

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

**Petition No. 06 of 2024**  
**Date of Order: 14.05.2024**

Petition under section 86(1)(b) and 86(1)(e) of the Electricity Act 2003, as read with the applicable provisions under the PSERC (Power Purchase and Procurement Process of Licensees) Regulations 2012, and Regulation 46 of the PSERC (conduct of Business) Regulations 2005 for approval of power procurement from the waste -to-energy plants with an aggregate capacity of 0.1 MW power, owned and operated by the Municipal Council, Gobindgarh, and approval of the draft Power Purchase Agreement in respect thereof.

In the matter of: Punjab State Power Corporation Limited (PSPCL),  
The Mall, Patiala, Punjab-147001.

....Petitioner

Versus

Municipal Council, Mandi Gobindgarh, Near Aggarsen  
Park, Gaushala Road, NH-44, Mandi Gobindgarh (Distt.  
Fatehgarh Sahib)

....Respondent

Commission: Sh. Viswajeet Khanna, Chairperson

Sh. Paramjeet Singh, Member

Petitioner: Ms. Poorva Saigal, Advocate (Through V.C.)

Respondent: Sh. Dharminder Singh Randhawa, Advocate

**ORDER**

1. The Petitioner (PSPCL) has filed the instant petition for seeking approval of its Power Purchase Arrangement and draft Power Purchase Agreement (PPA) in respect of 0.1 MW Waste-to-Energy Plant owned and operated by the Municipal Council Gobindgarh. It has been submitted that:

1.1 PSPCL, a distribution licensee in the State of Punjab under Section 2(17) of the Electricity Act 2003, has been procuring

electricity from various sources, including, from renewable sources of energy to meet the power supply requirements in order to maintain the distribution and retail supply of electricity in the State. The Municipal Council Gobindgarh, is a statutory body constituted under Section 4(2) of the Punjab Municipal Act 1911. The functions of the Municipal Council include the solid waste management. The relevant provision of the Punjab Municipal Act 1911 provides as under:

*“50-B. Powers and Authorities of Municipalities. –*

*.....*

*(ii) the performance of functions and implementation of the schemes which may be entrusted to them including the following, namely :-*

*.....*

*(6) public health, sanitation conservancy and solid waste management;”*

1.2 Section 86 of the Electricity Act 2003, *inter-alia*, provides as under:

*“(1) The State Commission shall discharge the following functions, namely:-*

*.....*

*(b) regulate electricity purchase and procurement process of distribution licensees including the price at which electricity shall be procured from the generating companies or licenses or from other sources through agreements for purchase of power for distribution and supply within the State;*

*.....*

*(e) provide co-generation 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 a distribution licensee;”*

Accordingly, the Commission is to regulate electricity purchase and procurement process of distribution licensees including the price for distribution and supply in the State. Also, in terms of the PSERC (Renewable Purchase Obligations and its Compliance) Regulations notified by this Commission, the energy procured from all renewable energy sources approved by the Ministry of New and Renewable Energy (**MNRE**), including municipal solid waste, is to be considered towards fulfillment of the Renewable Power Obligations (**RPO**).

1.3 Further, it is submitted that:

a) On 12.02.2005, the Central Government, in exercise of the statutory powers under Section 3 of the Electricity Act 2003, has notified the National Electricity Policy 2005 which provides as under:

*“5.10 ENVIRONMENTAL ISSUES*

*.....*

*5.10.5 Setting up of municipal solid waste energy projects in urban areas and recovery of energy from industrial effluents will also be encouraged with a view to reducing environmental pollution apart from generating additional energy.”*

b) On 23.10.2012, this Commission has issued the PSERC (Power Purchase and Procurement Process of Licensees) Regulations, 2012 in relation to regulating the procurement process of distribution licensee providing as under:

*“13. Power Purchase Arrangements or Agreements*

*Any new long term power purchase arrangement or agreement*

*and amendments to existing PPA entered into by Distribution Licensee(s), shall be subject to prior approval of the Commission under section 86 of the Act, in respect of:-*

- i. Necessity;*
- ii. Reasonability of cost;*

.....

*vii. Conformity with policy directives of the State Government and policies issued by the Government of India viz. National Electricity Policy, Tariff Policy, long term and short term power procurement guidelines."*

- c) On 26.12.2012, the Government of Punjab issued the New and Renewable Sources of Energy Policy 2012 (**NRSE Policy 2012**), which reads as under:

*"2.4 Urban, Municipal and Industrial Liquid / Solid Waste:*

*At present about 5000 Metric Tons of Municipal, Urban and Industrial solid waste is being produced every day in the urban areas of the State. Introducing scientific processing and treatment of this quantity of waste would add to power generation besides being environmentally benign. Such projects shall be supported on different waste streams in the State. It is proposed to achieve a target of 50 MW power generation in this sector by 2022."*

- d) On 28.01.2016, the Ministry of Power issued the National Tariff Policy 2016, mandating the distribution licensees (such as PSPCL) to compulsorily procure the entire energy produced by the Waste-to-Energy Plants in the respective States. The relevant extract from the National Tariff Policy, 2016 reads as under:

*"6.4 (1) (ii) Distribution Licensee(s) shall compulsorily procure 100% power produced from all the Waste-to-Energy plants in the*

*State, in the ratio of their procurement of power from all sources including their own, at the tariff determined by the Appropriate Commission under Section 62 of the Act.*

.....

*(2) States shall endeavor to procure power from renewable energy sources through competitive bidding to keep the tariff low, except from the waste to energy plants. ....”*

- 1.4 On 03.11.2022, a meeting was held under the chairmanship of Chief Secretary, Punjab for discussion in respect of Waste to Energy Plants to be set up at Ludhiana and Amritsar. During the meeting it was concluded that PSPCL may issue a letter to the Department of Local Government, Punjab regarding the tariff of the Waste to Energy plants to be set up in the state of Punjab.
- 1.5 On 15.11.2022, PSPCL issued a letter to the Department of Local Government Punjab, informing its consent to purchase power from Waste to Energy Plants to be set up in the State at a fixed tariff of Rs. 5.00/- per kWh or as approved by PSERC, whichever is lower. Further, PSPCL also specified that the difference claimed by the developers in excess of the tariff fixed above, or as approved by the Commission, whichever is lower, shall have to be borne by the Local Government.
- 1.6 On 02.03.2023, the Municipal Council Gobindgarh, through its resolution bearing reference no. 43, approved the proposal to enter into a Power Purchase Agreement (**PPA**) with PSPCL at the rate of Rs. 5.00/- per kWh. Further, on 19.04.2023, the Municipal Council Gobindgarh, while informing of the status of the PPA to be executed with PSPCL also provided the

Detailed Project Report (**DPR**) of the plant and the NOC from the Punjab Pollution Control Board (**PPCB**).

- 1.7 It is submitted that some of the other State Electricity Regulatory Commissions have approved/determined the tariff rates for municipal solid Waste-to-Energy plants as under:

Date	Developer	Capacity	Petition No./Forum	Tariff (Rs./kWh)
07.03.2023	Waste to Energy Plant at Narela- Bowana	28 MW	Petition No. 72/2022- Delhi Electricity Regulatory Commission	7.38
10.02.2021	Waste to Energy Plant at Njalianparambu, Kozhikode	6 MW	OA No. 06/2020-Kerala State Electricity Regulatory Commission	6.81
07.09.2018	Waste to Energy Plant for Gurugram and Faridabad cluster	25 MW	HERC/PRO – 86 of 2017- Haryana Electricity Regulatory Commission	7.05
07.09.2018	Waste to Energy plant for Sonipat- Panipat Cluster	7 MW	HERC/PRO – 30 of 2018- Haryana Electricity Regulatory Commission	7.05

- 1.8 PSPCL submits that:

- a) The tariff of Rs. 5.00/- kWh agreed hereto is economical and lower than the prevailing rates for municipal solid waste generating stations/Waste-to-Energy plants in other States. The tariff would be fixed for the tenure of the PPA (i.e. without escalation for the period of 25 years). Further, the benefit of accelerated depreciation, if availed by the Municipal Council Gobindgarh, shall also be deductible from Rs. 5.00/kWh.
- b) The benefits of the procurement of power from this Waste-to-Energy Plant shall contribute towards the Renewable Purchase Obligations of PSPCL in accordance with the PSERC RPO Regulations 2022. Further, in terms of the National tariff Policy 2016, it is incumbent upon the

Distribution Licensee to mandatorily procure power from Waste to Energy Plants.

1.9 In the facts and circumstances mentioned above, the Petitioner prays to the Commission to:

- a) Admit the petition;
- b) Declare that the power procurement from the Waste-to-Energy plant with an aggregate capacity of 0.1 MW, owned and operated by the Municipal Council, Gobindgarh stands approved at a tariff of Rs. 5.00/kWh on the tariff terms and conditions in the draft Power Purchase Agreement; and
- c) Pass such further order or orders as the Commission may deem just and proper in the circumstances of the case.

2. The petition was taken up for hearing on admission on 08.05.2024. After hearing the Petitioner the petition was admitted. The Ld. Counsel appearing for the Respondent submitted an affidavit dated 06.05.2024 from the Municipal Council Gobindgarh reiterating PSPCL's submissions and praying for approval of the proposed power procurement arrangement. After hearing the parties Order was reserved.

**3. Analysis and Decision of the Commission:**

The Commission has examined the submissions made by the parties. The Petition is for seeking approval of PSPCL's power procurement arrangement and the draft Power Purchase Agreement (PPA) in respect of 0.1 MW Waste-to-Energy Plant owned and operated by the Municipal Council Gobindgarh. In order to examine the same, the Commission refers to the relevant

Sections of the Electricity Act and PSERC Regulations framed there under for regulating the Power Purchase & Procurement process of the Licensee, also reproduced by PSPCL in its submissions. As is evident, for approval of any long term power purchase arrangement, the Commission is mandated to examine the same primarily on the criteria of its 'Necessity', 'Reasonability of cost', and 'Conformity with the State/Central Government policy directives/Policies'. Accordingly, the Commission proceeds to analyse the PSPCL's proposal as hereunder:

**a) Necessity:**

PSPCL has submitted that the proposed power procurement is required to meet its RPO targets mandated under the PSERC RPO Regulations 2022. The Commission notes that, as per the projected figures submitted for approval of its ARR for FY 2024-25, PSPCL is finding it hard to meet its mandated RPO targets specified by the Commission under Sections 86 (1)(e) of the Electricity Act 2003. Thus, there cannot be any issue with regard to the criteria of 'Necessity' in case of the instant proposal for procurement of RE power from the Waste-to-Energy Plant.

**b) Reasonability of Cost:**

The parties have submitted that the tariff of Rs. 5.00/- kWh, as agreed with mutual consent, is economical and lower than the prevailing tariffs for municipal solid waste generating stations/Waste-to-Energy plants in other States. The Commission also notes that the tariff of Rs. 5.00/- kWh, as agreed between the parties with mutual consent, is less than the average tariff of Rs. 5.04/kWh projected by PSPCL for its power procurement for FY 2024-25 in its annual ARR.



**c) Conformity with the State/Central Government policy directives/Policies:**

The Commission also observes that the impugned arrangement for procurement of power from the 'Waste to Energy' Plant of the Municipal Corporation is in line with the mandate of the State NRSE Policy 2012 and the guidance given under the policies issued by the Government of India viz. National Electricity Policy and Tariff Policy.

**Thus, the Commission allows PSPCL's proposal for procurement of power from 0.1 MW Waste-to-Energy Plant of the Municipal Council Gobindgarh, without any escalation for a period of 25 years, at the tariff of Rs. 5.00/- kWh as agreed to between the parties with mutual consent. The Commission also wishes to reiterate that it does not approve the other terms and conditions of the PPA, which are to be decided by the contracting parties with mutual consent.**

The prayer is approved and the petition is disposed of in terms of the above analysis/observations of the Commission.

**Sd/-**  
(Paramjeet Singh)  
Member

**Sd/-**  
(Viswajeet Khanna)  
Chairperson

Chandigarh  
Dated: 14.05.2024