

**BEFORE THE HIMACHAL PRADESH ELECTRICITY REGULATORY
COMMISSION SHIMLA**

Petition No: 236 of 2025
Instituted on: 24.11.2025
Heard on: 27.11.2025
Decided on: 02.12.2025

CORAM

YASHWANT SINGH CHOGAL

MEMBER (Law)-cum-Chairman

SHASHI KANT JOSHI

MEMBER

In the matter of:-

The HP State Electricity Board Limited.
through Chief Engineer (System Operation),
Vidyut Bhawan, Shimla-171004.**Joint Petitioner No.1.**

AND

M/s Aryan Hydel Pvt. Ltd.,
Registered Office at House No. 281/8,
Sarabai, Tehsil and Distt. Kullu, H.P-175125,
through Sh. E.S.V.V.S. Narayan Murty,
Authorised Representative

.....**Joint Petitioner No.2.**

Joint Petition under Section 86 (1) (b) of the Electricity Act, 2003 for the approval of Power Purchase Agreement to be executed by the HPSEBL with M/s Aryan Hydel Pvt. Ltd. in respect of Karot Nain Hydro Electric Project (1.00 MW).

Present:-

Sh. Kamlesh Saklani, Authorised Representative for Joint
Petitioner No. 1

Sh. Vikas Chauhan, Ld. Counsel for the Joint Petitioner No.
2.

ORDER

This Joint Petition has been filed under Section 86 (1)(b) of the Electricity Act, 2003 (Act for short) read with Regulations 56 and 57 of the Himachal Pradesh Electricity Regulatory Commission (Conduct of

Business) Regulations, 2024 (the CBR, 2024 for short) by the Himachal Pradesh State Electricity Board Limited (the HPSEBL/ Joint Petitioner No. 1 for short) and M/s Aryan Hydel Power Pvt. Ltd (the Joint Petitioner No. 2 for short) for the approval of long term Power Purchase Agreement (PPA for short) under generic levelized tariff in respect of Karot Nain Hydro Electric Project (1.00 MW) situated on Nain Khad, a tributary of Luni Khad, in Beas Basin, Distt. Kangra, Himachal Pradesh (Project for short).

2. According to the Petition, the Joint Petitioner No. 2 signed an Implementation Agreement, Annexure-III (IA for short) with the Government of Himachal Pradesh (GoHP for short) on 05.08.2013 for the implementation of the Project. The Techno Economic Clearance (TEC for short) in respect of the Project was accorded by the Directorate of Energy (DoE for short) vide order No. DOE/CE(TEC)/TEC-Karot Nain/2012-5912-20 dated 20.11.2012 (Annexure-VI).

3. The Joint Petitioner No. 2 also signed a Connection Agreement with the Joint Petitioner No. 1/ HPSEBL on 23.04.2019 (Annexure-V), whereby the HPSEBL has agreed to connect the Project to its wheeling and communication system through tapping on 11 kV Baijnath-Uttrala feeder with strengthening of 11 kV Gantry system alongwith protection

equipment, strengthening of 11 kV feeder from tapping point to 33 kV Sub-station Baijnath including auto re-closure and other allied accessories to transmit electricity as well as real time data to and/ or from the Project.

4. According to the Petitioner, the Joint Petitioner No. 2 has availed the benefit of One Time Amnesty Scheme rolled out by the GoHP vide notification dated 07.11.2020 whereby, the zero date for the Projects which are under investigation and clearance stage where IAs have been signed and the Schedule Commercial Operation Date (SCOD) of the Project(s) under construction stage have been re-defined. The Joint Petitioner No. 2 has also signed a Supplementary Implementation Agreement (SIA for short) with the GoHP on 29.01.2021 (Annexure-IV) after getting the benefit of the aforesaid One Time Amnesty Scheme.

5. According to the Petition, the Joint Petitioner No. 2 has agreed to sell the entire net saleable energy from the Project to the Joint petitioner No. 1 at the generic levelled tariff, as may be applicable as per the Himachal Pradesh Electricity Regulatory Commission (Promotion of Generation from the Renewable Energy Sources and Terms and Conditions for Tariff Determination) Regulations, 2017 (RE Regulations, 2017 for short).

6. Further, the GoHP vide notification dated 15.05.2018, further amended vide order dated 10.10.2018 has mandated the HPSEBL to purchase the power from Hydro Electric Projects with capacity upto 25 MW on generic levelized tariff as determined by the Commission.

7. It is also averred that till date, no agreement has been executed by the Joint Petitioner No. 2 for disposal/ use of energy from the Project on long term basis or under REC Mechanism. Further, the Joint Petitioners had filed a Petition for approval of PPA under Section 86 (1) (b) of the Electricity Act, 2003 and RE Regulations, 2017, being Petition No. 77 of 2019 before the Commission which has been disposed off by the Commission vide order dated 23.10.2021 by observing that no effective order can be passed as the SCOD of the Project was 28.01.2024 and the Petition was disposed off with liberty to the parties to approach the Commission within six months before the commissioning of the Project.

8. According to the Joint Petitioner No. 2, the Project is in its final stage of construction and is expected to be commissioned by March, 2027. Thus, necessary arrangement for sale/ purchase from the Project is required and, therefore, the Petitioners have agreed for sale/ purchase of power from the Project at the generic levelized tariff, as

determined by the Commission for the control period prescribed under the RE Regulations, 2017.

9. It is averred that for ascertaining the relevant control period, the SCOD certificate issued by the Chief Executive Officer, HIMURJA vide letter No. HIMURJA/SHP-IA/Karot Nain (AH)/2009/2832 dated 20.07.2021 in respect of the Project of the Joint Petitioner No. 2, which provides that the SCOD of the Project shall be 28.01.2024 (Annexure-VII).

10. It is further averred that the construction of the Project has been delayed from its approved schedule which is now envisaged to be commissioned by 31.03.2027. However, as per the SCOD of 28.01.2024, the Project falls under the 4th Control Period defined under the RE Regulations, 2017, as such, the generic levelized tariff as determined by the Commission vide order dated 17.11.2023 in Suo Moto Petition No. 7 of 2023 for the 4th Control Period for category of the Projects above 100 kW and upto 1.0 MW will be applicable which is Rs. 4.93 per kWh. However, the tariff is subject to adjustments on account of the following:-

- a) Adjustment on account of incentive and/ or subsidy and/ or grant available to the Project.
- b) Additional tariff on account of O&M.
- c) Variation in free power structure.

d) Rounding.

11. Regarding adjustment on account of incentive/ subsidy/ grant being made available by the Ministry of Commerce and Industry, Government of India (GoI) vide Notification No. 2(2)/2018-SPS dated 23.04.2018, as per the Industrial Development Scheme for the Himachal Pradesh and Uttarakhand (IDS, 2017), the scheme was operational from 01.04.2017 to 31.03.2022 but the Joint Petitioner No. 2 has not applied for the incentive/ subsidy under the said scheme. However, based on the scope and eligibility of the Project for the incentive under the Scheme, the Joint Petitioner No. 2 would have qualified for an incentive (subsidy) of Rs. 83.421 lakhs, being 30% of the electro-mechanical cost, as per the TEC dated 22.01.2013. Thus, in terms of Clause 7.14 (ii) of the SHP Tariff Order dated 17.11.2023, adjustments is to be made for any subsidy/ incentive available under the Central or State Government schemes, after accounting for the extent of such benefits. Accordingly, the incentive of Rs. 83.421 lakhs under IDS, 2017 be treated, as deemed to have been availed by the Joint Petitioner No. 2 and be adjusted in tariff. Thus, the tariff is liable to be reduced by Rs. 0.2336 per kWh (23.36 paise) in the generic levellized tariff. However, no additional tariff on account of O&M is applicable.

12. The provisions regarding free power/ royalty have been reproduced in para 14 (C) of the Petition. It is averred that the royalty rates inclusive of the Local Area Development Fund (LADF) contribution are 3% for the first 12 years, 13% for the next 18 years and 19% thereafter until the Project is taken over by the GoHP. This royalty structure is in variance from the structure considered by the Commission in the SHP tariff order for the relevant category. However, since the variation exceeds the permissible limit of 13% under the RE Regulations, 2017, no adjustment in tariff is required to be made. It is also averred that the applicable generic levelized tariff after adjustment works out to Rs. 4.6964 per kWh (Rs. 4.93 – Rs. 0.2336) which is rounded off to Rs. 4.70 per kWh.

13. Also that the Joint Petitioner No. 2 will pursue any financial assistance/ grant/ subsidy given by the State/ Central Government available for the Hydro Project and shall intimate the Joint Petitioner No. 1 about release of the same within fifteen days of receiving the same.

14. We have heard Sh. Sh. Kamlesh Saklani, Authorised Representative for the Joint Petitioner No. 1 and Sh. Vikas Chauhan, Ld. Counsel for the Joint Petitioner No. 2 and perused the case file carefully.

15. It is apparent from the record that the Joint Petitioner No. 2 had signed an IA, with the GoHP on 05.08.2013 for the implementation of the Project. The TEC in respect of the Project was accorded by the DoE vide order No. DOE/CE(TEC)/TEC-Karot Nain/2012-5912-20 dated 20.11.2012.

16. Further, the Joint Petitioner No. 2 also signed a Connection Agreement with the Joint Petitioner No. 1/ HPSEBL on 23.04.2019, whereby the Joint Petitioner No. 1/ HPSEBL has agreed to connect the Project to its wheeling and communication system through tapping on 11 kV Baijnath-Uttarala feeder with strengthening of 11 kV Gantry system alongwith protection equipment, strengthening of 11 kV feeder from tapping point to 33 kV Sub-station Baijnath including auto re-closure and other allied accessories to transmit electricity as well as real time data to and/ or from the Project.

17. It is evident from the record that the Project could not be commissioned within the stipulated period of completion of Project and, therefore, the Joint Petitioner No. 2 has availed the benefit of One Time Amnesty Scheme, being provided by the GoHP vide notification dated 07.11.2020 whereby, the zero date for the Projects which are under investigation and clearance stage where IAs have been signed and the Schedule Commercial Operation Date (SCOD) of the Projects under

construction stage have been re-defined. The Joint Petitioner No. 2 has accordingly, signed the SIA with the GoHP on 29.01.2021, whereby the SCOD of the Project has been re-defined as 28.01.2024.

18. It is also evident from the Petition that a Joint Petition for the approval of PPA has been filed earlier in respect of the Project, being Petition No. 77 of 2019 which was disposed off on 23.10.2021 because the SCOD of the Project was fixed on 28.01.2024, in the 4th Control Period, for which no tariff had been determined by the Commission.

19. The record also shows that the Project was eligible for the incentive/ subsidy available under the “Industrial Development Scheme for Himachal Pradesh & Uttarakhand” as SIA with the GoHP was signed on 29.01.2021. The above subsidy scheme was valid uptill 31.03.2022. In view of the above, the subsidy under the IDS, 2017 was available to the Petitioner but the Petitioner has not applied for the same. In this regard, it is mentioned in the Petition that the Joint Petitioner No. 2 was eligible for an incentive/ subsidy of Rs. 83.421 lakhs on account of Industrial subsidy, being 30% of the electro-mechanical cost as per the TEC dated 20.11.2012 in terms of Clause 7.13 of the SHP Tariff Order dated 17.11.2023 and RE Regulations, 2017, as amended. Thus, adjustment is required to be made in respect of the above subsidy being made available by the Central Government under IDS, 2017.

Accordingly, the incentive of Rs. 83.421 lakhs under IDS, 2017, is being treated as deemed to have been availed by the Joint Petitioner No. 2 against the eligible tariff and the tariff is liable to be reduced by Rs. 0.2336 per kWh (23.36 paise) in respect of the Project.

20. The SCOD of the Project is 28.01.2024 meaning thereby that the SCOD was within the 4th Control Period of generic levelled tariff. The Commission has determined the tariff for the 4th Control Period w.e.f. 01.10.2023 to 31.03.2027 vide Order dated 17.11.2023 in Suo Moto Petition No. 7 of 2023 under RE Regulations, 2017, as amended. The capacity of the Project is 1.00 MW. Therefore, as per SHP Order dated 17.11.2023 in Suo Moto Petition No. 7 of 2023, the applicable tariff for the Project would have been Rs. 4.93 per kWh but after adjustment of admissible subsidy of Rs. 83.421 lakhs, under IDS, 2017, the tariff is liable to be reduced by Rs. 23.36 paise. Thus, the admissible tariff of the Project comes to Rs. 4.70 per kWh, which has also been mentioned in the Joint Petition at para 14 (D).

21. However, it is made clear that in case the Project is not commissioned during the 4th Control Period, the tariff, whichever is lower shall be applicable for the Project.

22. Both the parties have agreed for the sale and purchase of the power from the Project. No other Petition is pending.

23. The Petition is duly supported by affidavits of the Joint Petitioners. Therefore, taking into consideration the aforesaid facts and circumstances and in exercise of the powers vested in the Commission under Section 86 (1) (b) of the Electricity Act, 2003 and Regulations 56 and 57 of the Himachal Pradesh Electricity Regulatory Commission (Conduct of Business) Regulations, 2024 and also taking into consideration the notifications dated 15.05.2018 and 10.10.2018 of the GoHP, Swaran Jayanti Policy, 2021, the Connection Agreement dated 23.04.2019, the Implementation Agreement dated 05.08.2013, the Supplementary Implementation Agreements dated 29.01.2021, the Scheduled Commercial Operation Date of the Project, the notification dated 07.11.2020 of the GoHP, undertaking for the adjustment of industrial subsidy of the Ministry of Commerce and Industry, the Joint Petitioners have made out a case for the approval of the Long Term PPA under the Generic Levellised Tariff.

24. Accordingly the Petition succeeds and allowed. The PPA is ordered to be approved subject to the following terms and conditions:-

- (i) After considering the financial assistance (IDS, 2017) of Rs. 83.421 lakhs, as deemed availed, and adjustment of above subsidy amount as per the provisions of order dated 17.11.2023 in Suo Moto Petition 07 of 2023, the tariff of Rs. 4.70 per kWh is admissible to the Project of the Joint Petitioner No. 2.

- (ii) The Interconnection Point for the Project shall be as per the Connection Agreement dated 23.04.2019.
- (iii) In case any subsidy or incentive is made available for the Small Hydro Projects or the Joint Petitioner No. 2 avails any subsidy or incentive in future, the Joint Petitioner No. 2 shall intimate the Joint Petitioner No. 1 and either of the parties shall approach the Commission for appropriate order.
- (iv) The free power shall be payable to the Govt. of H.P as per the IA/ SIA dated 05.08.2013 and 29.01.2021.
- (v) In case the Project is not commissioned during the 4th Control Period, the tariff, whichever is lower shall be applicable for the Project.
- (vi) Other additions, alterations and deletions shall be as per the RE Regulations, 2017, as amended from time to time, and SHP order dated 17.11.2023 passed in Suo Moto Petition No. 7 of 2023.

25. The Joint Petitioners are directed to execute the Power Purchase Agreement accordingly within a period of 30 days from the date of this order after carrying out necessary additions, alterations and deletions. Three copies of the executed Power Purchase Agreement be submitted to the Commission for record.

26. Let a copy of this order be supplied to the Joint Petitioners forthwith.

The file after needful be consigned to records.

Announced
02.12.2025

-Sd-
(Shashi Kant Joshi)
Member

-Sd-
(Yashwant Singh Chogal)
Member (Law)-cum-Chairman