

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

**Petition No. 36 of 2013  
Date of hearing: 30.07.2013  
Date of Order: 12.08.2013**

In the matter of: Petition under clause 94(1) (F) of EA 2003 & clause 6(2) of the PSERC (RPO & its compliance) Regulations 2011 issued vide notification No. PSERC/Secy/Reg. 55 dated 03.06.2011 for carrying forward targets of Renewable Purchase Obligation (RPO) for FY 2012-13 specified in clause 3(1)

AND

In the matter of: Punjab State Power Corporation Limited

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

For the petitioner: Shri Sanjeev Gupta, SE/TR-2  
Shri A.K. Vij, Addl. SE /IPC

For PEDAs: Shri M.P Singh, Joint Director  
Shri Rajesh Kohli, System Engineer

**ORDER**

Punjab State Power Corporation Limited (PSPCL) has filed this petition under clause 94(1) (f) of the Electricity Act, 2003 (Act) read with Regulation 6(2) of the Punjab State Electricity Regulatory Commission (Renewable Purchase Obligation and its compliance) Regulations, 2011 for carrying forward Renewable Purchase Obligation (RPO) for FY 2012-13 specified in clause 3(1) of the ibid Regulations.

2. PSPCL has furnished the data upto 31.03.2013 for the existing capacity of renewable energy (RE) projects for which it has signed long term Power Purchase Agreements (PPAs). As per the furnished data, 237.45 MW RE capacity was tied up upto 31.03.2012. In FY 2012-13, 14.70 MW RE capacity was added against projected addition of 98.53 MW from new RE Projects. In addition, long term PPAs for 100.50 MW RE capacity with co-generation projects were signed in FY 2012-13.

PSPCL has submitted that in order to meet with the anticipated shortfall in RPO compliance for FY 2012-13, PSPCL purchased 250 MU (approx.) RE power from BVPCL (HP). PSPCL also purchased 2,85,350 Non-Solar Renewable Energy Certificates (RECs) from the market up to February, 2013 though Solar RECs could not be purchased due to non-availability. Further, an open tender was floated by PSPCL during October, 2012 for purchase of RE power but without success. It has been further submitted that, in addition, PSPCL signed long term PPAs for 106.5 MW capacity with eight co-generation projects and seven PPAs for 6.1 MW with developers of small hydro projects in FY 2012-13.

PSPCL has further submitted that under the New and Renewable Sources of Energy (NRSE) Policy, 2012, Punjab Energy Development Agency (PEDA) is the designated nodal agency for implementation of RE Projects. After the Implementation Agreements are signed by it, PSPCL signs the PPA(s) with the respective developers. PSPCL has further submitted that it is purchasing all the NRSE power offered to it by the RE Projects developed through PEDA.

PSPCL has submitted the following constraints, stated to be beyond its reasonable control, for the shortfall in RPO compliance in FY 2012-13:

- i) Delay in commissioning of the New NRSE Projects by the developers with whom PSPCL signed the PPAs and were slated to be commissioned in FY 2012-13.
- ii) Non-availability of Solar RECs in the market. However, PSPCL purchased 2,85,350 Non-Solar RECs during FY 2012-13.
- iii) Non-operation of four Micro Hydel Power Plants owned by PSPCL. Tenders called for R&M of these projects have not been successful due to poor response. Other options including handing over of these projects to PEDA or private developer are being considered.
- iv) No bid received in respect of tender enquiry for lease of 1x10 MW rice straw based power plant at Jalkheri.
- v) Less generation from four existing/ newly commissioned NRSE Projects.

3. Further, PSPCL has submitted that RPO should be based on only conventional power as input energy as calculating RPO with RE power included in the total consumption is not justified. PSPCL has also submitted the working sheet for RPO shortfall in both cases i.e. including and excluding RE power in input energy, in the petition. The same has been revised by PSPCL in its submission dated 08.07.2013 due to revision of the input energy from 43450 MU to 43548 MU in the PSPCL's system based on the final REAs issued by NRPC, New Delhi.

The cumulative shortfall in RPO for FY 2012-13 including the remaining shortfall of FY 2011-12, which could not be complied with in FY 2012-13, submitted by PSPCL is 114.80 MU (Non-Solar) and 25.80 MU (Solar) in the case where RPO is calculated as a percentage of total consumption of electricity including that which has been sourced from RE Projects and 66.14 MU (Non-Solar) and 24.78 MU (Solar) in the case where electricity sourced from RE Projects has been excluded.

4. In the prayer, PSPCL has submitted that:

- (i) Power purchased by PSPCL from RE Projects in Punjab or outside Punjab be excluded from the total input energy figure for the purpose of calculation of RPO.
- (ii) Net Shortfall in RPO targets for FY 2011-12 and 2012-13 submitted in the petition on the basis brought out in (i) above may be allowed to be carried forward to FY 2013-14 in view of difficulties explained in achieving RPO targets.

5. The Commission admitted the petition vide Order dated 26.06.2013 and made Punjab Energy Development Agency (PEDA) as respondent. The Commission considered the request of PSPCL to submit revised data by 02.07.2013 and directed to submit copy of same directly to PEDA and also directed PEDA to file reply by 23.07.2013 with advance copy to PSPCL. PSPCL submitted supplementary information vide CE/ARR & TR memo no. 5898 /TR-5/579 dated 08.07.2013 and PEDA submitted its reply vide memo no. 2614-15 dated 24.07.2013.

6. PEDA in its reply dated 24.07.2013, while bringing out the current status/progress of the coming up RE Projects, has submitted that the shortfall in RPO for the years 2011-12 and 2012-13 be allowed to be carried forward to 2013-14 and also that PSPCL be directed to meet the shortfall in the year 2013-14 by purchasing RECs or equivalent quantum of NRSE power.

Regarding submission of PSPCL for excluding RE power for calculating input energy, PEDA, while quoting the relevant extract of the section 86(1)(e) of the Act, submitted that, evidently, it is the total consumption of electricity which is to be taken into account and not the source wise consumption of electricity. It has been stated that the RPO Regulations, 2011 also specify the RPO to be calculated in this manner. PEDA has further submitted that this issue cannot be taken up in the present petition.

PEDA has submitted that the matter regarding RPO compliance was regularly reviewed by the Commission and PEDA and PSPCL are doing their best to source NRSE power, despite that there is a cumulative shortfall of 114.80 MU (Non-Solar) and 25.80 MU (Solar) for FY 2011-12 and FY 2012-13 which may be allowed to be carried forward to FY 2013-14.

7. The views of PSPCL and PEDA were heard briefly on 30.07.2013. In the hearing, PEDA submitted that currently RECs are available in the market at the floor price and therefore PSPCL may be directed to purchase the same from the market to meet its RPO.

8. The Commission has examined the request of PSPCL to allow carrying forward the RPO compliance (Solar and Non-Solar) for FY 2012-13 cumulative with the remaining shortfall for FY 2011-12, to FY 2013-14. The Commission observes that the major reasons for the shortfall in RPO compliance brought out in the petition are as under:

- i) Delay in commissioning of the new NRSE Projects by the developers.
- ii) Non-availability of Solar RECs.
- iii) Non-operation of four Micro Hydel Power Plants owned by PSPCL.
- iv) No bid received in respect of tender enquiry for lease of 1x10 MW rice straw based power plant at Jalkheri.
- v) Less generation from four existing/ newly commissioned NRSE Projects.

9. The Commission is of the view that the reasons cited above were not entirely beyond the control of PSPCL and PEDA. Four out of the five reasons mentioned above except at (ii) are the same as were cited in similar petition (no. 7 of 2012) filed by PSPCL last year. Though efforts have been made by PSPCL in respect of (iii) & (iv) above, the outcome has not been fruitful. Other efforts made by PSPCL include purchase of 250 MU (approx.) RE power from outside the State and 2,85,350 Non-Solar RECs, Solar RECs being not available. PSPCL also invited bids for purchase of RE power in October, 2012 but without success. It signed long term PPAs for 106.5 MW capacity with eight co-generation projects besides seven PPAs for 6.1 MW with developers of small hydro projects in FY 2012-13. Also PSPCL has stated that it is committed to purchase all the electricity offered to it from RE Projects.

PEDA, in so far as follow up with the developers for timely execution/commissioning of the allotted projects is concerned, has not been able to

perform up to the mark. Only 14.70 MW capacity has been added in FY 2012-13 against the projected capacity addition of 98.53 MW. Definitely more efforts were required by PEDDA in this regard. In future, PEDDA needs to ensure that new projects in pipe line are commissioned in time. It also needs to investigate reasons for less generation from existing NRSE Projects and take suitable remedial measures. Despite regular review meetings taken by the Commission with PSPCL and PEDDA where the Commission constantly exhorted them both to make all out efforts to comply with the RPO specified by the Commission in the RPO Regulations, 2011, the desired results could not be achieved.

10. The Commission notes that as per provisions in the RPO Regulations, 2011 under the 1<sup>st</sup> and 2<sup>nd</sup> provisos of Regulation 6(2), it is provided that in case of genuine difficulty in complying with the RPO because of non availability of RECs or otherwise, the Obligated Entity, can approach the Commission for carrying forward of the compliance requirement to the next year and the Commission may review the fulfilment of the RPO, keeping in view its performance, and allow the shortfall to be carried forward to the next year in addition to the RPO for that year.

11. Accordingly, keeping in view the submissions made by PSPCL and PEDDA, the Commission allows PSPCL to carry forward the shortfall in RPO compliance for FY 2012-13 cumulative with the remaining shortfall for FY 2011-12, to FY 2013-14 to be complied with by 31.12.2013 positively, failing which further action as per Regulations may be initiated. This shall be in addition to the RPO compliance for FY 2013-14 specified in the RPO Regulations, 2011.

The aforementioned cumulative shortfall in RPO as submitted by PSPCL in its submission dated 08.07.2013, which needs to be complied with through purchase/generation of electricity from RE Projects or in case of non-availability of such electricity despite best efforts, through purchase of RECs from the Power Exchange(s), is 114.80MU (Non-Solar) and 25.80MU (Solar), subject to minor adjustment on account of true up.

PSPCL and PEDDA are directed to submit the RPO compliance report (Solar and Non-Solar) at the end of each quarter in the first week of the month following each quarter. The monthly reports shall continue to be submitted in routine.

12. As regards PSPCL's submission for excluding electricity, which has been sourced from RE Projects, from the total consumption of electricity in the State for the purpose of calculating RPO as a percentage of total consumption, the existing

provision in the Act under section 86 (1) (e) does not permit the Commission to allow the same. Accordingly, the prayer of PSPCL to that extent is disallowed.

The petition is disposed of accordingly.

**Sd/-**

**(Gurinder Jit Singh)**  
**Member**

**Sd/-**

**(Virinder Singh)**  
**Member**

**Sd/-**

**(Romila Dubey)**  
**Chairperson**

**Chandigarh**

**Dated: 12.08.2013**