BEFORE THE HIMACHAL PRADESH ELECTRICITY REGULATORY COMMISSION SHIMLA

Petition No: 25 of 2026
Instituted on: 09.02.2026
Heard on: 16.02.2025
Decided on: 17.02.2026

CORAM:

YASHWANT SINGH CHOGAL
MEMBER (Law)-cum-Chairman

SHASHI KANT JOSHI
MEMBER

<u>In the matter of:-</u>

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

AND

M/s VSDA Builders,
Registered Office at Chajju Majra Road,
Opposite Sunny Enclave, Kharar,
Distt. S.A.S. Nagar, Punjab, through
Sh. E.S.V.V.S Narayana 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 Him Power Associates Pvt. Ltd. in respect of Joli Small Hydro Electric Project (1.40 MW).

Present:-

Sh. Mandeep Singh, Chief Engineer (System Operation) for the Joint Petitioner No. 1
Ms. Rashmi Bharali, 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 VSDA Builders (the Joint Petitioner No. 2 for short) for the approval of long term Power Purchase Agreement (PPA for short) under generic levellized tariff in respect of Joli Small Hydro Electric Project (1.40 MW) situated on Joli Nallah, a tributary of river Ravi, in Distt. Chamba, Himachal Pradesh (Project for short).

2. According to the Petition, initially M/s VSDA Builders signed an Implementation Agreement, Annexure-III (IA for short) with the Government of Himachal Pradesh (GoHP for short) on 13.06.2017 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/-Joli/2017-13214-221 dated 20.03.2017 (Annexure-VI).

3. The Joint Petitioner No. 2 also signed a Connection Agreement with the Joint Petitioner No. 1/ HPSEBL on 21.12.2019 (Annexure-V), whereby the HPSEBL has agreed to connect the Project to its wheeling and communication system through tapping on 11 kV Jarangla-Bagga feeder emanating from 33/11 kV Jarangla Sub-station through solid tap subject to following conditions:-

a) The cost of appropriate protection arrangement equipment and other allied accessories at interconnection point shall be borne by the Company.
b) The benefits of deemed generation shall not be liable to the Company in case of breakdown and/or shutdown of 11 kV HT line or 33/11 kV Sub-station Jarangla.
c) The calculated energy loss from interconnection point to 33/11 kV Jarangla Sub-station shall be borne by the Company as per prevailing guidelines of HPERC/ HPSEBL and using the (wave length) Distribution and Communication System of the Distribution Licensee/ SLDC, to transmit electricity as well as real time data to and/ or from the facility through the electrical system of the Distribution Licensee.

4. According to the Petition, 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 28.01.2021 (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 levellized 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 levellized 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, no Joint Petition for approval of PPA has ever been filed before the Commission in respect 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 levellized 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/Joli(VSDA)/2012/2719 dated 17.07.2021 in respect of the Project of the Joint Petitioner No. 2, which provides that the SCOD of the Project shall be 27.01.2025 (Annexure-VII) and the Project falls under the 4th Control Period, defined under the RE Regulations, 2017, as such, the generic levellized 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 2.0 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.

10. 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 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. 116.18 lakhs, being 30% of the electro-mechanical cost, as per the TEC dated 20.03.2017. Thus, in terms of Clause 7.14 (ii) of the SHP Tariff Order dated 17.11.2023, adjustment 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. 116.18 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. 0.2324 per kWh (23.24 paise) in the generic levellized tariff. However, no additional tariff on account of O&M is applicable.

11. 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 levellized tariff after adjustment

works out to Rs. 4.6976 per kWh (Rs. 4.93 – Rs. 0.2324) which is rounded off to Rs. 4.70 per kWh.

12. Also averred that the Joint Petitioner No. 2 will pursue any financial assistance/ grant/ subsidy given by the State/ Central Government and shall intimate the Joint Petitioner No. 1 within fifteen days of receipt of the same.

13. We have heard Sh. Mandeep Singh, Chief Engineer (System Operation) for the Joint Petitioner No. 1 and Ms. Rashmi Bharali, Ld. Counsel for the Joint Petitioner No. 2 and perused the case file carefully.

14. It is apparent from the record that the Joint Petitioner No. 2 had signed an IA, with the GoHP on 13.06.2017 for the implementation of the Project. The TEC in respect of the Project was accorded by the DoE vide order No. DOE/CE/TEC/-Joli/2017-13214-221 dated 20.03.2017.

15. Further, the Joint Petitioner No. 2 also signed a Connection Agreement with the Joint Petitioner No. 1/ HPSEBL on 21.12.2019 (Annexure-V), whereby the HPSEBL has agreed to connect the Project to its wheeling and communication system through tapping on 11 kV Jarangla-Bagga feeder emanating from 33/11 kV Jarangla Sub-station through solid tap subject to following conditions:-

a) The cost of appropriate protection arrangement equipment and other allied accessories at interconnection point shall be borne by the Company.
b) The benefits of deemed generation shall not be liable to the Company in case of breakdown and/or shutdown of 11 kV HT line or 33/11 kV Sub-station Jarangla.
c) The calculated energy loss from interconnection point to 33/11 kV Jarangla Sub-station shall be borne by the Company as per prevailing guidelines of HPERC/ HPSEBL and using the (wave length) Distribution and Communication System of the Distribution Licensee/ SLDC, to transmit electricity as well as real time data to and/ or from the facility through the electrical system of the Distribution Licensee.

16. 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 28.01.2021, whereby the SCOD of the Project has been re-defined as 27.01.2025.

17. 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 for the Project 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. 116.18 lakhs on account of Industrial subsidy for which no application has been submitted. Thus, adjustment in terms of Clause 7.13 of the SHP Tariff Order dated 17.11.2023 and RE Regulations, 2017, as amended, is required to be made in respect of the above subsidy being made available by the Central Government under IDS, 2017 while determining the generic levellized tariff. Accordingly, the incentive of Rs. 116.18 lakhs under IDS, 2017, is being treated as deemed to have been availed by the Joint Petitioner No. 2. Thus, a sum of Rs. 116.18 lakh, on account of industrial subsidy is being adjusted against the eligible tariff, as deemed availed and the tariff is liable to be reduced by Rs. 0.2324 per kWh (23.24 paise) in respect of the Project.

18. The SCOD of the Project is 27.01.2025 meaning thereby that the SCOD falls within the 4th Control Period of generic levellized tariff. The Commission has determined the generic levellized 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 1.40 MW. Therefore, as per SHP Order dated 17.11.2023 in Suo Moto Petition No. 7 of 2023, the applicable tariff for the Project after adjustment of admissible subsidy of Rs. 116.18 lakhs, under IDS, 2017, comes to Rs. 4.70 per kWh (Rs. 4.93 – Rs. 0.2324). Thus, the admissible tariff for the Project comes to Rs. 4.70 per kWh which has also been mentioned in the Joint Petition at para 14 (D).

19. 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.

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

21. 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 21.12.2019, the Implementation Agreement dated 13.06.2017, the

Supplementary Implementation Agreements dated 28.01.2021, 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.

22. 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. 116.18 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 for the Project of the Joint Petitioner No. 2.

(ii) The Interconnection Point for the Project shall be as per the Connection Agreement dated 21.12.2019.

(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 13.06.2017 and 28.01.2021.

(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.

23. 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.

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

The file after needful be consigned to records.

<u>Announced</u>
17.02.2026

-Sd-	**-Sd-**
(Shashi Kant Joshi)	**(Yashwant Singh Chogal)**
Member	**Member (Law)-cum-Chairman**