BEFORE THE HIMACHAL PRADESH ELECTRICITY REGULATORY COMMISSION
Vidyut Aayog Bhawan, Block No. 37, SDA Complex, Kasumpti, Shimla-09

CORAM: Sh. Yashwant Singh Chogal, Member (Law)-Cum- Chairman
Sh. Shashi Kant Joshi, Member

Date of Order: 27.03.2026

In the matter of finalization of the Himachal Pradesh Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) (Third Amendment) Regulations, 2026.

ORDER

The Himachal Pradesh Electricity Regulatory Commission had notified the Himachal Pradesh Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2024 on 20.05.2024, as published in the Rajpatra, Himachal Pradesh on 21st May, 2024 which were amended vide notification dated 28th January, 2025 (hereinafter referred to as the "Principal Regulations").

2. Meanwhile, the Central Electricity Regulatory Commission also notified the Central Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2024 (CERC DSM Regulations, 2024 for short) on 5th August, 2024 by repealing the Central Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2022. The CERC DSM Regulations have also been amended vide notification dated 17th December, 2024.
Therefore, in order to align the Principal Regulations with the CERC (Deviation Settlement Mechanism and Related Matters) Regulations, 2024, the HPERC has proposed further to amend the Principal Regulations.
3. As required under Sub-section (3) of the Section 181 of the Electricity Act, 2003, (hereinafter to be referred as the Act for short) and Rule (3) of Electricity (Procedure of Previous Publication) Rules, 2005, the Commission invited public objections and suggestions by way of insertion of public notice in two News papers i.e. 'Indian Express' and 'Divya Himachal on 28.01.2026. 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 22nd January, 2026.

4. The Commission, vide letter dated 31.01.2026, also requested the major stakeholders to send their objections/suggestions on the draft proposal as per the aforesaid public notice.

5. The following two stakeholders filed their written submissions on the draft amendment Regulations:-

   (i) The Directorate of Energy, 2nd Floor, MC Parking Building, Near Tutikandi Crossing, Shimla-171005 (HP).
   (ii) The Himachal Pradesh State Load Despatch Centre, SLDC Complex, Totu, Shimla-1710011 (HP).

6. A Public hearing on the matter was scheduled to be held on the 17.03.2026 at 11:30 AM onwards in the HPERC for which a public notice was inserted in the newspapers i.e. 'Indian Express' and 'Divya Himachal on 03.03.2026. The Commission also vide letter dated 05.03.2026, requested the major stakeholders to attend the public hearing.
7. Accordingly, the Public hearing was held on 17.03.2026 at 11:30 AM. The list of participants who attended the public hearing is as under:-

Sr. No.	Stakeholder attended the hearing
1	Er. Ambika Sharma, Sr. Executive Engineer, HPSEBL
2	Er. Anita Sharma, Sr. Executive Engineer, HPSLDC
3	Er. Abhimanyu, Assistant Engineer, HPSLDC

Objections and issues raised during the public hearing.-

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

8.1 The representatives of Himachal Pradesh State Load Despatch Centre (HPSLDC) have reiterated their written submissions requesting that for the existing limit of 20% or 40 MW (whichever is less) in VLB (2) of 'Buyer' with a schedule upto 400 MW be substituted as 40% or 80 MW.

8.2 The representative of HPSEBL stated during the hearing that the proposal does not need any modification.

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

9. The Commission has carefully examined and analysed the written suggestions/ objections and the viewpoints expressed by the stakeholders during the public hearing. The analysis and views of the Commission are as under:-

9.1 The Directorate of Energy has submitted to consider the following volume limits as reproduced in the table below:-

Buyer	**Volume Limit**	**Comments**
Buyer with a schedule upto 400 MW	VLB(1) = Deviation 40 MW, VLB(2) = Deviation 80 MW, VLB(3) = Deviation Greater than 80 MW	All category VLB category defined, Issue during very low scheduled well addressed.
Buyer with a schedule beyond 400 and upto1000 MW	VLB(1) = Deviation upto [15% DBUY of 80 MW, whichever is less] VLB (2) = Deviation [beyond 15% DBUY 80 MW, whichever is less] and upto [150 MW, whichever is less]. VLB (3) = Deviation beyond [15% DBUY or 150 MW, whichever is less] ”	All category VLB categories defined with minor changes.
Buyer with a schedule beyond 1000 MW	VLB (1) = Deviation upto [10% DBUY or 100 MW, whichever is less] VLB (2) = Deviation [beyond 10% DBUY or 100 MW, whichever is less] and upto [15% DBUY or 200 MW, whichever is less]. VLB(3) = Deviation beyond [15% DBUY or 200 MW, whichever is less] ”	No change except bifurcation of Schedule.

The stakeholder has submitted that it would simplify implementation, reduce ambiguity in deviation assessment and help avoid unintended deviations during monsoon and summer seasons when schedules are generally low, while continuing to uphold grid discipline under the DSM framework.

9.2 The HPSLDC has submitted that the Commission may consider the Volume Limit for Buyers (VLB(1)) with schedule up to 400 MW as “40% of DBUY or 80 MW, whichever is less.” The Stakeholder further submitted that such rationalization would provide realistic operational flexibility to the State distribution licensee in view of hydro-dominated generation profile, reduce avoidable exposure to higher DSA bands due to minor operational deviations, bring intra-State DSM mechanism closer in alignment with regional DSM settlement framework and facilitate smoother reconciliation between SLDC and NRPC DSM accounts.

Commission’s Views:-

The Commission has proposed the limits similar to the CERC (Deviation Settlement Mechanism and Related Matters) Regulations, 2024. The Commission do not agree with the suggestion of SLDC to replace 20% D_{BUY} or 40 MW limit as 40% D_{BUY} or 80 MW as the NRLDC bills the SLDC in accordance with the CERC

DSM Regulations, 2024, where limits are 20% D_{BUY} or 40 MW. Any change beyond said limits shall result in under recovery from the State entities by the SLDC. On the similar grounds, the suggestion of DoE to do away with the percentage limits provided in the Principal Regulations and also in the proposed amendment cannot be accepted. The Commission also do not find merits in the suggestions made by the DoE to carve out more scenario in the existing DSM limits as the State Regulations cannot be in deviation to the CERC DSM Regulations especially when billing is to be done on the basis of CERC DSM Regulations, 2024 and difference in the limits will result in under recovery. Thus, the limits have to be harmonized with CERC DSM Regulations, 2024. Therefore, the Commission decides to retain the limits as proposed in the 3rd draft amendment Regulations, 2026.

10. In the circumstances, the Commission, after concluding its views on the objections and suggestions received on the draft amendment Regulations, decides to finalize and notify the Himachal Pradesh Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) (Third Amendment) Regulations, 2026. The amendment notification be notified accordingly by publishing in the Rajpatra, Himachal Pradesh and shall come into force from the date of publication in the Rajpatra, Himachal Pradesh.

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

Place: Shimla.
Dated: **27th March, 2026**.