

## **HIMACHAL PRADESH ELECTRICITY REGULATORY COMMISSION, SHIMLA**

In the matter of draft amendment Regulations of the Himachal Pradesh Electricity Regulatory Commission (Renewable Power Purchase Obligation and its Compliance) (Fifth Amendment) Regulations, 2018.

**CORAM**

**Sh. S.K.B.S. Negi**  
**Chairman**

**Sh. Bhanu Pratap Singh**  
**Member**

### **Statement of Reasons**

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 29<sup>th</sup> May, 2010;

2. The Central Government notified the revised Tariff Policy which was published vide Gazette of India, Extraordinary, Part-1, Section-1 dated 28.01.2016;
3. Para 6.4(1) of the Policy provides that pursuant to provisions of Section 86(1) (e) of the Act, the Appropriate Commission shall fix a minimum percentage of the total consumption of electricity in the area of a distribution licensee for purchase of energy from renewable energy sources, taking into account availability of such resources and its impact on retail tariffs. Cost of purchase of renewable energy shall be taken into account while determining tariff by SERCs. Long-term growth trajectory of Renewable Purchase Obligations (RPOs) will be prescribed by the Ministry of Power in consultation with MNRE:

Provided that cogeneration from sources other than renewable sources shall not be excluded from the applicability of RPOs;

4. Para 6.4 (1) (i) of aforesaid policy also provides that within the percentage so made applicable, to start with, the SERCs shall also reserve a minimum percentage for purchase of solar energy from the date of notification of this policy which shall be such that it reached 8% of total consumption of energy, excluding Hydro Power, by March, 2022 or as notified by the Central Government from time to time;
5. In order to achieve the target of 1,75,000 MW renewable energy by March, 2022, the Ministry of Power in consultation with Ministry of New and Renewable Energy, GoI vide Order dated 22<sup>nd</sup> July, 2016 had notified the

Long-term growth trajectory of Renewable Purchase Obligations (RPOs) for Non-Solar as well as Solar Energy, uniformly for all States/Union Territories, initial for three years from 2016-17 to 2018-19 and the same trajectory has been notified by the Commission vide notification dated 24<sup>th</sup> March, 2017 published in the Rajpatra, Himachal Pradesh dated 27<sup>th</sup> March, 2017;

6. In continuation to the aforesaid Order dated 22<sup>nd</sup> July, 2016, the Ministry of Power in consultation with Ministry of New and Renewable Energy, GoI vide Order No. 23/03/2016-R&R dated 14<sup>th</sup> June, 2018 has notified the Long-term trajectory of Renewable Purchase Obligations (RPOs) for Non-Solar as well as Solar Energy, uniformly for all States/Union Territories, for further three years period from 2019-20 to 2021-22;
7. Taking into consideration the above, the Commission has notified the draft amendment i.e. HPERC (Renewable Power Purchase Obligation and its Compliance)(Fifth Amendment) Regulations, 2018 the same was published in the Rajpatra, Himachal Pradesh on 30<sup>th</sup> October, 2018 in exercise of the powers, conferred under sub-section (1) of section 181 of the Electricity Act, 2003 (36 of 2003);
8. As required vide sub-section (3) of the section 181 of the Electricity Act, 2003, the Commission invited public objections and suggestions by way of insertions in two News papers i.e. “Amar Ujala” and “Indian Express” on 2<sup>nd</sup> November, 2018 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](http://www.hperc.org).
9. The Commission, vide letter dated 02.11.2018, requested the major stakeholders, including Industries Associations, State Government, Directorate of Energy, Consumer Representative, HIMURJA, Small Hydro Power Producers Associations and Distribution Licensee to send their objections/suggestions as per the aforesaid public notice.
10. Two stakeholders i.e. Directorate of Energy (DoE) and Consumer Representative have made the following submissions on the aforesaid draft amendment regulations:-
  - A. Comments of Directorate of Energy:-
    - (i) It is submitted that the MoP, GoI has increased the long term trajectory for RPO of Solar by 7.75% in the last six years. However, Non-Solar has been increased only by 1.5%. Since HP has been blessed with huge hydro potential, therefore, it is requested that matter may be taken up with MoP, GoI and also at the platform of FORUM OF REGULATORS to

increase the long term growth trajectory of RPO obligation in respect of Non-Solar, so that the project developers/HPSEBL may be benefited through green component for harnessing the Hydro potential of the State at the earliest. The hydro power will not only provide backup to solar power but also give stability to the National Grid.

**B. Comments of Consumer Representative:-**

- (i) The State of Himachal Pradesh stated to have become power surplus. The proposal that by achieving 85% RPO obligations for Solar & Non-Solar RPO, as adopted by the Commission, the remaining shortfall if any, can be met by excess solar energy purchased beyond specified Solar RPO for that particular year and vice-versa is a welcome step, as it may provide flexibility to the HPSEBL for its Solar RPO fulfillment.
- (ii) It is suggested that the limit of 25 MW may also be increased for all hydro projects in the State, to be considered as a renewable energy for the aforesaid hydro purchase obligations.
- (iii) The Commission may take-up matter with Ministry of Power, GoI, for enforcing separate hydro specific power purchase generation obligations, so that the State rich in hydro potential may get benefitted.
- (iv) As per the proposed Non-Solar RPO Trajectory, mandatory power purchase from Small Hydro Projects (SHPs) by the HPSEBL shall result in surplus of Non-Solar RPO. Thus it is suggested that the surplus quantum of power require to be planned by the HPSEBL in a judicious manner and long term contracts may be signed with other obligated entities (States etc.), for financial certainty, as such power is available from projects for their useful life i.e. 40 years.

**Commission's View:-**

The Commission is of the view that the Ministry of Power, GoI has already incentivized the hydro sector by introducing a provision that the RPPO will be on total consumption of electricity by the obligated entity, excluding consumption met from hydro electric sources of power. By excluding the hydro generation from total consumption, the obligated entities particularly State Discoms may get benefited if they increase their hydro share in their overall power procurement portfolio as RPPOs are not attracted on hydro power. The State Government may explore the possibility to dispose hydro power (to be generated in the State) to other State Discoms as they have a benefit to buy such power.

To provide hydro power purchase obligation (HPO) within currently mandated Non-Solar RPOs to qualify for dispatch priority, the HPO/RPO

benefit for 40 Nos of stalled/stressed hydro projects having capacity of 11639 MW is under consideration with the Government of India.

The draft amendment regulations are finalized without any modification and approved as such and be notified accordingly.

Sd/-

(Bhanu Pratap Singh)

**Member**

Sd/-

(S.K.B.S. Negi)

**Chairman**

Place: Shimla.

Dated: 27<sup>th</sup> November, 2018