

PUNJAB STATE ELECTRICITY REGULATORY COMMISSION
SITE NO. 3, BLOCK B, SECTOR 18-A, MADHYA MARG, CHANDIGARH

Petition No. 35 of 2021
(Suo-Motu)
Date of Order:30.07.2021

In the matter of: Amendment in the Punjab State Electricity Regulatory Commission (Renewable Purchase Obligation and its compliance) Regulations, 2011 for specification of HPO trajectory (Suo-Motu).

Present: Mr. Viswajeet Khanna, Chairperson
Ms. Anjuli Chandra, Member
Mr. Paramjeet Singh, Member

ORDER:

1. The Electricity Act, 2003 (Act), under Section 86(1) (e) mandates the Commission to promote cogeneration and generation of electricity from renewable sources of energy by providing suitable measures for connectivity with the grid and sale of electricity to any person, and also specify, for purchase of electricity from such sources, a percentage of the total consumption of electricity in the area of distribution licensee.

Further, Clause 6.4 of the Tariff Policy, 2016 states as under:

“6.4 Renewable sources of energy generation including Co-generation from renewable energy sources:

(1) Pursuant to provisions of section 86(1)(e) of the Act, the Appropriate Commission shall fix a minimum percentage of the total consumption of electricity in the area of a distribution licensee for purchase of energy from renewable energy sources, taking into account availability of such resources and its impact on retail tariffs. Cost of purchase of

renewable energy shall be taken into account while determining tariff by SERCs. Long term growth trajectory of Renewable Purchase Obligations (RPOs) will be prescribed by the Ministry of Power in consultation with MNRE. Provided that cogeneration from the sources other than renewable sources shall not be excluded from the applicability of RPOs.”

In view of the above, the Commission had notified PSERC (Renewable Purchase Obligation and its compliance) Regulations, 2011 amended from time to time to promote Renewable Energy.

2. Ministry of Power vide its letter dated 29.01.2021 has declared Large Hydro Power Projects including pump storage projects having capacity of more than 25 MW (LHPs) which comes into commercial operation after 08.03.2019 as Renewable Energy source and has laid down the trajectory of Hydro Purchase Obligation (HPO) within Non-Solar RPO as under:

Year	Solar RPO	Non-Solar RPO			Total RPO
		HPO	Other Non-Solar RPO	Total Non-Solar RPO	
2021-22	10.50%	0.18%	10.50%	10.68%	21.18%
2022-23	To be specified later	0.35%	To be specified later	To be specified later	To be specified later
2023-24		0.66%			
2024-25		1.08%			
2025-26		1.48%			
2026-27		1.80%			
2027-28		2.15%			
2028-29		2.51%			
2029-30		2.82%			

Ministry of Power in the said letter has also requested that SERCs may consider notifying RPO trajectory including HPO in line with the aforesaid trajectory.

3. A Staff Paper for amending Punjab State Electricity Regulatory Commission (Renewable Purchase Obligation and its compliance) Regulations, 2011 for laying down HPO targets in line with the trajectory given in MoP letter dated 29.01.2021 was uploaded on the website of the Commission on 06.05.2021 and the public notice inviting comments/suggestions and objections on the Staff Paper from various stakeholders was published on 06.05.2021 in the leading newspapers namely The Tribune, Ajit, Times of India and Punjab Kesari. The last date for receipt of suggestions and objections was 05.06.2021. Three suggestions/objections were received from the following stakeholders:

- a. Greenko Energies Pvt Ltd.
- b. Punjab State Power Corporation Ltd.
- c. Prayas Energy Group, Pune.

Further, a public hearing on the Staff Paper for amending RPO Regulations for specification of HPO targets was also held on 09.06.2021.

4. The submissions received from the aforementioned stakeholders are briefed as under:

- a) Greenko Energies Pvt Ltd has suggested modifications related to insertion of definition of Hybrid Sources and Hydro Energy Certificates, inclusion of LHPs (including pumped storage projects) in the definition of Renewable Energy Sources, and to include untied capacity of the commissioned large hydro projects. Greenko has also

suggested consideration of meeting HPO target beyond 85% from Solar or Non-Solar and/or Solar or Non-Solar RECs only if generation from eligible LHPs is insufficient and there is non-availability of Hydro Energy Certificates (HECs).

b) PSPCL has submitted that the State of Punjab has already exhausted all its potential of Hydro Power generation. Upcoming LHPs with whom PPAs have been executed by PSPCL are not expected to be scheduled before FY 2023-24 and its own LHP i.e. Shahpur Kandi Power Project with capacity of 206 MW is also likely to be commission only in September 2024. There is no scope for Large Hydro Power addition during FY 2021-22 and FY 2022-23 in the State of Punjab, thus PSPCL shall have to bear additional financial burden to meet with the HPO targets specified in the Staff Paper.

Therefore, PSPCL requested that the HPO targets be introduced in the State of Punjab from FY 2023-24 instead of FY 2021-22. In addition, PSPCL has requested for inclusion of HEC, clarification on its applicability and to consider 100% of generation from LHPs for fulfillment of HPO targets.

c) Prayas Energy Group has submitted that the proposed amendment would result in investment in high risk assets which have long gestation periods and could result in significant resource lock-in and additional burden due to proposed HPO targets. It has also submitted that the MoP Order allows only hydro projects commissioned after March 2019 to qualify for HPO compliance. Hence, all the hydro capacity may not qualify for the HPO and thus it may not be prudent to go ahead with the proposed amendment.

5. The Commission observes that PSPCL does not have any Large Hydro Power Project addition after March 2019 in its Power

Procurement portfolio during FY 2021-22 and FY 2022-23. Shahpur Kandi Power Project and other contracted capacities from LHPs are not expected to be commissioned before FY 2023-24. Further, CERC is yet to devise a mechanism similar to REC mechanism to facilitate the fulfillment of HPO. Therefore, additional financial burden will be placed on the consumers of the state for the period of the PPA If, PSPCL were to contract power with an LHP commissioned after March 2019 at this stage rather than meeting it through HEC.

Accordingly, given the said facts and circumstances, the Commission finds it appropriate to defer specification of HPO targets for PSPCL at this stage. The Commission shall be revisiting the same while laying down the RPO targets for FY 2022-23 and onwards.

The petition is disposed of accordingly.

Sd/-

(Paramjeet Singh)

Member

Sd/-

(Anjuli Chandra)

Member

Sd/-

(Viswajeet Khanna)

Chairperson

Chandigarh

Dated: **30.07.2021**