or less than the amount to be billed on the State Entities as per Regulations 7 of these Regulations for that week; 10% of the charges as per Regulation 7;

Explanation.—

- The proportionate increase on these lines shall be carried out on daily basis only *i.e.* separately for each day and separately for the charges under each of the said Regulation, even though the bills are otherwise to be raised on weekly basis.
- The adjustment shall be made based on the total amount payable for a day by each State Entity(ies) under Regulation 7 of these Regulations and shall, for the purpose of such adjustment, not be netted out with the amount receivable by that State Entity(ies) for that day.”

(b) **Sub-regulation (5) of Regulation 10:-**

Comments of HPSEBL:-

The HPSEBL has suggested that the words and sign “Distribution Licensee/” should be omitted.

Commission's View:-

The Sub-regulation (5) of Regulation 10 contains an enabling provision for payment of the bills for the congestion charges if raised on the Distribution Licensee for the State as a whole. The Commission, in order to provide for the flexibility, decides to retain the provision of draft Regulations.

(c) **Sub-regulation (6) of Regulation 10:-**

Comments of HPSEBL:-

The HPSEBL has suggested that for the words and sign "NRLDC/NRPC generating stations", the words and sign "respective generating stations/companies" should be substituted.

Commission's View:-

The Commission agrees to the HPSEBL's suggestion and appropriate changes have been made in the Regulation.

7.7 **Clause (v) of Regulation 11 i.e. Special provisions for Open Access Customers who are also retail Consumers of the Distribution Licensee.-**

Comments of HPSEBL:-

The HPSEBL has suggested that for the words and sign "payable/receivable" wherever appearing in Clause (v) of the Regulation 11 should be replaced by the words "receivable" and consequently for the words and sign "to/from", the word "from" should be substituted.

Commission's View:-

The Commission feels that even though in the 'normal situations' the amount shall be receivable by the consumer, yet there could be some exceptional cases in which the some amount may be payable by the consumers as a result of reconciliation errors etc. As such, the Commission decides to retain the provision of the draft Regulations.

7.8 **Regulation 12 i.e. Schedule of Payment of Charges for Deviation.-**

(a) Sub-regulation (2) of Regulation 12:-

(i) Comments of HPSEBL:-

The HPSEBL has suggested that:-

- i) for raising weekly bills, after receipt of weekly bills, the SLDC should be allowed a period of one day instead of 2 days as proposed in the draft Regulations;
- ii) for making payment of SLDC bills, the State Entities should be allowed a grace period of 6 days instead of 4 days proposed in the draft Regulations and consequently the interest for late payment should also be charged beyond 6 days only; and
- iii) the provision for charging high rate of interest (0.08%) per day in case of non-payment of a bill within 15 days should be omitted.

(ii) **Comments of SLDC:-**

The SLDC has not agreed to any of these suggestions made by the HPSEBL. It has suggested that even though the bills are prepared through software, it is not feasible to raise bills within one day after receipt of bills from NRLDC, as in some cases some reconciliation is also required. It has also been stated that the grace period cannot be increased as the payments are required to be made in time bound manner. As regards the higher rate of interest, the SLDC has suggested that the same should be applicable for the non-payment beyond 7 days (instead of 15 days proposed in the draft Regulations).

(iii) **Comments of IA Hydro Energy Pvt. Ltd.:-**

The IA Hydro Energy Pvt. Ltd. has submitted that four (4) Days time period for payment provided in the Regulations is very less for checking/ analysing the bills and that if any correction is required, it will not be possible to get the same sorted out in such a short period. The stakeholder has made submission that minimum time of seven (7) days be allowed so that the bills can be checked/analysed.

Commission's View:-

The Commission, after going through the suggestion of the various Stakeholders, finds that the provisions made in the draft Regulations are quite balanced and decides to retain the same in the Regulations without any changes.

(b) **Sub-regulation (2) of Regulation 12:-**

Comments of HPSEBL:-

The HPSEBL has suggested that the interest receipt received from the defaulting State Entity(ies) must be passed on to the receiving State Entities/ NRLDC/NRPC.

Commission's View:-

The suggestion of the HPSEBL that the interest received by the SLDC should be passed on by it does not merit consideration keeping in view the fact that in case of default in payment by any State Entity(ies), the SLDC may have to incur extra cost for ensuring timely payment to the NRLDC.

(c) **Sub-regulation (5) of Regulation 12:-**

Comments of SLDC:-

The SLDC has suggested that in Sub-Regulation (5) of Regulation 12, the words 'in these regulations' may be replaced with the words 'in sub-regulation (1) of this Regulation'.

Commission's View:-

The Commission accepts the suggestions and decides to replace the word 'in these Regulations' with the words 'in Sub-regulation(1) of this Regulation'.

(d) **Sub-regulation (6) of Regulation 12 :-**

Comments of HPSEBL:-

The HPSEBL has suggested that the SLDC should be entitled to encash the LC in case the payment is not received within 6 days from the date of issue of statement of charges.

Commission's View:-

Since the grace period has been kept as four (4) days as per item (a) of para 7.8 of this order, so, the suggestion made by the HPSEBL does not merit consideration.

(e) **Sub-regulation (7) of Regulation 12:-**

Comments of SLDC:-

The SLDC has suggested that the enabling provisions for curtailment of schedule should come into force in case there is a default in payment by more than 14 days instead of 30 days proposed in the draft Regulations. Moreover, it has been suggested that the notice period should be reduced to 3 days instead the corresponding limit of 30 days proposed in the draft Regulations.

Commission's View:-

The Commission feels that such curtailment of schedule is an aggressive step and it may not be appropriate to reduce the time limits as suggested by the SLDC. The Commission decides to retain the provisions of draft Regulations in the Regulation without any change.

7.9 Regulation 13 i.e. Application of fund collected through Deviation: -

(i) **Comments of SLDC:-**

In relation to PDSF, the SLDC has suggested that:-

- i) the transfer of surplus amount to PSDF should be allowed to be made on yearly basis instead of a half yearly basis proposed in the draft Regulations;
- ii) SLDC should be allowed to retain the estimated shortfall for the succeeding year instead of the succeeding quarter proposed in the draft regulations in order to meet the shortfall;
- iii) SLDC should be allowed to transfer the amount from PSDF without prior approval of the Commission with a provision that in such case it shall seek ex-post approval/directions from the Commission within 7 days from the date of such transfer; and
- iv) half yearly returns should be required to be submitted by 30th September and 31st March of each financial year instead of the timelines proposed in the draft Regulations.

(ii) **Comments of HPSEBL:-**

The HPSEBL has suggested that in the 4th proviso to Regulation 13 of the draft Regulations, for the words ‘SLDC and NRPC’, the words and brackets ‘SLDC and NRPC (calculated on daily basis)’ should be substituted.

Commission’s View:-

The Commission does not find it appropriate to relax the provisions related to the transfer of surplus amount to PSDF on yearly basis. However, it decides to allow retention of the estimated of shortfall for the succeeding half year instead of the succeeding quarter proposed in the draft Regulations. As regards the returns, the Commission decides to mandate submission of such return for each quarter by the end of month following each quarter i.e. by 31st July, 31st October, 31st December and 30th April for the respective quarters.

In so far as the suggestion of the HPSEBL is concerned the proviso contains a general provision for half yearly review about the need for revision of rates. As such, the status for the half yearly period as a whole shall have to be considered. The Commission accordingly declines to accept the suggestion made by the stakeholder i.e. HPSEBL.

7.10 **Miscellaneous:-**

(i) Sustained Deviation:-

The IA Hydro Energy Pvt. Ltd. has submitted that even though Regulation 9A of the HPERC DSM Regulation, 2019 (1st Amendment) provides for the additional charge for sustained deviation from schedule, no such provision has been proposed in the draft Regulations. The Commission has been requested to clarify whether the same provision is applicable or not.

Commission’s View:-

The CERC Regulations do not provide for such additional charges. As such, no provision in this regard has been made in the draft Regulations.

(ii) Enforcement of Regulations:-

The SLDC during the public hearing mentioned that it shall require extra time, for enforcement of these Regulations after its publication in the Rajpatra, for effective implementation of the provisions of these Regulations.

Commission’s View:-

The Commission agrees to the submission made by the SLDC and hence decides that these Regulations shall come into force with effect from 00:00 hours of 01.07.2024 (Monday).

In view of the above, the Commission, after taking into consideration the objections and suggestions received on the draft Regulations and the deliberation in the public hearing conducted thereon, decides to finalise the Himachal Pradesh Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2024 by incorporating the changes on the above lines. The Regulations be issued accordingly. The file may be returned in the Technical Section for record.

Announced on: 20.05.2024

Sd/- (Shashi Kant Joshi) Member	Sd/- (Yashwant Singh Chogal) Member (Law)	Sd/- (Devendra Kumar Sharma) (Chairman)
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Annexure-“A”

Sr. No.	Participants
1	Er. Rakesh. C .Negi, SE, SLDC
2	Er. Sunandan Kumar, Sr. XEN, SLDC
3	Er. Abhimanyu, AE, SLDC
4	Er. Gagan, SE (PR&ALDC), HPSEBL
5	Er. J.S Upadhay, Sr. XEN (SERC), HPSEBL
6	Er. Arvind Dhiman, Sr. XEN, HPSEBL
7	Er. Rakesh Chahan , AEE, HPSEBL
8	Sh. Rakesh Kumar, Officer HR, IAHEPL