BEFORE THE HIMACHAL PRADESH ELECTRICITY REGULATORY COMMISSION SHIMLA

Petition No:	**160 of 2026**
Instituted on:	29.08.2026
Heard on:	07.09.2026
Decided on:	**15.09.2026**

CORAM:

SHASHI KANT JOSHI
MEMBER-cum- CHAIRMAN.

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, H.P-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 the Power Purchase Agreement to be executed by the HPSEBL with M/s Sai Eternal Foundation in respect of (2.0 MW) Tauhak Hydro Electric Project.

Present:-

Sh. Rajesh Kashyap, Ld. Counsel 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 the Long-term Power Purchase Agreement (PPA for short) at the applicable generic levellized tariff in respect of Tauhak Hydro Electric Project (2.0 MW) situated on Dudhikhaol Nallah, a tributary of Parvati river on Beas basin, Distt. Kullu, Himachal Pradesh (Project for short).

2. According to the Petition, initially the Project was allotted by the Government of Himachal Pradesh (GoHP for short) to the Himachal Pradesh Government Energy Development Agency (HIMURJA for short) which signed an Implementation Agreement (IA for short) on 08.09.2015 (Annexure-III) with the GoHP for implementation of 4.50 MW Tauhak HEP. Further, the HIMURJA signed a tripartite agreement with the GoHP and M/s Sai Engineering Foundation on 24.09.2015 (Annexure-IV) whereby the GoHP transferred/ assigned all the assets, liabilities, obligations, privileges, statutory/ non-statutory clearances obtained/ to be obtained including Forest/ Non-forest land acquired/ to be acquired in respect of 4.50 MW Tauhak HEP from The HIMURJA to M/s Sai Engineering Foundation.

3. Further, M/s Sai Engineering Foundation executed the 1st Supplementary Implementation Agreement (SIA for short) with the GoHP on 29.01.2021 (Annexure-V) to avail the benefit of the One Time Amnesty Scheme as per notification dated 07.11.2020 to redefine the zero date of the Project.

4. According to the Petition, the capacity of the Project was revised from 4.50 MW to 2.0 MW and a revised technical concurrence was issued by the Directorate of Energy (DoE), GoHP vide notification No. DoE/CE (Energy)/TEC Tauhak/2021-7365-74 dated 10.12.2021 (Annexure-VIII).

5. According to the Petition, a Tripartite Agreement dated 25.07.2022 (Annexure-VI) was executed between the GoHP, M/s Sai Engineering Foundation and M/s Sai Eternal Foundation (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 08.09.2015, Tripartie Agreement dated 24.09.2015 and SIA dated 29.01.2021 from M/s Sai Engineering Foundation to M/s Sai Eternal Foundation, Joint Petitioner No. 2 and on the same date i.e. 25.07.2022 the GoHP also executed the 2nd Supplementary Implementation Agreement (2nd SIA for short)

(Annexure-VII) with M/s Sai Eternal Foundation to incorporate the terms and conditions expedient upon revision of capacity of Tauhak HEP to 2.0 MW and its implementation.

6. It is averred that M/s Sai Eternal Foundation had signed the Connection Agreement with the HPSEBL/ Joint Petitioner No. 1 on 19.08.2026 (Annexure-IX), wherein it has been provided that the HPSEBL has agreed to connect the Tauhak HEP (2.0 MW) at the interconnection point i.e. proposed 33 kV switching station by LILOing of 33 kV Sandhya-Chaksi-Barshaini circuit of 33 kV D/C MPCL Jari-Barshaini line subject to the following conditions:-

(i) The said arrangement shall be an interim arrangement for a period of two years or till commissioning of the 132/33 kV Barshaini Sub-station (of the HPPTCL) alongwith 132 kV D/C Charor-Barshaini line, and shifting of Toss HEP (10 MW) and Jirah SHEP (4.0 MW) from 33/11 kV Barshaini Sub-station (of the HPSEBL) to 33/132 kV Barshaini Sub-station (of the HPPTCL), whichever is earlier. During the interim period, the quantum of power to be evacuated from Tauhak SHEP (2.0 MW) shall be subject to the availability of capacity in the upstream network.

(ii) Till the restoration of 33 kV HT line between the LILO point of Tauhak SHEP and Chaksi SHEP, the IPP shall bear the proportionate losses on account of wheeling of power upto

132/33 kV MPCL Jari Sub-station. After restoration of the said section of 33 kV HT line between the LILO point of Tauhak SHEP and Chaksi HEP, the IPP i.e. Tauhak SHEP shall bear the losses upto the nearest 33/11 kV Sub-station i.e. 33/11 kV Barshaini Sub-station (of the HPSEBL).

(iii) After commissioning of 132/33 kV Barshaini Sub-station (of the HPPTCL) and 132 kV D/C Charor-Barshaini line and shifting of Toss HEP (10 MW) and Jirah SHEP (4.0 MW) from 33/11 kV Barshaini Sub-station (of the HPSEBL) to 33/132 kV Barshaini Sub-station (of the HPPTCL), the IPP shall be granted permanent connectivity through the aforementioned arrangement and the IPP shall bear the losses upto the nearest 33/11 kV Sub-station i.e. 33/11 kV Barshaini Sub-station.

(iv) The rights and operational priority of other SHEPs/ HEPs to whom the HPSEBL has already granted connectivity, shall at all times supersede the power that shall be evacuated through this interim arrangement. In the event of any contingency or capacity constraint on 33 kV D/C line from MPCL Jari to Barshini and also on 33/132 kV Power Transformer of the HPSEBL in the yard of Malana-I HEP, the interim accommodation of Tauhak SHEP (2.0 MW) shall be the first to be curtailed/ disconnected and Tauhak SHEP (2.0 MW) shall comply with all back down/ regulation directions of the HPSEBL without demur.

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. 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.

9. 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 or otherwise. Further, no Joint Petition for approval of PPA has ever been filed before the Commission in respect of the Project.

10. It is averred that the SCOD certificate issued by the Chief Executive Officer, HIMURJA vide letter No. HIMURJA/(F-7)/Projects-1081 dated 20.04.2026 in respect of the Project provides that the SCOD

of the Project shall be 30.06.2026 (Annexure-X) and therefore, the Project falls under the 4th Control Period (i.e. 01.10.2023 to 31.03.2027) as defined under the RE Regulations, 2017, for the purpose of the generic levellized 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.

11. Regarding adjustment on account of incentive/ subsidy/ grant 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 Industrial Development Scheme for the Himachal Pradesh and Uttarakhand (IDS, 2017 for short), the scheme was operational from 01.04.2017 to 31.03.2022 but the Joint Petitioner No. 2 applied for the incentive/ subsidy on the DIPP Portal on 28.03.2022 vide Application No. IDS/HP/2706 under the said Scheme.

However, as on date the status of the application of the IPP on the DIPP portal is reflected as ‘closed’ without any specific reason. Thus, no adjustment on account of incentive/ subsidy is required to be made. However, no additional tariff on account of O&M is applicable as the capacity of the Project is less than 5.0 MW.

12. The provisions regarding free power/ royalty have been reproduced in para 15 (C) of the Petition. It is averred that the royalty rates inclusive of the Local Area Development Fund (LADF for short) 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.

13. Further the Joint petitioner No. 2 has agreed to pay an additional 6.75% share to the HIMURJA, over and above the free power share prescribed under the relevant energy policy. This additional payment is part of the Joint Petitioner No. 2’s separate commitment made for obtaining the project from the HIMURJA. Therefore, the Joint Petitioner

No. 1/ the HPSEBL has prayed that the same may not be considered for any tariff adjustment for variation in free power structure.

14. 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.

15. 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 by the GoHP to the HIMURJA which signed an IA on 08.09.2015 (Annexure-III) with the GoHP for implementation of 4.50 MW Tauhak SHEP. Further, a tripartite agreement was executed by the HIMURJA with the GoHP and M/s Sai Engineering Foundation on 24.09.2015 (Annexure-IV) whereby the GoHP granted its consent to transfer all the assets, liabilities, obligations, privileges, statutory/ non-statutory clearances obtained/ to be obtained including Forest/ Non-forest land acquired/ to be acquired in respect of the Project from the HIMURJA to M/s Sai Engineering Foundation.

17. It is apparent from the record that 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 Sai Engineering Foundation executed the 1st SIA with the GoHP on 29.01.2021 (Annexure-V) under One Time Amnesty Scheme to redefine the zero date of the Project as per notification dated 07.11.2020.

18. The record shows that the capacity of the Project was revised from 4.50 MW to 2.0 MW and a revised technical concurrence was issued by the Directorate of Energy (DoE), GoHP vide notification No. DoE/CE(Energy)/TEC Tauhak/2021-7365-74 dated 10.12.2021 (Annexure-VIII). Further, a Tripartite Agreement dated 25.07.2022 (Annexure-VI) was executed between the GoHP, M/s Sai Engineering Foundation and M/s Sai Eternal Foundation (Joint Petitioner No. 2) whereby the GoHP granted its consent to transfer all the assets, liabilities, obligations, privileges, statutory/ non-statutory clearances arising out of IA dated 08.09.2015, Tripartite Agreement dated 24.09.2015 and SIA dated 29.01.2021 from M/s Sai Engineering Foundation to M/s Sai Eternal Foundation, Joint Petitioner No. 2.

19. The record also shows that the Joint Petitioner No. 2 signed the 2nd SIA with the GoHP on 25.07.2022 (Annexure-VII) for the reduced capacity of the Project from 4.50 MW to 2.0 MW, incorporating the

terms and conditions on account of change of the capacity of the Project.

20. It is also evident from the record that M/s Sai Eternal Foundation (Joint Petitioner No. 1) had signed the Connection Agreement with the HPSEBL/ Joint Petitioner No. 1 on 19.08.2026 (Annexure-IX), wherein it has been provided that the HPSEBL has agreed to connect the Tauhak HEP (2.0 MW) at the interconnection point i.e. proposed 33 kV switching station by LILOing of 33 kV Sandhya-Chaksi-Barshaini circuit of 33 kV D/C MPCL Jari-Barshaini line subject to the following conditions:-

(i) The said arrangement shall be an interim arrangement for a period of two years or till commissioning of the 132/33 kV Barshaini Sub-station (of the HPPTCL) alongwith 132 kV D/C Charor-Barshaini line, and shifting of Toss HEP (10 MW) and Jirah SHEP (4.0 MW) from 33/11 kV Barshaini Sub-station (of the HPSEBL) to 33/132 kV Barshaini Sub-station (of the HPPTCL), whichever is earlier. During the interim period, the quantum of power to be evacuated from Tauhak SHEP (2.0 MW) shall be subject to the availability of capacity in the upstream network;

(ii) Till the restoration of 33 kV HT line between the LILO point of Tauhak SHEP and Chaksi SHEP, the IPP shall bear the proportionate losses on account of wheeling of power upto

132/33 kV MPCL Jari Sub-station. After restoration of the said section of 33 kV HT line between the LILO point of Tauhak SHEP and Chaksi HEP, the IPP i.e. Tauhak SHEP shall bear the losses upto the nearest 33/11 kV Sub-station i.e. 33/11 kV Barshaini Sub-station (of the HPSEBL);

(iii) After commissioning of 132/33 kV Barshaini Sub-station (of the HPPTCL) and 132 kV D/C Charor-Barshaini line and shifting of Toss HEP (10 MW) and Jirah SHEP (4.0 MW) from 33/11 kV Barshaini Sub-station (of the HPSEBL) to 33/132 kV Barshaini Sub-station (of the HPPTCL), the IPP shall be granted permanent connectivity through the aforementioned arrangement and the IPP shall bear the losses upto the nearest 33/11 kV Sub-station i.e. 33/11 kV Barshaini Sub-station; and

(iv) The rights and operational priority of other SHEPs/ HEPs to whom the HPSEBL has already granted connectivity, shall at all times supersede the power that shall be evacuated through this interim arrangement. In the event of any contingency or capacity constraint on 33 kV D/C line from MPCL Jari to Barshini and also on 33/132 kV Power Transformer of the HPSEBL in the yard of Malana-I HEP, the interim accommodation of Tauhak SHEP (2.0 MW) shall be the first to be curtailed/ disconnected and Tauhak SHEP (2.0 MW) shall comply with all back down/ regulation directions of the HPSEBL without demur.

21. 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 RE Regulations, 2017, as amended from time to time.

22. 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 for short). The Scheduled Commercial Operation Date (SCOD) of the Project is 30.06.2026 as certified by the Chief Executive Officer, HIMURJA, Shimla vide certificate appended to the letter No. HIMURJA/(f-7) Projects-1081 dated 20.04.2026 (Annexure-X).

23. The Ministry of Commerce and Industry vide Notification No. 2(2)/2018-SPS dated 23.04.2018 has notified the IDS, 2017 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. 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.

24. It is apparent from the record the Joint Petitioner No. 2 applied for the IDS, 2017 on the DIPP Portal vide Application No. IDS/HP/2026 on 28.03.2022 i.e. within the currency of the Scheme. However, the status of the application on the portal is reflected as 'closed'. Therefore, no adjustment on account of incentive/ subsidy is required to be made.

25. The provisions regarding free power/ royalty have been stipulated in Clause 6 of the 2nd SIA dated 25.07.2022 (Annexure-VII). The royalty rates inclusive of the 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. Therefore, since the variation exceeds the

permissible limit of 13% under the RE Regulations, 2017, no adjustment in tariff is required to be made**.**

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

27. 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 Act and Regulations 56 and 57 of the CBR, 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 08.09.2015, the Tripartite Agreement dated 24.09.2015, the Supplementary Implementation Agreement dated 29.01.2021, the Tripartite Agreement dated 25.07.2022, the 2nd Supplementary Implementation Agreement dated 25.07.2022, the Connection Agreement dated 19.08.2026, 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 Levellized Tariff. Hence, the Petition succeeds and allowed. Therefore, the tariff of Rs.

4.93 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 tariff of Rs. 4.93 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 19.08.2026.

(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 IAs/ SIAs dated 08.09.2015, 29.01.2021 and 25.07.2022.

(v) 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 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.

29. Two copies of the executed PPA be submitted to the Commission for record.

30. 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
15.09.2026

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(Shashi Kant Joshi)
Member-cum-Chairman