

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: 23.06.2026

In the matter of finalization of the Himachal Pradesh Electricity Regulatory Commission (Promotion of Generation from the Renewable Energy Sources and Terms and Conditions for Tariff Determination) (Eighth Amendment) Regulations, 2026.

ORDER

The Himachal Pradesh Electricity Regulatory Commission (hereinafter referred to as “the Commission”) has framed and notified the Himachal Pradesh Electricity Regulatory Commission (Promotion of Generation from the Renewable Energy Sources and Terms and Conditions for Tariff Determination) Regulations, 2017 vide Notification No. HPERC/428 dated 16th November, 2017 and published in the Rajpatra, Himachal Pradesh, on 23rd November, 2017 (hereinafter referred to as “the RE Tariff Regulations, 2017”).

2. The Central Electricity Regulatory Commission has notified the Central Electricity Regulatory Commission (Terms and Conditions for Tariff Determination from Renewable Energy Sources) Regulations, 2024, published in the Gazette of India (EXTRAORDINARY) on 16th July, 2024 (hereinafter referred to as “the CERC RE Tariff Regulations, 2024”).

3. The Commission considered it expedient to align the RE Tariff Regulations, 2017 with the CERC RE Tariff Regulations, 2024. Accordingly, the Commission issued the draft of the HPERC (Promotion of Generation from the Renewable Energy Sources and Terms and Conditions for Tariff Determination) (Eighth Amendment) Regulations, 2017 on 12.05.2026, which was published in the Rajpatra, Himachal Pradesh on 13.05.2026.

4. As required under sub-section (3) of section 181 of the Electricity Act, 2003, (hereinafter referred to as the Act), the Commission invited public objections and suggestions by way of insertion of public notice in two daily News-papers i.e. ‘Indian Express and ‘Divya Himachal’ on 16.05.2026 under Rule (3) of Electricity (Procedure of Previous Publication) Rules, 2005 and 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 15.06.2026. The Public hearing was Scheduled to be held on 16.06.2026.

5. The Commission, vide letter dated 16.05.2026 also requested the major stakeholders including Small Hydro Project Developers Association, State Government, Directorate of Energy, HIMURJA, HPPCL, Industries

Associations and Distribution Licensee to send their objections/suggestions as per the aforesaid public notice.

6. As Scheduled, the Public hearing was held on 16.06.2026 in the Commission.

7. Only one participant, Sh. Anil Thakur, Joint Director (Industries), Industries Department, GoHP attended the public hearing.

8. **Objections and issues raised during the public hearing.-**
During the public hearing, no objections were raised by the participant.

9. The Commission has received comments/suggestions on the draft Amendment Regulations from the Directorate of Energy, GoHP.

10. **Consideration of written submissions and Commission's analysis/views.-**

After having gone through the written submissions of the Directorate of Energy, GoHP, we proceed to analyze the same as under:-

(i) Need for State-Specific Biomass Clarification.-

The Directorate of Energy (DoE), GoHP has submitted that considering the geographical and agro-climatic conditions of Himachal Pradesh, the Commission may clarify whether pine needles, horticulture waste, forest litter and other locally available biomass resources shall qualify under the definition of Biomass.

Commission's View:-

The Commission agrees to the suggestions made by the DoE and decides to modify the definition of 'Biomass' as under:-

“(bb) ‘Biomass’ means wastes produced during agricultural, horticulture and forestry operations (e.g., straws, stalks, litters and pine needles) or produced as a by-product of processing operations of agricultural produce (e.g., husks, shells, de-oiled cakes), wood produced in dedicated energy plantations or recovered from wild bushes or weeds and the wood waste produced in some industrial operations including such other wastes as may be recognised by the Central Government, as being part of biomass;”

(ii) Renewable Hybrid Energy Projects.-

The DoE has submitted that the methodology for determination of "minimum useful life" for Renewable Hybrid Energy Projects having composite tariff may be elaborated further so as to avoid ambiguity during tariff adoption and long-term planning.

Commission's Views:-

The Commission observes that the proposed amendment clearly provides that in case a Renewable Hybrid Energy Project having a composite tariff, the useful life shall be reckoned as the minimum of

the useful life specified for the constituent renewable energy technologies forming part of such project. Moreover, the proposed provision regarding useful life of Renewable Hybrid Energy Projects has been adopted in line with the CERC RE Tariff Regulations, 2024. Therefore, the Commission does not find merit in the suggestions made by the stakeholder and decides to retain the proposed provisions.

(iii) Renewable Energy with Storage Projects.-

The DoE has submitted that the provision relating to useful life of Renewable Energy with Storage Projects may require further clarification in view of the comparatively lower operational life and replacement requirements of storage systems, particularly Battery Energy Storage Systems (BESS).

Commission's Views:-

The Commission observes that the proposed provision only specifies the useful life in line with the CERC RE Tariff Regulations, 2024. The issues relating to augmentation, replacement and tariff treatment of storage systems may have project specific treatment, however, the scope of the present regulatory process is limited to the proposed Amendment Regulations. Therefore, the Commission does not find merit in the suggestions made by the stakeholder in context to the present regulatory process.

(iv) Miscellaneous Comments/Suggestions:

(a) Promotion of Emerging Technologies.-

The DoE has suggested that the Commission may consider future inclusion of Green Hydrogen, Pumped Storage, Battery Energy Storage Systems (BESS) and Waste-to-Energy technologies under a separate regulatory framework or through subsequent amendments.

(b) Financial and Tariff Implications for Biomass and Hybrid Projects.-

The DoE has also submitted that while determining tariff norms for biomass and hybrid projects, the Commission may take into consideration the higher transportation cost, difficult terrain and seasonal availability of biomass resources in Himachal Pradesh.

(c) Alignment with National Policies.-

The DoE has also submitted that the proposed amendments may ensure consistency with the regulations, guidelines and policy framework issued by the Central Electricity Regulatory Commission and the Ministry of New and Renewable Energy from time to time.

(d) Need for Separate Tariff Framework for Solar PV Projects integrated with Battery Energy Storage Systems (BESS).-

The DoE has further submitted that presently there is no dedicated tariff framework in the State for Solar PV Projects integrated with Battery Energy Storage Systems and has requested the

Commission to consider introducing suitable tariff provisions for such projects.

(e) Reference to Practices adopted by Other States.-

The DoE has further submitted that certain States have introduced tariff frameworks for Solar-BESS Projects and similar provisions may also be considered in Himachal Pradesh.

(f) Provision for Integration of BESS with Existing Solar Projects.-

The DoE has further submitted that existing Solar PV Projects may be permitted to integrate supplementary BESS infrastructure subject to suitable regulatory approval and tariff mechanisms.

(g) Market-Driven and Cost-Neutral Approach.-

The DoE has also submitted that adoption of BESS with Solar Projects may be kept optional and market-driven and that tariff mechanisms may support peak-hour availability without increasing the overall power purchase cost.

(h) Need for Regulatory Clarity for Future Investments.-

The DoE has also submitted that introduction of a clear regulatory framework for Solar + BESS Projects would provide investment certainty and encourage development of flexible renewable energy resources in the State.

(i) Request regarding impact of MNRE's DCR Panel Directive dated 25.05.2026.-

The DoE has submitted that the recent directives relating to use of Domestic Content Requirement (DCR) compliant solar modules may have implications on project costs and tariffs and has requested the Commission to review the impact thereof and issue suitable clarification or mechanism for ongoing projects.

Commission's View:-

(i) The Commission appreciates the aforementioned suggestions made by the DoE, however, the scope of the present proceedings is limited to the proposed Amendment Regulations. The Commission is of the view that the aforementioned suggestions may be addressed in their context at appropriate stage, keeping in view the State specific situations/needs.

(ii) As far as the suggestions of the stakeholder regarding ensuring consistency with the Regulations, guidelines and policy framework issued by the Central Electricity Regulatory Commission and the Ministry of New and Renewable Energy from time to time, the Commission considers such frameworks relevant to the State specific needs/situations.

(iii) As far as the suggestions of the stakeholder that while determining tariff norms for biomass projects, the Commission may take into consideration the higher transportation cost, difficult

terrain and seasonal availability of biomass resources in Himachal Pradesh. In this regard, it is relevant to mention that the Commission has already initiated a separate regulatory process for determination of the Generic Levellized Tariff for FY 2026-27 Biomass Gasifier based power projects based on the technological norms/parameters specified by the Central Commission to promote the implementation of such RE Technologies in the State which may enable the agencies to have a sufficient data to address the concerns raised by the stakeholder.

In view of the above, the Commission decides to finalize and approve to notify the Himachal Pradesh Electricity Regulatory Commission (Promotion of Generation from the Renewable Energy Sources and Terms and Conditions for Tariff Determination) (Eighth Amendment) Regulations, 2026, after carrying out changes in the proposed Amendment Regulations as elaborated above. The Amendment Regulations be published in the Rajpatra, Himachal Pradesh accordingly.

Announced on: 23.06.2026.

-Sd-
(Shashi Kant Joshi)
Member

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