

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**

Decided on : 22 .02.2023

In the Matter of:

Finalisation of the Himachal Pradesh Electricity Regulatory Commission (Renewable Power Purchase Obligation and its Compliance) Regulations, 2023.

ORDER

The Himachal Pradesh Electricity Regulatory Commission (hereinafter referred as “the Commission”) notified the Himachal Pradesh Electricity Regulatory Commission (Renewable Power Purchase Obligation and its Compliance) Regulations, 2010, which were published in the Rajpatra, Himachal Pradesh, dated 29th May, 2010 and subsequently amended from time to time.

2. The Central Commission has notified CERC (Terms and Conditions for Renewable Energy Certificates for Renewable Energy Generation) Regulations, 2022 (CERC REC Regulations, 2022) repealing the CERC REC Regulations, 2010 on 09.05.2022.
3. The Ministry of Power, Government of India in accordance with the provision of Para 6.4 (i) of Tariff Policy, 2016 has notified the RPPO Trajectory beyond FY 2021-22 till FY 2029-30 dated 22.07.22.
4. The Commission, after re-visiting the Himachal Pradesh Electricity Regulatory Commission (Renewable Power Purchase Obligation and its Compliance) Regulations, 2010, as necessitated in view of the CERC REC Regulations, 2022 and RPPO Trajectory beyond FY 2021-22 as notified by the Ministry of Power, Government of India, finds it appropriate to frame new RPO Compliance Regulations.
5. The Commission, in exercise of the powers conferred under Sub-section (1) of Section 181 of the Electricity Act, 2003 (36 of 2003), has notified the draft Regulations i.e. draft HPERC (Renewable Power Purchase Obligation and its Compliance) Regulations, 2022 on 23rd November, 2022 and published in the Rajpatra, Himachal Pradesh on 25th November, 2022.
6. As required under Sub-section (3) of the Section 181 of the Electricity Act, 2003 and Rule (3) of Electricity (Procedure of Previous Publication) Rules, 2005, the Commission invited objections and suggestions from the stakeholders by way of insertions in two News papers i.e. “The Tribune” and “Divya Himachal” on 29.11.2022. The full text of the draft Regulations was also made available on the Commission’s website: www.hperc.org. The last date for submission of suggestions/objections was fixed as 27th December

2022. The public hearing in the matter was scheduled for 05.01.2023 which was further rescheduled for 07.01.2023 and the public notice in this regard was published in the two News papers i.e. “Times of India” and “Dainik Bhaskar” on 06.12.2022.

7. The Commission, vide letters dated 02.12.2022 and 12.12.2022, also requested the major stakeholders, including Industries Associations, State Government, Directorate of Energy, Consumer Representative, HIMURJA, State Load Dispatch Centre (SLDC), Small Hydro Power Producers Associations and Distribution Licensee to send their objections/suggestions as per the aforesaid public notice.
8. The Commission received comments/suggestions on the draft Regulations from the following stakeholders:-
 - A. Himachal Pradesh State Electricity Board, Vidyut Bhawan, Shimla-04
 - B. Indian Energy Exchange Ltd. (IEX),
 - C. Himachal Pradesh Power Corporation Limited, Himfed Building, BCS, New Shimla-171009(HP).
 - D. Directorate of Energy, Shanti Bhawan, Phase-III, Sector-VI, New Shimla-171009 (HP).
 - E. Confederation of Indian Industry (CII), Northern Region Headquarter, Sector 31-A, Chandigarh- 160030.
 - F. Baddi Barotiwala Nalagarh Industries Association, (BBNIA), EPIP-Jharmajri Road, EPIP Phase-1, Jharmajri, Baddi.
9. A public hearing in the matter, as rescheduled, was held on 07.01.2023 and the following stakeholders participated in the said public hearing:-
 1. Er. Mandeep Singh, Chief Engineer (Comm.), HPSEBL
 2. Er. Virender Shah, Superintending Engineer, HPSEBL
 3. Sh. Sandeep, Ambuja Cement Ltd., Darlaghat
 4. Sh. Manish Sharma, WHRS Unit, Ambuja Cement Ltd., Darlaghat
 5. Er. Dharmendra Kumar, HPSLDC, Shimla
 6. Er. Ramesh Ratan, Project Officer, HIMURJA, Shimla.

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

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

- 10.1 The representative of HPSEBL, the Chief Engineer (Comm.) reiterated the already filed written submissions on the draft Regulations i.e. HPERC (Renewable Power Purchase Obligation and its Compliance) Regulations, 2022. In view of non- fungibility in the RPO fulfillment in certain cases, he expressed his concern on the fulfillment of category/technology wise RPO.
- 10.2 The representative of Ambuja Cement Ltd. stated in the hearing that the power generated from the input of waste heat recovery may be exempted

from RPO. The Commission advised the stakeholder during the hearing that they may submit a written submission for the same. M/s Ambuja Cement Ltd. has made a written submission in this regard vide letter dated 18.01.2023.

11. 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 stakeholders in the public hearing, the Commission now proceeds to analyze the suggestions which have been considered to be relevant for the finalization of the draft Regulations and to conclude its findings on the same, as per discussion in following paragraphs:-

11.1 Applicability of RPO to the Stand-by-Power i.e. DG Sets:-

Confederation of Indian Industry (CII), Northern Region (Himachal Pradesh), Chandigarh and Baddi Barotiwala Nalagarh Industries Association, (BBNIA) has submitted that that Stand-by-Power should be exempted from RPO as the viability of the operations (running industries) is not possible at such high power cost and that the Industrial units will be forced to shut down their operations. Further to strengthen their viewpoint, the Associations have made the following submissions:-

- a) As per the RPO obligation, all power units consumed by the captive plant including DG sets kept as standby are eligible for calculating RPO. In this regard, no distinction has been made between power generated by standby plant for captive use of power, power drawn from open access or any other source of power other than distribution companies.
- b) It seems that the Commission is of the view that for RPO obligation what matter is only the power units generated and consumed other than supplied by distribution companies. However, it is worthwhile to mention that power units generated by standby units are not the outcome of consumer choice but the compulsion of the customers (Consumers). Due to power cut by Distribution Licensee, a customer has to use "Stand-by-power". This way, it is effectively equivalent to power supplied by the Distribution Licensee. If RPO obligation is due on such power, it should be the Distribution Licensee which should pay and not the consumer.
- c) By forcing RPO obligations, the customer is burdened with double charges. First, the cost of generation by standby Gen. Sets for captive power from fossil fuel is more than triple the power supplied by the Distribution Licensee. Secondly, during the period when DG power is used, the fixed cost charges have to be paid to the distribution licensee

i.e. HPSEBL. Over the above, the RPO obligation is also forced upon them.

Commission's View:-

As far as the suggestion of the Industrial Associations to not to enforce RPO to the Stand-by-Power i.e. DG Sets irrespective of the capacity is concerned, a similar suggestion of the Association has already been dealt by the Commission. The Commission observes that while finalizing the 6th amendment of HPERC (Renewable Power Purchase Obligation and its Compliance) Regulations, 2010 the capacity limit of Stand-by DG Sets was enhanced from 1.00 MW to capacity exceeding 5 MVA, as far as applicability of RPO is concerned. It is also pointed out that the Ministry of Power has not provided for any such relaxation in the trajectory notified by them on 22.07.2022. Moreover, it is corporate social responsibility of the Obligated Entities to offset the fossil fuel generation with certain percentage of renewable power. The Commission also feels that Industry should replace the fossil fuel to operate Stand-by DG sets with alternative viable RE energy sources in the ensuing years.

In view of above, the Commission declines to exempt the DG Sets, irrespective of the capacity, for the purposes of RPPOs and decides to retain the provisions of the draft Regulation in this regard. However to provide clarity, the reference of this provision shall be given in Regulation 4 of the Regulations.

11.2 Exemption of RPO for Waste Heat Recovery System (WHRS) Power Plant:-

The representative of Ambuja Cement Ltd. as elaborated in para 10.2 has requested the Commission that a provision may be provided in the Regulations to exempt the Waste Heat Recovery System (WHRS) based Captive Power Plant (CPP) for Renewable Purchase Obligations (RPOs).

Commission's View:-

The Commission agrees with the suggestion of M/s Ambuja Cement Limited and decides to incorporate suitable provisions in the Sub-regulation (2) of the Regulation 3 as well as in Regulation 4 while finalizing the Regulations.

11.3 Meeting RPPOs through purchase of Green Energy.-

The Commission observes that as per the item(F) of Sub-rule (2) of Rule 4 and item (f) of Sub-rule (2)(C) of Rule 4 of the Electricity (Promoting Renewable Energy through Green Energy Open Access) Rules, 2022, the RPPOs can also be met from the green energy/green hydrogen/green ammonia and green energy purchased by the Open Access Consumer from Distribution Licensee or from other RE sources, in excess of RPO, shall be counted towards RPO compliance of Distribution Licensee. In order to

incorporate these provisions/modes for computing/meeting the RPPOs, the Commission has decided to add Clause (vi) and (vii) in the Sub-regulation (2) of Regulation 5 in the final Regulations, as follows:-

“(vi) The Obligated Entity can also meet their Renewable Purchase Obligation by purchasing green hydrogen or green ammonia and the quantum of such green hydrogen or green ammonia would be computed by considering the equivalence to green hydrogen or green ammonia produced from the one MWh of electricity from the renewable sources or its multiplier and norms in this regard as may be notified by the Central Commission.

(vii) The procurement of green energy from the Distribution Licensee or any person other than the Distribution Licensee as per the Electricity (Promoting Renewable Energy through Green Energy Open Access) Rules, 2022, by the Open Access Consumer being a Obligated Entity, in excess of Renewable Purchase Obligation, shall be counted towards the Renewable Purchase Obligation Compliance of the Distribution Licensee.”

11.4 To Use the Terminology of CERC REC Regulations, 2022 and to follow the CERC REC Regulations, 2022 for issuance of RECs to the Eligible Entity:-

- (i) The Indian Energy Exchange (IEX) has submitted that since the REC’s issuance process is to be governed by the CERC REC Regulations, 2022 so the provisions relating to issuance of REC provided in the draft Regulations may be deleted to avoid any confusion and further submitted that the terminology ‘Obligated Entity’ used in the Regulation 6 of draft Regulations should be ‘Eligible Entity’ as defined in the CERC REC Regulations, 2022. It has also been mentioned that under the revised process, the RE quantum procured from projects registered under REC mechanism can also be considered for RPO fulfillment by the eligible buyer. The revised REC procedure issued by the POSOCO provides that such RE generators can seek ‘advance accreditation’ and ‘advance registration’ to avail of flexibility of RPO/REC benefit on the power produced from its project.
- (ii) The Indian Energy Exchanges have also made the submission that the draft Regulation proposes to work out the RPO considering several aspects of energy consumption from conventional sources through different routes. However, in order to avoid any confusion considering different aspects provided in the Regulation 4 of the draft Regulations, an illustration working out the quantum of RPO may be specified.

Commission’s View:-

- (i) As per the draft Regulations, the Obligated Entities such as Distribution Licensee, Open Access Consumers etc. are mandated to fulfill Renewable Purchase Obligation and apart from this, they are also eligible for getting RECs as per the CERC REC Regulations,

2022. On the other hand, the RE generators are eligible for getting the RECs as per the said CERC Regulations. In order to avoid any undue litigation, the Commission has proposed to specify the rights of the Obligated Entities in cases where these may purchase power from Renewable Energy Generators. Taking these aspects into consideration, the Commission has focused the provisions under Regulation 6 of the draft Regulations on the Obligated Entities. As regards the sale of RE Power from the projects registered under REC Mechanism, the Commission feels that in case Renewable Energy Generators registered under REC mechanism sells the power, alongwith the green attributes, to the Obligated Entity, the same can be considered, on case to case basis, for meeting the RPOs, after examining the terms and conditions of such sale.

- (ii) The Commission observes that the provisions being referred under Sub-regulation (2) of Regulation 4 of draft Regulations are generally applicable to all the Obligated Entities. The Commission also feels that the provisions in the draft Regulations are amply clear and hardly need any further illustration.

11.5 To freeze the RPO for Captive Users of Captive Generation Plants (CGPS) commissioned before 01.04.2016:-

The B.B.N. Industries Association and CII, Northern Region (Himachal Pradesh) have submitted that the Regulations should cover the MoP order No. 30/04/2018-R&R dated 1st February, 2019 and order No. 30/04/ 2018-R&R dated 1st October, 2019 about freezing of RPO of CPPs. As per the referred orders, the RPO for captive users of Captive Generation Plants (CGPs) commissioned before 01.04.2016, shall be at the level specified by the respective commission for FY 2015-16 and for those commissioned from 01.04.2016 onwards, shall be as specified by the Commission for the year of commissioning. In case of any augmentation, in its capacity, the RPO for the augmented capacity shall be as applicable for the year of the augmentation. In view of above, it is our submission that HPERC may also implement RPO percentage capped by MoP for Captive Generation Plants (CGPs) and we urge the Commission either the same should be capped for Standby DG Sets also or the Stand-by-Power should be exempted from RPO obligation.

Commission's View:-

The Commission has incorporated the provisions/conditions of the above referred orders of Ministry of Power, Government of India vide 6th amendment in the HPERC (Renewable Power Purchase Obligation and its Compliance) Regulations, 2010 notified on 5th February, 2020. Since the trajectory notified by the Ministry of Power on 22.07.2022 does not

provide for any such relaxation, the Commission has not incorporated the same in the draft Regulations. However, for the sake of continuity and more clarity, the Commission has decided to incorporate proviso in Sub-regulation (1) of Regulation 4 of the final Regulations as follows:

“Provided further that the Captive Power Plants (CPPs) commissioned before 01.04.2016, RPO shall be at the level specified for the Financial Year 2015-16 by the Commission under RPO Regulations, 2010. For CPPs commissioned from 01.04.2016 onwards, the RPO level shall be applicable as specified by the Commission for the respective financial year of commissioning of the CPP under RPO Regulations, 2010 and these Regulations. In case of any augmentation in the capacity of CPPs, the RPO for augmented capacity shall be the RPO applicable for that financial year in which the CPP has been augmented.”

- 11.6 (i) **Segregation/Certification of RE Energy (i.e. RE power of wind mills commissioned after 31.03.2022 or hydro projects commissioned on or after 08.03.2019) transaction on various platforms of Power Exchanges.**
- (ii) **Treatment of Certificate Multiply for RPO or Offsetting Shortfall or Computing Surpluses and adjustment of surplus RE energy for RPO:-**
- (a) The B.B.N. Industries Association and CII, Northern Region (Himachal Pradesh), Chandigarh have submitted that they welcome the Commission’s initiative to align the RPO trajectory with the nationally prescribed targets and to incorporate the HPO and Wind RPO targets in the proposal. It has been submitted that the Central Commission on 27.08.2020 has approved the Green Term Ahead Market (GTAM) wherein Solar and Non-Solar energy is being transacted in four contracts namely Intra-day, Day ahead contingency, Daily and Weekly. The Discoms and Obligated Entities have an option to fulfill their existing RPO obligations as well as the targets in forthcoming years by procuring RE power through the Power Exchange/GTAM and also sell surplus RE power through this platform. As there is separate product for RE trading on Power Exchange, so establishing that such power is RE should not be difficult. However, Power Exchanges need to work out modalities to certify that the subject power was supplied from a wind mill commissioned after 31.03.2022 or a Hydro project commissioned on or after 8th March, 2019. So, we urge the Commission, the modalities for RPO of Wind Power and HPO should be framed.
- (b) The HPSEBL has submitted that as per item (h) of the Schedule any shortfall remaining in the achievement of ‘Other RPO’ category in a particular year can be met with either the excess energy consumed from eligible WPPs or with excess energy consumed from eligible Hydro Power Projects beyond ‘HPO’ for that year or partly from both, but there is no provision for the vice versa. In this regard, it is submitted that the excess energy consumed from the other renewable sources beyond ‘other RPO ’may also be allowed for any shortfall in achievements of energy storage obligations specified under item (i) of the draft Schedule,

may also be allowed to be adjusted with the excess renewable energy procured from respective eligible renewable energy projects beyond 'wind RPO'/'HPO' or 'other RPO'. Further, item (h) under draft Schedule, inter alia, provides adjustment of shortfall remaining in the achievement of either 'HPO' or 'other RPO' with excess energy consumed from Wind Power Projects commissioned after 31.03.2022 only, whereas the same Schedule provides that wind energy consumed over and above 7% from WPPs commissioned till 31.03.2022 shall also be considered eligible for adjustment against shortfall in achievement of 'HPO' or 'other RPO'.

- (c) The B.B.N. Industries Association and CII, Northern Region (Himachal Pradesh), Chandigarh have also made a submission that the proviso to the Regulation 5(3) provides that in case interchange ability of RECs is allowed then suitable multiplying factor will be applied if RPO is met by RECs from a source to which a multiplying factor is applicable. The Associations put forward their viewpoint that each REC represents 1 MWh and thus multiplying factor should not be applied for working out the number of RECs required to be purchased. Further, Regulations, as and when framed by CERC in this regard should only be made applicable in Himachal Pradesh.

Commission's View:-

The RPO Trajectory for the period beyond 2021-22, as notified by the Ministry of Power on 22.07.2022, prescribes the conditions relating to the fulfillment of RE sector specific RPO. Wind RPO can be met from the Wind Power Projects commissioned after 31.03.2022 and HPO from the Hydro Power Projects (including PSPs) and Small Hydro Projects (SHPs) commissioned after 8th March, 2019. Moreover, certain quantum have to be essentially met from the energy storage systems. Inter category adjustments of the RPOs have been allowed to a very limited extent. The adjustment of RE Energy eligible for other RPOs is not permitted towards the fulfillment of HPO/Wind RPO.

Even though the said Trajectory provides for inter category adjustment of the RPOs to a very limited extent, the Commission, in Sub-regulation (3) of Regulation 5 of draft Regulations has already provided that the shortfall in any category of RPPOs may be met by purchasing certificates related to other categories of RPPOs by suitably applying such Certificate multiplier fixed by the Central Commission under CERC REC Regulations, 2022 or the procedure made thereunder. The Commission is of firm belief that the modalities relating to specific category wise tag for RE energy transaction as well as for certificate multiplier shall get harmonized and implemented in due course of time through discussion in the Forum of Regulator level.

As regards the suggestion of not applying any multiplication factor, the Commission feels that if, at all, the inter category adjustment of RPOs is to be considered over and above as allowed in the Trajectory of Ministry of Power, multiplier factors shall have to be applied. In the absence of the same, the very purpose of having category wise RPOs shall get defeated.

11.7 Exemption of Energy Storage Obligation and to provide flexible provisions to handle the cases where ‘Wind RPO’/‘HPO’ Energy/Certificates are not available in the market:-

- (i) The B.B.N. Industries Association and CII, Northern Region (Himachal Pradesh), Chandigarh have submitted that they also welcome the Commission’s initiative on Energy Storage Obligation for certain percentage of total energy consumed shall be renewal energy along with/through storage system to protect the Grid. But looking into the market scenario such as recession in the global market, technology and capital cost is the issue. So we submit that for time being it should be exempted from RPO obligations or implemented in phase manner.
- (ii) The Directorate of Energy submitted that due to non-availability of HPO platform (FY 2021-22) for purchase of certificates in the market, the Obligated Entities in the State are not able to meet their HPO compliance as per HPERC Regulations. Also, for FY 2022-23 there is no Wind RPO/HPO platform for purchase of certificates in the market, so the Obligated Entities in the State will be constrained to comply their Wind RPO/HPO compliance. To deal such matters, flexible provisions may be provided in the Regulations.
- (iii) The Directorate of Energy has also submitted that the energy storage obligation compliance mechanism for Designated Consumers/Obligated Entity for energy storage obligation are required to be deliberated in the Regulations to make practicable/workable.

Commission’s View:-

The Ministry of Power, GoI has notified the percentage of total energy that can be consumed from solar and wind projects with storage. The Energy Storage Obligation (ESO) is to be reviewed by the Ministry of Power, Government of India periodically. The growth of energy storage may be important for growth and support of renewable expansion in the country.

In order to deal with the situation arising due to non-availability of any category specific RE power and the concern raised by the above stakeholders, the Commission has already made appropriate provisions in Sub-regulation (3) of Regulation 5 and Sub-regulation (2) of Regulation 9 of draft Regulations for allowing carry forward of the shortfall in RPOs, on case to case basis.

11.8 Offsetting the Energy Generated by the Consumer/Prosumer through Rooftop Solar PV System under Net Metering/Net billing/ Group Metering Arrangements for RPO by the Distribution Licensee or the Consumer/Prosumer:-

The B.B.N. Industries Association and CII, Northern Region (Himachal Pradesh), Chandigarh have made a submission that the Regulation 5(2) proviso provides that generation from a rooftop project under net/group (we feel that it should be gross and not group) metering or net billing shall qualify towards compliance for RPPO of the Discom or the Consumer/Prosumer, as the case may be. It is not clear that under what conditions will be considered towards fulfillment of RPPO of Discom or Consumer/Prosumer? The Associations have requested the Commission to elaborate the same and further suggested that only the power injected into state grid out of generation from solar rooftop project, irrespective of the mode i.e. net/ gross metering or net billing, should be considered towards fulfillment of RPO of Discom.

Commission's View:-

The above suggestions given by the stakeholder M/s B.B.N. Industries Association and CII, Northern Region (Himachal Pradesh) do not carry any weight as the draft Regulations simply provide that the matter shall be dealt as per the provisions contained in the Himachal Pradesh Electricity Regulatory Commission (Rooftop Solar PV Grid Interactive System) Regulations, 2015, renamed and amended from time to time. As such, the matter does not require further discussion in this regard.

11.9 Comments/Suggestions on the Schedule of the Regulations:-

- (A) The HPSEBL has submitted the following comments/suggestions on the Schedule to the draft Regulations:-
- (i) In the Table-I of Schedule annexed with draft Regulations, the figures(in % age) shown under column 'Total Renewable Power Purchase Obligation (Total RPO) of the same table, have some mismatch with the arithmetic addition of wind RPO, HPO and other RPO, which may also be corrected.
 - (ii) As per item (k) of the Schedule annexed with draft Regulations, the Energy Storage Obligation to the extent of energy stored from RE sources shall be considered as a part of the fulfillment of the total RPO as mentioned in Table-1 of Schedule. An illustration may be inserted under item (k) to demonstrate the said regulations and to avoid any ambiguity.
 - (iii) The word 'State' may be substituted with the word & sign 'State/Discom' under item (e) of the draft Schedule for the purpose of draft Regulations.

(B) The Directorate of Energy has submitted that as per Schedule the HPO obligation of the State/Discom may be met out of the free power being provided to the State from Hydro Power Projects (including PSPs) and Small Hydro Projects (SHPs), commissioned after 8th March, 2019 as per agreement at that point of time excluding the contribution towards LADF, if consumed within the State/Discom. Free power (not that contributed for Local Area Development) shall be eligible for HPO benefit. It is submitted that the Obligated Entities in the State be allowed to meet out their HPO obligation from free power from Hydro Power Projects (including PSPs) and Small Hydro Projects (SHPs), commissioned after 8th March, 2019.

Commission’s View:-

(A)(i) The figure 33.57% under head ‘other RPO’ has been mentioned as 33.5% due to clerical error. The same shall be corrected in final Regulations alongwith other clerical/rounding errors.

(ii) The Energy Storage Obligation (ESO) will be calculated in energy terms as a percentage of total consumption of electricity and treated as fulfilled when at least 85% of the total energy store in the Energy Storage System (ESS) is procured from renewable energy sources annually. This ESO shall be considered as a part of fulfillment of ‘Total RPO’ as mentioned in the Table-1 of the Schedule to draft Regulations. In order to provide clarity about the accounting of RPPOs under ESS, the Commission decides to include the following proviso and the illustration under para(j) of this Schedule:-

“Provided that in case an Obligated Entity fails to meet its RPPO in this regard for any year, a quantum equivalent to the percentage as may be fixed by the Central Commission for such purpose, or in case no such percentage has been fixed, at 200%, of such shortfall for that year shall be added to the RPPOs of that Obligated Entity for that year and the quantum so added shall be further apportioned to various categories under Table-1 in the ratio of RPPOs for each category in respect of obligated entity for the relevant year.

Illustration: If the consumption of an Obligated Entity for the year 2023-24 is 1000 MU, its obligation under Para-(i) above for that year shall be 10 MUs. Depending on the quantum of energy actually met from the ESS by the Obligated Entity for that year, the adjustment shall be made on the following lines:-

Scenario-I, if the energy actually met from ESS by that Obligated Entity for that year equal or exceed the RPPOs under Para (i) of this Schedule.

Item	Description	Wind RPO (MUs)	HPO (MUs)	Other RPOs (MUs)	Total RPOs (MUs)
(I)	RPO for the Obligated Entity for 2023-24 for consumption of 1000 MUs as per Table-1	16	6.6	248.2	270.8
(II)	RPO from ESO included in item (I)	10A	10B	10C	10

(III)	If the energy actually met by that Obligated Entity from ESS for that year is 12 MUs (i.e. equal to or more than the RPO under Para (i) of this Schedule).	12A*	12B*	12C*	12
(IV)	Net RPPOs to be met under Table-1 after adjustment of RPOs met from ESOs if there is no shortfall under item (IV) above [Item (I)-(III)]	16-12A	6.6-12B	248.2-12C	270.8-12
Scenario-II, if the RPPOs under Para (i) of this Schedule are not fully met and an Obligated Entity meets such RPPOs to the extent of 6MUs only against the said RPPO.					
(I)	RPO for the Obligated Entity for 2023-24 for consumption of 1000 MUs as per Table -1	16	6.6	248.2	270.8
(II)	RPO from ESO included in item (I)	10A	10B	10C	10
(III)	RPOs fulfilled from ESS by that Obligated Entity is 6 MUs (i.e. less than the RPO under para (i) of this Schedule).	6A*	6B*	6C*	6
(IV)	Adjustment on account of shortfall, if any, in meeting RPPOs from ESOs under para (I) of this schedule i.e. 200% of the shortfall.	8A	8B	8C	8
(V)	The RPPOs to be met under Table-1 of the Schedule including energy actually met from ESS after adjustment of the shortfall in RPPOs under Para (i) of this Schedule [Item (I)-(II) +(IV)]	16-2A	6.6-2B	248.2-2C	270.8-2

Where $A=16/270.8$

$B=6.6/270.8$

$C=248.2/270.8$

$A+B+C=1$

Notes: (a) In case the energy actually met from ESS by an Obligated Entity for a year can be segregated into three categories of RPPOs based on documentary evidence, such segregation shall be done based on the such evidence, instead of proportionate adjustment as per item (III) under each of the two scenarios.

(b) The values of A, B and C, as given above, are based on the category wise RPPOs in respect of the year 2023-24 as per table-I. The values for the other years shall vary based on the category wise RPPOs applicable for respective years. Total (i.e. $A+B+C$) shall however always be equal to one.

(c) The RPPOs as per item (IV) in Scenario-I and item (V) in Scenario-II are to be met in addition to the energy actual consumed from ESS as per item (III) under both the Scenarios.”

(A)(iii)&(B)- The RPO trajectory issued by the Ministry of Power, Government of India on 22.07.2022, interalia, envisages that the

HPO of the Distribution Licensee may be met from the free power provided to the State. Accordingly, the Commission decides that while finalising the Regulations, the Paras (d) & (e) of the Schedule shall be modified suitably.

11.10 **Miscellaneous:-**

(A)The B.B.N. Industries Association and CII, Northern Region, Chandigarh submitted that for ensuring Ease of Doing Business in the State, flexibility on RPPO to Obligated Entities is required to be given to industry.

The quarter wise compliance and purchase of RECs to be replaced with yearly compliance provision for designated consumers and surplus purchase of RECs to be carried forward for coming years.

In case of non-availability of REC in a particular Financial Year in the market, particularly at the end of Financial Year i.e. in March (Purchasing timeline in month of April), in such cases documentary proof of bidding of RECs to be considered for relaxation of time for compliance of RPPO on case to case basis as per actual.

Commission's View:-

The RPO compliance shall be monitored online on quarterly basis as well as annual basis at National level through RPO Web Portal as indicated in the draft Regulations. As such, the Commission declines to accept the suggestion made by the Association for monitoring of RPO on annual basis only.

As far as carry forward of surplus purchase of RECs is concerned, the Commission may not be averse to consider the matter, on merit, on case to case basis, as per the recommendations of the State Agency duly taking into account the provisions of the Rules framed by the Ministry of Power, Government of India with regard to Open Access of the Green Energy.

The draft Regulations already contain a provision for considering the request for carry forward of the annual shortfall in meeting RPOs, caused due to non-availability of RECs. The documentary proof of bidding of RECs may however not be sufficient in a scenario where RECs of particular technology are available in the market. The Obligated Entity in such cases needs to quote bid price in such a way that they may get the RECs at the price discovered in the in the exchanges.

(B) The Directorate of Energy submitted that the term 'Energy Storage' may also be defined in the Regulations.

Commission's View:-

The Commission feels that the term 'ESS' shall have the normal meaning. In general, this may include the Battery Storage System and hydro plants having seasonal storage.

Therefore, the Commission, after the careful consideration of the objections/suggestions, made on the draft Regulations by the stakeholders and deliberations held at the public hearing thereon, by incorporating changes on the above lines and other need based minor modifications of general nature, approves and finalises the Himachal Pradesh Electricity Regulatory Commission (Renewable Power Purchase Obligation and its Compliance) Regulations, 2023.

Sd/- (Shashi Kant Joshi) Member	Sd/- (Yashwant Singh Chogal) Member(Law)	Sd/- (Devendra Kumar Sharma) Chairman
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Place: Shimla.

Date: 22nd February, 2023