

**BEFORE THE HARYANA ELECTRICITY REGULATORY COMMISSION
BAYS No. 33-36, SECTOR-4, PANCHKULA- 134112, HARYANA**

Case No. HERC/PRO-44 of 2018

**Date of Hearing : 18.12.2018
Date of Order : 18.12.2018**

IN THE MATTER OF:

Petition under Section 86(1)(b) of the Electricity Act 2003 for approval of power purchase source and draft PPA to be signed with the proposed generator for purchase of 3.0 MW power from 5.55 MW biomass (Non-bagasse) co-generation power plant at village Chandrao, Tehsil-Indri Dist. Karnal by M/s RSL Distilleries Pvt. Ltd.

Petitioner

Haryana Power Purchase Centre, Panchkula (HPPC)

Respondent

M/s. RSL Distilleries Pvt. Ltd. (RSL)

Present On behalf of the Petitioner

1. Shri Randeep Singh, SE, HPPC
2. Shri Rajiv Mishra, Xen, HPPC.
3. Shri Randhir Singh, AEE, HPPC.

Present On behalf of the Respondent

1. Shri Gaurav Garg, Manager

QUORUM

**Shri Jagjeet Singh, Chairman
Shri Pravindra Singh Chauhan, Member**

ORDER

Brief Background of the Case

1. The petition has been filled by HPPC, vide memo no. Ch-35/CE/HPPC/SE/C&R-I/Loose dated 04.10.2018.
2. HPPC has submitted as under:-
 - a) That the Petitioner, Haryana Power Purchase Centre (hereinafter referred to as 'HPPC') represents the State Distribution Licensees, namely, Uttar Haryana Bijli Vitran Nigam Limited and Dakshin Haryana Bijli Vitran Nigam Limited (hereinafter collectively referred to as 'Haryana Distribution Utilities') in the purchase of power from Generating Companies including renewable and non-conventional sources.

- b) That Haryana Power Purchase Centre has been undertaking the instant power procurement for fulfilling the non-solar RPO target set by the Commission to the Haryana Utilities.
- c) That M/s RSL Distilleries Pvt. Ltd. , Chandigarh had requested HPPC to consider their request for signing of PPA on the rates approved by HERC for biomass based power project.
- d) That the proposal of M/s RSL Distilleries Pvt. Ltd. to sell 3 MW power to be generated from 5.55 MW biomass (Non-bagasse) cogeneration power plant was put up in the 40th SCPP meeting held on 22.02.2017. The case was deliberated and decided as under:

“The proposal of M/s RSL Distilleries for sale of 3 MW power to be generated from 5.55 MW Biomass Co-generation Plant to HPPC subject to tariff fixation by HERC was considered and approved.”

- e) That HAREDA was requested to provide the detail Project Report (DPR) duly approved for filing the petition for source approval in HERC.
- f) That HAREDA vide its letter no. DRE/HAREDA/2017/2875, dated 22.11.2017 intimated that HAREDA had issued LOI on 05.09.2017 to M/s RSL Distilleries Pvt. Ltd Chandigarh and an Implementation Agreement (IA) has also signed with the firm on 24.10.2017 for setting-up of captive biomass Co-Generation Power Plant of 5.55 MW Capacity with provision for sale of 3.0 MW surplus power to the state grid at their distillery located at village Chandrao, The-Indri Dist. Karnal.
- g) That HAREDA has conveyed its in-principle approval to M/s RSL Distilleries Pvt. Ltd.(RSLD) Chandigarh vide its LOI dated 05.09.2017 for setting up of 5.55MW biomass based co-gen power project at village Chandrao, Tehsil-Indri Dist. Karnal.
- h) That on the matter of providing financial assistance to HPPC, the decision of 44th SCPP meeting conveyed to HAREDA as under:-

“HPPC had conveyed that the Steering Committee for Power Planning (SCPP)in its 44th meeting held on 02.02.2018 has taken up Policy decision that Discoms shall make the payment for the subject cited projects at Average Power Purchase Price Cost (APPC) and the differential cost. If any, shall be borne by the govt. of Haryana/HAREDA or the Department/Agency concerned.”

- i) That the HAREDA has taken up this matter with Govt. of Haryana and conveyed the decision of GOH to HPPC as under:-

“The matter regarding meeting the expenditure involved in purchase of power from biomass/bagasse/bio-waste based projects due to difference in Average Power Purchase Price Cost (APPC) and the discovered tariff/ the tariff fixed by the HERC was submitted to

the State Govt. with the proposal the Power Utilities may be advised to include this amount in their ARR and load the expenditure on the bills of the electricity consumers and in case the HERC declines to include it in the ARR, the State Govt. may bear the burden in order to encourage biomass/RE power projects in the State so that the decisions taken by the State Govt./Hon'ble C.M./PPAs may be honored.

The comments of the Power Department on the said proposal were also obtained and after considering the same, the Govt. has approved the proposal of the New & Renewable Energy Department to include the amount required for purchase of RE power from biomass/bagasse/bio-waste based projects in their ARR and load the expenditure on the bills of the electricity consumers and in case the HERC declines to include it in the ARR, the State Govt. may bear the burden in order to encourage biomass/RE power projects in the State so that the decisions taken by the State Govt./Hon'ble C.M./PPAs may be honored."

- j) In view of above orders, the State Govt. may provide the financial assistance to DISCOMs above the Average Power Purchase Cost (APPC), in order to encourage biomass/RE power projects in the State and avoid burden on the State Electricity Consumers.
- k) The draft PPA has been prepared on the basis of PPA already approved by the Commission for waste to Energy Projects.
- l) Accordingly, in view of the above, it is prayed as under:-
 - i) The Commission is requested for source approval for purchase of 3.0 MW power from 5.55 MW biomass (Non-bagasse) co-generation power plant at village Chandrao, Tehsil-Indri Dist. Karnal by M/s RSL Distilleries Pvt. Ltd. and allow HPPC to sign the PPA with the proposed generator at the rate to be determined by HERC.
 - ii) Pass such further order or order(s) as may be deemed necessary and fit in the circumstances of the case.

Proceedings in the Case

3. The Commission, vide its memo no. 2201-2202/HERC/Tariff dated 17.10.2018, directed HAREDA to submit its comments on the petition filed by HPPC including the tariff applicable for the project, details of project qualifying as co-generation & mode of selection of the project i.e. through bidding or MoU route. However, no reply was received from HAREDA in this matter.
4. The case was heard on 18.12.2018, wherein the representatives of HAREDA, present in the hearing, briefed the Commission that the project was selected through MoU route, since co-generation projects are case specific and the same can be set up by the developers having sugar mill/distillery etc., such projects are on self identified basis. HPPC mainly reiterated the contents of its petition, which for the sake of brevity, is not being reproduced here.

Commission's Analysis and Order

5. The Commission heard the arguments of both the parties as well as perused the petition filed in the matter. The Commission observed that Section-86(1)(e) of the Electricity Act-2003 mandates the Commission to promote cogeneration and generation of Electricity from Renewable Sources of Energy.

Additionally, the National Tariff Policy, 2016 provides for promotion of co-generation from renewable energy sources. The relevant clause has been reproduced 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 sources other than renewable sources shall not be excluded from the applicability of RPOs. ..."

6. In consonance with the provisions of the Electricity Act, 2003 and National Tariff Policy, 2016, the Commission has framed its Regulations on Renewable Energy (Haryana Electricity Regulatory Commission (Terms and Conditions for determination of Tariff from Renewable Energy Sources, Renewable Purchase Obligation and Renewable Energy Certificate) Regulations, 2017). Regulation clause 3.c of the ibid Regulations, covers biomass projects under Renewable Energy projects and specifies as under:-

"3.c Biomass power project – Biomass power projects using new plant and machinery using biomass fuel sources,"

7. In view of the above, the Commission considers it appropriate to approve the proposed source. HPPC may submit the draft PPA complete in all respect including consent of the other party for approval of the Commission. Tariff shall be decided on the separate petition to be filed by M/s RSL Distilleries Pvt. Ltd. under section 62 of the Electricity Act, 2003. The tariff petition shall include DPR approved by HAREDA and all other relevant documents to arrive at the reasonable capital cost and all other tariff components.

8. The petition is accordingly disposed of.

This order is signed, dated and issued by the Haryana Electricity Regulatory Commission on 18.12.2018.

Date: 18.12.2018
Place: Panchkula

(Pravindra Singh Chauhan)
Member

(Jagjeet Singh)
Chairman