

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

**Petition No. 34 of 2014
Date of Order: 05.09.2014**

In the matter of: Petition under clause 94 (1) (f) of Electricity Act 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 2013-14 to FY 2014-15 specified in clause 3 (1).

AND

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

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

ORDER

Punjab State Power Corporation Limited (PSPCL) filed this petition under clause 94(1) (f) of the Electricity Act, 2003 (Act) and clause 6(2) of the Punjab State Electricity Regulatory Commission (Renewable Purchase Obligation and its compliance) Regulations, 2011(RPO Regulations) pleading that net shortfall in RPO compliance for FY 2013-14 i.e. 178.14 MU (Non-Solar) and 41.51 MU (Solar) be allowed to be carried forward to FY 2014-15.

2. PSPCL submitted as under:

- (i) During FY 2013-14, total power purchased from new and renewable sources of energy (NRSE) was 1548.75 MU i.e.1504 MU (Non-Solar) and 44.75 MU (Solar) including 483.33 MU (Non-Solar) equivalent of 4,83,333 Non-Solar RECs purchased by PSPCL.
- (ii) The consolidated shortfall of Non-Solar and Solar RPO compliance for FY 2011-12 & FY 2012-13 was 114.8 MU & 25.8 MU respectively and on a petition filed by PSPCL (no. 36 of 2013), the same was allowed to be carried forward to FY 2013-14 by Punjab State Electricity Regulatory Commission (Commission) to be complied with by December, 2013, vide its Order dated 12.08.2013.

- (iii) In compliance to Commission's Order dated 12.08.2013, PSPCL purchased 757.75 MU [728.28 MU (Non-Solar) & 29.47 MU (Solar)] power from NRSE sources up to 31.12.2013 and complied with the shortfall in RPO for FY 2011-12 & FY 2012-13 up to December, 2013.
- (iv) The NRSE power available for RPO compliance for FY 2013-14 after accounting for the aforementioned consolidated shortfall for FY 2011-12 and FY 2012-13 is 1389.20 MU (Non-Solar) and 18.95 MU (Solar). NRSE power required for compliance of RPO, specified by the Commission for FY 2013-14 as 3.5% i.e. 3.37% (Non-Solar) and 0.13% (Solar) and considering the input energy available to PSPCL for distribution in its area as 46508.66 MU, is 1567.34 MU (Non-Solar) and 60.46 MU (Solar). The shortfall in RPO compliance thus works out to 178.14 MU (Non-Solar) and 41.51 MU (Solar).
- (v) In order to meet with the expected shortfall in RPO compliance for FY 2013-14, PSPCL is making concerted efforts to get power from all available/suggested renewable energy (RE) sources, as hereunder:
 - a) It has purchased 4,83,333 Non-Solar Renewable Energy Certificates (RECs) equivalent to 483.33 MU during FY 2013-14.
 - b) PSPCL signed Power Purchase Agreements (PPAs) for 259.52 MW with Solar project developers during FY 2013-14. These plants are likely to be commissioned during FY 2014-15 and it will meet with the Solar RPO during the year 2014-15.
 - c) One 7.52 MW rooftop Solar PV Plant by RSSB, Dera Jaimal Singh, Beas has been commissioned during the month of April, 2014.
 - d) 25 MW Solar power has started flowing to PSPCL from NVVN from projects outside Punjab since August, 2013.
 - e) 6 MW Biomass Project of Green Planet Energy Pvt. Ltd. at Village Birpind, Distt. Jalandhar has been commissioned on 14.05.2013 and another Project of 10 MW at Village Khokhar Khurd, Distt. Mansa of Viaton Energy Pvt. Ltd. has been commissioned on 08.07.2013.
 - f) PSPCL has purchased 45.96 MU power from NRSE Projects from outside Punjab during FY 2013-14.
- (vi) PSPCL is purchasing all NRSE power offered to it by projects developed through Punjab Energy Development Agency (PEDA). Despite best efforts to procure NRSE power, there are following constraints in RPO compliance which are beyond reasonable control:

- a) There has been delay in the commissioning of the new NRSE Projects with whom it has signed the PPAs after execution of Implementation Agreement (IA) with them by PEDDA. These projects slated to be commissioned in FY 2013-14 have been delayed. Against NRSE Capacity addition of 115.05 MW projected by PEDDA for FY 2013-14, only 41.7 MW was actually commissioned and there has been a slippage of 73.35 MW.
- b) 4 nos. Micro Hydel Power Plants owned by PSPCL are non-operational. These projects are likely to be taken over by PEDDA after decision of Govt. of Punjab regarding cost of land, associated with these projects, payable to PSPCL is received. PEDDA shall endeavour to commission these projects in phases by 31.03.2015.
- c) Tender floated for leasing out the 10 MW rice straw based Power Plant at Jalkheri to private developers was unsuccessful due to poor response. In the meeting taken by Secretary/Power on 12.02.2014, PEDDA was asked to come up with a practicable proposal for taking over this Project.
- d) There has been less generation from existing and newly commissioned NRSE Projects.

3. PSPCL submitted that despite best efforts to procure NRSE power and having purchased all NRSE power offered to it by projects developed through PEDDA, there have been constraints in RPO compliance.

PSPCL has prayed that the net shortfall in RPO compliance for FY 2013-14 i.e. 178.14 MU (Non-Solar) and 41.51 MU (Solar) be allowed to be carried forward to FY 2014-15 in view of aforementioned constraints.

4. The petition was admitted vide Commission's Order dated 18.06.2014. The Commission directed that a notice be issued to PEDDA, who was made a respondent, to file reply / comments by 01.07.2014 with a copy to PSPCL. The next date of hearing was fixed as 08.07.2014.

5. PEDDA, in its reply dated 02.07.2014, submitted that to meet the shortfall in RPO compliance, efforts have been made by PSPCL to purchase RE power from existing and upcoming RE Projects and also power from outside Punjab and Non-Solar RECs were purchased in FY 2013-14. PEDDA further submitted that it has already allocated 250 MW Solar PV Power Projects to private developers, which are scheduled to be commissioned in FY 2014-15. Further, the Request for Proposal for setting up 300 MW Biomass based

Power Projects has been floated by it. As regards 4 nos. Micro Hydel Power Projects, PEDDA has submitted that the final decision for cost of land is to be conveyed by PSPCL. With respect to Rice Straw based Power Plant at Jalkheri, project detail has not been supplied by PSPCL.

PEDDA has averred that it agrees with the submissions made by PSPCL regarding non-compliance of RPO specified by the Commission for FY 2013-14 due to reasons beyond reasonable control. PEDDA has submitted that 178140 Non-Solar & 41510 Solar RECs are required to be purchased to meet the shortfall of 178.14 MU (Non-Solar) and 41.51 MU (Solar) for RPO compliance for FY 2013-14.

PEDDA has prayed that the Commission may consider the prayer of PSPCL and allow the shortfall in RPO compliance for the FY 2013-14 to be carried forward to FY 2014-15 and direct PSPCL to meet the shortfall in FY 2014-15 by purchasing RECs or equivalent amount of NRSE power.

6. The Commission heard PEDDA & PSPCL on 08.07.2014 and further hearing in the petition was closed. The Order was reserved.

7. The Commission has examined the request of PSPCL to allow carrying forward the shortfall in RPO compliance (Non-Solar & Solar) for FY 2013-14 to FY 2014-15. 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) Slippage of 73.35 MW capacity addition i.e. only 41.7 MW projects were actually commissioned against the projected addition of 115.05 MW projected by PEDDA for FY 2013-14.
- iii) Non-operation of four Micro Hydel Power Projects owned by PSPCL.
- iv) Efforts for leasing out the 1x10 MW rice straw based power plant at Jalkheri were not fruitful.
- v) Less generation from the existing / newly commissioned NRSE Projects.

8. The Commission is of the view that the reasons cited above were not entirely beyond the control of PSPCL and PEDDA. All the reasons mentioned above are the same as were cited in similar petition (no. 36 of 2013) filed by PSPCL last year. Though efforts have been made by PSPCL in respect of 7(iii) & 7(iv) above, the outcome has not been fruitful. PSPCL has also not commissioned 18 MW MHP Stage-II Project in district Hoshiarpur scheduled to

be commissioned during FY 2013-14. However, PSPCL made efforts to meet the RPO by purchasing 45.96 MU power from NRSE Projects from outside Punjab during FY 2013-14 and 4,83,333 Non-Solar RECs. Further, PSPCL signed PPAs for 259.52 MW with the developers of Solar PV Projects during FY 2013-14. Also, as per submissions made by PSPCL, it is purchasing all the NRSE power offered to it by projects developed through PEDDA.

PEDDA, 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. As per Tariff Order for PSPCL for FY 2013-14, 133.05 MW RE capacity was projected to be added based on information furnished to the Commission by PEDDA. However, the Commission notes that as per information furnished by PEDDA separately to the Commission, only 41 MW capacity has been added during FY 2013-14 against the projected capacity addition of 133.05 MW and accordingly there has been slippage of 92.05 MW NRSE Projects (including 18 MW MHP Stage-II Project of PSPCL). Definitely, more efforts are required to be made by PEDDA in this regard. In future, PEDDA needs to ensure that new projects in pipeline are commissioned in time. It also needs to investigate reasons for less generation from existing NRSE Projects and take 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.

9. The Commission notes that as per the submissions of PSPCL, the total power purchase / generation from renewable energy sources including 483.33 MU equivalent of 4,83,333 Non-Solar RECs purchased during FY 2013-14 comes to 1548.75 MU [1504 MU (Non-Solar) + 44.75 MU (Solar)]. PSPCL has submitted that out of this, 140.60 MU [114.80 MU (Non-Solar) and 25.80 MU (Solar)] have been utilized for meeting the shortfall in RPO compliance for FY 2011-12 and FY 2012-13 allowed by the Commission to be carried forward to FY 2013-14 and the remaining 1408.15 MU [1389.20 MU (Non-Solar) and 18.95 MU (Solar)] are available for RPO compliance for FY 2013-14. Accordingly, on the basis of energy available to PSPCL for consumption in its area of distribution of electricity as 42726 MU approved by the Commission in the Tariff Order for PSPCL for FY 2014-15 dated 22.08.2014 against 46508.66 MU envisaged by PSPCL, the shortfall in power from renewable energy sources for complying with the RPO for FY 2013-14, which has been specified by the Commission as 3.5% i.e.1495.41 MU [3.37% (1439.87 MU) (Non-

Solar);0.13% (55.54 MU) (Solar)], comes to 87.26 MU [50.67 MU (Non-Solar) and 36.59 MU (Solar)].

10. The Commission notes that as per provisions in the RPO Regulations, 2011 under the 1st and 2nd 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 of that year.

11. As there have been some factors beyond the reasonable control of PSPCL such as delay in commissioning of the new RE Projects by the developers and less generation from existing and newly commissioned RE Projects etc. besides other reasons brought out in the petition, the Commission allows PSPCL to carry forward the shortfall in RPO compliance for FY 2013-14 to FY 2014-15 to be complied with by 31.12.2014, failing which further action as per Regulations may be initiated. This shall be in addition to the RPO compliance for FY 2014-15 specified in the RPO Regulations, 2011.

The shortfall in RPO, 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 87.26 MU i.e. 50.67 MU (Non-Solar) and 36.59 MU (Solar).

PSPCL and PEDDA are directed to submit the RPO compliance report (Non-Solar and 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.

The petition is disposed of accordingly.

Sd/-
(Gurinder Jit Singh)
Member

Sd/-
(Virinder Singh)
Member

Sd/-
(Romila Dubey)
Chairperson

Date: 05.09.2014
Place: Chandigarh