

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

Petition No: 74 of 2026
Instituted on: 12.05.2026
Heard on: 15.05.2026
Decided on: 09.06.2026

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 Shree Khand Mahadev Hydro Energy Private Limited,
Registered Office at Village Bagipul, Post Office Buini,
Tehsil Nirmand, Distt. Kullu, H.P,
through Sh. Pardeep Kumar Bhanot, Authorised Representative
.....**Joint Petitioner No.2.**

Joint Petition under Section 86 (1) (b) of the Electricity Act, 2003 for the approval of Supplementary Power Purchase Agreement to be executed by the HPSEBL with M/s Shree Khand Mahadev Hydro Energy Private Limited in respect of Bagipul Hydro Electric Project (1.50 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 Shree Khand Mahadev Hydro Energy Private Ltd. (the Joint Petitioner No. 2 for short) for the approval of Power Purchase Agreement (PPA for short) in respect of Bagipul Hydro Electric Project (1.50 MW) situated on Sarahan Nallah, a tributary of Kurpan Khad on Satluj basin, Distt. Kullu, Himachal Pradesh (Project for short).

2. According to the Petition, initially the Project was allotted to the M/s Kurpan Valley Hydro Power Project which signed an Implementation Agreement (IA for short) on 03.01.2012 (Annexure-III) with the Government of Himachal Pradesh (GoHP for short) for implementation of 1.00 MW Bagipul SHEP. Further, M/s Kurpan Valley Hydro Power Project executed the 1st Supplementary Implementation Agreement (SIA for short) with the GoHP on 01.02.2021 (Annexure-IV) under the One Time Amnesty Scheme to redefine the zero date of the Project as per notification dated 07.11.2020.

3. According to the Petition, a Tripartite Agreement dated 27.08.2024 (Annexure-V) was executed between the GoHP, M/s

Kurpan Valley Hydro Power Project and M/s Shree Khand Mahadev Hydro Energy Private Limited (Joint Petitioner No. 2 for short) whereby the GoHP granted its consent to transfer all the assets, liabilities, obligations, privileges, statutory/ non-statutory clearances arising out of IA dated 03.01.2012 and SIA dated 01.02.2021 from M/s Kurpan Valley Hydro Power Project to M/s Shree Khand Mahadev Hydro Energy Private Limited, Joint Petitioner No. 2.

4. According to the Petition, the capacity of the Project was enhanced to 1.50 MW from 1.0 MW and Technical Concurrence (TC for short) to this effect was granted by the Directorate of Energy (DoE for short), GoHP on 28.05.2025 vide Office Order No. DOE/CE(Energy)/ TC-Revised Bagipul/ 2025-1400-11 (Annexure-IX).

5. Consequently, the Joint Petitioner No. 2 signed the 2nd SIA with the GoHP on 02.03.2026 (Annexure-VI) for the enhanced capacity of the Project from 1.00 MW to 1.50 MW, incorporating the terms and conditions on account of change of the capacity of the Project.

6. It is averred that M/s Kurpan Valley Hydro Power Project had signed the Connection Agreement with the Himachal Pradesh State Electricity Board Limited (HPSEBL/ Joint Petitioner No. 1 for short) on 29.11.2022 (Annexure-VII). Subsequently, after taking over the Project

by the Joint Petitioner No. 2, it also signed a Supplementary Connection Agreement with the HPSEBL on 27.03.2026 (Annexure-VII), wherein it has been provided that the HPSEBL has agreed to connect the Bagipul SHEP (1.50 MW) at the interconnection point i.e. 22 kV Khajera-Bagipul feeder emanating from 2x12.5 MVA, 66/22 kV Bagipul (at Khajera) Substation (of the HPPTCL) through solid tap with appropriate protection arrangement.

7. According to the Petition, as per the provisions of IA/ SIA's, the Joint Petitioner No. 2 has agreed to sell the entire net saleable energy from Project to the Joint Petitioner No. 1/ HPSEBL at the generic levellized tariff, as may be applicable to the Project, as per the provisions of the Himachal Pradesh Electricity Regulatory Commission (Promotion of Generation from Renewable Energy Sources and Terms & Conditions for Tariff Determination) Regulations, 2017, as amended from time to time, (RE Regulations, 2017 for short).

8. According to the Petition, Sub-regulation 3 of Regulation 13 and Regulation 17 of the RE Regulations, 2017, is applicable in respect of the Projects where the capacity is enhanced after execution of long-term PPAs and prescribe a methodology for determining composite tariff by considering the tariff applicable to original and enhanced

capacities separately and that as per the provisions of the RE Regulations, 2017, a composite tariff is to be worked out considering the following:-

- (a) For annual energy generation corresponding to 75% of dependable year as per the DPR of original capacity, the tariff by the HPERC for the 4th Control Period covering the category of 1.0 MW Bagipul HEP shall be applicable; and
- (b) For annual additional energy generation which is expected to take place in the 75% dependable year as per the detailed project report for the enhanced capacity, the generic levelized tariff as determined by this Commission with respect to SCOD (28.09.2027) of additional capacity of 0.50 MW of the Project shall be applicable.

9. Further, Regulation 17 of the RE Regulations, 2017 provides for adjustment of tariff in case the percentage rate of free power undergoes change due to any change in general policy during the intervening period between the dates of execution of Implementation Agreement for the original capacity and the Supplementary Implementation Agreement for the enhanced capacity.

10. It is further averred that the Commission vide order dated 17.11.2023 in Suo Motu Petition No. 7 of 2023 has determined the generic levelized tariff for Small Hydro Projects (SHPs) above 100 kW

and upto 25 MW for the 4th control period i.e. 01/10/2023 to 31/03/2027 (SHP Tariff Order). The Scheduled Commercial Operation Date (SCOD) for the original capacity of 1.0 MW of the Project is 28.03.2026 whereas, the SCOD of the enhanced capacity of 0.50 MW is 28.09.2027 as certified by the Chief Executive Officer, HIMURJA, Shimla vide letter No. HIMURJA/SHP-IA/KVVHP(30)/2006- 14436 dated 30.03.2026 (Annexure-VIII). Hence, the additional capacity of the Project clearly falls beyond the 4th Control Period, the generic levelized tariff whereof is yet to be determined by the Commission for the category of SHP having capacity of 100 kW and upto 2.0 MW which shall be applicable to the enhanced capacity.

11. As per the Joint Petitioner No. 2, the Project is expected to be commissioned by September, 2027

12. It is further averred that the construction activities across various components of the project are presently underway and the execution of the PPA is necessary for the submission to its lending institution to facilitate disbursement of sanctioned loan.

13. It is also averred that the Joint Petitioner No. 2 has not filed any case related to the Project in any court for determination/ hike of tariff/ challenge to any Regulations.

14. In view of the mandatory power procurement obligations under the State Policy, the permission has been sought for the approval of PPA for the entire installed capacity of 1.50 MW, at a tariff of the 4th control period for 1.0 MW capacity and for the enhanced capacity which is yet to be determined by the Commission. Further upon notification of the applicable regulations and generic levelized tariff for the control period covering the SCOD i.e. 28.09.2027, the Joint Petitioners shall approach the Commission by way of separate Petition for determination of tariff of the Project.

15. We have heard 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.

16. It is apparent from the record that the Project was initially allotted to M/s Kurpan Valley Hydro Power Project which signed an IA on 03.01.2012 (Annexure-III) with the GoHP for implementation of 1.00 MW Bagipul SHEP. Further upon the introduction of the One Time Amnesty Scheme by the GoHP vide notification dated 07.11.2020, the benefit thereof was extended to the Project and M/s Kurpan Valley Hydro Power Project executed the 1st Supplementary Implementation Agreement (SIA for short) with the GoHP on 01.02.2021 (Annexure-IV)

under One Time Amnesty Scheme to redefine the zero date of the Project as per notification dated 07.11.2020.

17. The records shows that all the assets, liabilities, obligations, privileges, statutory/ non-statutory clearances arising out of IA dated 03.01.2012 and SIA dated 01.02.2021 have been transferred in favour of the Joint Petitioner No. 2 after the GoHP consented for the same and a Tripartite Agreement to this effect was signed on 27.08.2024 (Annexure-V) between the GoHP, M/s Kurpan Valley Hydro Power Project and M/s Shree Khand Mahadev Hydro Energy Private Limited/ Joint Petitioner No. 2.

18. It is also evident from the record that the capacity of the Project was enhanced to 1.50 MW and Technical Concurrence (TC for short) to this effect was granted by the Directorate of Energy (DoE), Government of Himachal Pradesh (GoHP for short) vide Office Order No. DOE/CE(Energy)/TC-Revised Bagipul/ 2025-1400-11 dated 28.05.2025 (Annexure-IX). Accordingly, the Joint Petitioner No. 2 signed the 2nd SIA with the GoHP on 02.03.2026 (Annexure-VI) for the enhanced capacity of the Project from 1.00 MW to 1.50 MW, incorporating the terms and conditions on account of change of capacity of the Project.

19. It is further evident from the record that the SCOD of the enhanced capacity of the Project is 28.09.2027 as mentioned in the SCOD certificate dated 28.03.2026. The 'Annexure-A' attached to certificate dated 28.03.2026 shows that the revised date of commissioning of the Project was 31.07.2024 for the original capacity of 1.0 MW which has been extended to 28.03.2026 but both the dates i.e. 31.07.2024 and 28.03.2026 fall within the same control period as per the RE Regulations, 2017, hence, there would be no change in tariff structure for the original 1.0 MW capacity.

20. The One Time Amnesty had been granted to the Project vide according to the One Time Amnesty Scheme notified vide notification dated 07.11.2020 and SCOD of 1.0 MW capacity was fixed as 31.07.2024 which was not further extendable. Hence, the tariff of 1.0 MW capacity is required to be determined keeping in view the tariff structure of the 4th Control Period (01.10.2023 to 31.03.2027) which shall be applicable for 1.0 MW capacity whereas, for the enhanced capacity of 0.50 MW, the SCOD shall be considered as 28.09.2027 which will be governed by the tariff to be determined for the 5th control period by the Commission. This detail has also been mentioned in the Joint Petition in Paras 18 to 20.

21. It is apparent from the record that M/s Kurpan Valley Hydro Power Project had signed the Connection Agreement with the Himachal Pradesh State Electricity Board Limited (HPSEBL/ Joint Petitioner No. 1 for short) on 29.11.2022 (Annexure-VII). Subsequently, after taking over the Project, the Joint Petitioner No. 2 has also signed a Supplementary Connection Agreement with the HPSEBL on 27.03.2026, wherein it has been provided that the HPSEBL has agreed to connect the Bagipul SHEP (1.50 MW) at the interconnection point i.e. 22 kV Khajera-Bagipul feeder emanating from 2x12.5 MVA, 66/22 kV Bagipul (at Khajera) Substation (of the HPPTCL) through solid tap with appropriate protection arrangement.

22. The record further suggests that as per the provisions of IA/ SIA's, the Joint Petitioner No. 2 has agreed to sell entire net saleable energy from project to the Joint Petitioner No. 1/ HPSEBL at the generic levellized tariff, as may be applicable to the Project, as per the provisions of the Himachal Pradesh Electricity Regulatory Commission (Promotion of Generation from Renewable Energy Sources and Terms & Conditions for Tariff Determination) Regulations, 2017, as amended from time to time.

23. The Commission vide order dated 17.11.2023 in Suo Moto Petition No. 7 of 2023 has determined the generic levellised tariff for Small Hydro Projects (SHPs) above 100 kW and upto 25 MW for the 4th control period i.e. 01/10/2023 to 31/03/2027 (SHP Tariff Order). The Scheduled Commercial Operation Date (SCOD) for the original capacity of 1.0 MW of the Project is 31.07.2024. The SCOD of the enhanced capacity of 0.50 MW is 28.09.2027 as certified by the Chief Executive Officer, HIMURJA, Shimla vide a certificate appended to the letter No. HIMURJA/SHP-IA/KVVHP(30)/ 2006-14436 dated 28.03.2026 (Annexure-VIII).

24. It is apparent from the record that the construction activities are in progress and the PPA is necessary for the submission to the lending institution(s) to facilitate disbursement of sanctioned loan.

25. It is also mentioned in the Petition that upon notification of the applicable regulations and generic levellized tariff for the control period covering the SCOD i.e. 28.09.2027, the Joint Petitioners shall approach the Commission by way of separate Petition for determination of tariff of the Project.

Adjustment(s) on account of incentive and/ or subsidy and/ or grant available:

26. The Ministry of Commerce and Industry vide Notification No. 2(2)/2018-SPS dated 23.04.2018 has notified the 'Industrial Development Scheme, 2017 (IDS, 2017 for short) for Himachal Pradesh and Uttarakhand" whereby Central Capital Investment Incentive was given for access to credit @ 30% of the investment in plant and machinery with an upper limit of Rs. 5.00 Crore. The Clause 5 (g) of the IDS Notification dated 23.04.2018 provides that 'New industrial unit' means an industrial unit which registers itself on DIPP portal on or after the first day of April, 2017 but not later than 31st day of March, 2022. Such units have to commence commercial production/ operation within 18 months of registration. The Scheme also provides that the final grant of registration/ in-principle approval will be decided by the Committee, which will, inter-alia, consider the prima-facie eligibility of the industrial unit, availability of budget and decide the eligibility for registration under the Scheme.

27. There is no mention of claiming subsidy in the Petition 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 timeline of execution of 1st SIA dated 01.02.2021, the original capacity of the Project i.e. 1.0 MW was eligible for availing the benefits under the IDS, 2017 by applying for the same on DIPP Portal by 31.03.2022.

28. 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. 137.872 lakhs, being 30% of the electro-mechanical cost calculated based on the TEC dated 28.05.2025 for 1.0 MW capacity. Thus, in terms of Clause 7.14 (ii) of the SHP Tariff Order dated 17.11.2023 and Regulation 22-C of the RE Regulations, 2017, adjustment is required to be made for the subsidy/ incentive available under the IDS, 2017. Accordingly, the incentive of Rs. 137.872 lakhs under IDS, 2017 as eligible grant/ subsidy is being treated as deemed to have been availed by the Joint Petitioner No. 2 and is being adjusted in tariff. However, at the time of allowing the final tariff for the Project, the Joint Petitioner No. 2 shall have to show that it was not eligible for the incentive/ subsidy under the IDS, 2017.

29. The provisions regarding free power/ royalty have been stipulated in Clause 5 (d) of the 2nd SIA dated 02.03.2026. The royalty rates inclusive of the Local Area Development Fund (LADF) contribution are

13% for the entire life of the Project. This royalty structure is in variance from the structure considered by the Commission in the SHP tariff order dated 17.11.2023 in Suo Motu Petition No. 7 of 2023. Therefore, the applicable generic levelled tariff has been adjusted on account of above variation in free power structure.

30. The Petitioners have mentioned that the SCOD of 28.09.2027 for the enhanced capacity of 0.50 MW does not fall within the presently notified control period and the generic levelled tariff for the ensuing control period i.e. the 5th control period is yet to be determined by the Commission, no firm tariff for the additional capacity can presently be allowed. Therefore, an interim tariff based on the tariff for the 4th control period by considering normative energy adjustment of subsidy/ grant/ incentive under the IDS, 2017 and adjustment of free power structure is being granted. The final tariff shall be governed as per the applicable RE Regulations on the COD of the Project.

31. The Commission vide order dated 17.11.2023 in Suo Moto Petition No. 7 of 2023 has determined the generic levelled tariff for the 4th Control Period (01.10.2023 to 31.03.2027) as under:-

Sr. No.	Capacity	Generic levelled tariff in Rs. /kWh of net saleable energy without considering subsidy
(i)	Above 100 kW to 2 MW capacity	4.93
(ii)	Above 2 MW but below 5 MW capacity	5.03

(iii)	5 MW to 25 MW capacity	4.78
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32. As per the generic levelled tariff determined by the Commission for the 4th control period, the tariff for the original 1.0 MW capacity of the Project comes as under:-

Generic Levelled Tariff for "Above 100 kW to 2.0 MW capacity: (Rs. per unit)	4.93
Incentives @ 30% of the investment in plant and machinery (Rs. in Lakhs)	137.872
As per Appendix A Sheet-I of the SHP Order, the adjustment in tariff against 1.0 Crore incentives (Rs.)	0.28
Adjustment in tariff against Rs. 1 Lakh incentive	0.0028
Adjustment in tariff against Rs. 137.872 Lakh incentive (Rs.)	0.386
Resulting Tariff after Incentives Adjustment (Rs.)	4.544
Generic Levelled Net Saleable Energy (MU) with free power @ 3% (as considered in the tariff fixation) for 1 st 12 years. (As per Tariff Order)	4.447
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
Interim 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)	4.899

33. The tariff for the additional 0.50 MW capacity of the Project:-

Generic Levelled Tariff for "Above 100 kW to 2.0 MW capacity: (Rs. per unit)	4.93
Generic Levelled Net Saleable Energy (MU) with free power @ 3% (as considered in the tariff fixation) for 1 st 12 years. (As per Tariff Order)	4.447
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

Interim Tariff after adjustment of free power (Rs. per unit) (as per para 7.15 (iv) of SHP Tariff Order dated 17.11.2023)	5.136
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34. Since the Joint Petitioner have prayed for the grant of tariff of the entire capacity of the Project, the following composite interim tariff shall be applicable for the Project:-

As per Per-MW Levelized Net Saleable Energy fixed in the SHP Tariff Order dated 17.11.2023 for "Above 100 kW and upto 2 MW capacity" projects, the total Net Saleable Energy for 1.50 MW capacity (MUs), after taking the impact of variation in free power structure:	6.186
Net Saleable Energy Corresponding to 1.0 MW capacity (MUs):	4.124
Net Saleable Energy Corresponding to 0.50 MW capacity (MUs):	2.062
Interim tariff for 1.0 MW original capacity:	4.90
Interim tariff for 0.50 MW additional capacity:	5.32
Composite Interim Tariff (Rs./ kWh):	5.04

35. After rounding, the interim tariff comes out to be Rs. 5.04 per kWh for the entire capacity of the Project.

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

37. 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 Techno Economic Clearance dated 12.07.2022, the Implementation Agreement dated 19.12.2025, the Tripartite Connection Agreement dated 26.12.2025, Joint Evacuation Agreement dated 30.09.2025, the Scheduled Commercial Operation Date of the Project, the notification dated 07.11.2020 of the GoHP and IDS, 2017, the Joint Petitioners have made out a case for the approval of the Long Term PPA under the Generic Levelled Tariff. Hence, the Petition succeeds and allowed. An interim tariff of Rs. 5.04 per kWh is allowed for the Project from the date of the commissioning of the Project. The PPA is ordered to be approved subject to the following terms and conditions:-

- (i) The interim tariff of Rs. 5.04 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 29.11.2022.
- (iii) In the event of grant of subsidy or incentive for the Small Hydro Projects or the Joint Petitioner No. 2 under IDS, 2017, the Joint Petitioner No. 2 shall intimate the Joint Petitioner No. 1 forthwith. The interim tariff shall be valid till the determination of generic levelled tariff for the 5th control period. On determination of such tariff, the parties

either jointly or individually shall approach the Commission within a period of six months for the final tariff of the Project.

- (iv) The free power shall be payable to the Govt. of H.P as per the IA/ SIA dated 03.01.2012, 01.02.2021 and 02.03.2026.
- (v) In case the Project is not commissioned during the 4th Control Period qua 1.0 MW capacity, 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 1.0 MW capacity of 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.

38. The parties are accordingly directed to execute the Power Purchase Agreement (PPA) as per the Himachal Pradesh Electricity Regulatory Commission (Promotion of Generation from the Renewable Energy Sources and Terms and Conditions for Tariff Determination) (Seventh Amendment) Regulations, 2023, within a period of 30 days from the date of this Order.

39. Three copies of the executed PPA be submitted to the Commission for record.

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

The Petition is disposed off accordingly.

The file after needful be consigned to records.

Announced
09.06.2026

-Sd-
(Shashi Kant Joshi)
Member

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