

**PUNJAB STATE ELECTRICITY REGULATORY COMMISSION
SCO NO. 220-221, SECTOR 34-A, CHANDIGARH**

**Petition No. 3 of 2014
Date of Order: 20.03.2014**

In the matter of: Petition under Section 94 (f) of the Electricity Act, 2003 for review of the Order dated 13.12.2013 passed by the Commission in Petition No.53 of 2013 regarding procurement of power from 7.52 MW Rooftop Solar PV Power Project at Radha Soami Satsang Beas, District Amritsar.

AND

In the matter of: Punjab State Power Corporation Limited, The Mall, Patiala.

AND

In the matter of 1. Punjab Energy Development Agency, Plot No.1-2, Sector 33-D, Chandigarh (U.T.)-160034.
 2. RSSB Educational & Environmental Society, Dera Baba Jaimal Singh, Beas, District Amritsar.

Present: Smt.Romila Dubey, Chairperson
 Shri Virinder Singh, Member
 Shri Gurinder Jit Singh, Member

ORDER

Punjab State Power Corporation Limited (PSPCL) filed this Review Petition (RP) before the Punjab State Electricity Regulatory Commission (Commission) under section 94(f) of the Electricity Act, 2003 (Act) seeking review of the Order dated 13.12.2013 passed by the Commission in Petition No. 53 of 2013 for allowing it to procure electricity from 7.52 MW Rooftop Solar PV Power Project (Project) of RSSB Educational & Environmental Society (RSSB), Dera Baba Jaimal Singh, Beas, District Amritsar.

2. PSPCL submitted that it filed Petition No. 53 of 2013 seeking the approval of the Commission for procurement of electricity at Average Pooled Cost of Purchase (APPC) in terms of Implementation Agreement (IA) signed between RSSB and Punjab Energy Development Agency (PEDA) according to which PSPCL was required to sign the Power Purchase Agreement (PPA) with RSSB to procure electricity from the Project at APPC. In the said petition, PSPCL also sought approval of the Commission to allow the purchase of Renewable Energy Certificates (RECs) corresponding to the electricity purchased by it from RSSB at APPC as a pass through, as procurement of power at

APPC would not have entitled it to include this power towards renewable purchase obligation (RPO) compliance. PSPCL submitted that though the first part of the prayer i.e. procurement of electricity at APPC by PSPCL from RSSB was allowed by the Commission, the second part of the same i.e. pass through of the cost of purchase of corresponding Solar RECs in the Annual Revenue Requirement (ARR) of PSPCL was not allowed as it would cast an additional burden on the consumers of the State, which as per the petitioner, is an error apparent on the face of record.

3. PSPCL further submitted that during the proceedings before the Commission in Petition No. 53 of 2013, an alternative proposal was submitted by RSSB wherein it had proposed to sell electricity to PSPCL at a preferential tariff of ₹ 9.62 per kWh i.e. without the entitlement of RECs but the Commission did not consider the same. The petitioner submitted that in case the procurement of electricity at APPC was not found to be prudent by the Commission, it may have considered the same to be procured at the preferential tariff, which would have entitled this electricity to be accounted for RPO compliance of PSPCL.

4. PSPCL has prayed to:

- a) admit the present petition and review the Order dated 13.12.2013 passed by the Commission;
- b) allow the procurement of RECs by PSPCL corresponding to the purchase of electricity from RSSB at the APPC price as a pass through to the PSPCL;
- c) pass such other further Order(s) as the Commission may deem just in the facts of the present case.

5. The RP was taken up for admission on 28.01.2014 and was admitted. The respondents were directed to file reply to the RP by 18.02.2014.

6. RSSB filed reply dated 17.02.2014 and admitted that it had proposed to supply electricity at a tariff of ₹ 9.62 per kWh (in Petition No. 53 of 2013), which included the cost of strengthening of roof but not the cost of land. RSSB submitted that, however, it was never offered any alternative viable tariff to which they would have cooperated to the extent possible. RSSB further submitted that it is willing to accept either the generic preferential tariff of ₹ 8.75 per kWh determined by the Commission (in its Order dated 25.06.2013) or average tariff of ₹ 8.41 per kWh or weighted average tariff of ₹ 8.34 per kWh discovered in the case of 5-30 MW (category-II) of projects in the competitive bidding invited by PEDDA for allocation of 300 MW solar PV projects. RSSB also submitted that if a reasonable and acceptable tariff is agreed upon, it is willing to sign

fresh IA and PPA with PEDDA and PSPCL respectively on the direction of the Commission. RSSB further submitted that in case the Commission approves the preferential tariff for supply of electricity from the Project instead of APPC, the present review petition by PSPCL will become infructuous.

7. In the hearing of the petition by the Commission on 25.02.2014, PSPCL prayed for adjournment of the RP to 18.03.2014, which was accepted vide Order dated 26.02.2014.

8. In the meanwhile, RSSB has filed further submissions on 10.03.2014 and submitted that during the hearing on 25.02.2014, with regard to the Commission's comments for the lowest preferential tariff acceptable to RSSB, it had stated that ₹8.34 per kWh would be acceptable to it. RSSB further submitted that after the hearing on 25.02.2014, it had deliberations with PSPCL to arrive at a mutually acceptable tariff. As per RSSB, PSPCL responded that though tariff determination and approval of power purchase by it was under the jurisdiction of the Commission, in case RSSB was willing to accept the lowest bid rate for category-II discovered by PEDDA in the ibid competitive bidding, the same would be acceptable to PSPCL subject to approval by the Commission. RSSB while recalling the submissions during hearings of Petition No. 53 of 2013 submitted that PEDDA had commented that RSSB should consider the aforementioned rate of ₹ 7.67 per kWh since any higher rate could encourage other successful bidders for the same. RSSB has finally submitted that the lowest bid rate of ₹7.67 per kWh in the said bidding is acceptable to it if the Commission was to approve the same.

9. PSPCL has filed reply dated 14.03.2014 and submitted that RSSB had entered into an IA dated 11.09.2013 with PEDDA for supply of electricity at APPC rate from its Project and in terms of the above, PSPCL had filed petition (No. 53 of 2013) before the Commission for procurement of electricity at APPC rate. PSPCL had also prayed that the Commission may allow pass through of the cost of the purchase of RECs corresponding to the procurement of electricity from RSSB's Project at APPC rate in the ARR, in case there was necessity for procurement of such RECs. PSPCL has further submitted that during the course of the proceedings of the present RP, RSSB has offered to supply the electricity at the preferential tariff instead of the APPC rate and by affidavit dated 10.03.2014, RSSB has confirmed before the Commission, its readiness to supply power at the preferential tariff of ₹7.67 per kWh, which was the lowest bid tariff discovered in the competitive bidding process conducted by PEDDA in the year 2013.

PSPCL has also submitted that the procurement of electricity at the preferential tariff of ₹7.67 per kWh as proposed by RSSB is also beneficial to it as well as to the consumers in the State of Punjab as compared to the procurement at APPC rate, primarily as the electricity will be counted towards its RPO compliance. At the same time, as RSSB has agreed to supply electricity at the lowest tariff rate discovered in the bidding process, the same is also just and fair to PSPCL and also to other stakeholders including the consumers in the State. PSPCL has submitted that in view of above, the Commission may consider and approve the procurement of electricity by it from RSSB at the preferential tariff of ₹7.67 per kWh. PSPCL has also submitted that upon the approval of the procurement of electricity as proposed above at ₹7.67 per kWh by the Commission, it undertakes to enter into an appropriate PPA with RSSB for procurement of electricity and place the same on record before the Commission.

10. After the hearing of the petition on 18.03.2014, the Commission in its Order dated 19.03.2014 closed further hearing(s) and reserved the Order.

11. The Commission notes that though PSPCL filed a review of the Commission's Order dated 13.12.2013 in Petition No. 53 of 2013, during the proceedings, RSSB offered to supply the electricity to PSPCL from its Project at preferential tariff of ₹7.67 per kWh discovered in the competitive bidding process initiated and completed by PEDDA for 5-30 MW (category-II) projects, instead of supplying the same at APPC. As per the submissions by PSPCL in the petition, this is the lowest tariff discovered in the said bidding for this category of projects.

The Commission also notes that PSPCL has agreed to the said proposal of RSSB and simultaneously agreed to sign the PPA with RSSB and place the same on record before the Commission. This acceptance by PSPCL, leading to a fresh settlement mutually acceptable to both the parties, tantamount to rendering the prayer of PSPCL in para 16 (b) of the RP as brought out in para 4 (b) above, infructuous. Further, the Commission considers that since PEDDA, respondent no. 1 in the RP, who has not made any submission during the proceedings, has lost its right to object to the aforementioned mutual settlement between the petitioner, PSPCL and respondent no. 2, RSSB.

The Commission further notes that in its Order dated 13.12.2013 in Petition No. 53 of 2013 it had in para 13 (xi) observed as under:

“RSSB EES in its submissions dated 25.11.2013 brought out that the deliberations between the parties for supplying power from the said project at preferential tariff rates to be settled amongst themselves keeping in view the rates discovered in the competitive bidding process conducted by

PEDA for 250 MW Solar PV Power Projects instead of APPC rate, were not fruitful.”

The above observation of the Commission clearly indicates that during the proceedings in Petition No.53 of 2013 also, there had been deliberations between the parties for supplying power from the said Project at preferential tariff rate to be settled amongst themselves keeping in view the rates discovered in the competitive bidding process conducted by PEDA for 250 MW Solar PV Power Projects instead of APPC rate, which had not been fruitful.

The Commission further notes the submissions made by PSPCL that procuring power from the RSSB's Project at preferential tariff of ₹7.67 per kWh, which is the lowest tariff rate discovered in the competitive bidding process, as compared to APPC, would be beneficial to PSPCL and the consumers in the State of Punjab, especially as the same will be counted towards the RPO compliance.

12. Keeping in view the above, the Commission approves the mutual settlement arrived at between the two prospective signatories to the PPA i.e. RSSB and PSPCL, wherein the proposal of RSSB to supply the electricity from its Project at preferential tariff of ₹ 7.67 per kWh discovered as the lowest tariff in the competitive bidding process initiated and completed by PEDA for 5-30 MW (category-II) projects, is acceptable to PSPCL. Although PEDA has remained silent in the proceedings of this RP, it had commented during the proceedings of Petition No. 53 of 2013 suggesting RSSB to accept the said tariff of ₹ 7.67 per kWh, as brought out in para 8 above. This aforementioned tariff would be applicable provided the PPA is signed on or before 31.03.2014 and the entire capacity covered in the PPA is commissioned on or before 31.03.2015, in line with Regulation 8 of the Central Electricity Regulatory Commission (Terms and Conditions for Tariff determination from Renewable Energy Sources) Regulations, 2012 adopted by the Commission in its Order dated 19.07.2012 in Petition No. 35 of 2012 (Suo-Motu). The PPA between PSPCL and RSSB would be commensurate with the approval granted by the Commission in its Order dated 03.12.2013 in Petition No. 52 of 2013 filed by PSPCL. Further, in line with the aforementioned Regulations, per unit reduction in tariff for any incentive or subsidy offered by the Central or State Government including accelerated depreciation benefit if availed by RSSB, will be worked out by PSPCL and the tariff reduced to that extent. Also, sharing of CDM Benefits will be as per the *ibid* Regulations.

The Commission notes that as per submissions dated 25.11.2013 made by RSSB in Petition No.53 of 2013, it has, at its own cost, constructed 132 KV sub-station

and three (3) kilometres long 132 KV transmission line for evacuation of power from the Project. RSSB will not be entitled to claim the same from PSPCL.

The Review Petition is disposed of accordingly.

Sd/-
(Gurinder Jit Singh)
Member

Sd/-
(Virinder Singh)
Member

Sd/-
(Romila Dubey)
Chairperson

Chandigarh
Dated: 20.03.2014