

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

Petition No: 84 of 2026
Instituted on: 18.05.2026
Heard on: 22.05.2025
Decided on: 29.05.2026

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 Sai Eternal Foundation,
Registered Office at Sai Bhawan,
Sector-IV, New Shimla, HP-171009, through
Sh. Munish Sharma, Chief General Manager.
.....**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 Sai Eternal Foundation in respect of Bhang Hydro Electric Project (4.80 MW).

Present:-

Sh. Kamlesh Saklani, Authorised Representative for the
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 Sai Eternal Foundation (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 Bhang Hydro Electric Project (4.80 MW) situated at Village Bhang on river Beas, in Distt. Kullu, Himachal Pradesh (Project for short).

2. According to the Petition, initially M/s Sai Eternal Foundation signed an Implementation Agreement, Annexure-III (IA for short) with the Government of Himachal Pradesh (GoHP for short) on 19.12.2025 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 (Energy)/TC-Bhang/2022-3682-91 dated 12.07.2022 (Annexure-VII).

3. The Joint Petitioner No. 2 also signed a Tripartite Connection Agreement with the Himachal Pradesh Power Transmission Corporation Limited (HPPTCL for short) and M/s Palchan Bhang Private Limited on 26.12.2025 (Annexure-IV), whereby the HPPTCL has agreed to connect the Project to its connection in joint mode with Palchan Bhang (9.0 MW) at connection point i.e. 33 kV Switching

Station Palchan of HPPTCL using the (wavelength) Transmission and Communication System of the STU/ Transmission Licensee.

4. The Joint Petitioner No. 2 has also signed a Joint Evacuation Agreement with M/s Palchan Bhang Private Limited on 30.09.2025 (Annexure-V) for joint evacuation of power from their Projects to the common bay at 33 kV Switching Station of HPPTCL at Palchan.

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 levelled tariff as determined by the Commission.

7. It is 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. It is averred that the SCOD certificate issued by the Chief Executive Officer, HIMURJA/ Director, DoE vide letter No. HIMURJA/SHP/Misc/2020/10845 dated 13.02.2026 in respect of the Project, which provides that the SCOD of the Project shall be 31.03.2027 (Annexure-VI) and, therefore, 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 2.0 MW and upto 5.0 MW will be applicable which is Rs. 5.03 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.

9. Regarding adjustment(s) on account of incentive/ subsidy/ grant available, it is submitted that the IA with the GoHP was executed on 19.12.2025 and since, no subsidy, financial assistance or incentive scheme is available for the Project and accordingly, no adjustment is required to made in respect of the Project. However, no additional tariff

on account of O&M is applicable as the capacity of the Project is less than 5.0 MW.

10. 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) is fixed as 13% for the entire duration of the IA. This structure is at variance with the Commission's SHP Tariff Order for projects falling within the range of above 2.0 MW and below 5.0 MW wherein, the free power contributions shall be 7% for the first 12 years and 13% for the next 28 years 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. Accordingly, such variation is required to be factored into while determining the tariff in respect of the Project. It is also averred that the appropriate adjustments shall be proposed to be rounded to the nearest paise per kWh. In view of the above, the proposed generic levelized tariff for the Project is worked out as under:-

Sr. No.	Description	Tariff (Rs. per kWh)
1.	Normative Generic Levelized Tariff for SHPs above 2 MW and below 5 MW Capacity, as per SHP Tariff Order, 2023.	5.03
2.	Adjustment on account of incentive/ subsidy/ grant	Nil
3.	Additional tariff on account of O&M	Nil

4.	Adjustment of tariff on account of variation in free power structure	0.2447
5.	Tariff with above appropriate adjustments	5.2747
6.	Proposed Rounded Off Generic Levelized Tariff for the Bhang HEP (4.80 MW) as per the provisions of SHP Tariff Order, 2023	5.27

11. 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.

12. We have heard Sh. Kamelsh 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.

13. A careful perusal of the record shows that in accordance with the policy guidelines of the GoHP, had asked M/s Sai Urja Ltd. on 07.06.2024 to carry out detailed investigation of Bhang HEP (1.50 MW). Subsequently, M/s Sai Urja Ltd. executed a Memorandum of Understanding (MoU) on 12.01.2005 and the change in the name of the firm from M/s Sai Urja Ltd. to M/s Sau Urja Hydel Pvt. Ltd. was approved on and the capacity of the Project was revised to 9.0 MW. Thereafter, M/s Sai Urja Ltd. entered into an IA with the GoHP on 16.07.2011 for implementation of Bhang SHEP (9.0 MW). Subsequently, a tripartite agreement was executed on 19.10.2011 between the DoE, GoHP, M/s Sai Urja Hydel Project Pvt. Ltd. and M/s

Bhang Hydel Projects LLP for change in name from M/s Sai Urja Hydel Project Pvt. Ltd. to M/s Bhang Hydel Projects LLP. After carrying out detailed investigation of the Project TEC was accorded on 12.02.2014 for a capacity of 9.0 MW which was further revised to 10.00 MW on 22.12.2018 and the DoE vide letter dated 18.11.2021 conveyed to the HIMURJA that the Project is technically and financially viable for capacity of 4.80 MW. Thereafter, GoHP accorded the approval for reduction in project capacity from 10 MW to 4.80 MW on 18.11.2021. The TEC for the revised capacity of 4.80 MW was accorded by the DoE on 12.07.2022. Thereafter, a tripartite agreement was executed on 23.01.2023 between the GoHP, M/s Bhang Hydel Projects LLP and M/s Sai Eternal Foundation for change in the name from M/s Bhang Hydel Projects LLP to M/s Sai Eternal Foundation and finally the IA dated 19.12.2025 was signed by the Joint Petitioner No. 2 with the GoHP.

14. The record also shows that the Joint Petitioner No. 2 has also signed a Tripartite Connection Agreement with the HPPTCL and M/s Palchan Bhang Private Limited on 26.12.2025, whereby the HPPTCL has agreed to connect the Project to its connection in joint mode with Palchan Bhang (9.0 MW) at connection point i.e. 33 kV Switching Station Palchan of the HPPTCL using the Transmission and

Communication System (wave trap) of the STU/ Transmission Licensee.

15. The record further reveals that Joint Petitioner No. 2 has also signed a Joint Evacuation Agreement with M/s Palchan Bhang Private Limited on 30.09.2025 (Annexure-V) for joint evacuation of power from their Projects to the common bay at 33 kV Switching Station of HPPTCL at Palchan.

16. The SCOD of the Project is 31.03.2027 as evident from SCOD Certificate issued by the HIMURJA vide letter No. HIMURJA/SHP/Misc/2020-10845 dated 13.02.2026. Thus, the SCOD falls within the 4th Control Period of generic levelled tariff. The Commission has determined the generic levelled 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 4.80 MW. Therefore, after adjustment of variation in the free power the tariff shall be as under:-

Generic Levelled Net Saleable Energy (MU) with free power @ 7% (as considered in the tariff fixation) for 1 st 12 years. (As per Tariff Order)	4.318
Generic Levelled Net Saleable Energy corresponding to the free power @ 13% (as provisioned in the IA) for 1 st 12 years. (As per Tariff Model)	4.124

Final Tariff after adjustment of free power (Rs. per unit) (as per para 7.15 (iv) of SHP Tariff Order dated 17.11.2023 and Tariff Model)	5.266
--	--------------

17. After rounding off, the applicable tariff comes out to Rs. 5.27 per kWh.

18. Said tariff shall be applicable to the Project till the currency of the 4th Control Period i.e. upto 31.03.2027. It is made clear that in case the Project is not commissioned during the 4th Control Period, the tariff of the 4th Control Period or tariff of the control period in which the Project is commissioned, whichever is lower shall be applicable for the Project.

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

20. 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, RE Regulations, 2017 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 Techno Economic Clearance dated 12.07.2022, the Implementation Agreement

dated 19.12.2025, the Tripartite Connection Agreement dated 26.12.2025, the Scheduled Commercial Operation Date of the Project, the notification dated 07.11.2020 of the GoHP, the Joint Petitioners have made out a case for the approval of the Long Term PPA under the Generic Levellized Tariff.

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

- (i) The tariff of Rs. 5.27 per kWh shall be admissible for the Project of the Joint Petitioner No. 2.
- (ii) The Interconnection Point for the Project shall be as per the Tripartite Connection Agreement dated 26.12.2025. The Joint Evacuation Agreement dated 30.09.2025 shall also form part of the PPA.
- (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 19.12.2025.
- (v) In case the Project is not commissioned during the 4th Control Period, the tariff of the 4th Control Period or tariff of the control period in which the Project is commissioned, 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.

22. 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.

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

The file after needful be consigned to records.

Announced

29.05.2026

**-Sd-
(Shashi Kant Joshi)
Member**

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