

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

Petition No: 90 of 2026
Instituted on: 30.05.2026
Heard on: 05.06.2026
Decided on: 10.06.2026

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 Baada Deo Small Hydel Projects Private Limited,
Registered Office at 91/11, Chougan Purana Bazar,
Tehsil Sundernagar, Distt. Mandi, H.P-175019,
through Sh. Vishal Gupta, 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 Baada Deo Small Hydel Projects Private Limited in respect of Baada Deo Hydro Electric Project (1.50 MW).

Present:-

Sh. Kamlesh Saklani, Authorised Representative for the
Joint Petitioner No. 1
Sh. Vishal Gupta, Authorised Representative 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 Baada Deo Small Hydel Projects Private Limited (the Joint Petitioner No. 2 for short) for the approval of Power Purchase Agreement (PPA for short) in respect of Badda Deo Hydro Electric Project (1.50 MW) situated on Sarahan Nallah, a tributary of Kandhi/ Junghi Nallah, a tributary of Satluj river, Distt. Mandi, Himachal Pradesh (Project for short).

2. According to the Petition, initially the Project was allotted to M/s Geeta Ram (Sole Proprietor) and the Directorate of Energy (DoE), Government of Himachal Pradesh (GoHP for short) accorded Technical Concurrence (TC for short) to Baada Deo HEP (1.50 MW) in favour of the Project on 16.08.2021 vide office order No. DoE/CE(Energy)/TC-Baada DEO (R)/2022-3682-91. Subsequently, the TC was modified and superseded by the revised TC on 31.01.2026 vide office order No. DOE/CE(Energy)TC-Revised Badda Deo/2026-10144-54.

3. According to the Petition, M/s Geeta Ram (Sole Proprietor) which signed an Implementation Agreement (IA for short) on 18.01.2022

(Annexure-III) with the Government of Himachal Pradesh (GoHP for short) for implementation of 1.50 MW Baada Deo SHEP.

4. According to the Petition, a Tripartite Agreement dated 23.07.2022 was executed between the GoHP, M/s Geeta Ram and M/s Baada Deo Small Hydel Projects 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 consented dated 19.12.2013 and IA dated 18.01.2022 from M/s Geeta Ram to M/s Bada Deo Small Hydel Projects Private Limited, Joint Petitioner No. 2.

5. It is averred that the Joint Petitioner No. 2 has signed the Connection Agreement with the Himachal Pradesh State Electricity Board Limited (HPSEBL/ Joint Petitioner No. 1 for short) on 23.11.2023 (Annexure-IV), wherein it has been provided that the HPSEBL has agreed to connect the Baada Deo SHEP (1.50 MW) at the interconnection point i.e. 22 kV Pangna-Nihri feeder emanating from 3x3.15 MVA, 33/22 kV Pangan Sub-station through solid tap with appropriate protection arrangement.

6. 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 levellised 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).

7. 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.

8. 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.

9. It is averred that the SCOD certificate issued by the Chief Executive Officer, HIMURJA vide letter No. HIMURJA/SHP-IA/Baada Deo(121)/2011-1080 dated 20.04.2026 in respect of the Project provides that the SCOD of the Project shall be 04.07.2026 (Annexure-VI) and therefore, the Project falls under the 4th Control Period, defined

under the RE Regulations, 2017, for the purpose of the generic levelled 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 and the tariff of Rs. 4.93 per kWh shall be applicable to the Project. 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. However, no additional tariff on account of O&M is applicable for the Project. Regarding adjustment on account of incentive/ subsidy/ grant available for the Project, it is submitted that the IA with the GoHP was signed on 18.01.2022 and the approved zero date of the Project was 05.01.2025 and no subsidy/ incentive was available for such period. Therefore, no adjustment on account of subsidy/ incentive/ grant is required to be made. However, 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.

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 levelized tariff after adjustment works out to Rs. 4.93 per kWh.

12. It is 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.

13. We have heard Sh. Kamlesh Saklani, Authorised Representative for the Joint Petitioner No. 1 and Sh. Vishal Gupta, Authorised Representative for the Joint Petitioner No. 2 and perused the case file carefully.

14. It is apparent from the record that the Project was initially allotted to M/s Geeta Ram who signed an IA on 03.01.2012 with the

Government of Himachal Pradesh (GoHP for short) for implementation of 1.50 MW Badda Deo SHEP. The TEC in respect of the Project was accorded by the DoE vide order No. DOE/CE(Energy)/TC-Baada Deo (R)/2022-3682-91 dated 16.08.2021 which was further revised on 31.01.2026 by the DoE vide order No. DOE/CE(Energy)/TC- Revised Baada Deo/2026-10144-54.

15. The record shows that all the assets, liabilities, obligations, privileges, statutory/ non-statutory clearances arising out of consent dated 19.12.2016 and IA dated 18.01.2022 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 23.07.2022 between the GoHP, M/s Geeta Ram and M/s Baada Deo Small Hydel Projects Private Limited/ Joint Petitioner No. 2.

16. Further, the Joint Petitioner No. 2 also signed a Connection Agreement with the Joint Petitioner No. 1/ HPSEBL on 23.11.2023, whereby the HPSEBL has agreed to connect the Project to its distribution and communication system through tapping on 22 kV Pangna-Nihri feeder emanating from 3x3.15 MVA, 33/22 kV Pangna Sub-station through solid tap with appropriate protection arrangement.

17. It is seen from the record that the SCOD of the Project as per the certificate issued by the HIMURJA vide letter No. HIMURJA/SHP-IA/Baada Deo (121)/2011-1080 dated 20.04.2026 is 04.07.2026 (Annexure-VI). Therefore, for the purpose of determination of generic levellized tariff, the Project falls under the 4th Control Period as per tariff order dated 17.11.2023 in Suo Motu Petition No. 7 of 2023.

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

Sr. No.	Capacity	Generic levellised 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

19. This tariff is subject to adjustment of subsidy/ grant/ incentive being provided by the Central or State Government as per Regulation 22-C of the RE Regulations, 2017. Though, the Joint Petitioner have mentioned that no subsidy was available for the Project but the Ministry of Commerce and Industry vide Notification No. 2(2)/2018-SPS dated 23.04.2018 had 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 provided 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.

20. The IA in respect of the Project has been executed on 18.01.2022. Therefore, the Project was eligible for subsidy being provided by the Ministry of Commerce and Industry, Government of India as per the above scheme, which is required to be adjusted.

21. 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. 170.853 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. 170.853 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.

22. The provisions regarding free power/ royalty have been stipulated in Clause 12 of the IA dated 18.01.2022. 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. The Commission in the SHP tariff order dated 17.11.2023 in Suo Motu Petition No. 7 of 2023 has considered 3% royalty for the first 12 years and 13% for the balance life of the Project. Therefore, the applicable generic levelled tariff need no adjustment on account of above variation in free power structure while allowing interim tariff.

23. As per the generic levelled tariff determined by the Commission for the 4th control period, the interim tariff for 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)	170.853
Per MW Incentives (Rs. in Lakhs)	113.902
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. 113.902 Lakh incentive (Rs.)	0.3189
Resulting Interim Tariff after Incentives Adjustment (Rs.)	4.611

24. After rounding, the interim tariff comes out to be Rs. 4.61 per kWh for the entire capacity of the Project.

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

26. 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 23.11.2023, the Implementation Agreement dated 18.01.2022, Tripartite Agreement dated 23.07.2022, Revised Technical Concurrence dated

31.01.2026, 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 Levellised Tariff.

27. 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. 170.853 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 interim tariff of Rs. 4.61 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 23.11.2023.
- (iii) The interim tariff shall be valid for a period of one year. The parties either jointly or individually shall approach the Commission immediately after one year for the final tariff of the Project.
- (iv) The free power shall be payable to the Govt. of H.P as per the IA dated 18.01.2022.
- (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.

28. 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.

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

The file after needful be consigned to records.

Announced

10.06.2026

-Sd-
(Shashi Kant Joshi)
Member

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