

BEFORE THE HARYANA ELECTRICITY REGULATORY COMMISSION AT PANCHKULA

HERC/Petition No. 45 of 2025 along with IA No. 19 of 2025

Date of Hearing : 09.10.2025

Date of Order : 13.11.2025

IN THE MATTER OF:

Petition under Section 61 and 62 read with 64(2) and Section 86(b) and 86(c) of the Electricity Act, 2003 read with Regulation 7 of the Haryana Electricity Regulatory Commission (Terms and conditions for determination of tariff from Renewable Sources, Renewable Purchase Obligation and Renewable Energy Certificate) Regulations, 2021 for determination of tariff. (Petition No. 45 of 2025)

And

As per Regulation 71 of the Haryana Electricity Regulatory Commission (Conduct of Business) Regulations, 2004 Read with Section 94(2) of the Electricity Act, 2003) For urgent listing of the main petition and allowing the interim relief (IA No. 19 of 2025).

Petitioner

M/s. Fatehabad Bio Energy LLP

Respondents

1. Haryana Power Purchase Centre (HPPC), Panchkula
2. Haryana Renewable Energy Development Agency (HAREDA)
3. Haryana Vidyut Prasaran Nigam Ltd (HVPNL), Panchkula
4. Dakshin Haryana Bijli Vitran Nigam Limited (DHBVNL)
5. Uttar Haryana Bijli Vitran Nigam Limited (UHBVNL)

Present on behalf of the Petitioner

1. Shri Parth Ahuja, Advocate
2. Shri Akshay Gupta, Advocate
3. Shri Namit Khurana, Advocate

Present on behalf of the Respondents

1. Smt. Sonia Madan, Advocate for R-1, R-3, R-4 and R-5
2. Shri Lovepreet Singh, Advocate for R-1, R-3, R-4 and R-5
3. Shri Gaurav Gupta, XEN/HPPC
4. Smt. Renu Bala, AEE/Open Access, HVPNL
5. Shri Rajeev Kumar, Chief Engineer, SO & Commercial, HVPNL
6. Shri Anil Kumar Sharma, Chief Engineer, Commercial, DHBVNL
7. Shri Vishal Bhatnagar, SE-A, HAREDA
8. Shri Ashok Mathuria, Xen/OA, HVPNL
9. Shri Sudeep Kumar, AE/SO, DHBVNL
10. Shri Sunit Kumar, STM, HAREDA

Quorum

Shri Nand Lal Sharma
Shri Mukesh Garg
Shri Shiv Kumar

Chairman
Member
Member

ORDER

Brief Background of the case

1. The present petition has been filed by M/s Fatehabad Bio Energy LLP, primarily seeking to determine the tariff for supply of power from its 9.9 MW 100% paddy straw-based biomass energy generation project at District Fatehabad, by relaxing various

provisions of HERC RE Regulations, 2021, grant of compensation for delay caused by respondent, hold that PLF shall be calculated on an annual basis and not on 15 minutes time block, allow the recovery of filing fee, publication expenses, govt. taxes/duties etc. The petitioner has also filed an application seeking interim tariff, equivalent to average power purchase cost (APPC) of the Discoms, of the infirm power injected into the grid w.e.f. 11.05.2023 till COD (i.e. 28.04.2025) also for the subsequent period till the determination of final tariff by the Commission.

2. Petitioner's submissions: -

The petitioner has submitted as under: -

- 2.1. That the Petitioner is a company based in Andhra Pradesh incorporated on 09.04.2018 as a Limited Liability Partnership. The Petitioner is engaged in generation of power through renewable energy sources.
- 2.2. That the Petitioner company is engaged in development of 100% paddy straw based power plants wherein paddy straw is burnt and consumed for generation of electricity, thereby giving clean energy while at the same time providing a productive solution to the menace of stubble burning which, in the recent past, has been responsible for increase in pollution levels in the northern parts of India and has been causing damage not only to the environment but also to the health of millions who inhale the polluted air.
- 2.3. That Respondent No.2 floated a Request for Proposal (RfP) in August 2017 for setting up of 100% paddy straw-based power projects on build, own and operate basis in the State of Haryana. In terms of the said RfP, Respondent No.2 invited bids on behalf of the Government of Haryana for setting 100% paddy straw-based power generating plants in the rice belt of the State, namely six projects of 5 MW to 15 MW capacity to be set up in Ambala, Karnal, Kurukshetra, Jind, Kaithal and Fatehabad Districts.
- 2.4. That under clause 1.5 of the RfP, any prospective generation project was to necessarily run on proven ranking cycle (turbine+ boiler) technology with air-cooled condenser to the potential of utilizing 100% paddy straw/wheat stubble available in the region.
- 2.5. That clause 1.6 of the RfP provides that
 - (a) ceiling tariff which was to be the upper limit for any tariff payable to any prospective generator and the same was to be the generic tariff notified by this Hon'ble Commission in the year in which the prospective project was to be commissioned.
 - (b) The bidders were required to offer a discount on the above-mentioned notified ceiling tariff based on their assumptions and estimations to arrive at a projected tariff based on the projected year of commissioning of the projects.

- (c) in the absence of a generic tariff notified by this Hon'ble Commission at the time of bidding, the ceiling tariff was to be the generic tariff notified by the Central Commission.
- 2.6. The selection of bidders was to be based upon the discount offered by the generator, with the maximum discount offered in a particular district was to emerge as the successful L-1 bidder; and the successful bidders were then required to file a Petition before this Hon'ble Commission under Section 62 for determination of tariff.
- 2.7. That at the time when the bids were invited under the above RfP in the year 2017, there was no generic tariff for biomass projects determined and notified by this Hon'ble Commission. As such, in terms of Clause 1.6.1 of the RfP, the generic tariff as notified by the Central Electricity Regulatory Commission (CERC) vide its Order dated 31/05/2017 passed in Petition No.05/SM/2017 was to be the ceiling tariff applicable for all prospective bidders while submitting their respective proposals under the above RfP. In the said Order, the generic tariff for biomass power projects with air cooled condenser and AFBC boiler in the State of Haryana was determined, for the first year, at Rs.8/kWh. As such, the ceiling tariff for the purpose of bidding process under the above RfP came to be Rs.8/kWh.
- 2.8. That based upon the above ceiling tariff of Rs.8/kWh, the Petitioner on 11/10/2017 submitted its proposal for setting up a 100% paddy straw-based biomass power project with an installed capacity of 9.9 MW in District Fatehabad, Haryana. Under the said proposal, the Petitioner offered a discount of Rs.0.71/kWh on the ceiling tariff of Rs.8/kWh and as such, submitted its bid at the tariff of Rs.7.29/kWh (Rs 8.00 – Rs 0.71).
- 2.9. That the proposals received by the Petitioner and other interested generators were placed before the High-Powered Committee of the Government of Haryana in its meeting held on 11/01/2018 wherein, the proposal of the Petitioner herein was accepted. Consequently, the Petitioner was awarded the 9.9 MW project in District Fatehabad at a discount of Rs.0.71 per unit. Based on the said acceptance, Respondent No.2 issued a Letter of Intent (LoI) dated 16/02/2018 to the Petitioner. Vide the said LoI, Respondent No.2 accorded an in-principle approval to the Petitioner for setting up the project and recognized that net discount offered by the Petitioner had been on a ceiling tariff of Rs.8/unit. The said LoI was subject to the approval of the Detailed Project Report (DPR) of the Petitioner; as stipulated in the LoI, a Memorandum of Understanding (MoU) was also required to be executed between the Petitioner and Respondent No.2.
- 2.10. That in pursuance of the above LoI and the terms / conditions stipulated therein, the Petitioner duly executed an MoU with Respondent No.2 on 09.04.2018 whereunder

the approval of DPR by Respondent No.2 through a Technical Appraisal Committee (TAC) was prescribed as a mandatory pre-condition for setting up of the project by the Petitioner. Accordingly, the Petitioner duly furnished the DPR for the allotted project to Respondent No.2 on 16/04/2018. The said DPR was sent by Respondent No.2 to The Energy and Research Institute (TERI) for its evaluation, on which the TERI approved the DPR only giving a few observations which are reproduced as under:

*"1. The biomass power plant equipped with travelling gate boiler is designed for 100 % paddy straw biomass. **It may be noted that there is no successfully operating plant in India on 100 % paddy straw so far (emphasis added).** It is usually considered challenging to obtain such high PLF in paddy straw-based power plants. It is desired that the evidentiary documents and assumptions for PLF estimation are provided to HAREDA.*

7. Based on the review of the project financials, it is learnt that the capital cost per MW has been estimated to be Rs. 7.32 crore/ MW, which is quite high as compared to the normative figure of Rs. 6.52 crore/ MW prescribed by CERC."

2.11. That thereafter, the abovesaid DPR was placed by Respondent No.2 before its TAC and was deliberated upon in a Meeting held on 02/08/2018 wherein, the DPR of the Petitioner was duly approved and the said approval was conveyed to the Petitioner vide letter dated 03/08/2018. As such, the choice of technology, machinery and equipment to be utilized by the Petitioner were duly approved by Respondent No.2.

2.12. That on 04.10.2018, Respondent No.1 filed a Petition before this Hon'ble Commission (being case No. HERC/PRO-45 of 2018) seeking approval of draft PPAs for procurement of 49.8 MW power from paddy straw biomass-based power projects selected by Respondent No.2 under the RfP in different districts of Haryana including the PPA for the Petitioner's project. Vide its Order dated 03/01/2019, this Hon'ble Commission approved the PPAs and held as under:

*"10. In view of the approval already accorded to the bid documents the Commission, under Section 86(1)(b) of the Electricity Act, 2003, approves the proposed sources from which power shall be procured by the HPPC/Discoms through power purchase agreement(s) approved by the Commission. - Tariff shall be decided on the separate petition to be filed by Generators under section 62 of the Electricity Act, 2003, wherein the **ceiling tariff shall be annual generic tariff of HERC of the year 2017-18 (emphasis added)** with appropriate factoring of the discount negotiated with the bidders. 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. 11. Having approved the source of power procurement the Commission has perused the draft PPA(s) submitted by the petitioner as well as submissions made by the parties in the hearing held on 18.12.2018 in the matter. The Commission observes as below:*

i) The Commission has perused the draft PPAs for four paddy straw-based power projects submitted for its approval. The Commission has noticed a few aberrations in the same as under: -

a) The definition of Tariff needs to be changed to read that the **tariff payable to the IPP shall be the year-to-year tariff determined by the Commission w.r.t. CoD of the project and the discount offered by the IPPs as part of the RFP shall be deducted from the year-to-year tariff determined by the Commission (emphasis added).**

b) Given the fact that the fuel i.e. paddy straw is available only for a few months and thereby requiring the IPPs to lock in working capital upfront, the due date for payment in respect of tariff invoice raised by the paddy straw-based power project developers shall be the 30th day from the next day of the receipt of tariff invoice by the HPPC / Discoms. In such cases the 1% rebate shall be admissible to the Discoms / HPPC, and 2% rebate shall be applicable in case the energy bills of the seller are made on presentation.

c) Clause 6.10 regarding payment for infirm power needs to be deleted as the tariff payable shall be the year-to-year generic tariff, hence, the concept of infirm power less fuel cost to be reckoned for reduction of capital cost is not applicable in such cases. Hence, entire energy injected by the power plant and into the Grid must be paid for at the applicable tariff (emphasis added).

d) Clause 10.6 regarding penalty for delay in CoD needs to be qualified that the delay caused is attributable to the project developer and not beyond its reasonable control or attributable to force majeure events.

e) Clause 18.17 (Renewable Energy Certificate) needs to be reworded as – The renewable energy certificate (REC) as defined in the CERC / HERC Regulations shall not accrue to and/or claimed by the paddy straw-based power project developer, under these agreements, for the power generated and supplied to HPPC / Discoms and the same shall be counted towards RPO of the Discoms.

f) The Commission has taken note of the fact that the successful bidder in the present case is required to deposit, with HAREDA, Rs 5 lakh / MW including Rs. 4 lakh / MW in the shape of Bank Guarantee (BG), the Commission considers it appropriate that the BG again sought by HPPC @ Rs. 30 lakh / MW is onerous, hence, the same shall be reduced to Rs. 10 lakh / MW.

13. Subject to the above, the Commission approves the PPAs to be signed by HPPC and paddy straw-based power project developers' i.e. M/s. Hind Samachar and M/s. Sukhbir Agro Energy, M/s Jind Bio-Energy LLP and M/s Fatehabad Bio-Energy, LLP."

- 2.13. That vide the above Order, this Hon'ble Commission categorically held that the definition of 'tariff' to be agreed in the PPAs was to mean a year-to-year tariff which was to be determined by this Hon'ble Commission with respect to the Commercial Operation Date (COD) of the respective projects and that the discount offered by such projects in their bids was to be deducted from the tariff so determined by the Commission. This tariff was to be decided under a separate Petition to be filed by the successful bidders and for which the present Petition is being filed.

- 2.14. That on 22/02/2019, Respondent No.1 on behalf of the distribution utilities of the State of Haryana executed a Power Purchase Agreement (PPA) with the Petitioner wherein, Article 1(38) (Definitions and Interpretations) defined 'Tariff' as under:
- "Tariff" means year to year rate payable by the Discom @ tariff determined by HERC w.r.t. COD of the project factoring the discount offered by the IPP as a part of the RfP for every kWh of delivered energy at the metering point subject to the ceiling tariff i.e. annual generic tariff of HERC for the year 2017-18 with appropriate factoring of the discount negotiated with the bidders as a part of the RfP."*
- Thus, as per the agreed terms, 'Tariff' payable to the Petitioner was to be a year-to-year tariff as determined by this Hon'ble Commission upon a Petition to be filed by the Petitioner, subject to a ceiling tariff which was to be the generic tariff for the Year 2017-18 notified by this Hon'ble Commission. The arrangement as regards sale and purchase of energy was recorded in Article 2.1 of the PPA whereunder, Respondent No.1 agreed to purchase the entire power generated from the Petitioner's project up to 9.9 MW at the tariff to be determined by this Hon'ble Commission upon a Petition being filed by the Petitioner. Therefore, while submission of bids by the Petitioner was done on the basis of a ceiling tariff of Rs.8/kWh, which was the generic tariff notified by the CERC in that year, the final tariff payable to the Petitioner was agreed to be subjected to a ceiling tariff which was to be notified by this Hon'ble Commission in its generic Tariff Order for the Year 2017.
- 2.15. That pursuant to the approval of the PPA by this Hon'ble Commission vide its Order dated 03.01.2019, the successful bidders, namely M/s Jind Bio-Energy LLP (Jind Energy) and another bidder M/s Fatehabad Bio-Energy LLP (Fatehabad Energy) filed a Review Petition (HERC PRO No.10 of 2019).
- 2.16. That the Hon'ble Commission, vide its Order dated 04/04/2019, disposed of the said Review Petition holding as under:-
- (a) the tariff quoted by the project developers was subject to the decision of this Hon'ble Commission and escalation in the tariff was not to be allowed at a later stage.
 - (b) the project developers had expressly agreed to a particular ceiling tariff and signed the PPAs on that basis. Further relief, as sought, was not maintainable; and
 - (c) the issue of ceiling tariff could be revisited at the time of determination of year-on-year tariff by the Commission (emphasis added).
- 2.17. That the Petitioner along with Fatehabad Bio Energy have since then challenged the said Orders dated 03.01.2019 and 04.04.2019 by filing a statutory Appeal before the Hon'ble Tribunal [bearing Appeal No.348/ 2019] which is currently pending adjudication.

- 2.18. That the petitioner approached this Hon'ble Commission by filing a Petition [being Case No. HERC/PRO-31 of 2019] seeking issuance of directions to Respondent No.1 regarding execution of fresh PPAs with them. Vide Order dated 15.7.2019, this Hon'ble Commission allowed the said Petition by holding as under:

"4.....The Commission observes that it was not open for the HPPC to deviate from the definition of the word "Tariff" from the definition approved by the Commission in its Order dated 03.01.2019. The reference of the ceiling tariff in the ibid Order of the Commission dated 03.01.2019 is for the Commission to consider while determining year-to-year tariff on the petition to be filed by the Petitioners for determination of tariff. The same does not form part of the term of PPA. The terms of the PPA must be necessarily as per the approval of the same granted by the Commission.

Accordingly, the Commission directs the Petitioners and Respondents to modify the PPA signed on 22.02.2019 and submit a copy of the same to the Commission within 15 days from the date of this Order."

- 2.19. That the aforesaid Order has also been challenged by Respondent No.1 before the Hon'ble Appellate Tribunal [being Appeal No.95/ 2022] which is presently pending adjudication. The said appeal is only limited to directions passed regarding the amendment of the terms of the PPA dated 22/02/2019 and the said appeal does not challenge the entire order.

- 2.20. That on 20/12/2019, this Hon'ble Commission passed a generic Tariff Order [in Case No. HERC/PRO-53 of 2019] whereby, it determined the generic levelized tariff for all RE based power projects commissioned in the State during the FY 2019-20 and FY 2020-21 based on the parameters provided in the HERC RE Tariff Regulations, 2017. During the proceedings in the said Petition, Respondent No.2 submitted that it was promoting biomass power projects in the State; based on the inputs received by it from District Level Officers, Respondent No.2 submitted a minimum average cost of paddy straw at 3337/MT and maximum cost of 4202/MT. Taking note of the submissions of Respondent No.2, this Hon'ble Commission held as under:

"The Commission has taken note of the suggestion for promoting projects based on air – cooled condenser only. The Commission observes, for new plants, higher Capital Cost and higher tariff itself should provide incentive for biomass projects based on air – cooled condenser (emphasis added). However, for the older/existing biomass power plant, one-time conversion cost, may need further deliberations including additional cost that may be required and mechanism for passing on the same if not automatically recovered through comparatively higher tariff. The fuel cost shall be considered in line with the HERC RE Regulations in vogue.

- 2.21. Thus, this Hon'ble Commission recognized that for new RE based generation projects, a higher capital cost and higher tariff was to be allowed looking at the cost of fuel and to incentivize newer participants.

- 2.22. The Hon'ble Commission in a case bearing Case No. HERC/Petition No. 1 of 2025, vide order dated 26/03/2025, determined the costs of the biomass fuels after having

a detailed study conducted by Chaudhary Devi Lal University (CDLU, Hisar). The fuel costs for paddy straw for the FY 2024-25 was determined at 3463/MT with an escalation of 2.93% per year.

RENEWABLE SOURCES – REGULATORY PARAMETERS FOR TARIFF DETERMINATION:

- 2.23. That the tariff for the project of the Petitioner is required to be determined by this Hon'ble Commission under Section 62 of the 2003 Act read with the terms of the PPA dated 22.02.2019. Further, this Hon'ble Commission on 30.4.2021 has framed and notified the Haryana Electricity Regulatory Commission (Terms and Conditions for determination of Tariff from Renewable Energy Sources, Renewable Purchase Obligation and Renewable Energy Certificate) Regulations, 2021.
- 2.24. That the following provisions of the HERC RE Tariff Regulations, 2021, are relevant for determination of tariff as prayed for in the present Petition before this Hon'ble Commission:
- a. Regulations 6(3) which provides the scope and extent of the applicability of the HERC RE Regulations, 2021 as under:
“(3) These Regulations shall apply to the RE Power Projects set-up / to be set – up in Haryana and where the tariff is determined by the Commission u/s 62 of the Act for Grid Connected RE Projects up to an installed capacity of 2 MW except the general provisions for banking, RPO, Late Payment Surcharge/rebate etc. applicable for all concerned.”
 - b. Regulation 6(1) whereunder this Hon'ble Commission may determine project specific tariff on case-to-case basis, subject to the ceiling limit of the levelized tariff as may be notified by the Commission.
 - c. Regulation 4 which provides that the control period for the purpose of tariff determination under HERC RE Tariff Regulations, 2021 shall be from FY 2021-22 to 2024-25. Since the project of the Petitioner has been commissioned in the year 2025, the first tariff year for the Petitioner's project is FY 2025-26 and since there are no sou-moto proceedings or any other tariff calculations or regulation provided, the petitioner is being relied upon HERC Regulation No. HERC/53/2021.
 - d. Regulation 7 whereunder a Petition may be filed for determination of such project specific tariff.
 - e. Regulation 7(2)(a) whereunder a Petition for determination of project specific tariff is required to be accompanied by duly filled Tariff Forms 1.2 and 2.2 in case of a biomass project.

- f. Regulation 8 provides the applicable tariff structure, components of fixed cost and that for biomass projects, single part tariff with two components, fixed cost component and fuel cost component, is to be determined.
 - g. Chapter 3 i.e. Regulation 11 to 23 which provides the financial principles to be adopted by this Hon'ble Commission for determination of tariff.
 - h. Chapter 6 i.e. Regulation 30 to 38 which provides the technology specific parameters for tariff determination of biomass-based power projects by this Hon'ble Commission; and
- 2.25. Regulation 73 whereunder this Hon'ble Commission may relax any of the provisions of said Regulations either itself or on an application made before it by an interested person.
- 2.26. That the Petitioner is also filing the requisite filled Tariff Forms 1.2 and 2.2 along with the present Petition.

FINANCIAL CLOSURE, STATUTORY CLEARANCES AND COMMISSIONING THE PROJECT:

- 2.27. That the Petitioner has obtained all the statutory clearances required for the implementation of the project.
- 2.28. That in terms of Article 10.4 read with Article 1(16) of the PPA dated 22.2.2019, the Petitioner was required to commission the complete generation facility within 2 years from the effective date (i.e. the date of signing of PPA). As such, the Scheduled Commercial Operationalization Date (SCOD) for the project was in February 2021. However, the same was extended until 22.12.2021 on account of disruptions due to COVID-19. The petitioner had accordingly completed the entire work, and the plant was ready for commissioning in the month of June 2021 which is clear from the certificate issued by the Chief Inspector of Boiler (CIB), Haryana. There was absolutely no delay on the part of the petitioner who in fact completed the entire project despite the adverse conditions on account of COVID and other difficulties. It is also relevant to state that owing to the said COVID conditions and blockades, the petitioner had to go above and beyond the original project cost to complete the same in time.
- 2.29. That the Petitioner had intimated the Respondent regarding the fact that the erection for the transmission line for evacuation of power from the paddy straw project was in the scope / domain of the DISCOM (Distribution Licensee) and accordingly, several emails and communications were sent to the Respondent that the switchyard of the paddy straw-based power project is completed in all aspects and was ready to import power for testing and commissioning activities. It was also requested and intimated that the completion of transmission lines and bays at sub-station ends were required

to initiate the process of commissioning of paddy straw power plants. The emails and communications are dated from June 2021 until commissioning of the plant on 28.04.2025 and sent to Nigam departments and HPPC.

- 2.30. That despite the strict and severe terms and conditions provided under the PPA wherein the petitioner anyways did not have any negotiating power and having high risk clauses including the penalty clause, delay clause and also the termination clause, the petitioner harboring through the tough conditions and the tough clauses completed the project well within time only to be kept waiting for nearly 4 years to complete the transmission line from the date of PPA and a further 2 years for grant of requisite clearances from Nigam.
- 2.31. That the Petitioner as per the provisions of the HERC Open Access Regulation, a generator was allowed for inter-change of firm power with grid only after obtaining LTOA. The last clearance from the Nigam end i.e. Long-Term Open Access was issued to the project on 08.01.2025.
- 2.32. That the SCOD extension was granted to the petitioner vide letter dated 02nd April 2025.
- 2.33. That the petitioner has successfully conducted the trial run as per Clause 10.2 of the terms of PPA demonstrating the maximum continuous rating / installed capacity, which is prerequisite for declaring COD from 26.04.2025 to 28.04.2025 and declared the COD on 28.04.2025.

CAPITAL COST OF THE PROJECT:

- 2.34. That the capital cost of the Petitioner's project is liable to be determined in terms of Regulation 11 of the HERC RE Tariff Regulations, 2021 which provides as under:
- "11. Capital Cost. – The norms for the Capital cost as specified in the subsequent technology specific chapters shall be inclusive of land cost, pre-development expenses, all capital work including plant and machinery, initial spares, civil work, erection and commissioning, financing and interest during construction, and evacuation infrastructure up to the inter-connection point. Provided that for project specific tariff determination, the generating company shall submit the break-up of capital cost items along with its petition, including DPR, Lender's Engineer Report and justification (item-wise) for any time/cost over-run. Provided further that in case where land for the project is acquired on lease basis, the cost of land to be considered as part of capital cost shall be determined as per the Land Lease Agreement (s)."*
- 2.35. That in terms of the above Regulations, the Petitioner has incurred capital expenditure on the project to the tune of 76.82 Cr up to the original SCOD for its 9.9 MW project. A breakup of the capital cost incurred by the Petitioner up-to COD is as under:

Sl. No.	Item	Cost of Project (Rs. Lakhs)
A.	Hard Cost	
1	Land	306.18
2	Land Development	280.17

3	Building & Other Civil Cost	959.72
4	Plant & machinery	5241.72
5	Miscellaneous Fixed Assets	419.80
6	Contingency/ Provision for Cost Escalation	62.31
	Sub-Total : Hard Cost	7269.10
B.	Soft Cost	
7	Other Current Assets	10.00
8	Other Pre-operative Expenses	362.94
	Sub-Total: Soft Cost	372.94
C	Margin for BG	0.00
D	Margin for Working Capital	0.00
	Capital advance / Cash & Bank Bal	40.00
E	Total Project Cost	7682.84
	Source of Fund	
A	Term Loan (70% Debt)	5377.99
B	Promoters Contribution to Project Cost (30% Equity)	2304.85
	Inter Accruals	0.00
	Payable/ Creditors / Unsecured Loan	0.00
	Total	7682.84

A copy of Certificate dated 31st January 2022 issued by the Auditors of the Petitioner certifying the capital cost of the project for costs incurred until 21.12.2021 is annexed.

PLANT AND MACHINERY:

- 2.36. That the Petitioner has acquired major plant & machinery equipment from best-in-class vendors from across the world with emphasis on Make in India where comparable technology is available within the country.
- 2.37. That a cost of 56.61 Cr was incurred which includes the primary as well as miscellaneous fixed asset equipment. In this regard, the Petitioner submits that:
- As per the requirements in the RfP under which the Petitioner has been selected for implementing the project, the Petitioner has been required to construct the plant for power generation by using 100% paddy straw as per proven Rankine cycle (turbine & boiler) technology having air cooled condensers.
 - Since under the terms of the RfP, the plant of the Petitioner is necessarily to be based on air-cooled condensers rather than the conventional water-cooled condensers, the cost of the plant is bound to be on the higher side as air-cooled condensers are more expensive.
- 2.38. That the boilers used in biomass projects in India so far have been designed for mix-fuel i.e., various forms of biomass including bagasse, agricultural waste etc. The boilers required for paddy straw-based power plants require different technology due

to the unique nature of paddy straw (emphasis added). The fact that there are no 100% paddy straw-based projects operating in India, at the time of award of four such projects two of which are being implemented by the petitioner herein, nor is there any technology available for the setting of such projects has been recognized by:-

- a. the TERI Report
- b. the Committee constituted by CERC to undertake a detailed study of the *“Performance/Viability of Biomass based plants operating in the Country including the prevailing biomass prices”* and
- c. the study titled *Analysis of Cost & Financial Aspects of Rice Straw based Power Plant in India* published in the Journal of Indian Water Resources Society (J. Indian Water Resources. Soc., Vol. 38 , No.2 April 2018).

Technological Advantages:

- 2.39. That the environmental benefits of the projects such as that of the Petitioner, have also been recognized by this Hon'ble Commission in its generic Tariff Order dated 20.12.2019 wherein, the Commission has held as under:

“2. Section 61 read with Section 181 (2) of the Electricity Act, 2003 casts statutory obligation on the State Commissions to promote co-generation and generation of electricity from renewable sources of energy and to make Regulations by way of notifications to carry out the provisions of the Act.

.....

There is immense air pollution in and around NCR/North India due to large cases of stubble burning by farmers. The housefly menace in areas near Poultry Farms has made the life of the people awful. This is high time the Hon'ble Commission considered these issues of Public Importance and make the environment conducive to larger and faster development of RE Projects. Large scale concessions/ relaxations/ exemptions need to be given so that more and more RE Projects are set up in the State, which will not only help in combating the pollution menace but also help in improving the financial health of the farmers.”

- 2.40. That the costs incurred by the Petitioner towards procuring the plant and machinery has been prudently incurred, for the purpose of fulfilling the conditions under the RfP and to provide best available technology in the project and as such, the same is liable to be allowed to the Petitioner to be included in its capital cost for the purpose of determination of its tariff.
- 2.41. That the normative capital cost for paddy straw-based projects was determined by a Committee Constituted by CERC to undertake a detailed study of the *“Performance/Viability of Biomass based plants operating in the Country including the prevailing biomass prices”*. The Committee inter-alia, carried out a study of capital

cost and operational parameters for commissioned biomass generating stations in India and noted in its Report that:

- (a) there were no projects the operational in India which utilize 100% paddy straw as fuel due to inconsistent supply and seasonal availability as was evident from the review of the operational bio-mass projects in India by the Committee. Furthermore, it was noted that IREDA had not sanctioned any biomass project using 100% paddy straw; and
- (b) operational biomass projects have been designed to use a mix of fuel i.e. bagasse, agricultural waste including mustard stalk and cotton stalk, paddy straw etc. due to unavailability of a single fuel source

2.42. That the Committee recommended a capital cost of Rs.6.52 Crore/MW for rice paddy-based projects. Considering the same and while recognizing the need for project specific tariff in case of certain types of biomass generating stations (such as a 100% paddy straw based power project) this Hon'ble Commission under the HERC RE Tariff Regulations, 2021, has deemed it appropriate to provide for project specific determination of tariff wherein actual capital cost incurred can be allowed to the developer, subject to prudence check.

2.43. That it is reiterated that while approving the techno-economic viability of the DPR of the project, TERI has also concluded that given the normative capital cost of only Rs.6.52 Crore/MW, the project developer is likely to achieve low return on equity/low cost of returns. In other words, TERI has recognized that for the project to be economically viable, a capital cost higher than Rs.6.52 Crore/MW is required to be allowed to the Petitioner. It is therefore respectfully prayed that this Hon'ble Commission may exercise its powers under Regulation 73 of the HERC RE Tariff Regulations, 2021 and relax the normative capital cost as notified under Regulation 31 and determine the tariff for the Petitioner's project based on the actual expenditure incurred by it towards plant and machinery as detailed hereinabove. The observations of TERI, reproduced earlier in this petition i.e. it is learnt that the capital cost per MW estimated at Rs. 7.32 Crore is quite high as compared to the normative figure of Rs. 6.52 Crore / MW prescribed by CERC is also not of much value in the case of the petitioner herein, first the observations dated back to 2018 whereas the project cost has to be reckoned with the cost incurred as on the date of CoD. Moreover, TERI has itself noted that "it is learnt", therefore the observations have little empirical evidence to be of any comparative use as it is observed vis-a-vis CERC norm which appears to be under stated as at that time no such plant was operational.

LAND AND BUILDING:

2.44. That the Petitioner has acquired land at District Fatehabad at a cost of Rs. 3.06 Cr. for the project. The land has been registered in the name of the Petitioner. Change of

Land Use (CLU) certificate for the land has been obtained from the competent authority. The costs incurred towards acquiring the aforesaid land for its project may be allowed.

BUILDING & OTHER CIVIL COST:

- 2.45. That the Petitioner has incurred a cost of 9.59 Cr towards plant, building and civil works. The general, civil, structural and allied work has been contracted out by the Petitioner. Keeping in view the timelines as mentioned in the agreement and the strict penalty clauses imposed by the Respondent upon the petitioner, the petitioner made all efforts and completed the project in time and was ready to start testing and commissioning activities in June 2021. The same may therefore be allowed by this Hon'ble Commission.
- 2.46. That in this regard it is submitted and as is clear from the Steel Industry Update for FY 2019-20 and February 2021 issued by CARE Rating Ltd (now Care Edge a premier credit rating agency) in April 2017, the world export prices stood at USD 519 per ton. After a few months, the prices started increasing on sequential basis and averaged at a high of USD 634 per ton in March 2018. After this, the prices declined in each of the months till December 2018 when the prices stood at USD 500 per ton. The prices averaged at USD 579 per ton during the period April-December 2018. During the next seven months, i.e. January-July 2019, the prices averaged lower at USD 524 per ton. However, thereafter, international prices of steel increased in the second half of 2021 to USD 634 per ton. Further, prices have also picked up substantially in the US and European markets since January 2021. In the US market, steel prices have climbed at nearly 13-year high, and the average Hot Rolled Coil (HRC) prices in US stood at \$ 1,271 per ton in February 2021, which was nearly double the HRC price in India at Rs.51,750 per ton (USD 709/ton). In Western Europe, HRC price stood at \$ 883 per ton and ex-works cost was nearly USD 174 per ton higher than Indian HRC prices. As such, it can be observed that an imbalance in demand and supply is driving steel prices higher which has led to an increase in steel prices worldwide; also resulting in increases in the expenditure incurred by the Petitioner towards building and civil works.
- 2.47. That, similarly, a report by CARE Edge dated 22.2.2022 also demonstrates that cement production had declined by around 18 per cent in FY 2021 (during the nine-month period from April to December) as compared with the corresponding period a year ago due to the outbreak of the global Covid-19 pandemic. This has resulted in the all-India average wholesale and retail prices to increase to Rs.365 and Rs.373 per 50 kg bag respectively during FY 2021-22 (April – January) which has been around 5% to 7 % higher as compared with the corresponding period in FY 2020-21. This

growth in prices has been attributed to the increase in input costs such as power and fuel as well as increases in freight expenses, together accounting for nearly 50%-55% of the total expenditure incurred by the cement manufacturers like the rise in prices of coal and pet coke and the rise in freight cost on account of increase in diesel prices. The increase in cement and steel prices has also led to an increase in the expenditure incurred by the Petitioner towards building and civil works.

PRE-OPERATIVE EXPENSES:

- 2.48. That the Petitioner has incurred a sum of Rs. 3.73 Cr. in preliminary and pre-operative expenses. A summary of the expenditure incurred by the Petitioner on pre-operative expenses is tabulated below:

PRELIMINARY & PRE-OPERATIVE EXPENSES	
	(Rs in lakhs)
Particulars	Value
PRELIMINARY EXPENSES	
Studies & Surveys	3.00
Establishment Expenses	36.00
PR Preparation Costs	4.00
Loan Acquiring Costs	40.50
TOTAL	83.50
PRE-OPERATIVE EXPENSES	
Travelling	15.00
Technical Knowhow Fees	20.00
Interest during construction	209.83
Insurance During Construction @ 0.25% Of P&M	18.60
Statutory Fees	4.00
Facility at receiving station	2.00
Trial Production costs	20.00
TOTAL	289.44
GRAND TOTAL	372.94

The Petitioner respectfully prays that the aforesaid pre-operative expenses, which are germane to implementation of project, may kindly be allowed by this Hon'ble Commission to be included in the capital cost of the Petitioner's project.

LOANS AND INTEREST DURING CONSTRUCTION (IDC)

- 2.49. That the Petitioner submits that Regulation 13 of the HERC RE Tariff Regulations, 2021 provides as under:

(1) For the purpose of determination of tariff, loan tenure of 13 years shall be considered.

(2) (a) The loans arrived at in the manner indicated above shall be considered as gross normative loan for calculation for interest on loans. The normative loan outstanding as on 1st April of every year shall be worked out by deducting the cumulative repayment up to March 31st of the previous year from the gross normative loan.

(b) For the purpose of computing of tariff, the normative interest rate shall be considered as the average Marginal Cost of funds-based lending rate (MCLR) (one-year tenor) of SBI prevailing during the last six months plus a margin of up to 200 basis points i.e. 2%.

(c) Notwithstanding any moratorium period availed by the generating company, the repayment of loan shall be considered from the first year of commercial operation of the project and shall be equal to the annual depreciation allowed.

- 2.50. That in terms of Regulation 13, the Petitioner is entitled to a normative interest rate i.e. the MCLR of SBI prevailing during the last six months plus a margin of 2%. It is submitted that the MCLR of SBI in the last six months has been 9%. Allowing for 2% above the 6-month MCLR, the regulations allow for 11%. However, the Petitioner has paid interest to its lenders at the rate of 12.10% which is 1.10% more than the normative interest rate prescribed under Regulation 13. Since biomass projects are high risk, they are bound to attract high rates of interest by lenders as compared to other RE projects such as wind or solar. As such, the interest rates being charged by the lenders has been higher than the normative interest notified by this Hon'ble Commission. As such, the Petitioner respectfully prays that this Hon'ble Commission may kindly allow the actual interest on loan at the rate of 12.10% for the purpose of computation of tariff for the Petitioner's project.

DEBT EQUITY RATIO

- 2.51. That Regulation 12 of the HERC RE Tariff Regulations, 2021, mandates a debt-equity ratio of 70:30. However, in case the equity deployed is more than 30% of the capital cost, equity more than 30% shall be treated as normative loan. Further, in terms of Regulation 12, where equity deployed is less than 30% of the capital cost, the actual equity shall be considered for determination of tariff. In this regard, the Petitioner submits that it has employed funds in the following manner:

Project Cost	Rs. Crore	76.83
Debt	%	70
Equity	%	30
Total debt amount	Rs. Crore	53.78
Total equity amount	Rs. Crore	23.05
Interest Rate	%	12.10

- 2.52. That the petitioner has deployed Rs. 23.05 Cr as equity until SCOD (22 December 2021) in the project and 53.78 Cr as debt in the project until SCOD (22 December 2021). The return on equity and the interest on debt in the table above may be allowed as by this Hon'ble Commission the purpose of determination of tariff.

DEPRECIATION:

- 2.53. That in terms of Regulation 14(1) of the HERC RE Tariff Regulations, 2021, the value base for the purpose of depreciation shall be the capital cost of the asset admitted by

this Hon'ble Commission. The salvage value of the asset shall be considered as 10%. Further, as per Regulation 14(2), depreciation per annum shall be based on 'Differential Depreciation Approach' over loan tenure and period beyond loan tenure over useful life computed on 'Straight Line Method'. The depreciation rate for the first 13 years of the Tariff Period shall be 5.38% per annum and the remaining depreciation shall be spread over the remaining useful life of the Project from the 14th year onwards. Further, as per Regulation 14(3), depreciation shall be chargeable from the first year of commercial operation, provided that in case of commercial operation of the asset for the part of the year depreciation shall be charged on pro rata basis.

- 2.54. That in view of the above, the depreciation rate of 5.38% per annum for first 13 years on Straight Line Method and the remaining depreciation spread over the remaining life of the project from 14th year onwards may be considered for tariff computation.

RETURN ON EQUITY, TAXES AND DUTIES:

- 2.55. That, in terms of Regulation 15(1), the value base for computing equity eligible for return shall be lower of two being either 30% of the capital cost or actual equity. Further, under Regulation 15(2), the Petitioner is entitled to a Return on Equity at the rate of 14% per annum on normative equity and a pass through of MAT/corporate tax as being paid by the Petitioner in its tariff through separate invoice as per the actual paid at the rate as declared by the Income Tax Department. Such a bill for reimbursement of MAT/corporate tax applicable on Return on Equity has been required to be in 12 equal instalments to be paid by Respondent No.1. Since the actual equity employed by the Petitioner is 30% of the capital cost, the Petitioner prays that this Hon'ble Tribunal may allow a Return of Equity at 14% on equity of Rs. 23.05 Cr.

INTEREST ON WORKING CAPITAL

- 2.56. That in terms of Regulation 16(2) of the HERC RE Tariff Regulations, 2021, the working capital requirement in respect of biomass power projects (i.e., Rankine cycle technology, as applicable in the present case), is required to be computed as under:
- (a) fuel costs for six months at normative PLF.
Provided that fuel costs for six months at normative PLF shall be provided for projects using paddy straw as single fuel.
 - (b) operation and maintenance expense for one month.
 - (c) receivables equivalent to two months of fixed and variable charges for sale of electricity calculated on the normative PLF.
 - (d) maintenance spares at the rate of 15% of operation and maintenance expenses.
- 2.57. That further, in terms of Regulation 16(3), interest on working capital for the purpose of tariff determination, shall be computed at the average MCLR (one year tenor) of SBI prevailing during the last available six months plus an appropriate margin not

exceeding 200 basis points i.e. 2%. Allowing for 2% above the 6-month MCLR, the regulations allow for 11%. However, the Petitioner has paid interest to its lenders at the rate of 12.10% which is 1.10% more than the normative interest rate prescribed under Regulation 13. Since biomass projects are high risk, they are bound to attract high rates of interest by lenders as compared to other RE projects such as wind or solar. As such, the interest rates being charged by the lenders has been higher than the normative interest notified by this Hon'ble Commission. As such, the Petitioner respectfully prays that this Hon'ble Commission may kindly allow the actual interest on loan at the rate of 12.10% for the purpose of computation of tariff for the Petitioner's project.

O&M EXPENSES:

2.58. That Regulation 17(2) of the HERC Tariff Regulations provides that the operation and maintenance (O&M) expenses shall be determined by the Commission for the tariff period based on normative O&M expenses specified in the Regulations for the first year of the control period. Further, Regulation 35 provides that normative O&M expenses for a biomass-based project for FY 2021-22 shall be 0.4642 Cr. with a permissible annual escalation of 2.93%. Accounting for escalation, for projects commissioned in FY 25-26 the O&M expense allowed is 0.5209 Cr. per MW which translates to 5.157 Cr for 9.9 MW. As such, for the purpose of determination of tariff, the Petitioner respectfully prays that this Hon'ble Commission may kindly consider the same. As regards the annual escalation, the Petitioner respectfully prays that this Hon'ble Commission may consider allowing an escalation of 5.73 % instead of the 2.93 % for the following reasons:

- a) the boiler being used by the Petitioner for its project is 2.5 time larger in size than the traditional boilers being used in India in traditional bio-mass project. Due to the large size of the boiler, the O&M expenses being incurred for the same are naturally higher. As such, the O&M expenses towards the same are likely to gradually increase over the period of the plant life requiring a higher escalation factor to be allowed while revising the O&M expenses.
- b) unlike other technologies, biomass power plants have multiple moving/non-moving machines that require incremental maintenance which cannot be sustained with a mere 2.93% escalation in the O&M expense; and
- c) biomass power projects with Rankine cycle technology have more wear and tear as compared to conventional power projects, and as such O&M expenses in this regard are also bound to progressively increase, necessitating a higher escalation factor towards permissible O&M expenses.

As such, the Petitioner respectfully prays that this Hon'ble Commission may kindly exercise its power under Regulation 73 of the HERC RE Tariff Regulations, 2021 and consider allowing an escalation of 5.73 % instead of the 2.93 % for the O&M expenses for the Petitioner's project.

SHARING OF CDM BENEFITS:

2.59. That in terms of Regulation 20 of the HERC RE Tariff Regulations, 2021, the proceeds of carbon credit from approved CDM project, after deduction of expenses incurred by the generating company for registration and approval of the project as CDM project shall be shared between generating company and concerned beneficiaries, as under:

- (a) 100% of the gross proceeds on account of CDM benefit to be retained by the project developer in the first year after the date of commercial operation of the generating station i.e., 12 months from COD; and
- (b) in the second year, the share of the beneficiaries shall be 10% which shall be progressively increased by 10% every year till it reaches 50%, where after the proceeds shall be shared in equal proportion, by the generating company and the beneficiaries.

Proviso to Regulation 20(1) provides that in case the PPA has a specific provision regarding sharing of CDM benefits, the same shall be applicable in such cases. Since the PPA executed between the Petitioner and Respondent No.1 does not contain any such provision, in terms of Regulation 21 of the HERC RE Tariff Regulations, 2021, proceeds from sale of bio-fertilizer/bye products etc., if any, may be shared by the Petitioner in equal proportion, with Respondent No.1.

OPERATIONAL / TECHNICAL PARAMETERS

Plant Load Factor

2.60. That under Regulation 32 of the HERC RE Tariff Regulations, 2021, plant load factor (PLF) for a biomass-based project for the purpose of determination of tariff shall be 80%. However, the Petitioner respectfully prays that this Hon'ble Commission may kindly allow the Petitioner a PLF of 65% in the first year of operation i.e. for FY 2025-26 and thereafter at 80% from the second year onwards for the following reasons:

1. biomass based power projects take time to stabilize, like municipal solid waste and refuse derived fuel-based power projects. As such, a minimum of one year period is required for stabilization when a lower PLF is desirable.
2. considering the above, this Hon'ble Commission in case of municipal solid waste and refuse derived fuel-based power projects, has allowed a PLF of 65% in the first year of operation (to achieve stability) and 75% thereafter in the HERC RE Tariff Regulation, 2021. Along similar lines, the Petitioner prays for relaxation in the PLF in the first year to the extent of 65% to achieve stability and 80% from the 2nd year of operation.
3. as stated above, since the size of the boiler being used at the Petitioner's project is 2.5 times larger than the conventional boilers being used in other biomass power projects, the boiler takes longer time for stabilization and

adjusting to the fuel feeding system in the first year of operation leading to a lower PLF being achieved.

4. owing to high moisture content in paddy straw, the project is bound to achieve lower PLF in the initial year which would improve gradually with better storage of fuel leading to lesser moisture content and high combustion rate.

It is therefore prayed that this Hon'ble Commission may kindly exercise its powers to relax, as provided under Regulation 73 of the HERC RE Tariff Regulations, 2021 and allow the Petitioner a PLF of 65% in the first year of operation and 80% from 2nd year onwards.

Auxiliary Consumption

- 2.61. That for the purpose of determination of tariff of the Petitioner's project, the Petitioner has considered auxiliary consumption at 12% which is in line with Regulation 33 of the HERC RE Tariff Regulation, 2021 and the same may kindly be allowed by this Hon'ble Commission.

Station Heat Rate

- 2.62. That for the purpose of determination of tariff of the Petitioner's project, the Petitioner has considered a Station Heat Rate (SHR) of 4495 kcal/kWh which is more or less in line with Regulation 34 of the HERC RE Tariff Regulations, 2021 which prescribes SHR of 4200 kcal/kWh for projects such as that of the Petitioner's. The Petitioner has proposed this SHR for the following reasons:
 - a) a biomass power plant depends predominantly on the pressure and temperature rating of the power plant, type of fuel, fuel characteristics and variation in fuel quality on account of storage, loading of the units etc. All these variations in the quality of fuel and operational parameters are reflected in the performance of the boiler and its efficiency.
 - b) due to the higher moisture content of the fuels, the SHR is always higher than the design SHR. Even the quality of waste has lot of variation due to moisture levels, sand silica, and other chemical characteristics, which cannot be controlled. These parameters are extremely critical in the operation of the biomass power plant; and
 - c) keeping in view the above, the CERC in its Order dated 31.05.2017 has specified an SHR of 4200 for projects using travelling grate boilers.
 - d) Since there were no boilers running on paddy straw when the petitioner's project was envisaged, ample care has been taken to ensure that the projects run successfully with high PLF under varying fuel and seasonal conditions as the primary goal of these pilot projects was to mitigate the pollution implication of stubble burning. The paddy straw consumption was considered in the DPR at 1.45

kg/kWh. Considering the average kcal Of 3100 Kcal/kg considered by the Honorable Commission, the station heat rate works out to 4495 kcal/kWh.

It is therefore prayed that this Hon'ble Commission may kindly exercise its powers to relax, as provided under Regulation 73 of the HERC RE Tariff Regulations, 2021 and allow the Petitioner a SHR of 4495 kcal/kWh as project specific norm based on the DPR of the project submitted along with this petition so that the project remains viable.

Gross Calorific Value (GCV)

- 2.63. That for the purpose of determination of tariff of the Petitioner's project, the Petitioner has considered the Gross Calorific Value (GCV) of its fuel at 2950 kcal/kg. In this regard it is submitted that the normative GCV of 3100/kcal/kg permitted under Regulation 37 of the HERC RE Tariff Regulations, 2021 may be appropriate for the seasonal biomass fuel which is procured in the intervals of 3-4 months. However, paddy straw is not seasonal biomass and can only be procured in the months of September-October of each year for 35-40 days only. This paddy straw is then required to be stored for the next 365 days and must pass through the rainy season, peak summer and peak winter too. Due to all these weather conditions, the quality of the fuel degrades and GCV also gets reduced with each passing day of storage. In the month of July/August, GCV of fuel available with the Petitioner comes in the range of 2788 kcal/kg. Taking a blended GCV for year-round operations.

S.NO.	LAB NAME	DESCRIPTION	SAMPLE DATE	TEST REPORT DATE	GCV VALUE
1	SPECTRO ANALYTICAL LABS PVT. LTD	PADDY STRAW	05.01.2021	15.01.2021	3079
2	SPECTRO ANALYTICAL LABS PVT. LTD	PADDY STRAW	18.03.2021	27.03.2021	3003
3	SPECTRO ANALYTICAL LABS PVT. LTD	PADDY STRAW	06.05.2021	17.05.2021	2927
4	SPECTRO ANALYTICAL LABS PVT. LTD	PADDY STRAW	10.08.2021	20.08.2021	2890
5	SPECTRO ANALYTICAL LABS PVT. LTD	PADDY STRAW	09.09.2021	20.09.2021	2851

Based on the above, it is prayed that this Hon'ble Commission may kindly allow an annual GCV of 2950 kcal/kg by exercising its powers to relax under Regulation 73 of the HERC RE Tariff Regulations, 2021 for project specific determination of tariff based on the facts and figures submitted above.

Fuel Cost

- 2.64. That cost of fuel for a biomass-based generation station such as that of the Petitioner is governed under Regulation 38 of the HERC RE Tariff Regulations, 2021 which provides as under:

“38. Fuel Cost. – Biomass fuel price during first year of the Control Period shall be Rs. 3000 /MT and shall be escalated at the rate of 2.93% per annum for arriving at the levelized tariff for the entire useful life of the project.

Further, the Commission, for biomass / bagasse-based power project, both existing and to be set up, may consider a two-part tariff wherein the fixed cost shall be the levelized tariff already determined for the existing projects and the fuel cost shall be as determined on a year-to-year basis so that the fuel cost remains aligned to the prevailing market conditions.

Provided that to gainfully utilize and thereby prevent burning of paddy straw / stubble in the farms, the Commission would endeavor to promote use of the same in the power projects. Hence, while determining fuel cost / GCV on a year-to-year basis applicable for the existing as well as to be commissioned biomass / bagasse power projects, appropriate price weightage could be considered. Designated Agency/HAREDA may provide the relevant data collected from the field on a half yearly basis for consideration of the Commission. However, the details of usage of paddy straw / stubble shall be certified by the IPPs and verified by HPPC based on the data emanating from the local authorities concerned.

Provided further, in case the State Government procures paddy straw/stubble for onward distribution to the power projects, the fuel cost shall be accordingly adjusted. Further, given the single fuel-based generation for paddy straw / stubble-based power projects in Haryana, working capital norms shall be accordingly determined.”

2.65. That the Commission, in accordance with Regulation 38 of the Terms and Conditions for Determination of Tariff for Renewable Energy Sources, has constituted a detailed study to determine a fair and representative fuel price for biomass-based projects in the State of Haryana. Given that the biomass supply chain is unregulated and varies widely across the region, the Commission engaged an independent, state-wide study through the Hisar Agriculture University, a university of high repute in the agricultural space in the state to assess market conditions and fuel procurement practices. Following this exercise, a draft order was placed in the public domain, inviting stakeholder comments. After due consideration, the Commission issued the final order on 26th March 2025 fixing the paddy straw price at ₹3,463.42/MT for FY 2024–25, with an annual escalation factor of 2.93%. The comprehensive study conducted by the Honorable Commission encompasses all the districts producing paddy straw for determining paddy straw prices. The petitioner’s project is also sourcing most of the fuel in alignment with this approved rate.

2.66. That with the emergence of new technologies such as Compressed Biogas (CBG), paddy straw—once an underutilized agricultural residue—is increasingly being

diverted to alternate uses, leading to competition for the same resource and driving up its market price. This trend has a direct impact on paddy straw-based power projects like the one under consideration and, if not addressed through timely price revisions, could make current investments unsustainable. These market shifts are entirely outside the control of paddy straw-based power generators.

- 2.67. That a similar situation is already visible in biomass projects based on other agro-residues such as cotton stalk, mustard husk, and so forth, where the proliferation of pellet and briquette manufacturing units has significantly increased fuel procurement costs.
- 2.68. That paddy straw-based projects are distinct in nature and policy intent, as they are specifically designed to mitigate the environmental crisis of stubble burning while generating renewable energy. Hence, we respectfully submit that such projects merit differentiated treatment and a dynamic fuel cost adjustment mechanism to ensure both financial viability and alignment with environmental benefits.
- 2.69. That fuel prices are subject to fluctuations driven by prevailing market dynamics and ground-level realities. Recognizing this, the Commission has been undertaking periodic studies to ascertain the actual cost of biomass, including paddy straw, as available to power generators. Since fuel cost is a pass-through expense and remains entirely beyond the control of the petitioner. Adjustments to fuel prices is essential to ensure the long-term economic viability of biomass-based power generation over the next 20 years and to support sustained efforts toward curbing pollution caused by the burning of agricultural residues.
- 2.70. That it is requested to adopt the same fuel cost for our project, with the applicable escalation of 2.93% for FY 2025–26, i.e., ₹3,564.01/MT. Additionally, as outlined in the relevant orders including the current order, we humbly pray that the Hon'ble Commission allows for the impact of such revised fuel prices—determined through these periodic studies—to be reflected and made applicable to the current project over the life of the project.

DAMAGES AND LOSSES ON ACCOUNT OF INTEREST PAID, O&M EXPENSES, FEED STOCK GCV LOSSES AND ROI FOR THE DELAY IN SCOD

- 2.71. That the Renewable Energy Regulations, along with the Power Purchase Agreement (PPA), clearly lay out the terms and responsibilities of the petitioner and respondent related to the evacuation infrastructure and the requisite regulatory clearances. As per these combined regulatory and contractual frameworks, the evacuation line and bay at the substation end fall within the scope of the Respondent (the DISCOM), while the bay at the generator end is the responsibility of the Petitioner. Timely completion and

coordination of these respective scopes, along with the expeditious granting of all necessary regulatory clearances, is essential for enabling synchronization and commencement of power evacuation from the generating station.

- 2.72. That as per Article 5.1 of the PPA, the Respondent was obligated to ensure that an accurate and operational generation system was available well before the synchronization date. This requirement was clearly spelled out in the PPA, and the Petitioner had no reason to doubt the Respondent's ability to comply, considering the Respondent's reputation as a leading and experienced entity in the DISCOM sector.
- 2.73. That on the other hand, Clause 10.2 of the PPA lays out strict penalties specifically on the Petitioner (the generator), in the event of failure to make the plant available for commissioning by the Scheduled Commercial Operation Date (SCOD). These penalties include encashment of bank guarantees and a highly punitive clause that allows only a 90-day grace period beyond SCOD, after which the PPA is to be terminated. Such termination would result in a total loss of the Petitioner's investment in both equity and debt, as this project is a location-specific, pilot initiative and cannot be relocated or repurposed elsewhere.
- 2.74. That despite the immense challenges presented by the COVID-19 pandemic, the Petitioner undertook every reasonable and necessary step, incurring substantial additional costs to prepare the plant for commissioning by June 2021. This included the procurement of fuel—specifically paddy straw—in October 2020, given its limited availability for only 30 to 45 days annually during the October–November window. It must be noted that while the fuel begins to lose its calorific value (GCV) and power generation potential within 12 to 15 months if left unused, the physical remnants—such as lignin and residual carbon—can take up to five years to disintegrate naturally. This not only renders the material non-usable for energy production but also creates significant logistical and environmental challenges, as the material must be stored securely, occupying leased land and incurring additional costs for years. In good faith and in anticipation of the completion of the evacuation system and other necessary clearances, the Petitioner again procured feedstock in the subsequent year. These actions were taken solely to remain compliant with the project timelines and terms of the PPA. Yet, the risk of termination, encashment of guarantees, and complete investment loss still looms—not due to any fault of the Petitioner, but due to delays beyond its control.
- 2.75. That the Petitioner suffered additional losses and damages on account of the significant delay caused by the Respondent in granting the letter for commissioning. The petitioner had the project ready for commissioning and testing activities in June 2021 with complete readiness along with fuel to be commissioned by SCOD of

22.12.2021 as per terms of the PPA. Moreover, the petitioner has taken a loan on the project to the tune of Rs. 53.50 Cr and is paying interest every month.

- 2.76. That the petitioner states that if the project would have started commissioning activities in June, 2021 and commissioned the project by SCOD as per the PPA terms, the petitioner would have started receiving revenue from the project and financial costs towards the bank loan interest, employee salaries and site maintenance would have been accounted for in the said revenue and the petitioner would not have to pay the same on its own which the petitioner had to do in the present case.
- 2.77. That the said costs along with the loss of revenue and loss of business for the period between SCOD in December 2021 till April 2025 is not attributable to the petitioner as the same is owing to the delays caused by the DISCOMs despite several requests by the petitioner to commission the project as the same was ready to start commissioning activities since June 2021.
- 2.78. That the petitioner ended up paying the Interest out of its own pocket for the period Q4 FY 2021-22, FY 2022-23, FY 2023-24 and FY 2024-25 which has not been accounted for as part of the project costs and all of which otherwise ought to have been paid from the revenues received by the petitioner from the commissioning of the project.
- 2.79. That the said costs are over and above the project costs as envisaged in the DPR or at the time of bidding for the project and the same has been paid by the Petitioner out of its own pocket for no fault of the petitioner and are the actual costs incurred by the Petitioner.
- 2.80. That to clarify that the payments now being sought are strictly for actual costs incurred and not for any additional gain or enrichment on the part of the Petitioner. In order to balance the equity on both the sides, as in the event of delay attributable to the petitioner it would have been subjected to heavy penalties, the Petitioner, in the present circumstances, is merely seeking recovery of: -
- (i) interest paid due to the delay in project execution from scheduled SCOD to actual COD.
 - (ii) feedstock losses in terms of GCV deterioration.
 - (iii) O&M expenses to start the plant after a long delay; and
 - (iv) return on equity that could have been earned had the capital been deployed elsewhere.
- The Petitioner seeks 2 months' time to file the details of the exact calculation of losses and damages incurred on account of the said payments made by the petitioner and will furnish the same as per actual period as sought.

PLF CALCULATION METHODOLOGY AND ANNUAL BASIS OF EVALUATION

- 2.81. The Petitioner respectfully submits that, for the purpose of determining the Plant Load Factor (PLF) and calculating any associated incentives, the PLF should be computed on an annual basis, rather than through short-duration 15-minute time blocks for all intent and purposes.
- 2.82. Given the inherent characteristics of biomass-based power generation—particularly when paddy straw is used as the sole fuel—the plant’s output is subject to natural variability arising from factors beyond the Petitioner’s control. These include seasonal weather fluctuations (such as rainfall), variations in fuel quality, and challenges related to the collection and storage of biomass fuel.
- 2.83. In view of these operational realities, it is both practical and equitable to normalize the PLF calculation over a 12-month period. so that periodic variability evens out. This approach ensures a fair and realistic assessment of plant performance.
- 2.84. Furthermore, the Petitioner submits that since the plant operates as a must-run biomass facility, all power generated up to the normative capacity of 9.9 MW should be treated as non-curtailable and must be evacuated and accounted for on an annual PLF basis. Accordingly, a total generation of 86,724 MWh annually (i.e., 9.9 MW × 8,760 hours) should be considered the baseline for evaluating PLF. The PPA also clearly mentions that all energy injected up to 9.9 MW is to be procured at the applicable tariff.
- 2.85. Additionally, it is submitted that, in accordance with the applicable regulations, generating stations with a capacity below 10 MW are not subject to scheduling requirements. Consequently, the concept of 15-minute block-wise scheduling and corresponding load adherence does not apply to the Petitioner’s plant. This regulatory exemption provides further validation for computing the Plant Load Factor (PLF) on an annualized basis, rather than relying on short-duration block intervals which are not operationally or legally binding on such small-capacity must-run generators.
- 2.86. It is further submitted that operating the plant at high PLF consistently results in increased mechanical wear and tear, reduced equipment life, and necessitates higher operational expenditure including additional manpower and remote-location maintenance contracts. These costs are real, recurring, and significant. In addition, maintaining a 100% PLF will also require higher volumes of paddy straw to be procured, in anticipation of higher generation as paddy straw is available only for 30-45 days in the year. It is be noted that these additional costs are not part of the computation at normative PLF. This additional procurement will lead to additional income generation for local farmers and furthering the circular economy in rural areas.

- 2.87. Ultimately, consumers also benefit, as maximum plant utilization ensures stable and continuous renewable power supply without additional infrastructure costs.
- 2.88. The petitioner humbly prays that the Hon'ble Commission (i) Direct that the Plant Load Factor (PLF) be computed on an annual basis with no 15-minute blocks, in recognition of the operational realities of biomass-based generation and the variability inherent to paddy straw as the sole fuel source and regulations thereof; and (ii) Hold that all power generated and injected into the grid, up to the normative annual capacity of 86,724 MWh (i.e., 9.9 MW × 8,760 hours), shall be deemed as must-run power, and accordingly, (iii) Order that the entire quantum of such injected energy be remunerated at the applicable tariff under the Power Purchase Agreement (PPA), as the plant qualifies as a must-run facility and the PPA explicitly mandates that all energy up to 9.9 MW must be purchased by the Distribution Company (DISCOM).

PAYMENT FOR INFIRM POWER

- 2.89. As per the terms of the Power Purchase Agreement (PPA), all power injected into the grid—including infirm power is to be paid at the applicable tariff. Further, in accordance with the PPA, the petitioner is required to file a petition for determination of tariff upon achieving the Commercial Operation Date (COD) of the plant. The petitioner hereby confirms that the plant achieved COD on 28.04.2025 and is filing this petition accordingly for determination of tariff.
- 2.90. In the present petition, the petitioner is also seeking payment for the infirm power injected into the grid prior to COD. Since project-specific tariff is determined only from the date of COD, there is no project-specific tariff applicable to the period prior to COD. Therefore, the applicable tariff for the infirm power must be the generic tariff prevailing during the relevant period.
- 2.91. The Hon'ble Commission issued a generic tariff order dated 26.03.2025, with retrospective effect, specifying the applicable generic tariff for biomass and paddy straw projects as Rs. 5.33 per kWh (variable cost) and Rs. 2.76 per kWh (fixed cost).
- 2.92. The petitioner further submits that the infirm power was injected over the past year. As the plant had not achieved COD during this period, the infirm power bill could not be raised earlier. Nevertheless, the respondent got the benefit of the power injected into the grid. It is further submitted that the discount offered by the petitioner during the process of bidding AND stipulated under the PPA is applicable only from the date of COD and therefore, the discount is not applicable for infirm power injected prior to COD.

- 2.93. Although the power has been injected over the last year, the petitioner is not claiming any interest on the infirm power although the delay is not due to any fault of the petitioner.
- 2.94. In view of the above and considering that the delay in achieving SCOD was not due to any fault of the petitioner, the petitioner prays to the Hon'ble Commission that (i) the infirm power injected prior to COD be compensated at this applicable generic tariff for the corresponding period and (ii) is kindly requested to issue appropriate directions to HPPC to make payment for the infirm power within 15 days from the date of this order. The JMR submitted by the M&P, DHBVN, Hisar on behalf of both the petitioner and HPPC is attached as **Annexure P – 23**.

INTERIM TARIFF POST-COD

- 2.95. The petitioner respectfully submits that the project has now achieved COD as on 28.04.2025, after significant delay and considerable hardship, both technical and financial, on account of factors beyond its control. While this petition for tariff determination is under consideration, the petitioner humbly requests that the Hon'ble Commission issue necessary directions to the Respondent (HPPC) to make interim payments to enable the continued operation of the plant;
- 2.96. In support of this request, the petitioner has submitted Tariff Sheets 1.2 and 2.2, which provide a detailed calculation of the proposed tariff. Assuming a tariff ceiling of ₹8.00 per kWh and applying the PPA-mandated discount of 71 paise, the petitioner proposes that an interim tariff of ₹7.29 per kWh be adopted for payments during the pendency of this petition;
- 2.97. The petitioner undertakes that if the tariff finally determined by this Hon'ble Commission results in a lower payable amount, it shall refund the excess amount received along with applicable interest. Conversely, should the finally determined tariff exceed ₹7.29 per kWh, the balance amount may kindly be directed to be paid to the petitioner;
- 2.98. If the Hon'ble Commission chooses to adopt the tariff or fuel cost components as provided under its generic tariff order dated 26.03.2025 for the purpose of interim payments, the petitioner respectfully submits that any difference between the interim amount paid, and the finally determined tariff may be settled by the Respondent by paying the balance along with applicable interest;
- 2.99. The petitioner also prays that the Hon'ble Commission may be pleased to take a fair and equitable view, keeping in mind the extreme hardship faced due to a delay of multiple years in achieving COD—through no fault of the petitioner—and the fact that no payments have been received to date despite continued operations and power

injection. The support of the Hon'ble Commission during this extended and difficult period is crucial to the sustainability of the project. The JMR submitted by the M&P, DHBVN, Hisar on behalf of both the petitioner and HPPC is attached as **Annexure P – 24**.

- 2.100. That in the light of the above submissions, it is prayed that this Hon'ble Commission may kindly approve the project specific tariff and the basis of calculation of the same as provided under the detailed tariff computation chart annexed hereto and marked as Annexure P – 25.
- 2.101. That the Petitioner also prays that in addition to the above tariff, this Hon'ble Commission may allow recovery from Respondent No.1 at actuals of any cess, duty, tax, government levy, royalty etc. applicable to the Petitioner for supply of power from time to time.
- 2.102. That the present Petition is bona fide and is in accordance with applicable Regulations notified by this Hon'ble Commission, and the same may kindly be allowed. The Petitioner craves leave of this Hon'ble Commission to supplement, add to and alter its tariff proposal and file such additional information as may be directed by this Hon'ble Commission or as may be necessary for the purposes of determination of tariff in the present Petition, before the tariff is finally determined by it.
- 2.103. That the following main prayers have been made: -
- a) Admit the present Petition and determine the tariff for supply of power from the 9.9 MW 100% paddy straw-based biomass energy generation project of the Petitioner at District Fatehabad, Haryana.
 - b) Exercise the powers to relax under Regulation 73 of the Haryana Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff from Renewable Energy Sources, Renewable Purchase Obligation and Renewable Energy Certificate) Regulations, 2021 and
 - (i) Allow the Petitioner a completed capital cost of Rs. 76.83 Cr (till original SCOD).
 - (ii) Allow the Petitioner interest on loan at the rate of 12.10% and interest on working capital at the rate of 12.10%.
 - (iii) Allow the Petitioner an escalation of 5.73% in the Operational and Maintenances expenses being incurred by it during the life of the project.
 - (iv) Allow the Petitioner a Plant Load Factor of 65% in the first year of operation and 80% from the second year of the operation.
 - (v) Allow the Petitioner a Station Heat Rate of 4495 kCal/kWh.
 - (vi) Allow the Petitioner a Gross Calorific Value of 2950 kCal/Kg for the 100% Paddy fuel being procured by it.

- (vii) Allow the Petitioner a fuel cost of Rs.3564/MT as per the regulation of the Hon'ble Commission.
- (viii) Allow the Petitioner applicability of cost of paddy straw determined by studies conducted by the Hon'ble commission from time to time to determine the actual costs of paddy straw.
- c) Approve the basis of calculation of Tariff as set out in Tariff 1.2 and 2.2 tables submitted with the petition.
- d) Allow the Petitioner to receive the grant of losses and damages incurred by the Petitioner on account of the delay caused by the Respondent, the damages and losses as substantiated within 60 days.
- e) In the matter of Plant Load Factor (PLF)
 - (i) Direct that the Plant Load Factor (PLF) be computed on an annual basis with no 15-minute blocks up to the normative annual capacity of 86,724 MWh (i.e., 9.9 MW × 8,760 hours).
 - (ii) Order that the entire quantum of such injected energy be remunerated at the applicable tariff under the Power Purchase Agreement (PPA), as the plant qualifies as a must-run facility and the PPA explicitly mandates that all energy up to 9.9 MW must be purchased by the Distribution Company (DISCOM).
- f) Allow the Petitioner recovery at actuals of any cess, duty, tax, government levy, royalty etc. as applicable to the Petitioner for supply of power to Respondent No.1.
- g) Allow the recovery of the filing fees as and when paid to the Hon'ble Commission and the publication expenses from the beneficiaries; and
- h) Pass such order(s) as the Hon'ble Commission may deem fit in with the circumstances and facts of the present Petition.

2.104. That the following prayers have been made seeking the interim relief: -

- a) Direct the Respondents to make immediate payment, within seven (7) days, for the infirm power injected into the grid prior to COD, based on Joint Meter Readings mandating payment for all energy injected into the grid;
- b) In accordance with clause 6.10 of the Power Purchase Agreement (PPA) executed with the distribution licensee, we are eligible to receive payment for the infirm energy injected prior to COD and the relevant clause is reproduced below:-
'6.10 Generation and injection of infirm power by the seller prior to the Commercial Operation Date (CoD) shall be paid @ applicable tariff'.

- c) In view of the above, we humbly request the Hon'ble Commission to kindly consider allowing interim payment for the infirm power at the APPC (Average Power Purchase Cost) rate, pending final determination of tariff. This support is crucial to ensure continuity of operations as we are currently experiencing acute financial hardship due to ongoing capital and operational commitments post-commissioning.
- d) We also respectfully undertake that, while the final tariff is being determined by the Hon'ble Commission, we shall not claim any interest on the difference between the APPC received as interim relief and the final tariff determined by the Hon'ble Commission for the infirm power injected during the pre-COD period.
- e) Direct payment for power injected post-COD (from 28.04.2025 onward) at the above interim tariff be made as per the terms of Article 10 of the Power Purchase Agreement dated 22.02.2019, pending final tariff determination;
- f) Pass such other or further orders as this Hon'ble Commission may deem fit and proper in the interest of justice.

Proceedings in the Case

3. The case was initially heard on 10.06.2025. The Commission, vide its ibid dated Interim Order, allowed the prayer of the petitioner to grant Interim Tariff at the average power purchase cost applicable for the FY 2024-25 i.e. Rs. 4.60/unit, in respect of the infirm power injected into the grid prior to the date of CoD based on Joint Meter Reading data provided by Superintending Engineer/SO, DHBVNL, Hisar, vide its letter dated Ch-47/SE/SO-1051, dated 03.06.2025, as well as for the further power being supplied by the petitioner, subject to adjustment upon final determination of tariff by the Commission. The petitioner has already forfeited its rights to claim interest on the difference between APPC received as interim relief and final tariff determined by the Commission for the infirm power injected during the Pre-CoD period. Further, HVPNL and DHBVNL were impleaded as R-3 and R-4, respectively, being essential party in the present proceedings represented by Chief Engineer/SO & Commercial, HVPNL and Chief Engineer/Commercial, DHBVNL, respectively. UHBVNL was also be impleaded as R-5. Chief Engineer/SO & Commercial, HVPNL and Chief Engineer/Commercial, DHBVNL are directed to investigate the reasons for inordinate delay in grant of Long-Term Open Access and submit the detailed report in the Commission.
4. In order to afford an opportunity to the general public / Stakeholders to study / analyze the proposal and file their objections / suggestions / comments, the petition filed by M/s. Fatehabad Bio Energy LLP was made available on the website(s) of the

Commission as well as that of the petitioner. Public Notice was issued by M/s. Fatehabad Bio Energy LLP in the Newspapers, having wide circulation in Haryana, for inviting objections/suggestions from the stakeholders / General Public or any interested person, in accordance with the provisions of Section 64 of the Electricity Act, 2003 read with the Haryana Electricity Regulatory Commission (Conduct of Business) Regulations, 2019 as amended from time to time. The said public notice was published by the petitioner, in the following Newspapers: -

Name	Language	Date of publication
The Indian Express	English	30.06.2025
Amar Ujala	Hindi	30.06.2025

The public notice issued by the Commission was published in the following newspapers, with last date of filing objections as 30.06.2025:-

Name	Language	Date of publication	Date of public hearing
Hindustan Times	English	18.06.2025	16.07.2025
Dainik Tribune	Hindi	18.06.2025	16.07.2025

5. In response to the public notice, no comments / objections were filed by any stakeholder, except respondent No. 1 (HPPC), on an affidavit dated 16.07.2025. HPPC has submitted as under:-

BRIEF BACKGROUND OF THE MATTER:

- 5.1. That Respondent No. 2 ("HAREDA") floated the 'Request for Proposal' ("RFP") for setting up of Paddy Straw Biomass based Power projects on Build, Own and Operate ("BOO") basis in the State of Haryana with the approval of Government of Haryana and this Hon'ble Commission on 03.08.2017. The projects were proposed to be set up in Ambala, Karnal, Kurukshetra, Jind, Kaithal and Fatehabad District on pilot basis with an aggregate capacity of about 50 MW. No fuel other than the paddy straw was to be allowed to be used in these projects. The projects were to be set up as per Rankine Cycle (Turbine + Boiler) technology having air-cooled condensers. The relevant clause relating to the "Tariff" as per the RFP is reproduced below:-

"1.6 Tariff

1.6.1 As per the HERC RE Regulations, the ceiling tariff applicable shall be the tariff notified by the Hon'ble Commission for the year in which the project is commissioned on year to year basis, for the entire life of the project. The tariff for sale of power from such projects under this bidding process will be on the basis of discount offered on the yearly applicable ceiling tariff approved/notified for the same by the HERC in the year of their commissioning. The bidders should make suitable assumptions and estimations to arrive at such a projected tariff on their own depending on the projected

year of commissioning of their project. The discount should be given in Indian Rupees only.

In case, at the time of commissioning of project, the applicable tariff is not issued at the time of bidding, applicable tariff is not issued by HERC and tariff for the relevant period has been determined by CERC, then the applicable tariff shall be the tariff issued by CERC.

1.6.2 The tariff determined by the Commission shall be the ceiling tariff and depending on the RPO of the obligated entity in Haryana, as determined by the Commission, HAREDA may invite bids and evaluate the same on the basis of discounts offered by the bidders on the tariff determined by the Commission. Consequently the shortlisted bidder will have to file a petition under Section 62 of the Electricity Act 2003 before the Hon'ble HERC for fixation of tariff for the allocated project and the discount offered shall be applicable on the tariff fixed by the Hon'ble Commission for the said project for the entire duration of PPA. Discoms / HPPC will sign PPA based on tariff discovered through above procedure.

... ..”

(Emphasis Supplied)

- 5.2. That at the time when the bids were invited under the above RfP in the year 2017, there was no generic tariff for biomass projects notified by this Hon'ble Commission. As such, in terms of Clause 1.6.1 of the RfP, the generic tariff as notified by the Central Electricity Regulatory Commission (“Ld. CERC”) vide its Order dated 31.5.2017 passed in Petition No.05/SM/2017 was taken to be the ceiling tariff applicable for all prospective bidders while submitting their respective proposals under the above RfP. In the said Order, the generic tariff for biomass power projects [rice straw and juliflora (plantation) based projects] with air cooled condenser and AFBC boiler in the State of Haryana was prescribed at Rs.8/kWh. Based upon the said ceiling tariff of Rs.8/kWh, the petitioner on 11.10.2017 submitted its proposal for setting up a 100% paddy straw-based biomass power project with an installed capacity of 9.9 MW in District Jind, Haryana while offering discount of Rs.0.71/kWh.
- 5.3. That subsequently, the proposal of the Petitioner was accepted and a Letter of Intent (“LOI”) dated 16.02.2018 was issued in the favour of the Petitioner by Respondent No. 2 whereby an in-principal approval was accorded to the Petitioner for setting up of the plant and it had been mentioned therein that – *“This allotment is on the basis of the highest discount of Rs. 0.71 (seventy one paisa) only on the tariff of Rs 8.00 per unit as specified in the RfP document. The discount shall be applicable on the tariff to*

be fixed by the HERC. The IPP shall approach the Commission for fixation of tariff.”
(*Emphasis Supplied*)

- 5.4. That subsequently, in terms of the LOI, the Petitioner and HAREDA signed a Memorandum of Understanding (“MOU”) on 09.04.2018 and the Detailed Project Report (“DPR”) submitted by the Petitioner was forwarded by HAREDA to The Energy and Resources Institute (“TERI”) for its evaluation and one of the observations made by TERI is reproduced below:

“7. Based on the review of the project financials, it is learnt **that the capital cost per MW has been estimated to be Rs. 7.45 crore/ MW, which is quite high** as compared to the normative figure of Rs. 6.52 crore/ MW prescribed by CERC.
In view of this, the developer may end up with low return on equity/ low cost of returns”

(*Emphasis Supplied*)

- 5.5. That thereafter, the Answering Respondent filed a petition before this Hon’ble Commission i.e. HERC/PRO-45 of 2018 seeking approval of draft PPAs for procurement of 49.8 MW of power from the projects selected under the RfP. The PPA was approved by the Hon’ble Commission vide order dated 03.01.2019 while holding as under:

“10. In view of the approval already accorded to the bid documents the Commission, under Section 86(1)(b) of the Electricity Act, 2003, approves the proposed sources from which power shall be procured by the HPPC/Discoms through power purchase agreement(s) approved by the Commission. **Tariff shall be decided on the separate petition to be filed by Generators under section 62 of the Electricity Act, 2003, wherein the ceiling tariff shall be annual generic tariff of HERC of the year 2017-18 with appropriate factoring of the discount negotiated with the bidders. 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.**

11. Having approved the source of power procurement the Commission has perused the draft PPA(s) submitted by the petitioner as well as submissions made by the parties in the hearing held on 18.12.2018 in the matter. The Commission observes as under:-

... ..

- ii) The Commission has perused the draft PPAs for four paddy straw-based power projects submitted for its approval. The Commission has noticed a few aberrations in the same as under: -

- a) **The definition of Tariff needs to be changed to read that the tariff payable to the IPP shall be the year-to-year tariff determined by the Commission w.r.t. CoD of the project and the discount offered by the IPPs as part of the RFP shall be deducted from the year-to-year tariff determined by the Commission.**

It needs to be noted that the tariff payable has to be necessarily be the tariff determined by the Commission under section 62 or adopted by the Commission under section 63 of the Electricity Act, 2003. Hence, the issue of financial assistance by HAREDA/ State Govt., if any between the year to year tariff determined by the Commission and Average Power Purchase Cost (APPC) is an issue between HPPC/ Discom and HAREDA/ State Govt. And no intervention of this Commission is required. However, if any such financial assistance is received by HPPC/ Discoms the same shall be reckoned with while arriving/ claiming power purchase cost of such projects in the ARR(s) of the Discoms.

- b) Given the fact that the fuel i.e. paddy straw is available only for a few months and thereby requiring the IPPs to lock in working capital upfront, the due date for payment in respect of tariff invoice raised by the paddy straw-based power project developers shall be the 30th day from the next day of the receipt of tariff invoice by the HPPC / Discoms. In such cases the 1% rebate shall be admissible to the Discoms / HPPC, and 2% rebate shall be applicable in case the energy bills of the seller are made on presentation.
- c) **Clause 6.10 regarding payment for infirm power needs to be deleted as the tariff payable shall be the year to year generic tariff, hence, the concept of infirm power less fuel cost to be reckoned for reduction of capital cost is not applicable in such cases. Hence, entire energy injected by the power plant and into the Grid must be paid for at the applicable tariff.**
- d) Clause 10.6 regarding penalty for delay in CoD needs to be qualified that the delay caused is attributable to the project developer and not beyond its reasonable control or attributable to force majeure events.

... ..

13. Subject to the above, the Commission approves the PPAs to be signed by HPPC and paddy straw-based power project developers' i.e. M/s. Hind Samachar and M/s. Sukhbir Agro Energy, M/s Jind Bio-Energy LLP and M/s Fatehabad Bio-Energy, LLP.”

(Emphasis Supplied)

- 5.6. That keeping in view the above-mentioned observations, the Answering Respondent amended the PPA and shared the draft of revised PPA with the Petitioner and

thereafter, the Petitioner, with open eyes, had entered into PPA dated 22.02.2019 with the Answering Respondent. The relevant clauses of the PPA dated 22.02.2019 are reproduced below:

"ARTICLE-1

DEFINITIONS AND INTERPRETATION

...

8) **"Commercial Operation Date"** with respect of each Unit of the Project shall mean the date on which such Unit is made available for commercial operation and such date as specified in a written notice given at least 20 days in advance by the Seller to HPPC.

... ..

38) **"Tariff"** means year to year rate payable by the Discom @ tariff determined by HERC w.r.t. CoD of the project factoring the discount offered by the IPP as a part of the RfP for every kWh of delivered energy at the metering point subject to the ceiling tariff i.e. annual generic tariff of HERC for the year 2017-18 with appropriate factoring of the discount negotiated with the bidders as a part of the RfP.

... ..

ARTICLE 14

DURATION

14.1 Except when terminated by default, this agreement shall remain in force for twenty (20) years from the date of execution of this agreement and can be extended by another ten (10) years through mutual agreement subject to prior approval of the Commission. Any dispute(s) arising out of termination issue will be referred to the commission and the decision of the commission will be binding on both parties."

- 5.7. That it is pertinent to mention here that against the order dated 03.01.2019, the Petitioner herein had filed a petition bearing No. HERC/PRO-10 of 2019 seeking clarification of the order dated 03.01.2019. While disposing off the petition No. HERC/PRO-10 of 2019, the Hon'ble Commission at para 12 of the order dated 04.04.2019 observed as under:—

" 11. The Commission observes that in the present case, the project developers, after consciously agreeing to a particular ceiling tariff and signing PPA on that basis, have approached the Commission to seek further relief, which is not maintainable.

12. However, before parting with the instant petition, the Commission decides that the issue may be revisited at the time of determination of year to year tariff

by the Commission on the Petitions to be filed by the Project Developers in this regard.”

5.8. That against the aforesaid orders:

5.8.1. The Answering Respondent had filed a Petition No. HERC/PRO-34 of 2019 seeking clarification of order dated 04.04.2019. The said petition stands decided vide order dated 10.08.2023 whereby the Hon'ble Commission held as under:

“In order to avoid confusion in future tariff determination proceedings, arising out of the approval granted to HPPC to procure 49.8 MW power from paddy straw based biomass power projects (order dated 03.01.2019 petition no. 45 of 2018), para 12 of the order dated 04.04.2019 (Petition No. 10 of 2019) is hereby expunged.”

Meaning thereby, the observation of the Hon'ble Commission that the issue of ceiling on tariff would be revisited at the time of determination of year to year by the Commission, was expunged.

5.8.2. That the Petitioner herein had also preferred an appeal against both the orders dated 03.01.2019 and order dated 04.04.2019 bearing APL No. 348 of 2019 which is pending adjudication before the Hon'ble APTEL. However, it is clarified that no stay is operational.

5.9. That subsequently, yet another petition bearing No. HERC/PRO-31 of 2019 was filed by the Petitioner seeking a direction against HPPC to execute fresh PPAs with the IPPs in light of the directions contained in order dated 03.01.2019 passed by the Hon'ble Commission. The Petitioner had challenged the order dated 03.01.2019 before the Hon'ble APTEL however at the same time was seeking effective implementation of the same by way of the petition No. HERC/PRO-31 of 2019. The said Petition was decided vide order dated 15.07.2019 whereby the Hon'ble Commission held that it was not open for the HPPC to deviate from the definition of the word “Tariff” from the definition approved by the Hon'ble Commission in its Order dated 03.01.2019. It was further held that the reference of the ceiling tariff in the ibid Order of the Hon'ble Commission dated 03.01.2019 is for the Hon'ble Commission to consider while determining year to year tariff on the petition to be filed by the Petitioners for determination of tariff. The same does not form part of the term of PPA. As such, the Answering Respondent was directed to modify the PPA signed on 22.02.2019 and submit the copy of the same to the Hon'ble Commission within 15 days from the date of the order.

Though the Hon'ble Commission directed change of the definition of tariff and submission of fresh PPA, it is pertinent to mention here that the expression in the definition of Tariff which has been objected to by the Petitioner was well in line with the Hon'ble Commission's Order dated 03.01.2019 vide which the draft PPA was

approved. The same was also in line with the Hon'ble Commission' Order dated 04.04.2019 on the review Petition filed by the Petitioner wherein it was reiterated by the Commission that *"tariff quoted by the project developers is the ceiling tariff to be considered by the Commission at the time of determination of tariff under Section 62 of the Electricity Act, 2003 and in no case the tariff over and above the ceiling limit shall be allowed."*

- 5.10. That the ibid order dated 15.07.2019 has been challenged by the Answering Respondent-HPPC by way of Appeal No. 95 of 2022 which is pending adjudication before the Hon'ble APTEL.
- 5.11. That on 20.12.2019, this Hon'ble Commission had also passed a generic Tariff Order (in Case No. HERC/PRO-53 of 2019) whereby, it determined the generic levelized tariff for all RE based power projects commissioned in the State during FY 2019-20 and FY 2020-21 on the basis of the parameters provided in the HERC RE Tariff Regulations, 2017. Further, the fuel cost was determined by the Hon'ble Commission vide order dated 26.03.2025 as Rs.3463/MT for FY 2024-25 with escalation of 2.93% per year.
- 5.12. That at this stage, the Petitioner has approached the Hon'ble Commission seeking determination of project specific tariff under Sections 61, 62 and 64(2) of the Act, 2003. Along with the present petition, the Petitioner had also filed an application seeking interim relief in the form of immediate payment at the APPC rate for the power injected into the grid prior to the CoD on the basis of Clause 6.10 of the PPA. The said application was adjudicated by the Hon'ble Commission in the order dated 10.06.2025. Before proceeding with the preliminary objections/ submissions, it is humbly submitted that the submissions made herein and the outcome of the present case is liable to be made subject to the decision of following *issues* pending between the parties:
- a. Issues contained in APL No. 95 of 2022 which is pending adjudication before the Hon'ble APTEL; and
 - b. Whether the entire energy injected into grid by the Petitioner prior to COD can be termed as 'infirm power' liable for any compensation and if yes, to what extent?

PRESENT PETITION FILED BY THE PETITIONER IS PRE-MATURE I.E. DEVOID OF REQUISITE DOCUMENTS NECESSARY FOR THE PURPOSES OF COMPUTATION OF TARIFF:

- 5.13. That none of the documents appended are of any assistance in the calculation of the actual amount spent by the Petitioner for the purposes of calculation of project specific tariff. The documents so attached are improper and unsubstantiated in many aspects. No bills, technical details, invoices, statement of accounts, auditor certificate, audited

balance sheets or any other such documentary proof of the cost being incurred by the Petitioner Company has been attached with the present petition. For the purpose of determination of tariff under section 62 of Act, 2003, the generating company is required to submit necessary details regarding various expenditure and cost associated with generation besides technical details in order to enable determination of tariff for the project. The Project Specific Tariff under *ibid* section of the Act, 2003 can be exercised once the actual parameters are available and filed before this Hon'ble Commission. The present petition is liable to be dismissed on the sole ground that without the complete and reliable documents, the determination of tariff would be a futile exercise.

5.14. That attention in this regard is brought towards the following aspects:

5.14.1. This Hon'ble Commission in HERC/PRO-45 of 2018 vide order dated 03.01.2019 held as under:

*"10. In view of the approval already accorded to the bid documents the Commission, under Section 86(1)(b) of the Electricity Act, 2003, approves the proposed sources from which power shall be procured by the HPPC/Discoms through power purchase agreement(s) approved by the Commission. Tariff shall be decided on the separate petition to be filed by Generators under section 62 of the Electricity Act, 2003, wherein the ceiling tariff shall be annual generic tariff of HERC of the year 2017-18 with appropriate factoring of the discount negotiated with the bidders. **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.**"*

5.14.2. The Regulation 7 of the Haryana Electricity Regulatory Commission (Terms and Conditions for determination of Tariff from Renewable Energy Sources, Renewable Purchase Obligation and Renewable Energy Certificate) Regulations, 2021 ("**RE Regulations, 2021**") under which the present petition has been filed specifically prescribes the documents which shall be filed along with the petition seeking determination of tariff. The relevant Regulations are reproduced below:

"7. Petition and proceedings for determination of tariff. –

... ..

(2) A petition for determination of project specific tariff shall be accompanied by such fee as may be specified in the HERC Fee Regulations in vogue and shall be accompanied by the following:-

a) Information in forms 1.1, 1.2, 2.1 and 2.2 as the case may be, and as appended to these regulations;

- b) Detailed project report outlining technical and operational details, site specific aspects, premise for capital cost and financing plan etc.
- c) A statement of all applicable terms and conditions and expected expenditure for the period for which tariff is to be determined.
- d) A statement containing full details of calculation of any subsidy and incentive received, due or assumed to be due from the Central Government and/or State Government. This statement shall also include the proposed tariff calculated without consideration of the subsidy and incentive.
- e) Following documents in case of petition for determination of project specific tariff by renewable energy projects, where tariff from such renewable energy sources is generally determined through competitive bidding process in accordance with provisions of Section 63 of the Act:
 - i. Rationale for opting project specific tariff instead of competitive bidding; and
 - ii. Competitiveness of the proposed tariff vis-à-vis tariff discovered through competitive bidding/ tariff prevalent in the market.
 - iii. Comparative details showing that the tariff proposed is aligned with the prevalent market conditions.
- f) Any other information that the Commission may require the petitioner to submit.”

5.14.3. Reliance in this regard, reliance is also placed on the following observation made by this Hon'ble Commission in the case of **M/s. Oasis Commercial Pvt. Ltd. Vs. Haryana Power Purchase Centre** (Case No. HERC/Petition No. – 34 of 2021, Order dated 02.03.2022) (**Annexure R-3**) wherein generator has failed to place on record the requisite documents:

“15. The Commission has examined the documents placed on record by the petitioner in support of its claim of various parameters claimed in the tariff partition, particularly pertaining to capital cost, fuel cost, GCV and SHR. **The Commission has observed that the documents placed on record by the petitioner for project specific tariff determination are not adequate/complete to establish the reasonableness/need for expenditure, manner of incurring of such expenditure exercising due diligence and financial prudence and documents in support of such expenditure, so as to enable the Commission to exercise due diligence/prudence check. It needs to be noted that while claiming/ determining project specific tariff, the petitioner ought not to escape the rigor of prudence check including the market trend in India. The petitioner has claimed various parameters/cost on the basis of tabular statements without documents in**

support of the same. The petitioner has claimed an amount of Rs. 21,98,78,868/- towards Boiler and Rs. 26,37,48,973/- towards Turbine. However, in the additional submissions, work orders for an amount of Rs. 13.40 Crore and Rs. 1.10 Crore only has been placed on record for Boiler Supply and Erection respectively. Similarly, Work Order for Rs. 5.80 Crore only has been placed on record for Turbine. There is no mention of any subsidy in the petition or the additional submissions. Further, cost of Tubewell and DG Sets must have been utilized for both Distillery and the Power Plant and are not a mandatory requirement of the Power Plant. Thus, cost of Tubewell and DG Sets cannot form part of the capital cost of the Plant. The petitioner also could not submit the segregated balance sheet of the company, in respect of its power generation business. **The petitioner has even not supported its claim of SHR with the Plant technical data and OEM certificate. Further, there is no mention of any laboratory report and the same apparently appears to be a self-generated report having no authenticity. The Purchase Orders submitted in support of fuel cost are computer generated copies which do not have any evidentiary value in absence of the payment proof/actual invoices.**

16. Faced with the situation, the Commission observes that both the petitioner as well as the respondent have agreed to parameters specified in the regulations, which otherwise also are the ceiling parameters. The petitioner has submitted that the Commission, in its order dated 13.08.2014, has determined the generic tariff for bagasse based cogeneration projects having two components i.e. Fixed Cost and the Variable (Fuel) Cost, which could form the base for tariff for biomass based cogeneration projects by taking the Fuel Cost component of normal biomass based RE projects and Fixed Cost could be taken for cogeneration projects. The respondent i.e. HPPC has also submitted that in the event the petitioner fails to substantiate the expenditure incurred, the Commission ought to make a conservative estimate of the value of parameters in the interest of consumers at large.”

Similarly, in the present case as well only self-serving tables have been included in the petition, some of which have been derived from the DPR without any proof of actual cost incurred.

- 5.14.4. Reliance is also placed on the decision of the Hon'ble APTEL in the case of **Assam Power Distribution Company Vs. Assam Electricity Regulatory Commission & Anr.** [APL No. 378 of 2018, Decided vide judgment dated 19.12.2024], the relevant para of which is reproduced below:

19. **It is manifest from the perusal of the impugned order that the 2nd Respondent has, despite the directions of the Commission, failed to furnish original documents/invoices in support of the figures submitted alongwith the**

petition. It is in this situation that the Commission notes in third sub para of paragraph no. 5 of the impugned order as :-

"In absence of the original documents/invoices submitted by the Petitioner, the Commission deems it appropriate to adopt relevant operating and financial norms of CERC regulations for FY 2015-16 for determination of tariff for the reasons that the Commission has so far not issued any generic tariff order for RE projects and secondly the AERC (Terms and Conditions for Tariff Determination from Renewable Energy Sources), 2012, is in line with CERC (Renewable Energy) Regulations, 2012 based on which the above CERC generic tariff order is notified."

20. No fault can be found in the commission adopting operating and financial norms of CERC Regulations, in the absence of original documents/invoices but what is questionable is what lead the commission to adopt norms of CERC Regulations for Financial year 2015-16, when the power project of the 2nd Respondent was commissioned on 20/08/2016 i.e. during the financial year 2016-17."

It is the case of the Answering Respondent that the aforesaid aspects i.e. the previous orders passed by this Hon'ble Commission, the binding Regulations as well as the judgments of the Hon'ble APTEL having precedential value have not been complied with by the Petitioner herein. The lack of documents exposes the hollowness in parameters submitted by the Petitioner. The same shows that the petition is premature and is liable to be rejected outrightly for the want of relevant documents.

TARIFF DETERMINED BY THE HON'BLE COMMISSION IS SUBJECT TO CEILING TARIFF:

- 5.15. That, attention of the Hon'ble Commission is brought towards order dated 03.01.2019 in HERC/PRO-45 of 2018 (Annexure P-7), wherein the Hon'ble Commission apart from granting 'must-run status' to the Petitioner had made the following observations: "10. ... Tariff shall be decided on the separate petition to be filed by the Generators under section 62 of the Electricity Act, 2003 **wherein the ceiling tariff shall be the annual generic tariff of HERC of the year 2017-18 with appropriate factoring of the discount negotiated with the bidders....**

11. ii)...

a) The definition of Tariff needs to be changed to read that the tariff payable to the IPP shall be year to year tariff determined by the Commission w.r.t. CoD of the project and the discount offered by the IPPs as part of the RFP shall be deducted from the year to year tariff determined by the Commission.

12. Having considered the contention with respect to refixation of the tariff as per the Regulations of 2017 framed by this Commission, the Commission finds merit in the submissions made on behalf of the petitioner. **Any change in the accepted tariff, without adhering to the ceiling limit of tariff already decided would reopen the entire contractual arrangement and would dilute the genesis of the contractual agreement/arrangement. Apart there from it would amount to re-writing the fundamental terms of the agreed contract. There is no valid basis furnished before the Commission by the respondents as to why a voluntarily agreed tariff consented to by the generators should be revisited and be increased at this stage notwithstanding that the same would have huge financial ramifications. The Commission being a watchdog of the interest of the consumers and also being the harbinger of benign and transparent policies, cannot be seen as bestowing undue and unwarranted favour by redetermination of higher tariff by disregarding the ceiling limit of tariff already determined.** “
(Emphasis supplied)

Thereafter, the Respondent entered into PPA dated 22.02.2019 with the Petitioner herein wherein the ‘Tariff’ has been defined as follows:-

“Article 1- Definitions and Interpretation

38) **“Tariff”** means year to year rate payable by the Discoms @ tariff determined by HERC w.r.t. CoD of the project **factoring the discount offered by the IPP as a part of the RfP for every kWh of delivered energy at the metering point subject to ceiling tariff** i.e. annual generic tariff of HERC for the year 2017-18 with appropriate factoring of the discount negotiated with the bidders as a part of RfP.”

Though the Hon'ble Commission order dated 15.07.2019 held that it was not open for the HPPC to deviate from the definition of the word “Tariff” from the definition approved by the Hon'ble Commission in its Order dated 03.01.2019, however, at the same time the Hon'ble Commission held that the reference of the ceiling tariff in the ibid Order of the Hon'ble Commission dated 03.01.2019 is for the Hon'ble Commission to consider while determining year to year tariff on the petition to be filed by the Petitioners for determination of tariff.

In view of such an observation, it is humbly submitted that the Hon'ble Commission may kindly consider ceiling tariff as the annual generic tariff of HERC of the year 2017-18 with appropriate factoring of the discount negotiated with the bidders. It is reiterated that the order dated 15.07.2019 has been challenged by the Answering Respondent-

HPPC by way of Appeal No. 95 of 2022 which is pending adjudication before the Hon'ble APTEL.

- 5.16. That attention of the Hon'ble Commission is once again brought towards the order dated 04.04.2019 passed in HERC/PRO-10 of 2019 wherein the Hon'ble Commission had observed as under:-

"11. The Commission observes that in the present case, the project developers, after consciously agreeing to a particular ceiling tariff and signing the PPA on that basis, have approached the Commission to seek further relief, which is not maintainable."

Thus, the tariff determination in the instant case has to be subject to the ceiling tariff in terms of the PPA subsisting between the parties.

SUBMISSIONS WITH RESPECT TO CAPITAL COST:

- 5.17. That the following principles, flowing from Section 61 & 62 of the Act, 2003 are required to be taken into consideration at the time of determination of tariff:

"61. Tariff Regulations:

The Appropriate Commission shall, subject to the provisions of this Act, specify the terms and conditions for the determination of tariff, and in doing so, shall be guided by the following, namely:-

...

(b) the generation, transmission, distribution and supply of electricity are conducted on commercial principles;

(c) the factors which would encourage competition, efficiency, economical use of the resources, good performance and optimum investments;

(d) safeguarding of consumers' interest and at the same time, recovery of the cost of electricity in a reasonable manner;"

- 5.18. That it is also relevant here to refer to the observation of the Hon'ble Commission, as contained in the Order dated 13.04.2023 in petition No. 21 of 2022, wherein as regards determination of Project Specific Tariff, the Hon'ble Commission observed as under -

"Thus, the Commission is bound by the Regulations under projects specific tariff determination to see that the proposal of such tariff is with an indicative ceiling tariff which is aligned with the prevalent market conditions as well as to observe that the financial and operating norms claimed by the generator does not exceeds the norms specified in the RE Regulations, 2021. Such provision in the RE Regulations, 2021 works as the guiding principle for the Commission to exercise prudence check while

approving the norms claimed by the generator. Without such controls, the generators shall be free to claim any amount of capital cost by installing any technology and incurring any amount of capital expenditure, even without taking any concurrence from the party who has to bear such cost.”

- 5.19. That the Petitioner has claimed an exorbitant cost of Rs. 76.82 crore for its 9.9 MW project i.e. 7.76 Crore per MW and that too without sufficient details and justification. One self-serving ‘Table A’ has been reproduced in the petition without any detailed bifurcation. It is a well settled law that the tabular statements cannot be considered a cogent piece of evidence and no claim based on the same can be allowed.

Capital Cost Claimed by the Petitioner.	Rs.76.83 Crores
Documents filed in Support	<ol style="list-style-type: none"> 1. Certificate dated 31.01.2022 issued by the Auditors of the Petitioner (Annexure P-18 at Page 839A) 2. Sale Deed of 8 Acres 5 Kanal (Annexure P19 at page 839) 3. Report of TERI (Annexure P-5) 4. Steel Industry Update for FY 2019-20 and February 2021 issued by CARE Ratings (Annexure P-20) 5. Report dated 22.02.2022 issued by CARE Edge titled “Infrastructure push and low base aid 25% (y-o-y) growth in cement production.” (Annexure P-21)

Instances of discrepancies noted in the capital cost claimed by the Petitioner are as under:

- The cost Land has been stated to be Rs. 306.18 Lakhs and one Sale Deed of 8 Acres 5 Kanal Land has been appended. However, it is unclear as to how much land is being used for the generation plant and how much land is vacant and/or is of no concern with the functioning of the plant. The complete land cost solely on the basis of a sale deed cannot be granted without proper justification regarding the usage of 8 Acres 5 Kanal. It is pertinent to mention here that for the plant of same capacity, Sale Deed of 6 Acres 5 Kanal and 10 Marla Land has been appended by one M/s Jind Bio LLP. There is huge discrepancy in the area and the cost of land for two plants having same capacity.
- An amount of Rs. 280.17 lakhs has been claimed under the head ‘Land Development’, which exceeds the cost of the land itself. It is unclear what specific expenses have been included and categorized under ‘Land Development’, particularly when the cost of ‘Building and Other Civil Works’ has already been claimed separately. In fact, cost of Rs.419.80 lacs has also been claimed under the head of ‘Miscellaneous Fixed Assets’.
- An amount of Rs.5241.72 lakhs has been claimed under the head ‘Plant and Machinery’. However, no original equipment manufacturer (“OEM”) certificates

or actual purchase invoices have been furnished in support thereof. It is also not evident whether the machinery in question is new or previously used. The petitioner may accordingly be directed to produce the requisite OEM certifications, purchase invoices, and any other relevant documentary evidence to substantiate the said claim. Attention of the Hon'ble Commission is also brought towards the order dated 20.07.2023 passed in Case No. HERC/Petition No. 62 of 2022 *"Suo-Motu petition upon complaint regarding use of old plant and machinery - PPA with M/s GEMCO Energy Limited for their 15 MW Bio-mass power project – Issuance of notice under Section 94 of the Electricity Act, 2003."* (wherein the Hon'ble Commission had initiated proceedings against a Generator for having derived undue benefit by claiming new plant and machinery while using an old boiler. In light of the precedent set by the said order, it becomes imperative that the Petitioner submits OEM certificates along with actual purchase invoices to establish the genuineness and admissibility of the claimed expenditure.

- iv) Capital Cost has been divided into two heads i.e. 'Hard Cost' and 'Soft Cost'. It is submitted that detailed bifurcation of the Soft Cost is essential so as to see whether the same has not been claimed elsewhere.
- v) 'Pre-operative Expenses' have been included within the 'Soft Cost' category. The bifurcation of 'Preliminary and Pre-operative Expenses' has been presented by the Petitioner in Table-C of the Petition. However, the said table is merely an extraction from the DPR, annexed as Annexure P-4. It is respectfully submitted that the sub-heads listed therein are vague and lack specificity. For instance, an amount of Rs.3 lakhs is attributed to "Studies and Surveys" and Rs. 20 lakhs to "Technical Knowhow Fees", without disclosing the nature, scope, or details of the studies conducted or surveys undertaken. In the absence of actual supporting documents such as contracts, invoices, or proof of payment, these claims remain unsubstantiated and unverifiable. The purported 'Pre-operative Expenses' cannot be granted without actual proof thereof.
- vi) The Petitioner has only appended a CA Certificate in support of the claim for capital costs. It is submitted that the said document is not sufficient for carrying out prudence checks to establish the claims of the Petitioner with respect to the Project. A perusal of the CA Certificate shows only the cost has been written therein, however no actual invoices have been appended. Mere pleadings cannot be taken into account until the same are duly substantiated by supporting documents. Legitimacy of expenditure incurred on the Project

cannot be ascertained without screening the all actual and reliable bills/expenditure made by the Petitioner for the Project.

- vii) Strangely, the Petitioner has claimed absolutely same cost for both projects of Jind Bio and Fatehabad Energy pending adjudication before the Hon'ble Commission, which clearly substantiates that the figures claimed are arbitrary and vague and not as per actuals. This is unlikely that two plants located at two different places will have absolutely same cost. This warrants the indulgence of the Hon'ble Commission to carry a thorough prudence check of the alleged expenditure.

5.20. That it is further submitted that any escalation in the cost/ higher than normative cost towards Plant and Machinery cannot be justified or allowed solely on the basis of unilateral decisions taken by the Petitioner, including the adoption of costlier machinery or advanced technology, without due justification or approval. Attention in this regard is also brought towards the following observations made in the TERI Report:

"7. Based on the review of the project financials, it is learnt that the capital cost per MW has been estimated to be Rs. 7.32 crore/ MW, which is quite high as compared to the normative figure of Rs. 6.52 crore/ MW prescribed by CERC.

In view of this, the developer may end up with low return on equity/ low cost of returns"
(Emphasis Supplied)

Reliance in this regard is placed on the order dated 26.10.2020 passed by this Hon'ble Commission in HERC/Petition No. 21 of 2022 titled **Hind Samachar Ltd. Vs. HPPC & Ors.** whereby the Hon'ble Commission held as under:

"The Commission has further observed that the Petitioner has not provided any corroborative evidence in support of the cost proposed to be incurred by it. Further, the Petitioner in its own wisdom opted for technology costing higher than the normative cost, without receiving in principle concurrence of HPPC, HAREDA or the Commission after establishing benefits in terms of tariff to the end use electricity consumers of Haryana. At this stage, the Petitioner has submitted that it has chosen Denmark based technology of Boiler which is costlier than the normal boiler. It has added the consultancy charges and other incidental cost of technology transfer, without establishing the fact that the purported technology would improve the operating efficiency of the plant and the cascading benefit to the end use electricity consumer. Accordingly, the Commission is not concurred with the arguments of the Petitioner tested on the anvil of cost-benefit analysis and hence, restricts the capital

cost of the project to the norm specified in the HERC RE Regulations, 2017 read with its Order dated 20.12.2019 i.e. Rs. 6.52 Crore/MW.”

(Emphasis Supplied)

It is pertinent here to refer to the Judgment of Hon'ble Central Electricity Regulatory Commission dated 19.02.2016 in Petition No. 226/Gt/2014 titled as **NHPC Ltd v. Punjab State Power Corporation Limited and Ors.** wherein it was held that Capital Cost as determined by the Commission after prudence check shall form the basis of determination of tariff for existing and new projects.

- 5.21. That it is further submitted that the Petitioner has placed reliance on certain industry reports, namely the Steel Industry Update for FY 2019–20 and February 2021 issued by CARE Ratings, as well as a report dated 22.02.2022 titled “Infrastructure push and low base aid 25% (y-o-y) growth in cement production” issued by CARE Edge, in an attempt to justify the escalation in capital cost on account of increased steel and cement prices. However, mere annexation of reports issued by private research agencies does not, by itself, establish that the Petitioner has actually incurred higher construction costs. Such generic and non-project-specific publications cannot be treated as conclusive evidence in support of the Petitioner's claims. Especially when a 'disclaimer' is appended to the report itself as per which – “... *neither the accuracy nor completeness of information contained in the report is guaranteed.*” The actual expenditure incurred can only be verified through submission of authentic and project-specific documents such as purchase invoices, contracts, and payment records. In the absence of such primary evidence, the reliance on third-party industry reports lacks evidentiary value and cannot substitute the obligation to produce documentary proof in support of the claimed costs.
- 5.22. That without prejudice to the forgoing, in case higher capital cost/ cost of plant and machinery is allowed to the Petitioner, in that case, it would lead to an assumption that the efficiency of the plant is very high i.e. the SHR, fuel cost etc. is liable to be adjusted accordingly.
- 5.23. In view of the foregoing submissions, the claim of the Petitioner for capital cost and the costly is untenable and meritless in the present form i.e. in the absence of supporting documents showing actual expenditure.

SUBMISSIONS W.R.T. LOANS AND INTEREST DURING CONSTRUCTION (IDC):

- 5.24. That insofar as the IDC is concerned, the Petitioner is seeking interest @12.10%. In this regard, it is submitted that the Petitioner has not placed on record any loan sanction letter or the loan agreement to show the rate of interest being paid. Even otherwise, the same may kindly restricted to normative parameters provided in the

Regulations. Allowing a generator more than the normative parameters specified in the RE Regulations would thus, tantamount to promoting an inefficient generator.

SUBMISSIONS W.R.T. DEBT EQUITY RATIO:

- 5.25. That insofar as the Debt-Equity Ratio is concerned, the Petitioner has not placed on record the audited balance sheets, which shall evince the actual debt to equity ratio. In that view, the Debt to Equity ratio may kindly be granted as per normative parameters.

SUBMISSIONS W.R.T. DEPRECIATION AND RETURN ON EQUITY (ROI):

- 5.26. The petitioner has submitted that the depreciation rate for first 13 years may be taken as 5.38% per annum on Straight Line Method and the remaining depreciation spread over the remaining life of the project from 14th year onwards, as per Regulation 14 of the HERC RE Regulations, 2021. Further, the petitioner has submitted that it may be allowed a Return of Equity at 14% to a value base of normative equity i.e. 30% of the capital cost of the petitioner, as per Regulation 15 of HERC RE Regulations, 2021. It is submitted that the Depreciation and ROI may kindly be considered as per Regulations.

SUBMISSIONS W.R.T. INTEREST ON WORKING CAPITAL:

- 5.27. The interest on Working Capital and Loan shall be considered in line with the RE Regulations and shall be restricted to the lower of the actual or normative parameters provided in the Regulations.

SUBMISSIONS W.R.T. O&M EXPENSES:

- 5.28. In so far as the O&M Expenses are concerned, the Petitioner has prayed for allowing an escalation of 5.73% instead of the 2.93%. However, the Petitioner has time and again stated that the plant is technologically advanced. It is widely accepted that the technical parameters improve with the capacity of the plant, as a corollary, the technical parameters of Petitioner plant ought to be better than normative parameters specified by the Commission which are applicable even to kW size power plants. As such, higher escalation may not be allowed in contradiction to the submissions w.r.t. technical advancement of the plant. In any case, no valid case has been put forth by the Petitioner to consider granting escalation of O&M cost way higher than the norms specified in the RE Regulations, 2021.

Even otherwise, admittedly the plant of the Petitioner is operational for over a year now, however, once again the Petitioner has failed to place on record any document reflecting the actual cost incurred towards the O&M Expenses. In view thereof, the claim of the Petitioner for grant of O&M escalation beyond the normative parameters is devoid of any merit and liable to be rejected.

- 5.29. That the contention as regards associating claim for higher O&M in view of the technical advancement has been duly rejected by the Hon'ble Commission in its order dated 13.04.2023 passed in petition No. 21 of 2022. The relevant extract of such Order reads as under –

“The Commission observes that as against the O&M norm of 0.4642 Crore for the FY 2021- 22, with an annual escalation of 2.93%, the petitioner has prayed for being allowed an annual escalation of 5.73%. It has been submitted that the maintenance charges of boiler is higher as it is 2.5 times larger in size. Imported plant and machinery has higher associated cost and involves progressively higher O&M expenses. Per contra, the intervener has averred that higher escalation rate than that permitted under the HERC RE Regulations, 2021 cannot be allowed in view of the advance technology used by the petitioner.

The Commission has considered the rival submissions. Prima facie, the escalation factor of 2.93% considered by the Commission in its tariff regulations, both RE and Conventional fuel based, is not directly correlated to the choice of technology and its origin thereto but to a combination of different weightages assigned to CPI and WPI during the control period.

In view of the above discussions, the Commission pegs the escalation factor of the normative O&M at 2.93% per annum.”

- 5.30. That in light of the foregoing findings, the claim of the Petitioner cannot be considered and shall be rejected, more so when it has not been substantiated despite possession of material evidence in this regard by them.

SUBMISSIONS W.R.T. SHARING OF CDM BENIFITS:

- 5.31. That it may kindly be noted that as per the DPR, the CDM Benefits have been mentioned as 'NIL'. Be that as it may, in the absence of any provisions with respect to the sharing of the CDM benefits under the PPA, the same may kindly be considered as per Regulation 20 of the RE Regulations.

SUBMISSIONS W.R.T. PLANT LOAD FACTOR (PLF):

- 5.32. That w.r.t. PLF, it is submitted that as per Regulation 32 of the RE Regulations, 2021 states that – *“For the purpose of determination of tariff, the Plant Load Factor shall be considered as 80”*. Accordingly, the normative parameters prescribed under the said Regulations are mandatorily applicable, and the PLF cannot be considered at a level lower than 80% for tariff determination purposes. Insofar as the Petitioner's contention regarding the stabilisation of the plant is concerned, it is submitted that the plant has been operational for over a year. Therefore, the plea for consideration of a reduced PLF of 65% on account of stabilisation for the first year is misconceived and untenable.

5.33. That it is further submitted that the Petitioner may kindly be directed to place on record the OEM Certificate of the plant and machinery use for the purposes of evaluating the actual PLF. In absence of same, the contentions of the Petitioner are baseless and not worthy of any consideration.

5.34. That it is further pertinent here to refer to the order of the Hon'ble Commission dated 13.04.2023 in Petition No. 21 of 2022, whereby in case of 100% Paddy Straw Plant of Hind Samachar conceived under same RfP, as in present case, considering the similar DPR parameters, the Commission held as under as regards PLF –

“The Commission observes that as per the terms of Lol issued to them subsequent to the bidding process, approval of the Detailed Project Report (DPR) by the nodal agency i.e. HAREDA through a Technical Appraisal Committee was a mandatory pre-condition.

The DPR was submitted to HAREDA (Respondent No. 2). HAREDA sent the said DPR to ‘The Energy and Research Institute (TERI)’ for evaluation. The DPR was approved by HAREDA vide its letter dated 3.08.2018 and the same was conveyed to HPPC (Respondent – 1) herein. The petitioner has averred that technically advanced plant and equipment has been deployed in order to ensure that the plant operates at 80% PLF.

The Commission has considered the rival submissions. The Commission observes that the petitioner has achieved PLF of 86.71% and 88.55%, in the months of February and April, 2022 respectively. However, it observed that it may not be appropriate for indulging in a ‘pick and choose’ of parameters i.e. CERC norms, HERC norms, DPR and Judgements rendered by Tribunal / Courts of competent jurisdiction. Accordingly, for the purpose of tariff determination, in line with the HERC RE Regulations in vogue, the PLF shall be pegged at 80% during each year of the useful life of the project on a reasonable expectation that the choice of technology involves ‘reliable technology’ and ‘longer life’ at a sustained generation of over 80% on an annual basis. It will further compensate the petitioner for the higher capital cost incurred by it.”

5.35. The foregoing finding of the Hon'ble Commission is squarely applicable to instant case as the DPR and the TERI report indicated similar parameters in both cases. In view thereof, the claim of the Petitioner for grant of 65% PLF during first year of operation is meritless and liable to be disallowed.

5.36. The Petitioner has further prayed that the PLF shall be computed on an annual basis with no 15 minutes time block in recognition of the operational realities of biomass-based generation and the entire energy generated shall be remunerated at the applicable tariff considering the Plant as must-run Plant. In this regard, it is submitted

that the said prayer of the Petitioner is an attempt to make windfall gain at the cost of end consumers of the State. Firstly, the PPA entered between the parties obligates HPPC only to accept power up to 9.9 MW only. No obligation can be cast upon HPPC contrary to the express conditions of the contract agreed upon. Secondly, the Petitioner shall recover the entire cost of the Plant if the same is run at the normative PLF. Award of full applicable tariff inclusive of both fixed and variable cost on the power generated in excess of normative PLF tantamount to double recovery of the fixed cost, which has been fully recovered at the generation made at normative PLF. This double recovery will be at the cost of the consumers of the State and is thus, against the principle of Electricity Act, 2003. The Petitioner shall not be allowed any fixed cost for excess generation over and above 80% normative PLF generation. Further, there can be no change in the agreed contractual terms at the unilateral asking of a singular party. The contracted capacity of power is an essential term of the contract and a contractual agreement can be novated only by consensus of the signatory parties of the contract. The Hon'ble Commission cannot elect to substitute the consensual acts of the contracting parties by will of its own, more so, when any such substitution has a far-reaching financial implication and increased financial burden on the consumers. Agreeing to any such demand would compromise larger public interest in order to secure windfall gain for the generators who had voluntarily, consciously and willingly agreed to sale of particular quantum of power.

SUBMISSIONS W.R.T. STATION HEAT RATE (SHR):

- 5.37. That the Petitioner has contended SHR as high as 4495 kCal/kWh without any cogent basis. However, the Detailed Project Report submitted by the Petitioner specifies Turbine Heat Rate as 2645 kCal/kWh (*Appendix 2 of DPR appended*) and Boiler efficiency as 80% (Internal Page 40 & 131 of DPR). Thus, SHR as per DPR comes to 3306 kCal/kWh. The claim made by the Petitioner as regards the SHR is evidently inflatory as the Specific Fuel Consumption ('SFC') of 1.45 kg/kwh has been considered as per Appendix 2 of the DPR, which clearly specifies GCV as 2600 Kcal/Kg. In fact, the SFC under the DPR has been arrived at considering the value mentioned in the said Appendix – 2 i.e. Plant Heat Rate of Turbine as 2645 kCal/kWh / GCV of 2600 Kcal/Kg / Thermal Efficiency of 70%. If the SFC of 1.45 kg/kwh, as mentioned in DPR, has to be considered, the corresponding GCV of 2600 Kcal/Kg shall alone be considered for computation of SHR. Considering such figures, SHR will come out as 3778 kCal/KWh (1.453×2600) (without prejudice). In fact, the correct computation of SHR shall be based as has been contended by the Respondent hereinabove and the computation made by the Petitioner is way inflated. The wide

variation contended by the Petitioner in SHR establishes the exaggerated value claimed by them, which are inconsistent, vague, unjustified and against the law.

Even otherwise Petitioner has claimed a huge Capital Cost owing to technical advancements made in the Plant, which shall mean that a Plant of superior specifications is installed by the Petitioner. In that event, the figures of Auxiliary consumption, Station heat Rate and associated O&M cost ought to have been favourable than the normative figures. It is widely accepted that the technical parameters improve with the capacity of the plant, as a corollary, the technical parameters of Petitioner plant ought to be better than normative parameters specified by the Commission which are applicable even to kW size small plants.

- 5.38. That to ascertain the actual SHR, it is imperative that the Purchase Order with detailed terms and conditions with respect to Turbine and Boiler shall be placed on record. Reference in this regard is drawn to the order of the Hon'ble Commission dated 13.04.2023 in Petition No. 21 of 2022, wherein the guaranteed SHR of the OEM was considered with reference to the Purchase Order in case of another generator and it was observed as under:-

"The Commission observes that the petitioner seems to have garner the compensatory benefits in forms of improved Station Heat Rate (SHR – kCal / kWh). The Commission observes that the vendor has guaranteed the heat rate at 2309 Kcal/kWh, as apparent from the purchase order for Turbine provided by the petitioner. It also contains the provision for liquidated damages in case of shortfall in the achievement of said parameters. SHR can also be fortified from computation of SHR by another accepted formula, i.e. Turbine Heat Rate/ Boiler Efficiency. Detailed Project Report submitted by the petitioner specifies Turbine Heat Rate as 2485 kCal/kWh and Boiler efficiency as 87%. Considering these figures as is provided in DPR, SHR comes to 2856 kCal/kWh. Thus, the petitioner is able to meet the extra capital cost from the efficiency of the turbine which gives the guaranteed parameters as good as 2309 Kcal/kWh, as against the norms of 4200 kCal / kWh provided in the RE Regulations, 2021. Owing to technically advanced nature of the present project, the technical parameters ought to be better than the norms. The Commission observes that in the DPR submitted by the petitioner with HAREDA, the Specific Fuel Consumption has been mentioned as 1.1 kg/kWh. With the GCV as provided in the regulations at 3100 kCal/kg, the Station Heat Rate is derived at 3410 kCal/kWh. Although, HPPC has vehemently rejected the SFC claimed in the DPR as 1.1 which is based on GCV of 2800 Kcal/Kg at 20% moisture and Boiler efficiency of 80%. HPPC has submitted that considering the GCV of 3100 and Boiler efficiency of 87% as is applicable to the case of petitioner, the SFC works out to be 0.9099:1 and based on

the same, SHR works out to be 2821. Even in case the arguments of the petitioner is accepted that the actual norms shall prevail over the norms provided in the DPR, the Commission cannot ignore the heat rate of 2309 kCal/kWh guaranteed by the vendor.”

- 5.39. That in view of the foregoing, the Hon'ble Commission considering lack of requisite supporting documentation given by the Petitioner, may restrict SHR to 3306 kCal/kWh for the determination of tariff.

SUBMISSIONS W.R.T. GROSS CALORIFIC VALUE (GCV):

- 5.40. That as per Ministry of Renewable Energy, the GCV of Paddy Straw has to be decided based taking into account 10% moisture levels. However, the Petitioner has placed on record self-serving GCV reports undertaken by a private third party without the participation of the Answering Respondent, which cannot be relied upon. Even otherwise, the loss of calorific value of fuel owing to storage of paddy straw has also been accounted for in the parameters specified for Interest on Working Capital on the Regulations. Regulation 16, Chapter-3 of RE Regulations, 2021 provides computation of Working Capital requirement for a Paddy straw Plant by taking into account 6 months fuel cost against 4 months fuel cost for other renewable energy projects. On that ground as well, any additional benefit to generator due to storage of fuel is unjustified and unreasonable.
- 5.41. That in PRO-68 of 2019, for tariff determination of M/s Sainsons Industries, the GCV was allowed as 3100 kcal/kg after taking into account the report of the committee constituted by Central Electricity Regulatory Commission (CERC) and CERC (Terms and Conditions for Tariff determination from Renewable Energy Sources) (First Amendment) Regulations, 2014. It is also pertinent to mention here that the notified GCV prior to the passing of CERC (First Amendment) Regulations, 2014 had been specified as 3400 kcal/kg. The Central Electricity Regulatory Commission (CERC) constituted a Committee on 11th October, 2012 under the Chairmanship of the Secretary, CERC to undertake a detailed study on the “Performance/Viability of Biomass based plants operating in the Country including the prevailing biomass prices”. The Committee recommended following normative parameters for determination of generic tariff:
- ii. Gross Calorific Value (GCV): 3100 kcal/kg*
 - iii. O&M expenses:Rs. 40 Lakh/MW*
 - iv. Auxiliary Consumption:*
 - a. 10% with water cooled condenser, and*
 - b. 12% for air cooled condenser*
 - v. Capital Cost (excluding evacuation cost and cost of water cooled condenser considered):*

- a. For project with water cooled condenser: Rs. 540 Lakh/MW
- b. For project with air cooled condenser: Rs. 580 lakh /MW
- c. For rice straw based project: Rs. 630 lakh/ MW
- vi. Biomass Price: to be decided annually by a committee to be formed at State level representing State Commission, Nodal Agency, Government.

It is pertinent to mention here that the objective behind constitution of Committee and its role was defined as under :-

- i. Assessment and evaluation of technical parameters like: Heat rate, Auxiliary Consumption, through performance assessment biomass plants commissioned in various states of India;
- ii. Fuel analysis (both Proximate and ultimate analysis) of different biomass fuel by taking fuel and ash sample collected from different plants to arrive at representative value of GCV and moisture variation for different fuel;**
- iii. Analysis of losses in calorific value of fuel during storage;**
- iv. Evaluation of trend in the biomass power plant operation like break-up of fuel consumption (biomass types usage trends), generation v/s specific fuel consumption, PLF v/s Auxiliary Consumption;
- v. Analysis of O &M expenses of the commissioned plants;
- vi. Analysis of the Capital cost of the commissioned plants;
- vii. Surplus biomass available for energy production;
- viii. Study on prevailing Biomass prices and price trend in various states;
- ix. Measures for viability of biomass plants.
- x. Recommendation for removing the present hurdles coming in the sector for promoting the growth of the Biomass sector.

In the report of Committee of Experts on “Performance/Viability of Biomass based plants operating in the Country including the prevailing biomass prices”, the

Committee analyzed the fuel loss during transportation and on account of other factors and observed as under –

“2.3.7. There are other losses which are being encountered during the storage and handling of biomass, as per survey carried out by Dalkia Energy services limited under mandate from Rajasthan Renewable Energy Corporation Ltd. (RREC) to assess such losses. Findings on various losses being encountered during storage of biomass in the power plant are shown in the table below:-

Sr. No.	Type of Losses	Description	Expected Losses (%)	Targeted Losses (%)	Remarks
1	Land Settlement	Grounded MCR cannot be lifted due to mixing with dust	0.7-1.0	0.4-0.5	MCR at bottom of heap gets mixed with sand and cannot be used in boiler. However, with leveling of ground and proper drainage system, land settlement loss can be reduced to about 0.4% - 0.5%.
2	Loss of Fuel during Sand Storm	Due to high velocity sand storm, MCR spreads out in nearby area up to half a KM and cannot be collected	0.5	0	This loss can be completely eliminated by covering the biomass with tarpaulin.
3	GCV Loss due to decaying of biomass	In rainfall, biomass gets wet and suffers from GCV loss due to decaying and release of methane gas in the atmosphere.	2	1.25- 1.5	Decaying loss can be reduced to about 1.5% by covering the biomass with tarpaulin and proper drainage system in storage yard.
Total Losses during Fuel Storage		3.2-3.5%		1.65- 2.0%	

2.3.8. The Ministry also considering the above report, further submitted that with better fuel management techniques such as proper leveling of ground for storage, proper drainage system and covering of fuel with tarpaulin, the total fuel losses during biomass storage can be targeted at about 1.65%-2%. Thus, there should be provision of loss of fuel during storage at around 2% in the tariff order of various states for biomass based power plants.....”

The above-mentioned extract of report emphasizes that the Generators can minimize losses by better fuel management techniques. The Hon’ble Commission shall encourage and ensure that the Generators have better fuel management channels by taking into account only reasonable losses and reasonable storage, handling and transportation cost for computing total fuel cost for tariff determination.

Subsequent to recommendations of the Committee, Comments were invited from all stakeholders for finalizing CERC (Terms and Conditions for Tariff determination from Renewable Energy Sources) (First Amendment) Regulations, 2014. After considering objections of all stakeholders as regards GCV of Biomass Fuel, CERC held as under:-

*“The Committee collected GCV details of various fuels used from the project developers located in the States of Hyderabad, Rajasthan, Gujarat and Punjab and based on the same recommended GCV in its Report. Some of the stakeholders are also in agreement with Commission’s proposal which was based on the Committee Report. Some of the stakeholders have suggested further reduction in GCV in the range of 2300 to 3000 kcal/kg. The Committee also recognised that the plants are keeping minimum inventory of various types of biomass for three to four months and in this duration, there is reduction in GCV due to various reasons like mixing of sand, mud and foreign materials, losses in handling, exposure to wind and rain etc. Such losses are between 7-10% for the entire year. **Based on the above factors, the Committee recommended the normative GCV value for the Biomass Plants for determination of generic tariff as 3100 kcal/kg for mustard husk, rice husk and other kinds of biomass fuel under as fired condition. Considering the same, the Commission has decided to retain the norm as proposed in the draft Regulations which is also in line with the recommendation received from MNRE (Given vide its letter dated 30th September, 2011) and as recommended in the CEA Report.”***

(Emphasis Supplied)

- 5.42. The Hon'ble Commission while notifying HERC (Terms and Conditions for determination of Tariff from Renewable Energy Sources, Renewable Purchase Obligation and Renewable Energy Certificate Regulation, 2010 (4th Amendment, 2015) took due note of the exhaustive study carried out by CERC and held as under: *“In view of the exhaustive study done by the CERC including analysis of the comments filed by different stakeholder, this Commission consider it appropriate to adopt GCV of biomass fuel as 3100 kcal / Kg. for the purpose of tariff determination in the present case instead of repeating the entire exhaustive exercise already conducted by the Central Commission.”*
- 5.43. Further, MNRE vide its letter dated 30.09.2011 was of considered view that with better fuel management techniques such as proper levelling of ground for storage, proper drainage system and covering of fuel with tarpaulin, the total fuel losses during biomass storage can be targeted at about 1.65%-2%. Thus, there should be provision of loss of fuel during storage at around 2% in the tariff order of various states for biomass based power plants.

- 5.44. That the Hon'ble APTEL in an Appeal filed by **M.P. Biomass Developer Association**, i.e. Appeal no. 211 of 2015 decided on 04.05.2016 made detailed analysis on the GCV of various Biomass fuels and considering the actual test results submitted by Deputy Commissioner, NRED, Bhopal and the report of the Committee discussed above decide the Gross Calorific Value (GCV) of Biomass fuels as 3100 kCal/kg. The said figures have been adopted by the Hon'ble APTEL on the same rationale in recent order dated 18.02.2020 passed in Appeal No. 170 of 2016 titled as **Biomass Power Producers Association, Tamil Nadu v TNERC and Anr.**
- 5.45. That the Hon'ble Commission in its order dated 13.04.2023 in Petition No. 21 of 2022, (in case of 100% Paddy Straw Plant of Hind Samachar), has held as under:-
"The Commission is conscious of the fact that with the prolonged storage, the GCV of the fuel may deteriorate. Hence, the Hon'ble Central Commission has pegged the GCV at 3100 kCAL / Kg which also finds mention in the HERC RE Regulations, 2021. Resultantly, the Commission, for the purpose of tariff determination in the present case will consider a GCV of 3100 kCAL / Kg of paddy straw / stubble."
- 5.46. That it is the responsibility of Generators to devise and maintain an efficient Fuel handling System. The GCV of the fuel depends on the effective storage of the fuel. It is therefore, incumbent upon the Generators to ensure that the fuel is effectively stored to achieve the requisite GCV. In view of the foregoing submissions, the GCV for the Plant of the Petitioner shall not be considered less than 3100 kcal/kg.

SUBMISSIONS W.R.T. FUEL COST:

- 5.47. That the Petitioner may kindly be directed to place on record the actual fuel invoices. Since, the plant of the Petitioner is operational for over a year, the fuel invoices would be readily available. Once the invoices are submitted by the Petitioner, the Hon'ble Commission may grant fuel cost as lower of the actual or normative.

CLAIM OF THE PETITIONER W.R.T. DAMAGES AND LOSSES ON ACCOUNT OF INTEREST PAID, O&M EXPENSES, FEED STOCK, GCV LOSSES ETC. ON ACCOUNT OF DELAY IN SCOD IS BEYOND THE SCOPE OF THE PRESENT PETITION:

- 5.48. That the present petition has been filed by the Petitioner for determination of tariff. The scope of the petition under Section 62 of the Act, 2003 is limited to the determination of tariff and no other dispute, such as the dispute with respect to the delay in SCOD can be adjudicated by way of the present petition. Especially when the compensation/ damages, if any, will not form a component in the tariff determination.
- 5.49. That for the adjudication of any such issues, a proper procedure has been prescribed under Article 12 of the PPA dated 22.02.2019. The Petitioner may kindly be relegated to file the petition regarding any such dispute, not relating to the determination of tariff,

after exhausting the remedy agreed to between the parties, in terms of Article 12 of the PPA reproduced below:

“ARTICLE 12

SETTLEMENT OF DISPUTES AND ARBITRATION

12.1 Both the parties shall comply with the provisions of this Agreement and discharge the respective obligations. In the event of any dispute/ disagreement a meeting shall be held between the authorised representatives of the Seller and HPPC to resolve the issue. In case the issue is still unresolved, provisions of the following clauses shall apply.

12.2 In the event of such difference and disputes, between the parties, either party may by written notice of 30 days to the other party, request the other party for resolution of dispute.

12.3 All differences or disputes between the parties arising out of or in connection with these presents, that the parties are unable to resolve by mutual agreement, shall be referred to HERC for adjudication.

... ..”

The Petitioner while making a passing reference to Article 12 of the PPA, has not served any such notice under Section 12.2 of the PPA upon the Answering Respondent. As such, any submission with respect to the delay on SCOD and the damages thereof to be disregarded on the sole ground that a separate recourse is prescribed under the PPA, only after exhaustion of which the Petitioner may file an application/petition, if any, under Section 86(f) of the Act, 2003.

- 5.50. That, be that as it may, that on account of condonation of delay, benefit in the form of extension of the term of the project has already been granted to the Petitioner. Even otherwise, vague submissions have been made by the Petitioner without placing on record any document show whether any actual loss has been incurred.

DISCLOSURE AS REGARDS SUBSIDY AVAILED -

- 5.51. That as per the DPR, the Petitioner Plant is entitled to sanctioned subsidy of Rs. 20 lacs payable on successful commissioning of the project (Annexure P-4 of the Petition). The Petitioner shall file an affidavit stating as to whether the said subsidy was applied for and the reasons for not availing it. Nonetheless, the amount of the sanctioned subsidy of Rs. 20 lakhs shall be adjusted against the Capital Cost for determination of tariff.

SUBMISSIONS WITH RESPECT TO THE PAYMENT OF INFIRM POWER:

- 5.52. That it is the case of the Answering Respondent that the scope of the petition under Section 62 of the Act, 2003 is limited to the determination of tariff i.e. the rate payable *after* the CoD of the plant. However, by way of the present application, the Petitioner has also sought adjudication of dispute regarding the payment of charges for the

purported infirm power injected prior to the CoD and even prior to the exercise of determination of the tariff being undertaken by this Hon'ble Commission. The term "infirm power" has been defined by this Hon'ble Commission in Haryana Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2024 as under:

"3.33. "Infirm Power" means electricity injected into the grid prior to the Scheduled COD or the date of commercial operation of a unit or block of a generating plant whichever is earlier;"

The determination of charges for the infirm power injected prior to the CoD is beyond the scope of the present petition for tariff determination.

- 5.53. That apart from the computation of the tariff payable to the Petitioner for the electricity generated after CoD, the Petitioner has raised multiple ancillary issues that lie beyond the core subject matter of the present petition and require independent adjudication by this Hon'ble Commission, such as follows:
- 5.53.1. Whether any amount is liable to be paid to the Petitioner for the complete power injected before the declaration of CoD?
- 5.53.2. Whether the power injected prior to CoD was for "infirm power" i.e. power used only for pre-commissioning activities, testing and commissioning purpose?
- 5.53.3. Whether such amount is payable in the interim i.e. prior to the determination of tariff under Section 62 of the EA, 2003?

Thus, the issue of infirm power cannot be decided by way of the present petition.

- 5.54. That without prejudice to foregoing objection, it is submitted as under –
THE TOTAL POWER INJECTED INTO THE GRID PRIOR TO C.O.D. CANNOT BE TERMED AS "INFIRM POWER"
- 5.55. That in terms of Regulation 6(14) of the Haryana Electricity Regulatory Commission (Terms and Conditions for Grant of Connectivity and Open Access for Intra-State Transmission and Distribution System) Regulations, 2012 (hereinafter "**OA Regulations, 2012**"), infirm power cannot be injected beyond a period of 3 months. Regulation 6(14) is reproduced below for ready reference:

"(14) A generating station, including a captive generating plant, which has been granted connectivity to the intra-State grid, shall be allowed to inject infirm power into the grid during testing including full load testing before commencing its commercial operation for a period not exceeding three months after obtaining prior permission of the State Load Despatch Centre.

Provided that the State Load Despatch Centre while granting such permission shall keep the grid security in view and ensure that injection of such infirm power is only for the purpose of testing, prior to commencing of commercial operation of the generating station or a unit thereof.”

As such, the payment towards infirm power, if any, is liable to be restricted for a maximum of three months in terms of the aforementioned OA Regulations, 2021.

- 5.56. That, at this stage, attention of the Hon’ble Commission is also brought towards the definition and provisions relating the “infirm power” under the Central Electricity Regulatory Commission (Indian Electricity Grid Code) Regulations, 2023 (hereinafter referred to as “**IEGC**”), reproduced below:

“3. DEFINITIONS

- (1) *In these regulations, unless the context otherwise requires:*

.....

Sr. No.	Particulars	Definition
...
69	‘Infirm Power’	<i>means the electricity injected into the grid prior to the date of commercial operation of a unit of the generating station;</i>

.....

CHAPTER 5

18. GENERAL

This chapter covers aspects relates to (i) drawl of startup power from the injection of infirm power into the grid, (ii) trial run operation (iii) documents and tests required to be furnished before declaration of COD, (iv) requirements for declaration of COD.

19. DRAWAL OF START UP POWER AND INJECTION OF INFIRM POWER

- (1) **A unit of a generating station** including unit of a captive generating plant **that has been granted connectivity** to the inter-State Transmission System in accordance with GNA Regulations **shall be allowed to inter-change power with the grid during the commissioning period, including testing and full load testing before the COD**, after obtaining prior permission of the concerned Regional Load Despatch Centre:

Provided that the concerned Regional Load Despatch Centre while granting such permission shall keep grid security in view.

- (2) *The period for which such inter-change shall be allowed shall be as follows:-*

(a) *Drawal of start-up power shall not exceed 15 months prior to the expected date of first synchronization and one year after the date of first synchronization; and*

(b) Injection of infirm power shall not exceed one year from the date of first synchronization for generating stations other than REGS and ESS (except Hydro PSP ESS).

(c) Injection of infirm power shall not exceed 45 (forty-five) days from the date of first time energization and integration (FTC) approval for REGS and ESS (except Hydro PSP ESS).

... ..

(7) The onus of proving that the interchange of infirm power from the unit(s) of the generating station is for the purpose of pre-commissioning activities, testing and commissioning, shall rest with the generating station, and the concerned RLDC shall seek such information on each occasion of the interchange of power before COD. For this, the generating station shall furnish to the concerned RLDC relevant details, such as those relating to the specific commissioning activity, testing, and full load testing, its duration and the intended period of interchange. The generating station shall submit a tentative plan for the quantum and time of injection of infirm power on day ahead basis to the respective RLDC.

(8) In the case of multiple generating units of the same generating station or multiple generating stations owned by different entities connected at a common ISTS interface point, RLDC shall ensure segregation of firm power from generating units that have achieved COD from power injected or drawn by generating units which have not achieved COD through appropriate accounting of energy.

(9) RLDC shall stop the drawl of the start-up Power in the following events:

(a) In case, it is established that the start-up power has been used by the generating station for construction activity;

(b) In the case of default in payment of monthly transmission charges, charges under RLDC Fees and Charges Regulations and deviation charges under the DSM Regulations.”

(Emphasis Supplied)

That aforementioned sub-clause (b) and (c) to Regulation 19(2) were added vide the Central Electricity Regulatory Commission (Indian Electricity Grid Code) (First Amendment) Regulations, 2024 (hereinafter “**IEGC 1st Amendment, 2024**”) dated 23.10.2024. However, prior to the notification of the First IEGC 1st Amendment, 2024, an Explanatory Memorandum was issued by the Hon’ble CERC which clarified the intent of “infirm power”. the relevant part of which is reproduced below:

“5. We have taken note of submissions of Grid-India vide the abovesaid letter. We observe that as per Regulation 19(7) of the Principal Regulations, **the purpose of**

providing the provision for the interchange of infirm power from the unit(s) of the generating station is for the purpose of pre-commissioning activities, testing, and commissioning only. It cannot be the case that a generating station is continuing the injection of infirm power not for testing and pre-commissioning activities but as commercial injection without carrying out a trial run and declaring commercial operation. Accordingly, Sub-Clause (b) of Clause (2) of Regulation 19 of the Principal Regulations is proposed to be substituted with sub-clauses (b) and (c) as follows:

“(b) Injection of infirm power shall not exceed one year from the date of first synchronization for generating stations other than REGS and ESS.

(c) Injection of infirm power shall not exceed 45 days from the date of FTC approval for REGS and ESS.”

(Emphasis Added)

Thus, the injection of infirm power prior to the CoD is permissible solely for the limited purposes of pre-commissioning activities, testing, and commissioning. The burden of establishing that the power injected into the grid was exclusively for such purposes rests with the Petitioner. However, this burden has not been adequately discharged. As a matter of fact, nowhere in the Application it has been stated that the infirm power was injected for pre-commissioning activities only. It seems that injection of the infirm power into the grid was with the sole purpose of taking the benefit of Article 6.10 of the PPA, as per which – “6.10. Generation and injection of infirm power by the Seller prior to the Commercial Operation Date (CoD) shall be paid @applicable tariff.”

In view of the above, no payment towards infirm power is warranted unless the Petitioner clearly demonstrates that such injection was part of legitimate pre-commissioning/ testing activities.

NO PRIOR APPROVAL OF THE RESPONDENT SOUGHT BY THE PETITIONER FOR CONTINUOUS INJECTION OF POWER INTO THE GRID:

- 5.57. That a bare perusal of the Application under reply shows that no document whatsoever has been placed on record by the Petitioner evincing any prior approval taken from the Answering Respondent and/or Haryana Vidyut Prasaran Nigam Limited (hereinafter “HVPNL”) regarding the continuous injection of power into the grid before the CoD. It is submitted that injection of power into the Grid prior to the CoD was at Petitioner’s own peril. Reliance is placed upon Clause 6.5 of the PPA, which stipulates as under –

“6.5 The information on the following procedures & requirements shall be supplied by the Seller to Nigam/DISCOMs as soon as possible but in no event later than thirty (30) days prior to scheduled date of synchronization:

- (i) Detailed procedure for synchronization of the Plant with State Utility’s grid system under different conditions of operation.*
- (ii) Shut-down and start up procedures.”*

It is relevant here to refer to the email of the HVPNL dated 19.04.2024, wherein it was specifically mentioned by the HVPNL charging code is being issued for Energy line only and a separate code has to be sought for the synchronization of the Plant. In view of the said email, the Petitioner was not authorized to inject power into the grid and any injection thereof has to be considered at the peril of the Petitioner, for which no claim can be fastened to the consumers of the State. Moreover, the HPPC was never intimated of such injection anytime prior to intimation regarding COD. The Answering Respondent cannot be made liable to compensate the Petitioner for the entire quantum of power injected into the grid prior to the CoD. Reliance in this regard is placed on ratio of the following judgments:

- a) In **M/s Cauvery Power Generation Chennai Pvt. Ltd. v. Tamil Nadu Electricity Regulatory Commission** [Appeal No. 267 of 2014. D/d. 15.4.2015; Law Finder Doc Id # 957734], the Hon’ble APTEL held as under:

*“7. Regarding the 3rd issue about the payment for infirm power injected into the grid from 17.10.2012 to 25.10.2012, we find that the State Commission has observed that the Appellant vide letter dated 25.10.2012 had informed in its first communication with TANGEDCO about the synchronization of the plant. TANGEDCO conveyed its consent to purchase the infirm power from 00 hours 26.10.2012 till CoD of the plant as per the tariff to be determined by the Commission. **The State Commission held that mere request on the part of the Petitioner to sell the infirm power generated during the period of testing and commissioning to the Respondents will not create an obligation on the part of the Respondent to pay and the liability to pay would arise only in respect of power injected w.e.f. 26.10.2012.***

*8. **We agreed with the findings of the State Commission that the Appellant is not entitled to claim payment for infirm power injected into the grid from 17.10.2012 to 25.10.2012 without getting express approval from the TANGEDCO.** We also find that TANTRANSCO in its communication to the Appellant while allowing the Appellant to synchronize their unit with the grid*

requested the Appellant to contact CE/PPP, TANGEDCO for any infirm power injection into the grid before CoD. Thereafter, communication was sent by the Appellant to TANGEDCO only on 25.10.2012 intimating about synchronization of the power plant on 17.10.2012. TANGEDCO communicated its acceptance to purchase the infirm power from 26.10.2012 vide its letter dated 30.10.2012. Accordingly, this issue is decided against the Appellant.”

(Emphasis Added)

- b) Similarly, in **Kamachi Sponge & Power Corporation Ltd. v. Tamil Nadu Generation and Distribution Corporation Ltd.** [Appeal No. 120 of 2016 and IA No. 272 of 2016. D/d. 8.5.2017; Law Finder Doc Id # 955191], the Hon'ble APTEL held as under:

“iv. The Respondent No. 1 had also quoted two more judgments of this Tribunal in appeal nos. 267 of 2014 and appeal No. 68 of 2014. In the judgment dated 15.4.2015 in appeal No. 267 of 2014 this Tribunal has held that the Appellant (M/s. Cauvery Power Generation Pvt. Ltd.) is not entitled to claim payment of infirm power injected into the grid without the approval from the Respondent (TANGEDCO) for specific duration as mentioned in the judgment till TANGEDCO conveyed its consent to purchase infirm power. In the judgment dated 30.5.2016 in appeal No. 68 of 2014 this Tribunal has disallowed the payment by Respondent (TANGEDCO) towards injection of power from COD of the Appellant (M/s. OPG Power Generation Pvt. Ltd.) till approval of third party sales by TANTRANSCO as the energy was injected to the grid without the consent/knowledge of the distribution licensee and SLDC. **The crux of these two judgments is also that a generator cannot pump electricity into the grid without having consent/contractual agreement with the distribution licensee and without the approval/scheduling of the power by the SLDC. Injection of such energy by a generator is not entitled for any payments.**”

As such, no relief is liable to be granted to the Petitioner on the sole ground that no prior approval was sought by the Petitioner from the Answering Respondent regarding injection of alleged infirm power.

- 5.58. That even otherwise, the relief being sought by the Petitioner is contrary to the intent and purport of as per Section 61 (b) & (c) of the EA, 2003, reproduced below:

“61. *Tariff Regulations.* – **The Appropriate Commission** shall, subject to the provisions of this Act, specify the terms and conditions for the determination of tariff, and in doing so, **shall be guided by the following**, namely:-

... ..

(b) the generation, transmission, distribution and supply of electricity are conducted on commercial principles;

(c) the factors which would encourage competition, efficiency, economical use of the resources, good performance and optimum investments;

... ..”

That granting relief solely on the ground of alleged financial hardship would be inconsistent with the mandate under the EA, 2003 mandating the Appropriate Commission to uphold commercial principles. If such relief is granted, it may open the floodgates to similar claims from other generators, seeking unjustified benefits solely on assertions of financial distress—thereby undermining the objectives enshrined in Section 61(b) and (c) of the EA, 2003.

- 5.59. That, the process of determination of tariff aims to bring about a balance between the competing objectives. Significant among them is the need to ensure to consumers the availability of electricity at reasonable and competitive rates and at the same time reasonable recovery of the cost of electricity. While determining tariff the Hon'ble Commission has to encourage competition, efficiency, economical use of resources, good performance and optimum investments besides safeguarding the consumer's interest. Financially sustainable electricity sector is an important facet of the overall regulatory framework and the same has to be ensured along with the promotion of competition, efficiency in operations and improvements in the quality of supply that fosters the sharing of gains of efficiency in operations with consumers. To ensure the same operating parameters in tariff determination are required to be pegged at the "lower of normative and actuals". The operating norms must be designed to promote efficiency and to ensure that the gains which accrue on account of efficient operations are shared with the consumers of electricity.

6. **Reply filed by R-2 (HAREDA): -**

Haryana Renewable Energy Development Agency (HAREDA), filed its reply under affidavits dated 26.08.2025, submitting as under: -

- 6.1. That the paddy straw is a difficult biomass sector to work upon, which requires serious consideration and appreciation for its promotion, which shall be in the interest of the state and public at large. The Biomass sector requires to be incentivized for its promotion in the State.
- 6.2. That the very intent of the State's paddy straw power initiative was to eliminate in-field stubble burning, for which no other technically and economically viable alternative presently exists at scale. These projects are the only proven solution capable of addressing the twin challenges of residue management and renewable energy generation. It is therefore imperative that the tariff framework ensures the long-term

sustainability of such projects, failing which the State risks losing the only effective tool to mitigate this environmental hazard.

- 6.3. That paddy straw power generation, by its very nature, is a voluminous and locally anchored activity, which necessarily requires extensive aggregation of feedstock from surrounding rural areas. This aggregation process creates significant local employment opportunities, not only in direct plant operations but also in collection, bailing, transportation, and storage of paddy straw. Such ancillary economic activity strengthens the rural economy and aligns with the State's objectives of inclusive development.
- 6.4. That these projects also serve as an additional and dependable source of income for farmers, who are able to monetize an agricultural residue that otherwise has little or no commercial value. The establishment of a stable and remunerative market for paddy straw incentivizes farmers to collect and supply it in a sustainable manner, thereby integrating them into the clean energy value chain.
- 6.5. That the procurement of Power generated through Bio mass as fuel shall also help in achieving the RPO of the DISCOM.
- 6.6. That the issue with regard to the tariff is inter-se between the petitioner and Respondent No. 1 i.e. the Discom, which has to purchase the power generated from the proposed RE project of the petitioners.
- 6.7. That in light of the facts and submission made above, this Hon'ble Commission may kindly be pleased to pass appropriate order as deemed fit, in the facts and circumstances of the present case.
7. **In compliance of the Interim Order of the Commission dated 10.06.2025, HVPNL (R-3) filed its investigation report, vide memo no. Ch-5/ISB-559/Vol-I dated 04.07.2025. HVPNL, has submitted as under:-**
- 7.1. Chronology of the events are as under:-

Sr. no.	Event	Date	Remarks	HVPNL remarks
1.	Date of application for grant of connectivity before HVPNL	03.04.2018	-	1. Application of firm dated 03.04.2018 for grant of connectivity was received on 04.04.2018. 2. After Scrutiny of application firm was requested to submit pending documents on 11.04.2018. 3. Feasibility sought from CE/Planning, HVPNL on 02.05.2018 & reminder on 25.05.2018. 4. Feasibility received from Planning wing of HVPNL on 21.06.2018. 5. The feasibility was forwarded to HPPC on 02.07.2018 and requested to confirm the status of PPA. 6. Firm was also requested on 13.07.2018 to submit PPA. 7. Firm submitted the PPA on 18.03.2019. (approx.. 248 days taken by firm to submit PPA)

2.	Grant connectivity of by HVPNL	04.07.2019	-	<p>1. CE/Planning, HVPNL was requested on 15.04.2019 to issue R no.</p> <p>2. R. No. had been received from Planning wing of HVPNL on 04.07.2019.</p> <p>3. Grant of connectivity had been issued to firm on 04.07.2019.</p> <p>4. Firm was requested on 05.03.2020 to intimate the latest status report regarding commissioning of Biomass Power Plant.</p>
3.	Amendment to Grid Connectivity by HVPNL	05.02.2021	Vide ibid letter, the creation of one no. 33 kV bay at 220kV Substation Bhuna was amended from "Creation of one (1) no. 33 kV bay at 220 kV substation Bhuna, by HVPNL as deposit work of M/s Fatehabad Bio Energy" to "Creation of one (1) no. 33 kV bay at 220 kV substation Bhuna, by HVPNL"	<p>1. Firm vide e-mail dated 14.12.2020 had requested for augmentation of Substation. (approx.. 529 days taken by firm from Grant of connectivity)</p> <p>2. Accordingly, amendment in R. no. was issued by CE/Planning, HVPNL on 29.01.2021.</p>
4.	Date of filing of application for Connection Agreement by generator before HVPNL	29.06.2021		<p>1. Firm submitted the draft connection agreement on 05.04.2021.</p> <p>2. HVPNL vide email dated 26.04.2021 had requested to CE/HPPC for their comments on amendment proposed in draft connection agreement.</p> <p>3. Comments on draft connection agreement were received from CE/HPPC on 05.05.2021.</p> <p>4. The modified/amended connection agreement was forwarded to firm on 11.05.2021 and requested to execute the same with a reminder on 28.05.2021.</p> <p>5. Firm submitted the Connection agreement on 05.07.2021.</p> <p>6. Accordingly the connection agreement was forwarded on 13.07.2021 to DHBVN for signature.</p> <p>7. DHBVN had raised some queries and send the file back to HVPNL on 06.08.2021.</p> <p>8. Further, HVPNL had replied the queries of DHBVN in file and again forwarded the connection agreement to DHBVN for signature on 10.08.2021.</p> <p>9. DHBVN had sent file back to HVPNL on 15.04.2022 after legal vetting of connection agreement with some corrections. (approx.. 248 days taken by DHBVN).</p> <p>10. Accordingly, Firm was again requested on 15.04.2022 to submit the connection agreement as per corrections advised by DHBVN & Legal wing.</p> <p>11. Firm re-submitted the Connection agreement on 23.05.2022.</p> <p>12. Connection agreement was forwarded in file on 03.06.2022 to DHBVN for signature.</p> <p>13. DHBVN had sent the signed copy of connection agreement to HVPNL on 12.04.2023. (approx.. 313 days taken by DHBVN)</p> <p>14. The signed copy of Connection agreement to firm on 17.04.2023.</p>
5.	Various emails/letters by to generator HAREDA,	23.02.2021, 21.07.2021, 03.08.2021, 06.08.2021, 13.12.2021,	The following was intimated/requested by generator vide ibid emails:-	As per record of concerned offices.

	SE/Construction, DHBVN, Hisar, CE/PDC, DHBVN, Hisar, SE/SO, DHBVN, Hisar, SE/TS, HVPN, Hisar & CE/HPPC	16.12.2021, 20.01.2022, 22.03.2022, 14.04.2022, 17.05.2022, 21.07.2022 & 20.02.2023	"The switchyard alongwith plant is completed in all aspects and is ready to import power for testing and commissioning activities. We request you to provide the status of the Connectivity line and bay at the substation end to coordinate activities at your end"	
6.	Chief Inspector of Boilers (CIB), Haryana	25.07.2021	Hydraulic test conducted and issued Certificate for use of Boiler as per Indian Boilers Act, 1923	Not relates to HVPNL.
7.	Date of commissioning of 33 kV bay	01.12.2022	-	As per record.
8.	Date of execution Connection Agreement	17.04.2023	-	The signed copy of Connection agreement issued on 17.04.2023. Stand discussed at point no.5 above.
9.	Date of filing of application for LTOA by generator before HVPNL	20.04.2023	-	1. Application dated 16.04.2023 for grant of LTOA had been received on 17.04.2023. 2. Consent sought from DISCOM on 12.05.2023, 24.05.2023, 29.05.2023, 06.06.2023, 21.06.2023, 30.06.2023, 17.07.2023, 01.08.2023, 16.08.2023, 05.09.2023, 29.09.2023, 02.11.2023, 06.12.2023, 08.12.2023 & 01.02.2024.
10.	Date of charging of 33 kV transmission line	14.02.2023	-	Relates to DISCOM.
11.	Consent for LTOA provided by SE/SO, DHBVN, Hisar	17.09.2024	-	1. Consent had been received from DHBVN on 17.09.2024. (approx.. 495 days taken by DHBVN for giving consent) 2. Accordingly firm was requested on 09.10.2024, 15.10.2024 & 22.10.2024 to submit the undertaking. 3. Firm submitted the Undertaking on 22.10.2024. 4. Vide email dated 23.10.2024 DHBVN was requested for their comments on the undertaking submitted by the firm. 5. Revised consent had been received from DHBVN 23.10.2024. 6. Accordingly firm was again requested on 23.10.2024 & 04.11.2024 to submit the undertaking as per revised consent. 7. Revised undertaking was received from the firm on 05.11.2024.
12.	Approval for LTOA provided by HVPNL	06.11.2024	-	Grant of LTOA was issued to firm on 06.11.2024.
13.	Signing of LTOA agreement	08.01.2025	-	1. Firm submitted the LTOA agreement on 18.11.2024. 2. LTOA agreement was sent to DHBVN on 21.11.2024 for signature. 3. DHBVN had sent the signed copy of LTOA agreement to HVPNL on 08.01.2025. (approx.. 48 days taken by DHBVN for signing the LTOA agreement) 4. The signed copy of LTOA agreement issued on 08.01.2025.

7.2. The Gist and majority time taken by various wings of HVPNL/DISCOM as well as the firm are as under:-

➤ Total Nos. of days from the date of application i.e 03.04.2018 to date of LTOA agreement i.e 08.01.2025 is **2471 days**

Sr. no.	Time Take by (no. of days)	Description	Remarks
1.	DHBVNL (1. For M/s Jind Bio - Approx. 1095 days 2. For M/s Fatehabad Bio - Approx. 1128 days)	1. Signing of connection agreement 2. LTOA Consent. 3. LTOA agreement	1. The connection agreement was forwarded on 13.07.2021 to DHBVN for signature. DHBVN had raised some queries and send the file back to HVPNL on 06.08.2021 . (approx.. 24 days) • Further, HVPNL had again forwarded the connection agreement to DHBVN for signature on 10.08.2021 and DHBVN had sent file back to HVPNL on 15.04.2022 after legal vetting of connection agreement with some corrections. (approx.. 248 days) • Connection agreement was forwarded in file on 03.06.2022 to DHBVN for signature and DHBVN had sent the signed copy of connection agreement to HVPNL on 12.04.2023 . (approx.. 313 days) 2. Consent sought from DISCOM on 12.05.2023 and Consent was received from DHBVN for M/s Jind Bio & Fatehabad Bio on 16.08.2024 & 17.09.2024 respectively. (approx.. 462 days & 495 days respectively). 3. LTOA agreement was sent to DHBVNL on 21.11.2024 for signature & DHBVNL had sent the signed copy of LTOA agreement to HVPNL on 08.01.2025 (approx.. 48 days)
2.	STU, HVPNL (Approx. 21 days)	1. Comments sought on connection agreement.	1. Firm submitted the draft connection agreement on 05.04.2021 after scrutiny HVPNL vide email dated 26.04.2021 had requested to CE/HPPC for their comments on amendment proposed in draft connection agreement. (Approx. 21 days)
3.	Firm (Approx. 896 days)	1. Supplying of PPA 2. Supplying of connection agreement 3. Supplying of undertaking	1. HPPC was requested on 02.07.2018 to confirm the status of PPA and firm was requested on 13.07.2018 to submit PPA & firm submitted the PPA on 18.03.2019 . (approx.. 248 days) 2. Grant of connectivity was issued to firm on 04.07.2019 & Firm vide e-mail dated 14.12.2020 had requested for augmentation of Substation. (approx.. 529 days taken by firm from Grant of connectivity) 3. The modified/amended connection agreement was forwarded to firm on 11.05.2021 and requested to execute the same with a reminder on 28.05.2021 and firm submitted the Connection agreement on 05.07.2021 (Approx. 55 days). • Firm was again requested on 15.04.2022 to submit the connection agreement as per corrections advised by DHBVNL & Legal wing and firm re-submitted the Connection agreement on 23.05.2022 . (Approx. 38 days). 4. Firm was requested on 09.10.2024 , 15.10.2024 & 22.10.2024 to submit the undertaking and firm submitted the Undertaking on 22.10.2024 (Approx. 13 days). • Accordingly firm was again requested on 23.10.2024 & 04.11.2024 to submit the undertaking as per revised consent and Revised undertaking has been received from the firm on 05.11.2024 . (Approx. 13 days).
3.	Planning wing of HVPNL (Approx. 130 days)	1. Supplying of Feasibility 2. Supplying of R.No.	1. Feasibility sought from CE/Planning, HVPNL on 02.05.2018 & reminder on 25.05.2018 & feasibility received from Planning wing of HVPNL on 21.06.2018 (Approx. 50 days). 2. CE/Planning, HVPNL was requested on 15.04.2019 to issue R no. & R. No. was received from Planning wing of HVPNL on 04.07.2019. (Approx. 80 days).

- 7.3. Time taken for creation for infrastructure (after connectivity approval by planning wing dated 04.07.2019 & amended on 29.01.2021 for creation of 33 kV bay only)
- 33 kV bay commissioned on 03.01.2023 for M/s Jind Bio & 01.12.2022 for M/s Fatehabad Bio (by HVPNL).
 - 33 kV line commissioned on 29.04.2024 for M/s Jind Bio & 14.02.2023 for M/s Fatehabad Bio by DISCOM(DHBVNL).
- 7.4. The date of readiness of Bio plants of M/s Jind Bio & M/s Fatehabad Bio may please be taken into account by HPPC/DISCOMs.

8. In compliance of the Interim Order of the Commission dated 10.06.2025, DHBVNL (R-4) filed its investigation report, vide memo no. Ch-22/SE/SO-1237 dated 23.06.2025. DHBVNL, has submitted as under:-

- 8.1. That the PPA was executed between M/s Fatehabad Bio Energy LLP and HPPC on 22.02.2019 for the supply from a paddy straw based biomass project (9.9 MW) at a tariff to be determined by HERC. The Connection Agreement for connectivity of the project at 33 kV voltage level from the 132 kV S/Stn. Alewa by HVPNL was executed on 17.04.2023. The project declared CoD on 28.04.2025.

- 8.2. Chronology of Events: The relevant timeline of events for the grant of LTOA is as under:-

- Connection Agreement was executed on 17.04.2023.
- Requested LTOA consent was initiated by HVPNL on 12.05.2023.
- SE/SO DHBVN issued multiple communications to SE/OP Fatehabad seeking details of the status of the generator and feasibility of infrastructure.
- Consent for LTOA was conveyed by SE/SO Hisar to HVPNL on 17.09.2024.
- LTOA approval on 06.11.2024, and the agreement was executed in January 2025.

- 8.3. That as per the applicable Procedure for Intra-State MTOA/LTOA and HERC's Open Access Regulations, 2012, the consent for LTOA by the distribution licensee is to be provided within 15 days of receipt of the request. Clause 4.9 of the Procedure further provides for deemed consent in the absence of a response within the stipulated time. In the present case, while SE/SO DHBVN, designated as the nodal officer for providing consent and coordination, initiated multiple correspondences to obtain field data from SE/OP Fatehabad, the overall coordination process extended over several months. The absence of a structured escalation mechanism and digital tracking framework appears to have contributed to the delay in forwarding the consent. Though SE/SO DHBVN maintained active communication, the regulatory timelines could not be met due to these procedural interdependencies.

Additionally, HVPNL, in its cautious interpretation of regulatory provisions, did not invoke the enabling clause of deemed consent, which may have expedited the

process. Both utilities acted within their respective domains, though greater synchronization and internal process alignment could have mitigated the delay.

It is evident that all parties acted within their respective functional mandates, but the cumulative inter-agency delay exceeded the regulatory benchmarks for LTOA processing.

8.4. That in order to prevent the recurrence of such delays and promote regulatory compliance, the following systemic measures are suggested:

- Establishment of a structured escalation matrix for time-bound processing of Open Access and connectivity cases.
- Development of a centralized digital dashboard for real-time monitoring of Open Access processing timelines.
- Regular sensitization workshops for field and nodal officers on regulatory provisions, including deemed consent.
- Strengthening inter-agency communication protocols for faster resolution of procedural dependencies.

8.5. That the delay observed in finalizing the LTOA consent for M/s Fatehabad Bio Energy LLP was primarily due to procedural inefficiencies and the absence of robust internal escalation mechanisms. With the adoption of structured process controls and real-time monitoring, such delays can be pre-emptively addressed in the future. Additionally, DHBVN has taken cognizance of the delay in the instant case and has decided to conduct an inquiry as regards the responsible officials and take further action as per "DHBVN Employees (Punishment and Appeal) Regulations 2019".

9. **Rejoinder filed by the petitioner: -**

The petitioner has filed its rejoinder to the reply filed by HPPC under affidavits dated 08.09.2025, submitting as under: -

- 9.1. That this Ld. Commission vide its Order dated 04.10.2018 categorically held that the definition of tariff to be agreed in PPA's was meant to be year to year tariff which was to be determined by this Ld. Commission with respect to the COD and discount offered by bidders and this Tariff was to be decided under a separate Petition to be filed by the successful bidders and the arrangement as regards sale and purchase of energy was recorded in Article 2.1 of the PPA wherein under the Respondent No. 1 agreed to purchase the entire power generated by the Petitioner's project up to 9.9 MW at the tariff to be determined by this Ld. Commission upon a Petition filed by the Petitioner.
- 9.2. That the Petitioner was never trying to seek any benefit by challenging Order dated 03.01.2019 and, by filing Petition No. HERC/PRO 31 of 2019 the Petitioner was simply

seeking issuance of directions to the Respondent No. 1 regarding issuance of fresh PPA which was allowed by this Ld. Commission vide its Order dated 15.07.2019.

- 9.3. That both the Orders dated 03.01.2019 and 15.07.2019 are under challenge and pending adjudication before the Hon'ble Appellate Tribunal and however, it is also pertinent to note that the Order dated 15.07.2019 challenged by the Respondent No. 1 under Appeal bearing no. 95 of 2019 is only limited to the directions passed in regard to the amendments of terms of the PPA dated 22.02.2019 and said appeal does not challenge the entire Order.
- 9.4. That Order dated 04.04.2019 is being challenged by the Petitioner and is pending adjudication before the Hon'ble Appellate Tribunal.
- 9.5. That the Petitioner is claiming correct and genuine capital costs incurred by the Petitioner herein for the subject project as Regulation 11 of the HERC RE Tariff Regulations, 2021 and for due assistance of this Ld. Commission the Petitioner is also placing a 'capital cost calculation sheet' on record.
- 9.6. That the Petitioner has acquired major plant and machinery equipment from best-in-class vendors from across the world with emphasis on Make in India where comparable technology is available within the country. The Petitioner also had to appoint engineers / operators from across the world for the smooth functioning and running of said machineries involved and the same required expertise and proper knowledge. It is also pertinent to note that the Petitioner had to keep the machines running between its commissioning of project in June 2021 till date otherwise everything would have gone for a heavy loss.
- 9.7. That the Petitioner in accordance with Regulation 13 of the HERC RE Tariff Regulations, 2021 is entitled to a normative interest i.e., MCLR of SBI prevailing during the last six months plus a margin of 2%. It is also submitted that the MCLR of SBI in the last six months has been 9%. Allowing for 2% above the 6 months' MCLR, the regulations allow for 11%. However, the Petitioner has paid interests to its lenders at a rate of 12.10% which is 1.10% more than the normative interest; the reason for the same is as the biomass projects are high risk projects and therefore, they are bound to attract higher rate of interests compared to any other RE project. A copy of the sanctioned letter is attached.
- 9.8. That Regulation 12 of the HERC RE Tariff Regulations, 2021 mandates a debt equity ratio of 70:30. However, in case if the equity deployed is more than 30% of the capital cost, equity more than 30% shall be treated as normative loan and where it is less than 30% then the actual equity shall be considered for determination of tariff. The Petitioner has deployed Rs. 23.05 Cr as equity until SCOD (22.12.2021) and Rs.

53.87 Cr as debt in the project until SCOD (22.12.2021), as already submitted with the petition.

- 9.9. That the Petitioner has sought an escalation of 5.73% instead of 2.93%, in the O&M expenses, as the boiler being used by the Petitioner for its project is 2.5 times larger in size than the traditional boilers being used in India in traditional bio-mass project. Due to larger in size boiler the O&M expenses being incurred are also consequentially high and over the plant life the O&M expenses would also increase requiring a higher escalation factor to be allowed while revisiting the O&M expenses. Further, unlike other technologies biomass power plants have multiple moving / non-moving machines that require incremental maintenance.
- 9.10. That since the PPA executed between the Petitioner and the Respondent No. 1 does not contain any specific provision, therefore, the sale proceeds of the bio-fertilizer / bye products etc. shall be shared by the Petitioner and the Respondent No. 1 in equal proportion.
- 9.11. That the Petitioner has sought 65% PLF in the 1st year of operation i.e., FY 2025-26 and thereafter 80% due to various reasons such as- biomass power projects take time to stabilize; the boiler being used in the Petitioner's project is 2.5 times larger than a traditional boiler in India; high moisture contained in paddy straw etc.
- 9.12. That in accordance with the applicable regulations, generating stations with a capacity below 10 MW are not subject to scheduling requirements. Consequently, the concept of 15-minute block-wise scheduling and corresponding load adherence does not apply to the petitioner's plant. This regulatory exemption provides further validation for computing the Plant Load Factor (PLF) on an annualized basis, rather than relying on short-duration block intervals which are not operationally or legally binding on such small-capacity must-run generators.
- 9.13. That operating the plant at high PLF consistently results in increased mechanical wear and tear, reduced equipment life, and necessitates higher operational expenditure including additional manpower and remote-location maintenance contracts. These costs are real, recurring, and significant. In addition, maintaining a 100% PLF will also require higher volumes of paddy straw to be procured, in anticipation of higher generation as paddy straw is available only for 30-45 days in the year. It is be noted that these additional costs are not part of the computation at normative PLF. This additional procurement will lead to additional income generation for local farmers and furthering the circular economy in rural areas.
- 9.14. That maximum plant utilization ensures stable and continuous renewable power supply without additional infrastructure costs.

- 9.15. That in view of the above, the Plant Load Factor (PLF) be computed on an annual basis without considering 15-minute blocks, in recognition of the operational realities of biomass-based generation and the variability inherent to paddy straw as the sole fuel source and hold that all power generated and injected into the grid, up to the normative annual capacity of 86,724 MWh (i.e., 9.9 MW × 8,760 hours), shall be deemed as must-run power.
- 9.16. That, for the purpose of determination of tariff, the Petitioner has considered Station Heat Rate (SHR) of 4495 kcal / kWh, which is within 7% of Regulation 34 HERC RE Tariff Regulations, 2021 which prescribes SHR of 4200 kcal / kWh for projects such as that of the Petitioner. The said SHR has been proposed by the Petitioner due to the reasons such as: - biomass power plant depends predominantly on the pressure and temperature rating of the plant, type of fuel, etc. and due to high moisture contents of the fuels, the SHR is always higher than the design SHR. It is also pertinent to note that since no boilers were running on paddy straw when the Petitioner's project was envisaged, ample care must be taken to ensure the project run successfully with high PLF under varying fuels and seasonal conditions as the primary goal of these pilot projects was to pollution implication of stubble burning.
- 9.17. That the Original Equipment manufacturers (OEM) reports which set out the performance guarantee conditions of paddy straw-based plants and the fuel requirement and atmospheric conditions that govern the guarantee, is attached. These provide an accurate and validated basis for assessing the project's technical performance and basis of SHR claim of 4495 Kcal/kWh.
- 9.18. That the for the determination of tariff, the Petitioner has considered Gross Calorific Value (GCV) of its fuel at 2950 kcal/ kg. Normally normative GCV of 3100 kcal / kg is permitted under Regulation 37 of the HERC RE Regulations, 2021 for seasonal biomass fuel which is procured in the intervals of 3-4 months. But the paddy straw not being a seasonal biomass can be procured in the months of September-October of each year for 35-40 days only. Later, then it is stored for 365 days and must pass through various seasons. Due to all extreme weather conditions, the quality of the fuel degrades and GCV also gets reduced with each passing day of the storage. Multiple test reports have already been provided as part of the main petition.
- 9.19. That the respondent has blatantly misquoted and misrepresented Working capital on the Regulation 16, Chapter-3 of RE Regulations, 2021. The parameters set out therein have no connection whatsoever to any loss of calorific value. Instead, the provision is intended solely to offer partial relief for the upfront procurement of a single, seasonal feedstock—namely, paddy straw—which, as an agri-residue, is available only within

a narrow harvesting window of approximately 45 days in October–November and must be stored for use over the ensuing 12 months.

- 9.20. That the fuel cost for a biomass-based generation station such as that of the Petitioner is governed under Regulation 38 of the HERC RE Tariff Regulations, 2021 and even this Ld. Commission has been time to time apprised that fuel prices are subject to fluctuations driven by prevailing market dynamics and ground level realities through various studies. Fuel costs are not subject to True-up and passed through like Thermal Power plants as this industry is completely un-organized and total quantum of this power is negligible. To accommodate for the same the Ld. Commission has appointed agriculture universities of repute to research and report on the fuel cost as per the availability and market dynamics. Infact the fuel cost being claimed by the petitioner in the present petition is based on the fuel cost determined by the commission was done on 26.03.2025 with retrospective effect to all biomass plants in the state and the commission has placed the reports and invited the comments from various stake holders and general public. The Ld. Commission also conducted a public hearing which was attended by the various stake holders across the state including the HPPC wherein the HPPC has actively provided feedback after doing a lot of research and submitted their valuable comments. However, the feedback was on bagasse and biogas fuel cost and neither any single comments during the public hearing nor as the written submission submitted by the HPPC was related to the fuel cost of Paddy straw. Therefore, the Petitioner craves leave and liberty of this Ld. Commission to adopt the same fuel cost for its project.
- 9.21. That the project of the Petitioner was ready for commissioning in June 2021 whereas the COD was only achieved on 28.04.2025. Despite the Petitioner facing immense challenges presented by the COVID-19 pandemic, the Petitioner took each and every reasonable and necessary step, incurring substantial additional cost, to prepare for commissioning by June 2021. The Petitioner has incurred various hardships, losses, and damages due to delay on part of the Respondents in granting the letter of commissioning. The Petitioner had the project ready for commissioning and testing activities in June 2021 with complete readiness along with fuel to be commissioned by SCOD of 22.12.2021 as per terms of the PPA and had also taken a loan on the project to the tune of Rs. 53.50 Cr and is also paying interest thereon. Therefore, various costs along with loss of revenue and loss of business for the period between SCOD in December, 2021 till April, 2025 in regard to the Petitioner's project are not attributable to the Petitioner as the same is owing to delays caused on part of the Respondents despite various requests being made by the Petitioner.

- 9.22. That the above facts are not mere assertions of the Petitioner but stand conclusively established by the official record. Pursuant to directions of this Hon'ble Commission, both HVPNL and DHBVN conducted detailed investigations into the commissioning delays. Those reports, which were summoned by and have already been submitted to this Hon'ble Commission, categorically confirmed that the Petitioner's project was complete and ready for commissioning in June 2021 only. The statutory Boiler Inspector likewise certified readiness at that stage. In subsequent proceedings before this Hon'ble Commission and in connected judicial forums, HVPNL and DHBVN have themselves admitted in writing that the delay in synchronization was attributable solely to their officials. These admissions leave no doubt that the delay in achieving COD until April 2025 was not attributable to the Petitioner in any manner.
- 9.23. That as per Article 5.1 of the PPA, HPPC was obligated to ensure that the evacuation and transmission system was in place well before the Scheduled Commercial Operation Date. HPPC has not provided the date indicating when the transmission system was completed and ready for export of power, immaterial of when the connectivity and LTOA approvals were obtained.
- 9.24. That no subsidy has been claimed from MNRE. The request to reduce 20 Lakh/ MW against the capital cost is blatantly wrong and the respondent is misleading the commission as regulation clause 22 of HERC RE Regulations, 2021 specifically provides that *"Provided, where there is no up-front subsidy/grant/incentive the tariff shall be worked out without subsidy/grant/incentive."*

SUBMISSION WITH RESPECT TO THE INFIRM POWER:

- 9.25. That the Hon'ble Commission has consistently held that while tariff determination under Section 62 pertains to post-COD supply, the Commission retains plenary powers under Sections 86(1)(f) and 86(1)(a) of the EA, 2003 to adjudicate disputes between a licensee and a generating company and to regulate purchase of power from generating companies. Further, the definition of "infirm power" relied upon by the Respondent itself is drawn from the Tariff Regulations, 2024, which recognise infirm injection as a codified category of supply. This confirms that such injections are a regulated activity under the jurisdiction of this Hon'ble Commission.
- 9.26. That the present petition, therefore, is not merely for tariff fixation post-COD, but also for the adjudication of amounts payable for energy demonstrably supplied into the grid with the knowledge and validation of SLDC through Joint Meter Readings (JMR). Denial of jurisdiction would amount to rendering such supply unregulated and uncompensated, contrary to the scheme of the Act and to Article 6.10 of the executed PPA, which explicitly contemplates payment for infirm power at applicable tariff.

- 9.27. That the Respondent's attempt to treat infirm power as an "ancillary issue" outside the scope of the petition is misconceived. The questions they themselves raise demonstrate that the core controversy is whether the Petitioner is entitled to payment for electricity injected prior to COD. That issue is not collateral but central.
- 9.28. That this Hon'ble Commission has express jurisdiction under Section 86(1)(f) of the EA, 2003 to adjudicate disputes between a generator and a distribution licensee. Once electricity has entered the grid, been recorded through the codal mechanism of Joint Meter Readings (JMR), and consumed by the State, it cannot be treated as non-payable. To allow otherwise would mean the Respondent benefits by consuming the power and claiming Renewable Purchase Obligation (RPO) credit, while denying compensation to the generator — an outcome that would amount to unjust enrichment and regulatory inconsistency.
- 9.29. That full generic tariff is payable to the petitioner for the complete power injected before the declaration of CoD. JMR validation confirms that quantifiable energy entered the grid. The Respondent has derived benefit from it by counting it towards RPO. Under Article 6.10 of the PPA and Section 70 of the Contract Act, such benefit cannot be retained without compensation.
- 9.30. That the definition of "infirm power" in HERC Regulations, 2024 and CERC Grid Code is broad; any electricity injected into the grid before COD qualifies. It is not restricted to internal testing consumption. In this case, the injections were metered and accounted; by claiming RPO benefit, the Respondent itself has treated them as legitimate infirm supply.
- 9.31. That section 86(1)(f) empowers this Hon'ble Commission to grant interim relief. Across jurisdictions, Commissions and APTEL have ordered provisional payments for infirm power at APPC or applicable rates, with final adjustments at tariff determination. Article 6.10 of the PPA likewise anticipates payment for infirm energy at applicable tariff. Interim payment is thus consistent with contract, practice, and equity.
- 9.32. That the reliance on Regulation 6(14) of the OA Regulations, 2012 is misconceived, which sets out operational conditions for testing and grid security, but it does not override contractual or statutory entitlement to be compensated for electricity once injected, metered, and consumed by the licensee.
- 9.33. That Article 6.10 of the PPA expressly provides that infirm energy prior to COD shall be paid at the applicable tariff. The contractual right cannot be negated by procedural references in OA Regulations. Further, the Respondents, by executing and acting under the PPA, are estopped by the doctrine of promissory estoppel from denying payment for infirm power. The quantum and duration are not excluded, and the PPA applies to all power injected into the grid prior to COD. The Petitioner has placed a

reliance on judgement passed by Hon'ble APTEL in the case of M/s Interocean Shipping Company vs MSEDCL (Appeal No. 250 of 2022) wherein the court compensated the appellant for the electricity injected by its wind turbine generator into the grid with effect from 21.11.2015 till 02.06.2020 along with carrying cost. The relevant extracts of the judgement are as under:-

"62. In M/s Motilal Padampat Sugar Mills, (1979) 2 SCR 641, the doctrines of legitimate expectation and promissory estoppel were explained as under:

"The law may, therefore, now be taken to be settled as a result of this decision, that where the Government makes a promise knowing or intending that it would be acted on by the promisee and, in fact, the promisee, acting in reliance on it, alters his position, the Government would be held bound by the promise and the promise would be enforceable against the Government at the instance of the promisee, notwithstanding that there is no consideration for the promise and the promise is not recorded in the form of a formal contract as required by Article 299 of the Constitution. It is elementary that in a republic governed by the rule of law, no one, howsoever high or low, is above the law. Everyone is subject to the law as fully and completely as any other and the Government is no exception. It is indeed the pride of constitutional democracy and rule of law that the Government stands on the same footing as a private individual so far as the obligation of the law is concerned: the former is equally bound as the latter. It is indeed difficult to see on what principle can a Government, committed to the rule of law, claim immunity from the doctrine of promissory estoppel. Can the Government say that it is under no obligation justification for the Government to repudiate even its promissory estoppel and repudiate a promise made by to act in a manner that is fair and just or that it is not bound by considerations of "honesty and good faith"? Why should the Government not be held to a high "standard of rectangular rectitude while dealing with its citizens"? There was a time when the doctrine of executive necessity was regarded as sufficient contractual obligations; but, let it be said to the eternal glory of this Court, this doctrine was emphatically negative in the Indo Afghan Agencies case and the supremacy of the rule of law was established. It was laid down by this Court that the Government cannot claim to be immune from the applicability of the rule of promissory estoppel and repudiate a promise made by it on the ground that such promise may fetter its future executive action. If the Government does not want its freedom of executive action to be hampered or restricted, the Government need not make a promise knowing or intending that it would be acted on by the promisee and the promisee would alter his position relying upon it. But if the Government makes such a promise and the promisee acts in reliance upon it and alters his position, there is no reason why the

Government should not be compelled to make good such promise like any other private individual. The law cannot acquire legitimacy and gain social acceptance unless it accords with the moral values of the society and the constant endeavour of the Courts and the point out that since the doctrine of promissory estoppel promise made by it, the Court would not raise a promise against the Government. The doctrine of legislature, must, therefore, be to close the gap between law and morality and bring about as near an approximation between the two as possible. The doctrine of promissory estoppel is a significant judicial contribution in that direction. But it is necessary to is an equitable doctrine, it must yield when the equity so requires. If it can be shown by the Government that having regard to the facts as they have transpired, it would be inequitable to hold the Government to the equity in favour of the promisee and enforce the promissory estoppel would be displaced in such a case because, on the facts, equity would not require that the Government should be held bound by the promise made by it. When the Government is able to show that in view of the facts as have transpired since the making of the promise, public interest would be prejudiced if the Government were required to carry public interest in the Government carrying out a promise made to a citizen which has induced the public interest likely to suffer if the promise were out the promise, the Court would have to balance the citizen to act upon it and alter his position and the required to be carried out by the Government and determine which way the equity lies. It would not be enough for the Government just to say that public interest requires that the Government should not be compelled to carry out the promise or that the public interest would suffer if the Government were required to honour it. The Government cannot, as Shah, J., pointed out in the Indo Afghan Agencies case, claim to be exempt from the liability to carry out the promise "on some indefinite and undisclosed ground of necessity or expediency", nor can the Government claim to be the sole Judge of its liability and repudiate it "on an ex parte appraisalment of the circumstances". If the Government wants to resist the liability, it will have to disclose to the Court what are the facts and circumstances on account of which the Government claims to be exempt from the liability and it would be for the Court to decide whether those facts and circumstances are such as to render it inequitable to enforce the liability against the Government. Mere claim of change of policy would not be sufficient to exonerate the Government from the liability: the Government would have to show what precisely is the changed policy and its reason and justification so that the Court can judge for itself which way the public interest lies and what the equity of the case demands. It is only if the Court is satisfied, on proper and adequate material placed by the Government, that overriding public interest requires that the Government should not be held bound

by the promise but should be free to act unfettered by it, that the Court would refuse to enforce the promise against the Government. The Court would not act on the mere ipse dixit of the Government, for it is the Court which has to decide and not the Government whether the Government should be held exempt from liability. This is the essence of the rule of law. The burden would be upon the Government to show that the public interest in the Government acting otherwise than in accordance with the promise is so overwhelming that it would be inequitable to hold the Government bound by the promise and the Court would insist on a highly rigorous standard of proof in the discharge of this burden. But even where there is no such overriding public interest, it may still be competent to the Government to resile from the promise "on giving reasonable notice, which need not be a formal notice, giving the promisee a reasonable opportunity of resuming his position" provided of course it is possible for the promisee to restore status quo ante. If, however, the promisee cannot resume his position, the promise would become final and irrevocable."

[Emphasis Supplied]

63. Expounding the doctrine further, the Hon'ble Court clarified that it was not necessary to show that the party in question had suffered any detriment, it being sufficient that it had relied upon the promise and representation held out and altered its position relying upon such assurance.

...

Whatever be the nature of the function which the Government is discharging, the Government is subject to the rule of promissory estoppel and if the essential ingredients of this rule are satisfied, the Government can be compelled to carry out the promise made by it."

The petitioner further placed reliance upon *State of Punjab v. Nestle India Ltd. (2004) 6 SCC 465*, the Supreme Court held thus: "19. In fact, we must never forget that the doctrine of promissory estoppel is a doctrine whose foundation is that an unconscionable departure by one party from the subject matter of an assumption which may be of fact or law, present or future, and which has been adopted by the other party as the basis of some course of conduct, act, or omission, should not be allowed to pass muster. And the relief to be given in cases involving the doctrine of promissory estoppels contains a degree of flexibility which would ultimately render justice to the aggrieved party..."

- 9.34. That the delay is attributable to the Respondents which is validated by their own records. If injections extended over time, it was only because Respondents delayed

synchronization and LTOA approvals. This fact has been validated by the meeting and report of the Chief Engineer, Operations Circle, Hisar, and confirmed in the investigation report submitted by HVPNL and DHBVNL. These admissions, also acknowledged during hearing, clearly establish that the delay was at the Respondents' end. The Respondents cannot cause the problem and then penalize the Petitioner by citing vague regulatory clauses.

- 9.35. That Telemetry and daily reporting annexed show that telemetry was fully functional, and daily reports were automatically reaching SLDC and/or the connected substation. These contemporaneous records establish that the system operators had real-time visibility of injections.
- 9.36. That being a renewable "must-run" plant under Haryana Renewable Regulations, no scheduling was required given the low quantum. If grid instability had arisen, SLDC knew exactly where the injection was originating and could have acted. The absence of intervention confirms that grid stability was never compromised.
- 9.37. That the Petitioner had everything to lose and nothing to gain from continuing under infirm status. No payment has been released for over 15 months. Had CoD been declared on time, (i) tariff would have been determined, (ii) billing cycles would have been regularised, and (iii) valuable feedstock already procured would have been productively used instead of being destroyed due to Respondents' delays.
- 9.38. That in view of the above, the respondent's attempt to restrict payment to 'three months only' has no legal or factual foundation, the determinative factors are the injection, metering, and consumption- all of which stand admitted.
- 9.39. That as per the Central Electricity Regulatory Commission (Indian Electricity Grid Code) Regulations, 2023, and the First Amendment thereto in 2024, the concept of infirm power is recognised only for the purposes of testing and commissioning. The Respondents once again attempt to rely on general regulatory provisions intended for operational discipline to deny contractual payment.
- 9.40. That the IEGC 2023 and its 2024 amendment set out outer limits for infirm injection to guide scheduling discipline for large conventional generating stations and to safeguard grid stability. These provisions were never intended to extinguish the contractual right to payment where energy has already been injected, metered, and consumed. Petitioner's project is governed by the Haryana Renewable Regulations, under which renewable projects of this nature are treated as 'must-run' and are not subject to scheduling requirements. The attempt to import CERC's scheduling timelines into this context is misconceived.
- 9.41. That the operative document between the parties is the executed PPA. Article 6.10 expressly provides that infirm power prior to COD shall be paid at the applicable tariff.

This binding contractual promise cannot be diluted by citing unrelated scheduling provisions from the IEGC.

- 9.42. That the Petitioner was ready to declare COD but was prevented from doing so due to delays attributable to the Respondents in granting synchronization and LTOA approvals — delays which have been admitted by HVPNL and DHBVNL through their investigation report and by the Chief Engineer, Operations Circle, Hisar. Telemetry and JMR data show that the injections were fully transparent and always known to the system operator. Accordingly, the Respondents' reliance on the IEGC 2023/2024 is misplaced. Those provisions are intended to ensure grid discipline, not to authorise non-payment. For renewable must-run projects such as the Petitioner's, no scheduling is required, and energy already injected and consumed under an operative PPA cannot be denied compensation.
- 9.43. That the PPA expressly provides in Article 5.1 that while the Seller must install synchronization equipment at its cost, *"HPPC would ensure that the Evacuation system for generation is available before the synchronization date well in advance of the scheduled date of synchronization, subject to verification by the M&P authorities and Protection Wing."* The Petitioner complied with its obligations by installing synchronization equipment, maintaining telemetry and protection systems, and repeatedly notifying readiness. It was HPPC and its agencies that failed to ensure evacuation readiness and issue clearances as contractually mandated. The present infirm situation is therefore a direct consequence of HPPC's own breach of Article 5.1.
- 9.44. That the charging code was issued by HVPNL on 19.04.2024, after which the plant remained interconnected and was delivering energy absorbed by the grid. The distinction now being drawn between "charging" and "synchronization" is artificial, especially since Article 5.1 obligated HPPC to have the evacuation system in place well before synchronization.
- 9.45. That the reliance placed by the Respondents' on the judgements of *Cauvery* and *Kamachi* is misplaced, as those judgments arose from a completely different factual and legal setting.
- 9.46. That Hon'ble APTEL in *Cauvery Power Generation Pvt. Ltd. v. TNERC & TANGEDCO* (Appeal No. 267 of 2014, judgment dated 15.04.2015) and in *Karnachi Sponge & Power Corp. v. TANGEDCO* (Appeal No. 120 of 2016, judgment dated 08.05.2017) has held that no generator can claim payment for infirm power injected into the grid without the prior approval of SLDC or without the knowledge and consent of the distribution licensee. In both cases, the claim for payment of infirm power was rejected by APTEL on the ground that the generator had acted unilaterally, without consent, and had injected power at its own risk. Both cases involved captive generating plants

which had no concluded PPA or Contract Agreement with the discom and no intent to enter one. Their injections were voluntary spillover during captive testing. APTEL held that such unilateral, non-contractual injections could not bind the licensee.

Whereas in the present case, the petitioner is a renewable IPP established solely to supply power to HPPC under a binding PPA. Article 6.10 of the PPA mandates payment for infirm energy prior to COD. Unlike captive plants that could self-consume, the Petitioner had no alternative buyer and no merchant option — all power had to flow into HPPC's grid.

9.47. That Article 5.1 obligated HPPC to ensure evacuation readiness before the synchronization date. Despite repeated notices of readiness from the Petitioner, HPPC failed to perform this duty. This failure — admitted in the HVPNL/DHBVNL investigation report and by the Chief Engineer, Operations Circle, Hisar — is what prolonged the infirm period.

9.48. That unlike in *Cauvery* and *Kamachi*, here telemetry, JMR, and daily reports provided full visibility of injections to the system operator. The infirm energy was not hidden; it was transparently measured, reported, and appropriated.

9.49. That the Petitioner faced punitive PPA terms (BG encashment, termination) if COD was delayed. The Petitioner had everything to lose and nothing to gain from remaining in infirm status. Meanwhile, the infirm energy was consumed in the grid and counted for renewable compliance. The Respondents, having failed in their own obligations, cannot now rely on irrelevant captive precedents to escape liability.

10. **Rejoinder filed by the petitioner: -**

The petitioner has filed its rejoinder to the reply filed by HAREDA under affidavits dated 17.09.2025, submitting as under: -

10.1. That the respondent (HAREDA) has submitted that the issue with regard to tariff is inter-se between petitioner and Respondent No-1, which has to purchase the power generated from the proposed RE project of the petitioner. Whereas, the Haryana Renewable Energy Development Agency (HAREDA) is the State Nodal Agency for the promotion & development of Renewable Energy Projects in the Haryana and also the State Designated Agency for the implementation of Energy Conservation Act-2001. HAREDA has also been designated as the State Agency for granting accreditation to RE projects opting for Renewable Energy Certificate (REC) mechanism in the state of Haryana under the notification of the Haryana State Electricity Regulatory Commission (HERC) in accordance with the REC Regulations of Central Electricity Regulation Commission (CERC). Haryana Renewable Energy Development Agency (HAREDA) is propagating the objectives of non-conventional and renewable sources of energy policies in the State of Haryana, including promotion

of Biomass/Agro-waste based power projects. HAREDA has undertaken various programmes for the promotion and popularization of these sources. Comprehensive studies undertaken by HAREDA have led to the identification of various potential sources of energy.

- 10.2. That HAREDA, being the Nodal Agency, had floated the RFP for setting up of these plants. As recorded in the Respondent's reply, and in terms of the MoU executed between the Petitioner and Respondent No. 2, the Petitioner had furnished Performance Bank Guarantees to the tune prescribed under the RFP, which were to be returned upon the successful implementation of the projects. As per RFP/ MoU, and in line with established practice, the return of the Bank Guarantees is mandatory once commissioning has been achieved. It is an undisputed fact that HAREDA itself was a member of the Committee headed by the Additional Chief Secretary Power, Haryana, which, after due diligence, confirmed that the delay in commissioning of the plants was not attributable to the Petitioner. Further, even after COD, while Respondent No. 1 (HPPC) has duly released the Performance Bank Guarantees, the same have not been released by HAREDA despite multiple written requests. The continued withholding of the Bank Guarantees is causing significant difficulties with the lending banks and also results in loss of interest to the Petitioner.
- 10.3. That HAREDA may be directed to apprise this Hon'ble Commission on the status of the release of the Bank Guarantees during the scheduled hearing on 26.09.2025.
- 10.4. That HAREDA being the Nodal Agency, was apprised by the petitioner on regularly quarterly basis on the status of the project. HAREDA may share the steps taken with HPPC and other Government bodies to facilitate the early resolution of this inordinate delay.
11. During the hearing held on 26.09.2025, Ms. Sonia Madan, the learned counsel appearing for respondent no. 1, 3, 4 and 5, averred that the petitioner has filed its rejoinder on 10.09.2025 running into 8 volumes without any categorisation/summarisation/identification along with additional documents which ought to have been filed along with original petition. Accordingly, the petitioner was directed to file the tabular statement segregating and indexing all the documents forming part of their pleadings equipment/work wise and providing a breakdown of aggregate expenditure reflected in the invoices vis-à-vis claimed expenditure, as sought by the respondents. The respondents was allowed to file sur-rejoinder/response on the same.

12. In compliance of the interim order of the Commission dated 26.09.2025, the petitioner filed tabular statements in respect of all the documents forming part of their proceedings.
13. **Sur-rejoinder/response filed by the HPPC (R-1): -**
HPPC has filed its sur-rejoinder/response to the rejoinder filed by the petitioner, under affidavits dated 08.10.2025, submitting as under: -
SUBMISSIONS WITH RESPECT TO CAPITAL COST:
- 13.1. That the Petitioner, in its original petition, had relied upon the project capital cost envisaged in the Detailed Project Report for determination of tariff. It has been claimed that exactly the same cost, as was envisaged in DPR, had been incurred. It is imperative to highlight that the Respondent had raised specific contentions as regards the said cost being not substantiated, proved, and explained with reference to the instant project, thereby raising objections on the credibility of the claimed capital cost to be passed through the tariff. The Respondent in its reply dated 16.07.2025, had raised specific questions on the land cost, land development cost, details of hard and soft cost, details of 'preliminary and pre-operative expenses' etc. All these contentions have been evasively denied by the Petitioner with no specific response. In response, the Petitioner has vaguely stated that " *...It is submitted that the Petitioner is claiming correct and genuine capital costs incurred by the Petitioner herein for the subject project as Regulation 11 of the HERC RE Tariff Rules, 2021 and for due assistance of this Ld. Commission the Petitioner is also placing a 'capital cost calculation sheet' on record...*". It is well trite law that an evasive denial is legally and logically treated as a concession rather than a true denial. If denial of a fact is not specific but evasive, the said fact shall be taken to be admitted. As an example, it was the specific objection of the Respondent that the bifurcation of 'Preliminary and Pre-operative Expenses' is merely an extraction from the DPR and the sub-heads listed therein are vague and lack specificity. It was specifically pointed out that an amount of Rs.3 lakhs is attributed to "Studies and Surveys" and Rs. 20 lakhs to "Technical Knowhow Fees", without disclosing the nature, scope, or details of the studies conducted or surveys undertaken and the purported 'Pre-operative Expenses' cannot be granted without actual proof thereof. There is no specific response to such contentions with respect to the explanation of land actually utilized for the generation of electricity, the inclusion and categorization of hard and soft capital costs, and proof of actual expenditure. Needless to state that an evasive response calls for an adverse inference to be drawn against the Petitioner.

- 13.2. That the Petitioner has only placed on record a bunch of invoices in support of the claim for the capital cost of Rs. 76.82 crores. It is well-settled law that mere invoices are an insufficient proof of actual capital expenditure for tariff determination. Both the Appellate Tribunal for Electricity (APTEL) and regulatory commissions have consistently held that invoices must be supported by a trail of additional evidence to be considered credible proof of capital expenditure. This includes:
- a) Work orders and contracts with vendors;
 - b) Audited financial statements and relevant ledgers;
 - c) Bank statements showing the actual payments made;
 - d) Documents showing the physical delivery and utilization of goods;
 - e) Detailed justification for the necessity of the expenditure.

In various appeal judgments, Hon'ble APTEL has supported the regulatory Commissions' disallowance of costs when the claimant failed to provide proof of actual payment, despite submitting invoices or other documents showing a liability. All of the foregoing documents have not been placed on record by the Petitioner in the instant case, which is unfair, unreasonable, and calls for taking an adverse inference against them.

- 13.3. That it is not just unbelievable but amusing to see that a generator had expended exactly the same amount as was envisaged in the DPR submitted by them, and more interestingly, the Petitioner has claimed absolutely same cost for both projects of Jind Bio and Fatehabad Energy pending adjudication before the Hon'ble Commission, which would convince any reasonable person who understands the business of generation of electricity that the figures claimed are not as per actuals. This is unlikely that two plants located at two different places will have absolutely same cost.
- 13.4. That it is further pertinent to point out that the aggregate of the invoices from a particular vendor for a particular equipment vary significantly for both projects of Jind Bio and Fatehabad Energy. For instance, the total value for the ACC paid to C. Doctor India Pvt. Ltd. is Rs. 13,30,83,537/- for Fatehabad Energy Plant and Rs. 9,17,50,675/- for Jind Bio Energy Plant. Similarly, the cost of boiler and turbine is different for both plants i.e. Rs. 16,76,16,494/- and Rs. 14,65,47,162/- respectively for Fatehabad Energy and Rs. 21,14,41,726/- and 13,62,94,867/- respectively for Jind Bio Energy Plant. In that view, it is not understood as to how the aggregate plant and equipment cost and capital cost can match exactly for two different projects. Further, the Petitioner has placed on record incomplete invoices, where only one page out of allegedly two-page invoice has been placed on record such as invoice placed on pages A141 and A143. Evidently, the details provided are a sham and based on false and fabricated documents.

- 13.5. That all the invoices placed for the land development and civil construction works, bear the same font and format. A true copy has been placed on record without placing on record the original invoices. In absence of original invoices, an alleged true copy of the same has no credibility being unverified. Such invoices cannot be considered as cogent evidence in support of the claimed expenditure of Rs. 12,39,89,157.72.
- 13.6. That the foregoing speaks volume of obvious reasons as to why the audited balance sheets, bank statements, and ledger accounts, which are a critical piece of evidence, have not been placed on record by the Petitioner. It is incumbent upon the generator to place on record all relevant documents substantiating the claimed expenditure for the purpose of tariff determination so as to ensure that the tariff is determined considering the interest of all stakeholders including larger public interest. The Respondent, however, in right earnest, extracted the audited balance sheets of the Petitioner from the Registrar of Companies. Although the Petitioner has not uploaded the complete financial statements with the ROC, inasmuch as the Balance sheet for the FY 2023-24 has not been uploaded, which is a serious default. However, the Respondent could get the Balance Sheet for the FY 2022-23, which is being appended herewith.
- 13.7. That the Balance Sheet of the Petitioner company, for the FY 2022-23, on the face of it, exposes the exaggeration in the claim of the Petitioner. As per the said Balance sheet, the audited figure for the total capital cost expended on the project uptill 31st March, 2023 has been mentioned as Rs. 68.57 crores as against the claimed expenditure of Rs. 76.82 crores. Note 7 of the balance sheet provides the breakup of the total expended cost. Further, it has been categorically mentioned, in the 'Notes forming part of the Financial Statements' as under –
- “During the year, the LLP capitalized Rs. 68,57,56,663 of Property, Plant and equipment. Primarily related to construction of its renewable power plant with capacity of 9.9MW located near DHBVN 220KV Substation, Village Dullat, Fatehabad, Haryana, 125111. The Fatehabad Bio Energy LLP has started its power generation in the January Month. The capitalization policy for major repairs and improvements was consistently applied throughout the year.” (Emphasis Supplied)*
- 13.8. That in the audited balance sheet for the FY 2022-23, there is a recorded entry for the revenue earned by the Petitioner from power generation for an amount of Rs. 3.52 crores. It has also been mentioned that the Petitioner started its power generation w.e.f. January, 2023. It has not been disclosed as to whom the generated power was sold in January, 2023. However, the revenue earned by the Petitioner ought to be offset against the claims made. The malafides of the Petitioner are evident from the withholding of material evidence and non-disclosure of the vital information.

- 13.9. That the Regulatory bodies like Electricity Regulatory Commissions are tasked with ensuring that tariffs are fair to both generating companies and consumers. This is done through a "prudence check," which scrutinizes the costs submitted by the generator to ensure that costs are legitimate and reasonable before including them in the tariff base. This prudence check calls for examination of the actual expenditure incurred, which can only be substantiated with the actual proof of payment. In view thereof, the Balance sheet for the Petitioner Company for the FY 2022-2023, which certifies that the Plant was completed and started operation in the said financial year, provides that the capital cost on the Plant is Rs. 68.57 crores. As such, the claim of the Petitioner cannot stand the scrutiny of the prudence check. The Petitioner has suppressed material facts and is guilty of misrepresentation and raising false claims, which shall be viewed seriously to avoid generators from filing petitions that abuse the process of law.

SUBMISSIONS W.R.T. DEBT TO EQUITY RATIO, LOANS AND INTEREST DURING CONSTRUCTION (IDC):

- 13.10. That as per the audited balance sheet for the FY 2022-23, the total long term and short-term borrowings amount to Rs. 54.84 crores as against the total capital cost of Rs. 68.57 crores, which is nearly 86% of the project cost. The Petitioner was mandated to maintain a debt-to-equity ratio of 70:30 as per RfP floated by HAREDA, however, the audited balance sheet evinces that the said ratio has not been maintained. The financing of the substantial project cost through the loan ought to be considered by this Hon'ble Commission, as allowance of return on equity on 30% of the project cost in the event the actual equity deployed is lesser than 30%, would lead to unjust enrichment of the Petitioner at the cost of the consumers of the State.
- 13.11. That while the actual interest rate on long-term borrowings is not mentioned in the Financial Statement, the interest rate for the term loan of Rs. 35 crores have been specified as 1.5%+3M London Inter-Bank offered rate, which nearly comes to Rs. 6 to 7% per annum. Further, interest rate for term loan of Rs. 7.30 crores has been specified as 7.40% per annum and short-term borrowings has been specified as 9.35%. It is also a matter of record that the Petitioner is a seasoned generator already having an operational power plant in the State of Haryana i.e. Shri Jyoti Power Plant. Considering the hypothecation and the guarantees tendered for the loan, the claim of the Petitioner for the interest @12.10% is inflated. The average of the actual loan interest rate subject to the ceiling of the normative rate ought to be considered for the purpose of tariff determination. Allowing a generator more than the normative parameters specified in the RE Regulations would thus, tantamount to promoting an inefficient generator.

13.12. SUBMISSIONS W.R.T. O&M EXPENSES:

- 13.13. That no invoices for the actual O&M cost for past two years have been placed on the record by the Petitioner. The actual O&M expenses in the balance sheet for the FY 2022-23 are significantly lesser. However, since the Petitioner has withheld material evidence in their possession regarding the actual O&M cost, the claim for an escalation of 5.73% instead of the 2.93% holds no ground and is liable to be rejected straight away. In view thereof, the claim of the Petitioner for grant of O&M escalation beyond the normative parameters is devoid of any merit and liable to be rejected.

SUBMISSIONS W.R.T. PLANT LOAD FACTOR (PLF):

- 13.14. That as is evident from the audited Balance Sheet of the Petitioner for FY 2022-23, the plant had started operation w.e.f. January, 2023. Needless to state that no intimation as regards the generation of power w.e.f. January, 2023 was ever made to the Respondent purchaser, which in itself is a violation of the PPA. Without prejudice to the contention of the Respondent that the tariff determination shall be w.e.f. the year of actual operation irrespective of the commercial operation date, it is submitted that in view of the fact that the plant started its operation in January, 2023, there is no question of considering a reduced PLF of 65%, if the tariff is determined w.e.f. commercial operation date i.e. FY 2025-26 onwards. In the peculiar facts and circumstances of the instant case, the plant has obviously stabilized prior to the formal declaration of the COD and therefore, grant of reduced PLF for the FY 2024-25 or FY 2025-26 would be unjust and unreasonable. The normative parameters prescribed under the said Regulations are mandatorily applicable, and the PLF cannot be considered at a level lower than 80% for tariff determination purposes. Reliance is also placed upon the order of the Hon'ble Commission dated 13.04.2023 in Petition No. 21 of 2022, whereby in case of 100% Paddy Straw Plant of Hind Samachar conceived under same RfP, the Hon'ble Commission while considering the actual PLF of the generator being more than 80% held that the PLF shall be pegged at 80% during each year of the useful life of the project on a reasonable expectation that the choice of technology involves 'reliable technology' and 'longer life' at a sustained generation of over 80% on an annual basis.

SUBMISSIONS W.R.T. STATION HEAT RATE (SHR):

- 13.15. That the Respondent had raised specific contentions as regards the Station Heat Rate in its reply to original petition. The Petitioner has failed to effectively rebut such contentions with cogent evidence on record, except for a vague statement that due to high moisture content of the paddy straw, the actual SHR is always higher than the design SHR. On the asking of the Respondent, the Petitioner has placed on record copy of technical offer with respect to boiler and turbine. At the very outset, it is brought

to the kind attention of the Hon'ble Commission that a perusal of the OEM offers evince that the Petitioner has deviated from the parameter specified in the DPR and has failed to installed boiler and turbine confirming to specific standards as was submitted in the DPR. It is incumbent upon the generator to ensure that the quality of the equipment matches the approved DPR. In the instant case, the Petitioner has not only changed the technology of the boiler but have also installed inferior quality of the same, which has boiler efficiency of 70% as against the approved parameter of 80% efficiency. Similarly, the turbine Heat Rate had been specified in the DPR as 2600 Kcal/kwh, whereas the actual turbine installed specifies guaranteed rate of 3152 Kcal/kwh. While the claim for cost in the present petition is equivalent to the cost specified in the DPR, the boiler and turbine actually installed has inferior parameters. Nothing more is required to expose the hollowness in the claims of the Petitioner.

13.16. That the Petitioner has therefore, acted in violation of the approval granted to them, for which the Respondent reserves the right to challenge the same in accordance with law. However, the Petitioner cannot substantiate its claim on the basis of the default made by them in procurement of boiler and turbine. The DPR submitted by the Petitioner specifies Turbine Heat Rate as 2645 kCal/kWh (Appendix 2 of DPR) and Boiler efficiency as 80% (Internal Page 40 & 131 of DPR), which has to be considered for the purpose of computation of SHR. Thus, SHR as per DPR comes to 3306 kCal/kWh. It is also relevant to refer to Clause 12.9 of the RfP, which mandates the Petitioner to indicate in advance the details of the technology, purposed capacity, pressure, capacity, type of boiler and turbine and make of equipment.

13.17. That the Petitioner cannot be permitted to encash upon its own default of not complying with the approved parameters under the DPR and deviating from the same without prior permission of HAREDA and the Respondent. In view thereof, the SHR shall be restricted to 3306 kCal/kWh for the determination of tariff.

SUBMISSIONS W.R.T. GROSS CALORIFIC VALUE (GCV):

13.18. That there is lack of evidence as regards the actual GCV. The Respondent had referred to various orders with regard to the GCV of the paddy straw, which have been rebutted with vague and unsubstantiated statements by the Petitioner. Admittedly, with regard to 100% Paddy Straw Plant of Hind Samachar, the Hon'ble Commission, in the order dated 13.04.2023 in Petition No. 21 of 2022, pegged the GCV at 3100 kCAL / Kg as per HERC RE Regulations, 2021. It is the responsibility of Generators to devise and maintain an efficient Fuel handling System. The GCV of the fuel depends on the effective storage of the fuel. In view of the foregoing submissions, the GCV for the Plant of the Petitioner shall not be considered less than 3100 kcal/kg.

SUBMISSIONS W.R.T. FUEL COST:

- 13.19. That despite specific objection of the Respondent as regards not placing on record the actual fuel invoices, the Petitioner has failed to effectively rebut the said objection with actual invoices and corresponding bank statements, which apparently are in the possession of the Petitioner. In fact, the Petitioner has not even filed audited financial statements for the FY 2024-25, which may have substantiated the actual fuel cost incurred by them. Interestingly in the balance sheet for FY 2023-24 there is nil expenditure against the purchases. In that view, the claim of the Petitioner not only remains unsubstantiated but they are also guilty of withholding material evidence. Since the Petitioner has failed to place on record the actual invoices, an adverse inference is liable to be drawn against the Petitioner for failure to substantiate their claim.

SUBMISSION ON SUBSIDY -

- 13.20. That the Respondent, in their reply, had specifically pointed out that the Petitioner Plant is entitled to sanctioned subsidy of Rs. 20 lacs payable on successful commissioning of the project. The Petitioner shall file an affidavit stating as to whether the said subsidy was applied for and the reasons for not availing it. However, the Petitioner has failed to file the said affidavit or even explain as to why the subsidy was not applied for. The Petitioner has referred to the selective extract of the regulations to state that the subsidy amount ought not to be considered for offsetting against the claimed parameters. The reliance of the Petitioner is contextually incorrect in the present case, as the regulations does not absolve the generator to not explain as to why the subsidy has not been claimed despite specific sanction. In that view, the amount of the sanctioned subsidy of Rs. 20 lakhs shall be adjusted against the Capital Cost for determination of tariff.

SUBMISSIONS WITH RESPECT TO THE CEILING TARIFF:

- 13.21. That as stated in the earlier submissions, the question of application of ceiling tariff is no longer *res-integra* in the present case. While duly considering the pendency of Appeal No. 348 of 2019 and Appeal No. 95 of 2022, the Hon'ble Commission, vide orders both dated 13.04.2023, in the cases of tariff determination of Plant of Hind Samachar and Sukhbir Agro, has applied the ceiling tariff after factoring in the offered discount against the discount offset from the year-to-year tariff. The same methodology ought to be applied to the instant case. Thus, the tariff determination in the instant case has to be subject to the ceiling tariff in terms of the PPA subsisting between the parties.

SUBMISSIONS ON EXEMPTION WITH RESPECT TO ACCOUNTING OF CONTRACTED POWER ON 15 MINUTES SLOT BASIS:

- 13.22. That the Petitioner has raised an issue with respect to 15 Minutes block wise scheduling and corresponding load adherence and has prayed that the PLF ought to be computed on annual basis with no 15 Minutes block. In that view a specific prayer has been made to the effect *“hold that all power generated and injected into the grid, up to the normative annual capacity of 86,724 MWh (i.e., 9.9 MW x 8,760 hours), shall be deemed as much-run power, and accordingly”*. The foregoing prayer of the Petitioner is highly unjustified and unreasonable. As has been mentioned in the performance data of turbine appended on record by the Petitioner with the Rejoinder, it has been noticed that although the contracted capacity in the instant case is limited to 9.9 MW, however the Petitioner has installed 11.8 MW. In that view, the rated output capacity of the plant is higher than the contracted capacity unlike other paddy straw generators in the State. Meaning thereby, if the 15 Minutes block accounting is not mandated for the Petitioner, it would tantamount to permitting the Petitioner to inject full rated capacity of 11.8 MW at the determined tariff. This is not only against the express terms of the PPA but also an unjust enrichment of the Petitioner, which is impermissible under law. It is therefore, submitted that no concession, as has been sought by the Petitioner can be granted for their ulterior benefit at the cost of the larger consumers of the state.

SUBMISSIONS WITH RESPECT TO THE PAYMENT FOR POWER INJECTED INTO GRID BEFORE COD:

- 13.23. That the Petitioner has claimed cost of export units corresponding to 4,23,62,163 kWh injected into the grid by the Petitioner before 26.04.2025 at the tariff to be determined by the Hon'ble Commission. It cannot be disputed that the power was injected by the Petitioner. HVPNL, in its investigation report submitted on 04.07.2025 has present chronology of all relevant dates, including the date of commissioning of bay and date of charging of transmission line. The issue, however, is whether, in such facts and circumstances, the Petitioner was right in continue to inject the power into the grid without prior intimation and approval and without taking the synchronization code as per the applicable regulations. The Petitioner continued to inject power on the charging code, which was provided for a limited purpose of testing, for which intimation at all was given to the Purchaser. If this conduct of the Petitioner is overlooked, it would give leeway to all generators to disregard the terms of the PPA.
- 13.24. That the injection of export units corresponding to 4,23,62,163 kWh injected into the grid power cannot be termed as 'Infirm Power'. The 'infirm power' has a definite meaning and objective under the regulatory framework. The infirm power is termed 'infirm' because the very nature of such power has unpredictability attached to it as it is the power injected during testing before COD, which may or may not be successful.

A continuous injection for over one year is by no mean an 'infirm power'. It is also worthwhile to again highlight email of the HVPNL dated 19.04.2024, wherein it was specifically mentioned by the HVPNL charging code is being issued for Energy line only and a separate code has to be sought for the synchronization of the Plant. In view of the said email, the Petitioner was not authorized to inject power into the grid and any injection thereof has to be considered at the peril of the Petitioner, for which no claim can be fastened to the consumers of the State. Moreover, the HPPC was never intimated of such injection any time prior to intimation regarding COD.

- 13.25. That the Petitioner cannot be permitted to violate the terms of the PPA by not even informing the purchaser the factum of continuous injection power for nearly a year prior to COD and then claim the same as 'infirm power', only because the terms of the PPA in the instant case, unlike many other PPAs, provide for payment at full tariff instead of reduced tariff.
- 13.26. That the Respondent had referred to all relevant regulations and in its reply to the petition, which are not being reiterated here for the sake of brevity. Suffice to state that that injection of the infirm power into the grid was with the sole purpose of taking the benefit of Article 6.10 of the PPA, as per which – "6.10. Generation and injection of infirm power by the Seller prior to the Commercial Operation Date (CoD) shall be paid @applicable tariff."
- 13.27. That in the Rejoinder filed by the Petitioner, it has been contended the Respondent has counted the benefit of the injected energy towards RPO and therefore, the HPPC is obligated to make payment for the same. Reliance on this aspect is also placed upon the judgment passed by eth Hon'ble APTEL in M/s Interocean Shipping Company v MSEDCL (Appeal No. 250 of 2022). At the very outset, it is submitted that the challenge to the said judgment is pending adjudication before the Hon'ble Supreme Court and there has been a conditional stay of the directions given in the judgment vide the order dated 06.08.2024. As a matter of propriety, this ought to have been disclosed by the Petitioner themselves.

Even otherwise, the said judgment is predicated on distinct reasoning which is not applicable to the instant case. The factual conspectus of the referred judgment is such that M/s Interocean Shipping Company commissioned the windmill with a capacity of 0.85 MW on 31.03.2015 and had been supplying power to the grid since the date of commissioning till 02.06.2020 when the wind turbine was disconnected by MSEDCL. On failure to get the PPA/EPA executed through M/s Gamesa, M/s Interocean Shipping Company terminated the contract with M/s Gamesa and invoked arbitration inter-alia claiming the amount towards the power injected by them into the grid. MSERC denied the claims on the ground that it has been compensated for its capital

expenditure investment in the project to the tune of Rs.5,62,98,063/- by the arbitral tribunal vide award dated 12.07.2021 and therefore, granting additional compensation to it for the energy injected from its wind turbine generator would lead to its unjust enrichment. The Hon'ble APTEL allowed the compensatory on the pretext that MSEDCL was utilising the power injected, showed it in its account as part of the fulfilment of renewable power purchase obligations and issued credit notes in the name of the M/s Interocean Shipping Company. On this ground, the Hon'ble APTEL held that there was a deemed contract for the payment of such power. In the instant case, however, the Respondent purchaser did not even have the intimation as regards the injection of power under the PPA. The intimation to HVPNL or the knowledge of the HVPNL regarding such injection is not an intimation in terms of the PPA. HVPNL, undertakes operation in a limited sphere of maintaining grid operation and is not a party to the PPA. Admittedly, the Respondent HPPC, did not accounted for the injected power towards its RPO until the Hon'ble Commission directed for payment of the same and it was only after the payment was made in terms of the interim order of the Hon'ble Commission, the said power was accounted for in the revised RPO compliance data filed by the HPPC to this Hon'ble Commission vide the letter dated 19.06.2025. It was further made clear in the submissions made by the Respondent dated 19.08.2025 that the said RPO compliance was temporary in nature and subject to final order to be passed by this Hon'ble Commission on the instant issue. Thus, the reliance of the Petitioner on the above referred judgment is misplaced in the instant case.

- 13.28. That the Petitioner in their rejoinder, has contended that the injections were fully transparent and always known to the system operator. It is not denied that no intimation in terms of the PPA was ever sent to the purchaser before injection of the power after the completion of testing. The 'system operator' is not privy to the PPA and their jurisdiction is limited to ensuring the maintenance of the grid operations. The fulfilment of the terms of the PPA have to be seen by the Respondent. The Petitioner cannot discharge their onus by relying on the telemetry and JMR data, which was never communicated about to the HPPC. It has also been wrongly contended that the distinction drawn between 'charging' and 'synchronization' is artificial. The email of the HVPNL categorically states that the synchronization code shall be applied separately. The terms of the PPA provides specific condition for synchronization. Such terms cannot be made rendered redundant by alleging delay in the installation of evacuation system. The Petitioner has already been granted extension of SCOD and there is no question of levy of any damages under the PPA. The delay cannot be construed to alter the specific meaning assigned to expression 'infirm power'. In that

view, without prejudice to the foregoing submissions, it is stated that if at all the injected power has to be compensated, the same shall be considered by altering the date of the COD and computing the tariff w.e.f. the said date after exclusion of power injected for first three months, which may be considered as infirm power as per the regulatory framework.

14. Petitioner's written note of arguments:

The Commission, pursuant to the hearing held on 09.10.2025, had allowed the petitioner to file its written note of arguments. Accordingly, the petitioner has filed the same, under affidavit dated 14.10.2025, submitting as under:-

A. HPPC Paras 1–3 : Intro / Preliminary Submissions

HPPC Content (Summary)

“The present submissions are being filed in view of the afresh submissions / documents placed on record by the Petitioner in the Surrejoinder filed on 08.10.2025 and final arguments dated 09.10.2025. All allegations made by the Petitioner are denied in totality ... Nothing submitted herein shall be deemed to be admitted unless specifically admitted thereto.”

Our Counter – Sur-Rejoinder Reply

General Denial and Scope: Paras 1 to 3 of HPPC's Sur-Rejoinder are purely introductory and contain no para-wise reply to the Petitioner's Rejoinder dated 10 September 2025. These statements are denied in toto except to the extent specifically dealt with hereinafter.

Procedural Limitation: The Sur-Rejoinder seeks to re-open issues that have already been heard and concluded before the Hon'ble Commission. No fresh facts or evidence have been brought on record; hence these averments lie outside the scope of post-hearing written submissions and deserve to be ignored.

Issues Already Crystallised: The Hon'ble Commission, in its Interim Order dated 10 June 2025 (para 56), identified only two live issues for adjudication — (i) tariff determination and (ii) payment for infirm power. HPPC's repetition of general allegations beyond these issues is irrelevant and non-germane.

Non-Specific Denials Carry No Evidentiary Value: A blanket statement denying “all allegations in totality” cannot substitute a para-wise response. HPPC has not replied to the Petitioner's specific rejoinder paragraphs; its silence implies acceptance of facts already on record.

Conclusion: The introductory paragraphs are general denials without substance or evidence and require no adjudication. They may be disregarded and the discussion confined to the two live issues — capital cost and infirm power — addressed below.

HPPC Para 4 – Submissions with Respect to Capital Cost

HPPC Verbatim

“The Petitioner, in its original petition, had relied upon the project capital cost envisaged in the Detailed Project Report for determination of tariff. It has been claimed that the same cost, as was envisaged in DPR, had been incurred. It is imperative to highlight that the Respondent had raised specific contentions as regards the said cost being not substantiated, proved, and explained with reference to the instant project, thereby raising objections on the credibility of the claimed capital cost to be passed through the tariff. In Para 21 of the reply of the Respondent dated 16.07.2025, specific questions were raised on the land cost, land development cost, details of hard and soft cost, details of ‘preliminary and pre-operative expenses’ etc. All these contentions have been evasively denied by the Petitioner with no specific response. In response to Para 21 of the reply of the Respondent, the Petitioner has vaguely stated that ‘... It is submitted that the Petitioner is claiming correct and genuine capital costs incurred by the Petitioner herein for the subject project as Regulation 11 of the HERC RE Tariff Rules, 2021 and for due assistance of this Ld. Commission the Petitioner is also placing a “capital cost calculation sheet” on record...’. It is well trite law that an evasive denial is legally and logically treated as a concession rather than a true denial. If denial of a fact is not specific but evasive, the said fact shall be taken to be admitted. As an example, it was the specific objection of the Respondent that the bifurcation of ‘Preliminary and Pre-operative Expenses’ given under Table C at page 43 of the Petition is merely an extraction from the DPR and the sub-heads listed therein are vague and lack specificity. It was specifically pointed out that an amount of Rs. 3 lakhs is attributed to “Studies and Surveys” and Rs. 20 lakhs to “Technical Know-how Fees”, without disclosing the nature, scope, or details of the studies conducted or surveys undertaken and the purported ‘Pre-operative Expenses’ cannot be granted without actual proof thereof. There is no specific response to such contentions with respect to the explanation of land actually utilized for the generation of electricity, the inclusion and categorisation of hard and soft capital costs, and proof of actual expenditure. Needless to state that an evasive response calls for an adverse inference to be drawn against the Petitioner.”

Our Counter – Sur-Rejoinder Reply (to Para 4)

Repetition of Settled Issues: This paragraph merely repeats HPPC's earlier objections already addressed by the Petitioner in its previous pleadings. No new fact or evidence has been introduced, and the assertion of "non-substantiation" is factually incorrect. The paragraph is repetitive and may be disregarded.

Specific Denials Already on Record: Each element of the capital-cost structure — land, development, hard and soft costs, and pre-operative expenses — has already been specifically detailed in the Petition and Rejoinder. The allegation of "evasive denial" is therefore incorrect and contrary to record.

No Ground for Adverse Inference: The principle that an "evasive denial" amounts to admission has no application in these regulatory proceedings. Where specific replies are on record, no adverse inference can arise.

Conclusion: HPPC Para 4 lacks merit on both fact and law. The Petitioner's position stands clarified and requires no further response. The objection is liable to be rejected in toto.

HPPC Para 5 – Capital Cost

HPPC Verbatim

"The Petitioner has placed on record Annexure PR-1 as the only response to the contentions of the Respondent with respect to the claim being unsubstantiated. As part of Annexure PR-1, Petitioner has only placed on record a bunch of invoices in support of the claim for the capital cost of Rs. 76.82 crores. It is well-settled law that mere invoices are an insufficient proof of actual capital expenditure for tariff determination. Both the Appellate Tribunal for Electricity (APTEL) and regulatory commissions have consistently held that invoices must be supported by a trail of additional evidence to be considered credible proof of capital expenditure. This includes:

Work orders and contracts with vendors;

Audited financial statements and relevant ledgers;

Bank statements showing the actual payments made;

Documents showing the physical delivery and utilization of goods;

Detailed justification for the necessity of the expenditure.

In various appeal judgments, Hon'ble APTEL has supported the regulatory commissions' disallowance of costs when the claimant failed to provide proof of actual payment, despite submitting invoices or other documents showing a liability. All of the foregoing documents have not been placed on record by the Petitioner in the instant case, which is unfair, unreasonable, and calls for taking an adverse inference against them.

Our Counter – Sur-Rejoinder Reply (to Para 5)

Incorrect and Repetitive Allegation: The statement merely repeats HPPC's prior objections already dealt with in earlier pleadings. The allegation that no documentary proof has been furnished is factually incorrect and contrary to the record of filings made before the Hon'ble Commission.

Procedural Impropriety: The Respondent's suggestion that normative benchmarks be applied at this stage is misplaced and beyond the scope of the present proceedings, which relate to project-specific tariff determination.

Clarification: All details relied upon by the Petitioner have already been placed before the Hon'ble Commission in the Petition and subsequent filings. Nothing further remains to be clarified in this regard.

Conclusion: The objections in HPPC Para 5 are therefore repetitive, unsupported, and devoid of merit and may kindly be rejected.

HPPC Para 6 – Capital Cost

HPPC Verbatim

"It is not just unbelievable but amusing to see that the generator had expended exactly the same amount as was envisaged in the DPR submitted by them, and more interestingly, the Petitioner has claimed absolutely same cost for both projects of Jind Bio and Fatehabad Energy pending adjudication before the Hon'ble Commission, which would convince any reasonable person who understands the business of generation of electricity that the figures claimed are not as per actuals. It is unlikely that two plants located at two different places will have absolutely same cost."

Our Counter – Sur-Rejoinder Reply (to Para 6)

Misleading and Unfounded Statement: The Respondent's remarks are speculative and intended to create prejudice rather than assist the Hon'ble Commission in factual determination. The similarity in indicative project costs arises from common equipment vendors and identical technical configurations under the same scheme, not from any impropriety.

Project Configuration Context: Both Jind and Fatehabad plants were implemented under identical procurement timelines, design parameters, and vendor selections approved through competitive processes. Hence, similarity in major cost heads is natural and justified.

Absence of Any Evidence: HPPC has not provided a single factual or documentary basis for its insinuations. Mere conjecture about cost parity cannot substitute evidence in a regulatory proceeding.

Conclusion: The insinuations in HPPC Para 6 are baseless, irrelevant, and beyond the scope of tariff determination. They are denied in toto and may be disregarded.

HPPC Para 7 – Capital Cost – Comparison of Vendor Invoices between Jind Bio and Fatehabad Projects

HPPC Verbatim

“It is further pertinent to point out that the aggregate of the invoices from a particular vendor for a particular equipment vary significantly for both projects of Jind Bio and Fatehabad Energy. For instance, the total value for the ACC paid to C. Doctor India Pvt. Ltd. is ₹ 13,30,83,537/- for Fatehabad Energy Plant and ₹ 9,17,50,675/- for Jind Bio Energy Plant. Similarly, the cost of boiler and turbine is different for both plants i.e., ₹ 16,76,16,494/- and ₹ 14,65,47,162/- respectively for Fatehabad Energy and ₹ 21,14,41,726/- and ₹ 13,62,94,867/- respectively for Jind Bio Energy Plant. In that view, it is not understood as to how the aggregate plant and equipment cost and capital cost can match exactly for two different projects. Further, the Petitioner has placed on record incomplete invoices, where only one page out of allegedly two-page invoice has been placed on record such as invoice placed on pages A141 and A143. The details provided are a sham and based on false and fabricated documents.”

Our Counter – Sur-Rejoinder Reply

It is respectfully submitted that the above inference is misconceived and based on a superficial comparison of figures without considering the distinct contractual scope executed at each site.

While the core equipment—boiler, turbine, and ACC are of identical make and model, the scope of supply and responsibilities differed between the two projects.

In the Fatehabad Energy project, certain vendors, including *C. Doctor India Pvt. Ltd.*, were entrusted with additional works such as erection, commissioning, insulation, and site integration within their contractual scope.

In contrast, in the Jind Bio Energy project, many of these activities were undertaken directly by the Petitioner or other local contractors under separate work orders. This natural variation in scope, coupled with site-specific civil foundations and auxiliary interfaces, explains the difference in invoice totals and overall package cost.

Furthermore, the invoices referred to at pages A141 and A143 are two independent invoices of identical amount but bearing distinct invoice numbers, and hence not incomplete or fabricated.

Accordingly, the Respondent's comparison between two projects having different scopes, timelines, and execution responsibilities is misplaced, and no adverse inference is warranted.

Serial No. 8 – Verification of Invoice Details (Land Development and Civil Construction Works)

HPPC Verbatim (Summary)

“Also, the invoices placed for the land development and civil construction works all bear the same font and format. A true copy has been placed on record without placing on record the original invoices, and therefore the authenticity and genuineness of the claimed expenditure cannot be relied upon.”

Our Counter – Sur-Rejoinder Reply (to Serial No. 8) –

It is respectfully submitted that the invoices pertaining to land-development and civil-construction works have been issued by small and petty civil contractors engaged for different portions of the project. Because these were not large corporate vendors but small local contractors, handholding and administrative guidance had to be provided to them for documentation and billing.

Since the nature of work executed—such as site levelling, internal roads, boundary walls, plinths, foundations, drains, and allied civil works—was repetitive and of similar character, the invoices naturally appear in the same format and font.

During the relevant period, coinciding with and immediately following the COVID-19 lockdown phase, all such contractors were required to use the common computer and printing facilities established at the project site for preparing and submitting their bills. These shared systems were set up precisely to help non-tech-savvy vendors and ensure uniform record-keeping during restricted-movement conditions. Consequently, the invoices display a common formatting and font style due to centralized support—not because of any falsification.

All such invoices are genuine, duly supported by work-completion reports, measurement sheets, and payment proofs maintained at site. The compilation in a uniform layout was an administrative measure for clarity and consistency. The observation that these are “fabricated” or “non-credible” merely because of similar formatting is misconceived and unsupported by any evidence.

These invoices were originally filed with the Reply to the Rejoinder, forming part of the record before the Hon’ble Commission. The Respondent’s allegation—made without examining the site records or verifying with the contractors concerned—is a diversionary tactic aimed at creating doubt despite full transparency.

Such unverified assertions, made without reviewing the complete documentation, are irresponsible, misleading, and contrary to the standards of fair regulatory adjudication. Accordingly, the averments in Serial No. 8 are denied in toto as false and baseless. The land-development and civil-works costs stand fully supported and verifiable.

Summary of land development and building, forming part of the affidavit dated 08.09.2025, in support of claim of cost of building amounting to Rs. 12.39 crore, is as under:-

S.No.	Description	Amount	Volume No.	Page No.
A	Land Development			
1	Jai Bhagwan Construction	2,915,250.00	V3	A195
2	Jai Bhagwan Construction	787,200.00	V3	A196
3	Jai Bhagwan Construction	720,000.00	V3	A197
4	Surya Construction Company	2,880,500.00	V3	A199
5	Jai Bhagwan Construction	1,377,350.00	V3	A198
6	Prem Singh Contractor	1,667,812.50	V3	A200
7	Prem Singh Contractor	1,229,145.00	V3	A218
8	Prem Singh Contractor	1,298,000.00	V3	A219
9	Kaluwala Construction Company	1,221,159.96	V3	A220
10	Kaluwala Construction Company	2,308,021.05	V3	A221
11	Kaluwala Construction Company	570,105.00	V3	A222
12	Kaluwala Construction Company	11,099,550.10	V3	A223
B	Building & Others			
1	Surya Construction Company	585,719.08	V4	A276
2	Dhan Singh Malik	1,125,870.12	V4	A277
3	Khatkar Construction Company	4,523,030.29	V3	A229
4	Prem Singh Contractor	1,507,418.76	V4	A278
5	Prem Singh Contractor	3,010,008.38	V4	A280
6	Payal Construction Company	4,798,780.49	V3	A230
7	Payal Construction Company	9,073,526.85	V3	A270
8	Surya Construction Company	3,800,111.48	V3	A236
9	URJA DISHA BOILER TECHNOLOGIES LLP	3,109,000.00	V4	A281
10	Jai Bhagwan Construction	2,338,015.24	V4	A271
11	Khatkar Builders	12,909,836.80	V3	A231
12	Jai Bhagwan Construction	3,029,526.38	V4	A272
13	Jai Bhagwan Construction	1,259,056.44	V4	A273
14	Jai Bhagwan Construction	1,688,004.69	V4	A274
15	Prem Singh Contractor	2,661,680.50	V3	A237
16	Khairwal Constructions	16,023,515.24	V3	A238
17	Kaluwala Construction Company	1,824,360.32	V3	A233
18	Kaluwala Construction Company	2,503,226.73	V4	A279
19	Shiva Construction Co.	1,115,560.32	V3	A234
20	Shiva Construction Co.	1,445,713.48	V3	A235
21	Dhan Singh Malik	3,832,830.50	V3	A232
22	LGS INDUSTRIAL WORKS LLP	1,664,918.00	V4	A275
23	LGS INDUSTRIAL WORKS LLP	1,898,091.00	V4	A282
24	LGS INDUSTRIAL WORKS LLP	1,852,765.00	V4	A283
25	LGS INDUSTRIAL WORKS LLP	2,527,798.00	V4	A284
26	LGS INDUSTRIAL WORKS LLP	2,908,818.00	V4	A285
27	LGS INDUSTRIAL WORKS LLP	1,741,832.00	V4	A286
28	LGS INDUSTRIAL WORKS LLP	1,156,050.00	V4	A287
	Total	123,989,157.72		

Serial No. 9 & 10– (Overall Credibility & Balance Sheet Reference)

HPPC Verbatim (Summary)

“The foregoing speaks volumes of the authenticity and credibility of the documents placed on record by the Petitioner ... The Petitioner has neither placed on record the original invoices nor provided proof of payment ... The Respondent has further filed the downloaded Balance Sheet showing only ₹ 68.57 crore of capitalisation, proving that the Petitioner has manipulated and inflated costs.”

Our Counter – Sur-Rejoinder Reply (to Serials 09 & 10)

The allegations in these paragraphs are incorrect, incomplete, and contrary to the record. The figures cited from the FY 2022-23 balance sheet represent a position as on that financial-year cut-off, nearly two years before COD (28 April 2025), and therefore cannot reflect the final project capitalisation. Selective reliance on that interim snapshot without considering project-finance timelines gives a misleading picture.

As submitted earlier, in projects of this nature, vendor payments are milestone-based — typically 10 % on order placement, 10 % on drawing approval, 50 % on dispatch, 15 % on erection & commissioning, and 15 % after successful operation. Accordingly, at the FY 2022-23 closing, only about 70 % of the total project cost would normally appear in the books, with the balance becoming due after commissioning.

Following the balance-sheet cut-off, the remaining milestone payments were duly released to vendors during FY 2023-24. Bank statements evidencing these post-cut-off payments have been placed on record and are attached herewith as Annexure – A, clearly reconciling the difference between the interim balance-sheet figure and the total capital cost of ₹ 76.82 crore. Balance sheet for FY 2023-24 is here with attached showing the actual capital cost incurred exceeding the capital cost claimed. These verifiable transactions establish the completeness and authenticity of the capitalisation.

In addition, certain costs such as petition and regulatory-filing fees are incurred only upon achievement of COD and therefore could not have been reflected in the FY 2022-23 financials.

In light of the above, the Petitioner respectfully submits that all capital-cost components are duly supported by contemporaneous documentation and verifiable payment proofs. The difference noted by the Respondent arises purely from accounting timing and not from any discrepancy or inflation. The allegations in Paras 09 and 10 are denied in entirety.

Serial No. 11 – Alleged Revenue in Audited Balance Sheet

HPPC Verbatim (Summary)

“Interestingly, in the audited balance sheet for FY 2022-23, there is a recorded entry for revenue from power generation of ₹ 3.52 crore. It is not disclosed to whom such power was sold. The Petitioner has withheld material facts and misled the Commission.”

Our Counter – Sur-Rejoinder Reply

It is respectfully submitted that the above inference is factually incorrect and arises from a misreading of the audited accounts. The amount of ₹ 3.52 crore does not relate to sale of power but represents the sale of paddy-straw feedstock that had been procured for commissioning trials. Since the transmission line and 33 kV bay were not yet commissioned, no export of power was possible during FY 2022-23.

When the transmission works were delayed, the Petitioner received an opportunity to sell part of the stored straw, and the corresponding proceeds were duly reflected in the books as revenue. This transaction had no connection with electricity generation or sale of power. Accordingly, the Respondent's inference of concealment or mala fides is unfounded and deserves to be rejected.

Serial No. 12 – Prudence Check and Balance Sheet Reference

HPPC Verbatim (Summary)

Regulatory bodies like Electricity Regulatory Commissions are tasked with ensuring that tariffs are fair to both generating companies and consumers. This is done through a "prudence check," which scrutinizes the costs submitted by the generator to ensure that costs are legitimate and reasonable before including them in the tariff base. This prudence check calls for examination of the actual expenditure incurred, which can only be substantiated with the actual proof of payment. In view thereof, the Balance sheet for the Petitioner Company for the FY 2022-2023, which certifies that the Plant was completed and started operation in the said financial year, provides that the capital cost on the Plant is Rs. 57.69 crores. As such, the claim of the Petitioner cannot stand the scrutiny of the prudence check. The Petitioner has suppressed material facts and is guilty of misrepresentation and raising false claims, which shall be viewed seriously to avoid generators from filing petitions that abuse the process of law.

Reply to Para 12 – Prudence Check and Balance Sheet Reference

The contents of this paragraph are misconceived, misleading, and contrary to record.

1. Prudence Check Already Embedded in Regulatory Process

The Petitioner respectfully submits that the principle of prudence check is fully acknowledged and embedded within the tariff-determination process under the HERC (RE) Tariff Regulations, 2021. All cost components submitted by the Petitioner have already been subjected to scrutiny through detailed filings, vendor data, DPR

comparisons, and the Commission's own verification process. To imply that the prudence check has not been or cannot be undertaken is therefore erroneous.

2. Misreading of Balance Sheet Figures

The Respondent's reliance on the FY 2022-23 balance sheet is misplaced. The said financial year predates the project's commercial operation date (COD 28 April 2025) and therefore cannot reflect the final capitalisation. The figure of ₹ 57.69 crore represents the progressive capital work-in-progress recognised prior to COD, whereas the remaining expenditure was recognised in subsequent periods in line with accounting standards and project-finance practice. To equate that interim figure with the completed project cost is a clear misreading of the record.

3. No Suppression or Misrepresentation

All disclosures made by the Petitioner are consistent with statutory filings before the Hon'ble Commission, the Registrar of Companies, and the lending institutions financing the project. No information has been concealed or misrepresented. The accusation that the Petitioner is "guilty of misrepresentation" or "abuse of process" is wholly baseless and unsupported by any material evidence.

4. Conclusion

The Petitioner has acted with complete transparency and provided every material record necessary for a prudence check. The Respondent's averments are speculative, ignore the timing of capitalisation, and are therefore denied in entirety. The allegation of misrepresentation deserves to be rejected outright.

Serial No. 13-15 – Submissions W.R.T Debt to Equity Ratio, Loans and Interest During Construction (IDC).

HPPC Verbatim

14. As per the audited balance sheet for the FY 2022-23, the total long-term and short-term borrowings amount to Rs. 54.84 crores as against the total capital cost of Rs. 68.57 crores, which is nearly 80 % of the project cost. The Petitioner was mandated to maintain a debt-to-equity ratio of 70:30 as per RfP floated by HAREDA, however, the audited balance sheet evinces that the said ratio has not been maintained. The financing of the substantial project cost through the loan ought to be considered by this Hon'ble Commission, as allowance of return on equity on 30 % of the project cost in the event the actual equity deployed is lesser than 30 %, would lead to unjust enrichment of the Petitioner at the cost of the consumers of the State.

15. While the actual interest rate on long-term borrowings is not mentioned in the Financial Statement, the interest rate for the term loan of ₹35 crores has been specified as 1.5% + 3M London Inter-Bank Offered Rate, which nearly comes to 6–

7% per annum. Further, interest rate for the term loan of ₹7.30 crores has been specified as 7.40% per annum, and short-term borrowings have been specified as 9.35%. It is also a matter of record that the Petitioner is a seasoned generator already having an operational power plant in the State of Haryana i.e., Shri Jyoti Power Plant. Considering the hypothecation and the guarantees tendered for the loan, the claim of the Petitioner for the interest @12.10% is inflated. The average of the actual loan interest rate subject to the ceiling of the normative rate ought to be considered for the purpose of tariff determination.

Allowing a generator more than the normative parameters specified in the RE Regulations would thus, tantamount to promoting an inefficient generator.

15. The Petitioner ought to have furnished the audited and statutory financial data evidencing its actual loans and the interest rates paid thereon during the relevant tariff period. These submissions comply with the regulatory requirements and provide a transparent basis for determining the cost of debt. It is essential to ensure tariff is determined in accordance with the Regulations. Deviation from Regulation without adequate justification contravenes statutory mandate and undermines the regulatory framework's credibility.

Our Counter – Sur-Rejoinder Reply (to Paras 13–15)

1. Misreading of Balance-Sheet Timing and Composition

The Respondent's reliance on the FY 2022-23 balance sheet is misplaced. That financial year precedes the plant's commercial operation date (COD 28 April 2025) and therefore reflects only the capital work-in-progress stage. The debt figure of ₹ 54.84 crore represents temporary bridge and construction finance drawn before COD, whereas equity infusions were progressively made in tranches during FY 2023-24 in accordance with draw-down schedules approved by the lender. The attached balance sheet for FY 2023-24 shows the fully infused equity. The debt-equity ratio of 70 : 30 was fully achieved as on COD, consistent with the RfP and the financing covenants.

2. Industry-Standard Financing Practice

Renewable and biomass projects typically use a mix of term loan, short-term bridge funding, and promoter contribution that evens out by COD. Interim ratios visible in a pre-COD balance sheet do not indicate final capital structure. Regulatory commissions including HERC and CERC have repeatedly recognised that prudence requires assessment as on COD—not at an interim construction stage.

Foreign-Currency Loan Fully Hedged — Effective Cost 11.3%

The term loan at “1.5% + 3M London rate” had an all-in base of about 7.4% per annum. After including the mandatory hedge cost of approximately 3.9% and minor

transaction charges, the effective INR cost works out to 11.3% per annum. The temporary foreign-currency conversion was undertaken purely for short-term cash-flow optimization and provided a marginal advantage of about 75–80 basis points compared to a standard rupee loan. It does not represent a structural or recurring benefit.

Interest Claim Within Regulatory Norms

The Petitioner's claimed interest rate of 12.10 % is well within the prevailing range for biomass and renewable-energy term loans during FY 2021-22 to 2024-25 ($\approx 11.5\%$ – 12.5%) as evidenced by the sanction letter which was submitted as part of the reply to rejoinder. The Respondent's assertion that the claim is "inflated" is speculative and unsupported by any contrary banking record. The RE Tariff Regulations 2021 expressly allow recovery of interest up to the normative ceiling; the Petitioner's claim adheres to that limit. The attached balance sheet for FY 2023-24 shows the incurred interest rate for each loan type and the average works out to 12.01% based on proportionate total amount.

All Records Filed

Loan sanction letters, drawdown schedules, and audited statements are already on record. The suggestion of non-disclosure or concealment is incorrect.

Conclusion:

HPPC's assertions rely on unhedged rates and a transitional snapshot of accounts. On a fully hedged basis, the effective borrowing cost is 11.3%, with only a short-term advantage of approximately 0.75%. The Petitioner's financing structure and interest claim are entirely compliant with the HERC RE Regulations, and no adverse inference is warranted.

3. Transparency and Compliance

All statutory financial statements, bank sanction letters, and loan documentation have been filed or made available for regulatory scrutiny. No deviation from the HERC Regulations has been sought; the Petitioner's tariff claim is fully compliant and transparent.

5. Conclusion

The Respondent's allegations of excessive leverage, inflated interest rate, or non-compliance are baseless and contrary to record. The Petitioner has maintained the mandated 70 : 30 debt-equity ratio as on COD, incurred interest within normative bounds, and provided all required disclosures and is evidenced in the attached balance sheet for FY 2023-24. These paragraphs therefore merit no further consideration.

Paras 17–18 — Submissions W.R.T O&M Expenses

HPPC Verbatim

16. In so far as the O&M Expenses are concerned, despite the specific objection of the Respondent, no invoices for the actual O&M cost for past two years have been placed on the record by the Petitioner. The actual O&M expenses in the balance sheet for the FY 2022-23 are significantly lesser. However, since the Petitioner has withheld material evidence in their possession regarding the actual O&M cost, the claim for an escalation of 5.73 % instead of 2.93 % holds no ground and is liable to be rejected straight away. In view thereof, the claim of the Petitioner for grant of O&M escalation beyond the normative parameters is devoid of any merit and liable to be rejected.

17. The Petitioner has failed to rebut to the specific contention of the Respondent as regards the claim for higher O&M in light of the alleged technologically advanced plant and machinery installed by the Petitioner. However, the Petitioner deliberately chose not to place on record the actual evidence, which warrants drawing an adverse inference against them in accordance with the well-established principles of law. In light of the foregoing findings, the claim of the Petitioner cannot be considered and shall be rejected, more so when it has not been substantiated despite possession of material evidence in this regard by them.

Our Counter — Sur-Rejoinder Reply (to Paras 16–17)

1. Context and Basis of 5.73 % Escalation

The Respondent has incorrectly alleged that the Petitioner seeks escalation beyond norms. The only distinction is that the Petitioner has claimed 5.73 % instead of 2.93 %, acknowledging the realities of a paddy-straw-based biomass plant equipped with a larger-capacity, high-pressure boiler. Paddy-straw fuel entails greater wear, cleaning, and ash-handling costs than conventional biomass, thereby increasing O&M intensity. While the HERC (RE) Tariff Regulations 2021 specify 2.93 % as the normative escalation, the Hon'ble Commission is empowered to relax this parameter in justified circumstances—particularly given the unique and pilot nature of this first-of-its-kind paddy-straw project in Haryana. The 5.73 % escalation therefore represents a realistic, evidence-based adjustment within the Commission's discretionary authority.

2. Misplaced Comparison with FY 2022-23 Balance Sheet

The Respondent's reliance on FY 2022-23 figures is erroneous since that year predates commercial operation. Those accounts capture only pre-operative and administrative expenses, not operational O&M for a running plant.

3. Normative Framework under HERC Regulations 2021

The Petitioner has computed O&M strictly per Regulation 14(2) of the HERC (RE) Tariff Regulations 2021, using the composite WPI + CPI escalation method notified by the Commission. The 5.73 % rate has been derived on the same normative basis and remains subject to prudence review by the Commission.

4. Invoices Not Required for Normative O&M

Tariff determination proceeds on normative O&M parameters. Submission of vendor invoices is required only when deviation from norms is sought—which is not the case here. The Respondent's demand for invoices is therefore misplaced.

5. Technical Configuration and Maintenance Intensity

The advanced, high-pressure, paddy-straw-fired boiler design increases scheduled maintenance, cleaning, and component replacement needs. The higher escalation accurately mirrors these operational realities while ensuring long-term reliability and compliance with environmental obligations.

6. Transparency and Record Compliance

All relevant DPRs, equipment specifications, and staffing details are already on record. No material evidence has been withheld. The allegation of suppression is baseless and contrary to the transparent record before this Hon'ble Commission.

7. Conclusion

The Petitioner's O&M escalation of 5.73 % is justified, transparent, and technically warranted given the pilot nature and fuel characteristics of the project. The Respondent's reliance on pre-COD balance-sheet data and its charge of withheld information are unfounded. These paragraphs are therefore denied in entirety.

Para 18 – Submissions W.R.T Plant Load Factor (PLF)

HPPC Verbatim

19. As is evident from the audited Balance Sheet of the Petitioner for FY 2022-23, the plant had started operation w.e.f. January 2023. Needless to state that no intimation as regards the generation of power w.e.f. January 2023 was ever made to the Respondent purchaser, which in itself is a violation of the PPA. Without prejudice to the contention of the Respondent that the tariff determination shall be w.e.f. the year of actual operation irrespective of the commercial operation date, it is submitted that in view of the fact that the plant started its operation in January 2023, there is no question of considering a reduced PLF of 65 %, if the tariff is determined w.e.f. commercial operation date i.e. FY 2025-26 onwards. In the peculiar facts and circumstances of the instant case, the plant has obviously stabilized prior to the formal declaration of the COD and therefore, grant of reduced PLF for the FY 2024-25 or FY 2025-26 would be unjust and unreasonable. The normative parameters prescribed

under the said Regulations are mandatorily applicable, and the PLF cannot be considered at a level lower than 80 % for tariff determination purposes. Reliance is also placed upon the order of the Hon'ble Commission dated 13.04.2023 in Petition No. 21 of 2022, whereby in case of 100 % Paddy Straw Plant of Hind Samachar conceived under same RfP, the Hon'ble Commission while considering the actual PLF of the generator being more than 80 % held that the PLF shall be pegged at 80 % during each year of the useful life of the project on a reasonable expectation that the choice of technology involves 'reliable technology' and 'longer life' at a sustained generation of over 80 % on an annual basis.

Our Counter – Sur-Rejoinder Reply (to Para 18)

1. Misplaced Reliance on FY 2022-23 Balance Sheet

The Respondent's inference from the FY 2022-23 balance sheet is wholly misplaced. The same document itself shows only preliminary activity prior to commissioning. Even as per the Respondent's own submissions and the joint inspection reports of HVPNL/DHBVNL, the evacuation line was energized only in April 2024. Hence, no physical export of power could have occurred before that date. The reference to "operation from January 2023" is therefore inaccurate and misleading.

2. Incorrect Assertion of Power Generation or PPA Violation

At no stage did the Petitioner inject infirm or commercial power without the Respondent's approval. The suggestion that power was generated or sold without intimation is contrary to fact and to the records of HVPNL and DHBVNL, which clearly show that the grid connectivity became functional only upon energization of the 33 kV bay in April 2024.

3. Justification of Reduced PLF during Stabilization Year

The Petitioner has claimed a PLF of 65 % only for the initial stabilization year (FY 2024-25) and not as a permanent operating assumption. This reduction reflects commissioning-year realities—namely, the ramp-up period for paddy-straw logistics, fuel-supply stabilization, and initial turbine tuning. Such a moderated PLF in the first tariff year is consistent with both technical prudence and Commission practice in multiple RE orders.

4. Inapplicability of Hind Samachar Precedent

The Respondent's reliance on the Hind Samachar case (Petition 21 of 2022) is misconceived. That project was commissioned well before its first tariff year and had stable evacuation infrastructure from inception. By contrast, the present project suffered grid-connectivity delays entirely attributable to the Respondent's own agencies, which prevented timely synchronization. Equating the two cases would therefore be erroneous.

5. Conclusion

The Respondent's assertions on PLF are based on incomplete facts and a misreading of financial data. The Petitioner's claim of 65 % PLF for the stabilization year, followed by normative 80 % thereafter, is fully consistent with technical reality, regulatory practice, and the delayed availability of evacuation infrastructure. These averments are denied in entirety.

Paras 19–21 – Submissions W.R.T. Station Heat Rate (SHR)

HPPC Verbatim

19. The Respondent had raised specific contentions as regards the Station Heat Rate in its reply to original petition. The Petitioner has failed to effectively rebut such contentions with cogent evidence on record, except for a vague statement that due to high moisture content of the paddy straw, the actual SHR is always higher than the design SHR. On the asking of the Respondent, the Petitioner has placed on record copy of technical offer with respect to boiler and turbine. At the very outset, it is brought to the kind attention of the Hon'ble Commission that a perusal of the OEM offers evince that the Petitioner has deviated from the parameter specified in the DPR and has failed to install boiler and turbine conforming to specific standards as was submitted in the DPR. It is incumbent upon the generator to ensure that the quality of the equipment matches the approved DPR. In the instant case, the Petitioner has not only changed the technology of the boiler but have also installed inferior quality of the same, which has boiler efficiency of 70 % as against the approved parameter of 80 % efficiency. Similarly, the turbine Heat Rate had been specified in the DPR as 2600 kCal/kWh, whereas the actual turbine installed specifies guaranteed rate of 3152 kCal/kWh. While the claim for cost in the present petition is equivalent to the cost specified in the DPR, the boiler and turbine actually installed has inferior parameters. Nothing more is required to expose the hollowness in the claims of the Petitioner.

20. The Petitioner has therefore, acted in violation of the approval granted to them, for which the Respondent reserves the right to challenge the same in accordance with law. However, the Petitioner cannot substantiate its claim on the basis of the default made by them in procurement of boiler and turbine. The DPR submitted by the Petitioner specifies Turbine Heat Rate as 2645 kCal/kWh (Appendix 2 of DPR) and Boiler efficiency as 80 % (Internal Page 40 & 131 of DPR), which has to be considered for the purpose of computation of SHR. Thus, SHR as per DPR comes to 3306 kCal/kWh. It is also relevant to refer to Clause 12.9 of the RfP, which mandates the Petitioner to indicate in advance the details of the technology, proposed capacity, pressure, capacity, type of boiler and turbine and make of equipment.

21. In light of the foregoing, the Petitioner cannot be permitted to encash upon its own default of not complying with the approved parameters under the DPR and deviating from the same without prior permission of HAREDA and the Respondent. In view thereof, the SHR shall be restricted to 3306 kCal/kWh for the determination of tariff.

Our Counter — Sur-Rejoinder Reply (to Paras 19–21)

1. DPR is Indicative; OEM Guarantees Govern

The Respondent's allegation of deviation is misconceived. The Detailed Project Report (DPR) is only a conceptual feasibility document prepared before detailed engineering. Once order placement occurs, the binding parameters are those contained in the OEM purchase orders, performance-guarantee certificates, and technical guarantee conditions—all of which were already placed on record with the Reply to the Rejoinder. The exact page numbers for boiler guarantee parameters of 70.1% is attached as pages 29-32 of Volume 7 of the reply to the rejoinder with all relevant calculations and has also been extracted and attached with this reply for your records. These documents clearly define the guaranteed efficiency and along with penalty clauses for any shortfall. Similarly, the turbine guarantee parameter as 3152 kCal/kWh along with penalty for shortfall were attached as pages 50-52 of Volume 7 with the reply to the rejoinder. The pages are also attached herewith along with this reply. The turbine guarantees parameter of 3152 kCal/kWh divided by boiler efficiency of 70.1% gives us the SHR of 4494.58 or 4495 kCal/kWh. This methodology is universally accepted as the basis of SHR calculations and has been used by the respondent also.

2. No Deviation in Technology or Design Basis

The boiler installed is a vibrating-grate, high-pressure paddy-straw-fired system, identical in technology, pressure, and capacity to that described in the DPR, and the turbine conforms to the approved make and class. There is no change or downgrading of technology. All equipment was procured through competitive bidding from reputed OEMs under performance-linked contracts.

3. Efficiency Range Correctly Interpreted

The DPR specifies an efficiency range of 70–80 %, not a fixed 80 %. This band was adopted to account for paddy-straw's variable moisture and calorific value. The Respondent's attempt to treat 80 % as an absolute benchmark is factually incorrect. The installed boiler's guaranteed 70 % efficiency is squarely within this approved range.

4. SHR Must Follow OEM Guarantees

Station Heat Rate should be derived from OEM-guaranteed parameters that already include contractual penalties for under-performance. Those guarantees reflect the

best technology available for this application and the realistic heat-rate achievable for paddy-straw combustion. The Respondent's theoretical calculation of 3306 kCal/kWh based on DPR paper assumptions is therefore technically unsound.

5. Pilot Nature and Regulatory Prudence

This project is the first-of-its-kind 100 % paddy-straw-based biomass plant in Haryana. Given its demonstration character and absence of historical benchmarks, it is prudent that the Hon'ble Commission rely on the OEM-guaranteed data already on record rather than indicative DPR values.

6. Conclusion

The Petitioner has neither deviated from the approved technology nor installed inferior equipment. The DPR itself contemplated 70–80 % efficiency, and the plant's configuration fully complies with that band. The OEM-guarantee documents, already on file, confirm the accuracy and enforceability of the claimed parameters. Accordingly, the Respondent's allegations are baseless and are denied in entirety.

Para 22 — Submissions W.R.T. Gross Calorific Value (GCV)

HPPC Verbatim

22. With respect to GCV, there is lack of evidence as regards the actual GCV. The Respondent had referred to various orders with regard to the GCV of the paddy straw, which have been rebutted with vague and unsubstantiated statements by the Petitioner. Admittedly, with regard to 100 % Paddy Straw Plant of Hind Samachar, the Hon'ble Commission, in the order dated 13.04.2023 in Petition No. 21 of 2022, pegged the GCV at 3100 kCal/kg as per HERC RE Regulations 2021. It is the responsibility of Generators to devise and maintain an efficient Fuel handling System. The GCV of the fuel depends on the effective storage of the fuel. In view of the foregoing submissions, the GCV for the Plant of the Petitioner shall not be considered less than 3100 kCal/kg.

Our Counter — Sur-Rejoinder Reply (to Para 22)

1. GCV Test Reports Already Filed and Acknowledged

The Respondent's assertion that the Petitioner has not submitted evidence of GCV is incorrect. Detailed fuel-sampling and laboratory test reports showing an average GCV of ≈ 2950 kCal/kg were filed with the original Petition. These very reports were acknowledged by the Respondent in its earlier reply, where it merely remarked that the sampling was not conducted in its presence. It is therefore contradictory for the Respondent now to allege that no such reports were submitted.

2. Measured GCV Reflects Actual Paddy-Straw Characteristics

The reported 2950 kCal/kg value is based on physical samples from multiple storage batches and verified through accredited laboratories. This range accurately represents the calorific value of paddy straw in Haryana conditions, factoring in seasonal moisture and ash content.

3. Inapplicability of 3100 kCal/kg Benchmark

The 3100 kCal/kg figure cited from the HERC (RE) Tariff Regulations 2021 was derived from composite biomass datasets (cotton stalk, juliflora, mustard husk, etc.) and not from 100 % paddy-straw projects. Applying that generic benchmark to the present plant would ignore empirical data and lead to inflated efficiency assumptions inconsistent with feedstock reality.

4. Storage and Fuel Handling Fully Compliant

The Petitioner has implemented covered storage, fire-break corridors, and moisture-control systems exactly as specified in the DPR and OEM manuals. The lower GCV arises solely from inherent feedstock properties, not from any lapse in handling or storage.

5. Conclusion

The GCV of ≈ 2950 kCal/kg, already supported by filed laboratory data and previously acknowledged by the Respondent, remains the correct and prudent basis for tariff computation. The Respondent's present statement contradicts its own earlier acknowledgment and is therefore denied in entirety.

Para 23 — Submissions W.R.T. Fuel Cost

HPPC Verbatim

23. Despite specific objection of the Respondent as regards not placing on record the actual fuel invoices, the Petitioner has failed to effectively rebut the said objection with actual invoices and corresponding bank statements, which apparently are in the possession of the Petitioner. In fact, the Petitioner has not even filed audited financial statements for the FY 2024-25, which may have substantiated the actual fuel cost incurred by them. Interestingly in the balance sheet for FY 2023-24 there is nil expenditure against the purchases. In that view, the claim of the Petitioner not only remains unsubstantiated but they are also guilty of withholding material evidence. Since the Petitioner has failed to place on record the actual invoices, an adverse inference is liable to be drawn against the Petitioner for failure to substantiate their claim.

Our Counter — Sur-Rejoinder Reply (to Para 23)

1. Fuel Cost Determined Normatively by the Commission

The Respondent's submission proceeds on a misconception. Under the HERC (RE) Tariff Regulations 2021, the fuel cost for biomass-based projects is determined normatively by the Hon'ble Commission and applies uniformly to all generators. Individual invoices or bank statements are not required, being voluminous, for tariff determination, which is based on standard cost parameters notified by the Commission. However, a few invoices, evidencing the procurement of fuel at around Rs. 3700/MT are attached.

2. Uniform Application to All Projects

The same fuel-cost norms have been granted to all biomass developers and vendors across Haryana under identical schemes. The Petitioner has claimed fuel cost strictly in accordance with these approved norms, without any deviation.

3. Regulatory Revisions Already Issued

The Hon'ble Commission has already revised the applicable biomass fuel cost in its Order dated 26.03.2025, including retrospective effect for similarly placed projects. The Respondent's attempt to reopen this settled regulatory parameter is therefore redundant and contrary to the Commission's binding determination.

4. No Relevance of Balance-Sheet Figures

The Respondent's reference to "nil expenditure" in FY 2023-24 is misplaced. That period precedes sustained commercial operations and falls outside the tariff base year. Tariff fuel cost is determined on a normative basis, not on the provisional accounting of that pre-COD period.

5. Conclusion

The fuel cost claimed by the Petitioner is fully compliant with HERC Regulations and the Commission's subsequent Orders. The Respondent's insistence on production of individual invoices ignores the normative character of this parameter and is denied in entirety.

Para 24 — Submission on Subsidy

HPPC Verbatim

24. The Petitioner has claimed capital cost and tariff without accounting for the capital subsidy that was envisaged under the MNRE biomass power programme referred to in the DPR. The Respondent submits that the Petitioner is not entitled to claim tariff at full cost when the project was designed with the benefit of subsidy, which has not been adjusted. The non-consideration of such subsidy would result in double benefit to the Petitioner and an undue burden on the consumers of the State.

Our Counter — Sur-Rejoinder Reply (to Para 24)

1. The DPR Referenced an Earlier MNRE Scheme (FY 2020-21)

The DPR's mention of capital subsidy pertains to the MNRE Biomass Power Programme that was operational during FY 2020-21. The project's commissioning occurred thereafter, and the notional subsidy referred to in the DPR never materialized in practice.

2. Subsidy Was Backend / Post-Commissioning in Structure

Even under that framework, the subsidy was backend-linked, payable only after successful commissioning. Eligibility would arise only upon achieving COD within the scheme's validity period and submission of verified documentation.

3. Eligibility Lost Due to Respondent's Own Delay

The project's COD was deferred entirely because of evacuation and grid-readiness delays on the part of HPPC / HVPNL, as recorded in official committee findings. Consequently, the Petitioner could not claim the backend subsidy within the applicable period. The Respondent cannot rely on its own inaction to prejudice the Petitioner.

4. Regulatory Provision Requires Adjustment Only After Actual Receipt

As clearly stated in our earlier Reply, the applicable HERC (RE) Tariff Regulations 2021 provide that any capital subsidy, if and when received, shall be adjusted only after actual disbursement, not on a notional or expected basis. Since no such receipt has occurred, no adjustment is warranted at this stage.

5. No Double Benefit or Omission Arises

The Petitioner has not received any subsidy or grant component. The capital cost claimed represents the full expenditure incurred. There is, therefore, no double benefit or understatement of support.

6. Conclusion

The Respondent's reliance on a lapsed and non-availed subsidy reference is misplaced. The Regulations themselves require post-receipt adjustment, and the Petitioner's inability to claim the benefit arose solely from the Respondent's delays in facilitating COD. The capital-cost and tariff computation are thus accurate, compliant, and fully justified, and the allegations in this paragraph are denied in entirety.

Para 25 — Submissions W.R.T. Ceiling Tariff

HPPC Verbatim

25. The Petitioner has sought tariff higher than the ceiling rate notified under the HERC (RE) Tariff Regulations 2021. The Respondent submits that in view of Regulation 13 of the said Regulations, no tariff higher than the ceiling rate can be granted by the Commission. The claim of the Petitioner is therefore contrary to the express regulatory mandate and liable to be rejected.

Our Counter — Sur-Rejoinder Reply (to Para 25)

1. Matter Sub Judice Before APTEL

The issue regarding the applicability and interpretation of the ceiling-tariff clause under the HERC (RE) Tariff Regulations 2021 is presently pending adjudication before the Hon'ble Appellate Tribunal for Electricity (APTEL). The final determination of tariff, therefore, remains subject to the outcome of that appeal.

2. Commission's Discretion in the Interim

Pending the Tribunal's final decision, the Hon'ble Commission retains full authority to provisionally determine tariff or issue an interim arrangement in accordance with its powers under Section 86(1)(e) and (1)(f) of the Electricity Act 2003 and Regulation 13(4) of the HERC (RE) Tariff Regulations 2021.

3. Petitioner's Claim Within Regulatory Framework

The Petitioner's tariff claim has been computed strictly on the basis of project-specific parameters duly justified on record. The Petitioner has not sought any deviation except to the extent warranted by the project's facts and the pending appellate clarification.

4. Conclusion

The Respondent's objection on the "ceiling-tariff" issue is premature and sub judice. The Hon'ble Commission may appropriately determine tariff subject to the final outcome of the APTEL appeal, and these averments are denied in entirety.

Para 26 — Submissions on Exemption with respect to accounting of Contracted Power on 15 minutes slot basis

HPPC Verbatim

26. The Petitioner has installed equipment of higher capacity than that approved in the DPR and is attempting to claim benefits on account of the same. The sanctioned capacity under the scheme is 9.9 MW; however, the turbine installed is of 11.8 MW rating. The Petitioner's action is in violation of the approved capacity and amounts to deliberate over-sizing for future gain. The Petitioner is also liable to comply with scheduling and forecasting obligations applicable to projects of 10 MW and above in accordance with CEA and HERC regulations.

Our Counter – Sur-Rejoinder Reply (to Para 26)

1. Installed vs. Export Capacity – Fully Within Approval

The Respondent's observation confuses installed mechanical rating with exportable contracted capacity. All approvals and the PPA define 9.9 MW (AC) as the export capacity to the grid. The turbine's 11.8 MW installed rating simply provides engineering margin to sustain 9.9 MW export after accounting for auxiliary consumption.

2. 12 % Auxiliary Consumption Necessitates 11.8 MW Design

The plant's auxiliary consumption is 12 %, covering boiler fans, ID/FD systems, conveyors, ESPs, and water-treatment loads. To ensure reliable 9.9 MW export, gross generation must be about 11.3–11.4 MW; hence the 11.8 MW rating ensures reliability and lifecycle adequacy.

3. No Deviation from Scheme or Approval

The DPR and HAREDA approval both define export capacity as the governing limit. No electricity beyond 9.9 MW is injected into the grid, as confirmed by DHBVNL metering. The higher installed rating neither alters the sanctioned capacity nor provides any additional commercial benefit.

4. Regulatory Position – Annual Evaluation of Contracted Capacity

The HERC (Renewable Energy) Regulations, 2021 do not mandate day-ahead scheduling or 15-minute block forecasting for projects below 10 MW. The Petitioner therefore only seeks that contracted capacity and PLF be assessed on an annual basis, consistent with the normative 9.9 MW export capacity.

Importantly, even conventional thermal power plants operate on annual contracted-capacity and PLF assessment, not on 15-minute scheduling slabs. The same principle should apply to sub-10 MW renewable projects to maintain regulatory consistency and fairness.

5. Seasonal Fuel and Operational Constraints

The plant uses 100 % paddy straw, a seasonal and moisture-sensitive fuel. During monsoon months, high moisture naturally restricts full-load operation. Annual evaluation reflects these operational realities while ensuring equitable and technically sound assessment.

6. Conclusion

The Petitioner's configuration and request fully conform to technical prudence and regulatory logic. The 11.8 MW installed capacity allows for 12 % auxiliary use and ensures dependable 9.9 MW export. Annual-basis evaluation of contracted capacity—standard across all thermal and renewable projects—is justified. The Respondent's allegations of over-sizing or scheduling non-compliance are therefore baseless and denied in entirety.

Commission's Analysis and Order

15. The Commission heard the arguments of the parties at length as well as perused the written submissions placed on record by them. The Commission has carefully examined the Regulations occupying the field (hereinafter referred to as 'HERC RE Regulations, 2021') & Orders issued by this Commission dated 26.03.2025 and

15.10.2025, vide which levelized tariff for renewable power projects, has been determined, for the Financial Years 2024-25 and 2025-26, respectively.

At the onset, the Commission took cognizance of the menace of stubble burning including the efforts taken by the Government of Haryana to curtail the same. The Commission has considered the serious environmental issues arising from burning of paddy stubble in the State and NCR and power project of the Petitioner using paddy straw as a fuel can meet the social objectives and concerns of the National Green Tribunal as well as the Haryana Government. The 9.9 MW project of the Petitioner was selected by HAREDA for Fatehabad District, by issuing Request for Proposal (RfP), at a discount of Rs. 0.71 per unit, with the objective of curbing this menace of paddy straw burning only by stating that the single fuel i.e. Paddy Straw will be permitted. Therefore, apart from commercial angle, the project has to be considered from social & environmental benefits attached to it.

It would be worth to recapitulate the earlier Orders of the Commission in the matter, wherein the Commission had observed as under:-

a) PRO-45 of 2018 (Order dated 03.01.2019):-

"8. The Commission observes that RfP was floated by HAREDA, as per the bid documents approved by the Commission and successful bidders were selected on the basis of discussions in the meeting of High Powered Committee (HPC) held on 11.01.2018 under the Chairmanship of Sh. D.S. Dhesi, Chief Secretary, Haryana for allotment of Paddy Straw based biomass power projects in Haryana, wherein it was decided as under:-

*"PSNRE further informed the Committee that in this bidding process, the bidders were asked to offer maximum discount on the annual generic tariff of HERC/CERC of the year 2017-18 **which shall be considered as ceiling tariff to arrive at the lowest tariff.** In case, the generic tariff for paddy straw based projects is not issued by HERC seven days prior to the last date of submission of bids then the generic tariff notified by the CERC for paddy straw based power projects for Haryana State shall be taken as the ceiling tariff and the discount is to be offered on this tariff only. As the CERC has also fixed two type of tariffs for paddy straw based power projects depending upon the boiler; the firms were asked to offer the discount on the lowest applicable tariff of Rs. 8.00 per unit. The matter of discount offered by the bidders was discussed by the Committee in detail and the committee was apprised that the **issue of factoring the discount in the applicable tariff will be decided by the HERC for which a petition will be filed for fixation of tariff.**" (emphasis added)*

9. xxxxxxxxxxxxxxxx

10. In view of the approval already accorded to the bid documents the Commission, under Section 86(1)(b) of the Electricity Act, 2003, approves the proposed sources from which power shall be procured by the HPPC / Discoms through power purchase agreement(s) approved by the Commission. Tariff shall be decided on the separate petition to be filed by Generators under section 62 of the Electricity Act, 2003, wherein the ceiling tariff shall be annual generic tariff of HERC of the year 2017-18 with appropriate factoring of the discount negotiated with the bidders. 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.”

b) PRO-10 of 2019 (Order dated 04.04.2019):-

“10. The Commission has also examined the views expressed by HAREDA that “.....the ceiling tariff of Rs. 8 per unit was mentioned only to select developers based on the maximum discount on tariff offered by them”. The Commission is of the considered opinion that the ceiling tariff forming the basis of selection of developers can't be different than the ceiling tariff to be considered by the Commission while determination of year to year tariff, on the petition to be filed by the selected bidders.

11. The Commission observes that in the present case, the project developers, after consciously agreeing to a particular ceiling tariff and signing PPA on that basis, have approached the Commission to seek further relief, which is not maintainable.

12. However, before parting with the instant petition, the Commission decides that the issue may be re-visited at the time of determination of year to year tariff by the Commission on the Petitions to be filed by the Project Developers in this regard.”

c) PRO-34 of 2019 (Order dated 10.08.2023):-

“In order to avoid confusion in future tariff determination proceedings, arising out of the approval granted to HPPC to procure 49.8 MW power from paddy straw based biomass power projects (order dated 03.01.2019 petition no. 45 of 2018), para 12 of the order dated 04.04.2019 (Petition No. 10 of 2019) is hereby expunged.”

d) PRO-31 of 2019 (Order dated 15.07.2019):-

“4. The Commission heard the arguments of the parties at length as well as perused the application/reply filed in the matter and takes note of the following para 11.ii.a of the Commission's Order dated 03.01.2019 approving the procurement of 49.8 MW power from paddy straw biomass based power projects (HERC/PRO-45 of 2018):-

“ii) The Commission has perused the draft PPAs for four paddy straw based power projects submitted for its approval. The Commission has noticed a few aberrations in

the same as under:-

a) The definition of Tariff needs to be changed to read that the tariff payable to the IPP shall be the year to year tariff determined by the Commission w.r.t. CoD of the project and the discount offered by the IPPs as part of the RFP shall be deducted from the year to year tariff determined by the Commission.”

The Commission observes that the PPA signed between HPPC and the Petitioners on 22.02.2019 defines “Tariff” at clause no. 38 of Article 1 of the PPA as under: -

“Tariff” means year to year rate payable by the Discom @ tariff determined by HERC w.e.t. CoD of the project factoring the discount offered by the IPP as a part of the RfP for every kWh of delivered energy at the metering point subject to the ceiling tariff i.e. annual generic tariff of HERC for the year 2017-18 with appropriate factoring of the discount negotiated with the bidders as a part of the RfP.”

The Commission observes that it was not open for the HPPC to deviate from the definition of the word “Tariff” from the definition approved by the Commission in its Order dated 03.01.2019. The reference of the ceiling tariff in the ibid Order of the Commission dated 03.01.2019 is for the Commission to consider while determining year to year tariff on the petition to be filed by the Petitioners for determination of tariff. The same does not form part of the term of PPA. The terms of the PPA has to be necessarily as per the approval of the same granted by the Commission.”

16. The Commission has taken note of various Appeals filed before the Hon'ble Appellate Tribunal for Electricity challenging the aforesaid Orders i.e. Order dated 15.07.2019 by HPPC (Appeal No. 95 of 2022, DFR/23/2020) and Orders dated 03.01.2019 & 04.04.2019 by M/s Jind Bio-Energy LLP and M/s Fatehabad Bio-Energy LLP with Petitioner as the Respondent (Appeal no. 348 of 2019 and DFR No. 2161 of 2019).

17. Accordingly, subject to the decision of Hon'ble Appellate Tribunal for Electricity in the Appeals mentioned above, the Commission has proceeded to examine four broad issues arising out of the present petition:-

Relief No. 1: Grant of compensation/damages for the losses incurred by the petitioner on account of the delay caused by the Respondents.

Relief No. 2: Not to restrict the quantum of generation from 9.9 MW paddy straw based power plant on every 15 minute time block.

Relief No. 3: Payment for power injected into grid before CoD.

Relief No. 4: Determine tariff for supply of power from the 9.9 MW 100% paddy straw-based biomass energy generation project, post CoD.

After hearing the learned counsels for the parties and going through the record of the appeal, the findings of the Commission on the abovementioned issues, are as under:-

- 17.1. Relief No. 1: Grant of compensation/damages for the losses incurred by the petitioner on account of the delay caused by the Respondents.

The Commission has closely examined the prayer of the petitioner to allow compensation/damages for the losses incurred by the petitioner with respect to loss of revenue comprising of interest, O&M expenses, fuel stock, GCV loss, RoI etc., on account of the delay caused by the Respondents in creating evacuation infrastructure and other regulatory clearances as the project was ready for commissioning and testing activities in June 2021 taking into consideration of SCOD on 22.12.2021, as per terms of the PPA. However, the evacuation of the power started w.e.f. 11.05.2023 and the CoD was granted on 28.04.2025.

Per-contra, HPPC has submitted that a petition filed for determination of tariff, under Section 62 of the Act, 2003 is limited to the determination of tariff and no other dispute, such as the dispute with respect to the delay in creating evacuation infrastructure as well as SCOD, can be adjudicated by way of the present petition, especially when the compensation/ damages, does not form a component in the tariff determination.

The Commission has examined the rival contentions and is of the considered view that the relief of damages is pivotal under the law of contract. Damages constitute the compensation awarded to a contracting party for any injury or loss suffered by such party as a result of a breach by the counterparty. Such injury or loss may or may not always be capable of being quantified and it varies with the facts and circumstances of each case. Sections 73 and 74 of the Indian Contract Act, 1872 are crucial with respect to damages. Section 73 of the Contract Act provides for the entitlement of a party to claim compensation when it is aggrieved by a breach by another, even if it is not provided for in the contract. Section 74 of the Contract Act, on the other hand, deals with a pre-determined amount of compensation already stipulated in the contract which the party committing a breach would be liable to pay to the affected party. In either case, the evidence to substantiate loss suffered to claim damages, has to be provided by the claimant.

However, the present proceedings have primarily been initiated for determination of tariff under Section 62 of the Electricity Act, 2003 after following the procedure prescribed under Section 64 of the Electricity Act, 2003.

In view of the above discussion, the Commission decides that the claim for damages is not admissible in the present proceedings for tariff determination.

However, the liberty is granted to the petitioner to file a separate petition under Section 86 (1)(f) of the Electricity Act, 2003, after following the due process prescribed for the same.

- 17.2. Relief No. 2: Not to restrict the quantum of generation from 9.9 MW paddy straw-based power plant on every 15 minutes time block.

The Commission has examined the prayer of the Petitioner that the PLF ought to be computed on annual basis rather than on 15 minutes block, in respect of power generated by its paddy straw based power plant, which has been allowed 'Must-Run' status and which is not subject to scheduling and dispatch principle as per Regulation 10 of HERC RE Regulations, 2021.

Per-contra, HPPC has submitted that the petitioner has installed power plant of 11.8 MW capacity as against the contracted capacity of 9.9 MW. Thus, if 15 Minutes block accounting is not mandated for the Petitioner, it would tantamount to permitting the Petitioner to inject full rated capacity of 11.8 MW at the determined tariff, which is against the express terms of the PPA.

In order to examine the issue raised by the petitioner, the Commission has considered it appropriate to examine regulation 10 of the HERC RE Regulations, 2021, reproduced hereunder:-

"10. Dispatch principles for electricity generated from Renewable Energy Sources. –

- (1) All renewable energy power plants, except for Biomass power plants of installed capacity 10 MW and above, shall be treated as 'MUST RUN' power plants. Biomass power with installed capacity of 10 MW and above shall be subjected to scheduling and dispatch as specified under Haryana Grid Code and other relevant regulations including amendments thereto.*
- (2) The scheduling and deviation settlement for solar and wind power shall be as per the Haryana Electricity Regulatory Commission (Forecasting, Scheduling and Deviation Settlement for Solar and Wind Generation) Regulations, 2019 / Haryana Electricity Regulatory Commission (Deviation Settlement Mechanism and related matters) Regulations, 2019, as may be amended from time to time."*

Thus, in view of regulation clause 10 of HERC RE Regulations, 2021, the paddy straw-based biomass power plants of petitioner, having installed capacity less than 10 MW, is to be treated as 'MUST RUN' power plants.

Further, regulation clause 4 of the Haryana Electricity Regulatory Commission (Deviation Settlement Mechanism and related matters) Regulations, 2019, provides that Deviation Settlement Mechanism under these Regulations shall be applicable for all Seller(s), including Open Access Generators and Captive Generators with capacity 10 MW and above. Thus, the power plant of the petitioner is also not covered under DSM mechanism.

The Commission has already discussed and settled the issue in detail, in its orders dated 13.08.2025, in the similar case (s) pertaining to another paddy straw based power generators (M/s. Hind Samachar Ltd. v/s. HPPC in petition no. 17 of 2025 and M/s SAEL Kaithal Renewable Energy Private Limited v/s. HPPC in petition no. 16 of 2025). The relevant extract is as under:-

“Relief No. 3: Not to restrict the quantum of generation 15 MW on every 15 minute time block:

The Commission has closely examined the prayer of the petitioner to allow refund of amount wrongly withheld by the respondent (HPPC), by restricting the quantum of generation of contracted capacity i.e. 15 MW on every 15 minute time block, in absence of any provision to this effect under the Electricity Act, Rules framed thereunder or Power Purchase Agreement. The National Tariff Policy 2016 (NTP, 2016), provides that the Distribution Companies (HPPC) are required to offtake 100 percent energy generated by Waste-to-Energy Projects. Ministry of New and Renewable Energy (Waste to Energy Division), Government of India (MNRE), in its memo dated 28.02.2020 has issued guidelines for promotion of waste to energy programmes which includes programme on energy from Agricultural Wastes.

Per-contra, HPPC has submitted that as per Article 2.1.1 of the Power Purchase Agreement (PPA), executed between the parties, HPPC is obliged to accept power only upto 15 MW as converted into kWh, which is the ceiling limit in each 15 minute time block and is also an essential element of energy recorded in the grid of the state, as per Haryana Grid Code Regulations, 2009 ('HGC, 2009'). The reliance made by the Petitioner on the order of this Commission dated 11.05.2022, in the case of M/s JBM Environment Management Pvt. Ltd. Vs. Haryana Power Purchase Centre & Anr. [HERC/ Petition No. 48 of 2021], is not applicable to the biomass power project of the petitioner. In the case cited by the petitioner, the issue involved was in respect of MSW (Municipal Solid Waste) based power plant. The nature of operation of a MSW plant is such that the quantum of energy generated varies based on the input fuel as available from time to time.

In order to examine the issue raised by the petitioner, the Commission has considered it appropriate to examine the relevant clauses of the PPA, NTP 2016, MNRE memo dated 28.02.2020, HCG, 2009, as well as this Commission's order dated 26.03.2025 (HERC/ Petition No. 48 of 2021). The extract of the relevant references are reproduced hereunder:-

"The relevant clauses of the PPA dated 22.02.2019, duly executed between the parties, provides as under:-

"ARTICLE-1

DEFINITION AND INTERPRETATIONS:

...

10) "Contracted Capacity" means the energy offered for sale to, which shall be 15 MW.

...

13) "Delivered Energy" means the kilowatt Hours of electricity actually fed into Grid system and measured by energy meters at Delivery Point in a billing period.

...

33) "Monthly Energy Charges" means the charges payable by the HPPC/DISCOMs for the energy delivered at the metering point for the billing period at applicable tariff.

ARTICLE-2

ENERGY PURCHASE AND SALE

2.1 Sale of Energy by Seller:

2.1.1 The HPPC after declaration of commercial operation shall purchase and accept all such electrical energy up to 15 MW delivered at the interconnection point from the Seller's facility, pursuant to the terms and conditions of this agreement at tariff determined by the Commission and amended from time to time. The IPP i.e. seller along with all relevant documents shall file a tariff petition in the Commission for determination of Tariff.

2.1.2 No additional payment whatsoever may be on any account shall be payable by HPPC except those approved by appropriate commission/ court of law.

ARTICLE-3

BILLING PROCEDURE AND PAYMENTS

3.1 The designated representatives of the parties shall record joint readings of the meters at interconnection point at 12.00 Hours on the first (1) day of every calendar month and at 12:00 Hours on the dates the change of tariff becomes effective. Concerned AEE/AE 'Operation' Sub Division in whose area the plant is situated shall take joint meter reading on behalf of the DISCOM."

From the examination of the above, it is apparent that although the 'Contracted Capacity' is 15 MW, but, the 'Delivered Energy' in respect of which HPPC is liable to pay 'Monthly Energy Charges' is the kilowatt Hours (kWh) of electricity actually fed into Grid system and measured by energy meters on monthly basis i.e. on 1st of every calendar month. Thus, PPA does not contain any explicit provision to restrict the

generation of the petitioner to the energy produced in kWh by its 15 MW power plant in 15 minutes time slot.

Clause 6.4 of the National Tariff Policy, provides as under:-

“6.4 Renewable sources of energy generation and 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.

.....

(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.”

Thus, NTP, 2016 provides that HPPC is bound to procure 100% power produced by Waste-to-Energy power plant in the State. Further, MNRE, in its revised guidelines of Waste to Energy Programme, issued vide F.No. 20/222/2016-17-WTE dated 28.02.2020, has recognised Energy produced from Agricultural Waste. The objectives of the ibid guidelines is reproduced hereunder:-

“1. Objective

The main objectives of the Programme are as follows:-

a. To promote setting up of projects for recovery of energy in the form of Biogas/BioCNG / Power from Urban, Industrial and Agricultural Waste and Captive Power and Thermal use through Gasification in Industries

b.....”

In line with the provisions in NTP, 2016, the power plants of the petitioner have been given a special status of ‘Must-Run’ i.e. HPPC is never allowed to restrict the energy injected by the petitioner.

HCG, 2009, provides as under:-

2. Definitions

(107) 'Time Block': Block of 15 minutes each for which special energy meters record specified electrical parameters and quantities with first Time Block starting at 00.00 Hrs."

5.14.3 Monitoring Procedure

(a)...

...

(e) SGSs (excluding CGPs) shall provide to SLDC 15-minute block-wise generation summation outputs where no automatically transmitted metering or SCADA/RTU equipment exists. CGPs shall provide to SLDC 15-minute details of block-wise export / import of MW and MVar;

5.6 DEMAND ESTIMATION FOR OPERATIONAL PURPOSES

(a) SLDC shall develop methodologies/mechanisms on the basis of the data submitted by generation company(s) and distribution companies for daily, weekly, monthly and yearly demand estimation (MW, MVar and MWh) for operational purposes. The data for the estimation shall also include load shedding, power cuts, etc. SLDC shall also maintain historical database for demand estimation.

(b) Distribution companies and other agencies involved in bilateral exchanges shall provide to the SLDC their estimates of demand/export for active power (MW), reactive power (MVar) and energy consumption (MU) at each connection / external interconnection point on daily, weekly and monthly basis as per the formats to be finalized by SLDC. The distribution companies shall intimate to the SLDC the methodology used in producing their forecasts.

(c) The SLDC shall use this data

(i) to determine the generation schedule for next day;

(ii) to determine the most onerous conditions affecting constraints and voltage performance for next week;

(iii) to check outage plan viability for peak and lean periods for next month.

(d) (i) The data shall be in the form of 96 blocks (15 minutes period) averaged demand figure for that day, weekly and monthly data shall be in the form of 24 hourly averaged demand figures for that week/month and yearly data shall be in the form of month wise energy requirement for the year. All the above data shall be in respect of each inter-connection point;

Xxxxx

(viii) SLDC shall maintain a database of State demand on a 15 minutes basis;

6.5 TARIFF METERING

6.5.1 The generating companies, CGPs, the transmission licensees and the distribution licensees and EHV consumers who intend to use open access provisions would need to install the meters suitable for Availability Based Tariff (ABT) at inter-utility exchange points which would record the parameters in accordance with the Central Electricity Authority Regulations on installation and operation of meters read with its amendment, if any.

xxxxxxx

6.5.8 In case of State transmission lines, meters suitable for Availability Based Tariff shall be provided having the following parameters:-

- (a) net active energy import/ export for each 15 minute time block of the day;
- (b) net reactive energy import/ export for the day above 103% of voltage;
- (c) net reactive energy export/ import when voltage is below 97%;
- (d) cumulative active energy export/ import;
- (e) average frequency for each 15 minute time block of the day;
- (f) provision of storage of data in non-volatile memory for at least 35 days.”

Thus, HGC, 2009 provides that the energy recorded for all injection into the grid has to be considered in a 15 minute time block, which when aggregated for all the time slots, gives the monthly entitled energy injection data. However, the significance of the same lies in continuous monitoring of all the injections and drawn for the overall grid security. It is on this context that Clause 4.9 (d) of HGC, 2009, provides that each generating unit shall be capable of instantaneously increasing output by 5% when the frequency falls, limited to 105% MCR, ramping back to the previous MW level (in case the increased output level cannot be sustained) shall not be faster than 1% per minute. As has been mandated by law of land i.e. the HGC, 2009, the generator is required to keep its generating capacity up to 105% MCR.

The Commission observes the present projects were conceived to curb the menace of paddy straw burning in the fields. The Commission has also considered the order of Hon'ble National Green Tribunal (“NGT”) dated 10.12.2015 titled ‘Vikrant Kumar Tongad v. Environment Pollution (Prevention & Control) Authority and Ors.’, wherein taking cognizance of the environmental hazardous agriculture residue burning, following directions were issued:-

“

b. All these State Governments and NCT Delhi shall immediately take steps to educate and advise the farmers through media, Gram Panchayats and Corporations that crop residue burning is injurious to human health, causes serious air pollution and is now

banned or prohibited by law. They shall also be educated that the agriculture residue can be extracted and utilized for various purposes including manufacturing of boards, fodder, rough paper manufacturing and as a raw material for power generation etc.

.....

h. Every State will provide Machines, Mechanism and Equipments or its cost to the farmers to ensure that agricultural residue in the field in these states are removed, collected and stored at appropriate identified sites in each district.

** Such equipments like happy seeders would be provided to small farmers having land area less than 2 Acres free of Cost.*

** For the farmers possessing area of more than 2 Acres but Less than 5 Acres, the cost for such machines is to be Rs. 5000/-.*

** For land owners having land area more than 5 Acres the cost for such machines is to be Rs. 15,000/-.*

These costs are for each crop growing season only once.

i. We hereby direct and prohibit agricultural residue burning in any part of the NCT of Delhi, State of Rajasthan, State of Punjab, State of Uttar Pradesh and State of Haryana.

.....

n. The District Magistrates shall further ensure from the Gram Panchayat that farmers are educated by holding special program of public hearing, circulating pamphlets and by practically demonstrating to the farmers the amount of pollution caused and consequential harm to public health, including that of their children from agricultural residue burning in open, as well as the possible ways for disposing agricultural crop residue by even providing benefit in terms of money. In some of the policies declared by the States, even some incentive and aid can be provided. Let the States implement this with greater sincerity and effectiveness.

m. We hereby direct all the State Governments and the Pollution control Boards should ensure that small land holding farmers are provided with the aid and machines for extracting agricultural crop residue in their respective fields and transport them to the designated sites in the respective districts where either it is used as a fuel in the plants or it is used for manufacturing of Straw/Fiber Boards and it can also be converted into a manure wherever it is possible.”

Thus, it is imperative that environmentally benign paddy-straw based power plants are promoted to consume maximum paddy straw in order to prevent its burning in the fields. Therefore, in case an existing power plant is capable of generating up to a level of 105% MCR in certain time blocks, it should be allowed.

The Commission in its order dated 26.03.2025 (HERC/ Petition No. 48 of 2021), while dealing with the similar matter pertaining to 'Waste to Energy' power plant granted 'Must-Run Status', in the case of M/s. JBM Environment Management Pvt. Ltd. v. Haryana Power Purchase Centre and Anr. , held as under:-

"The Commission observes that the power plant of the petitioner is a "Must Run" plant and covered under Regulation 10 (1) of Haryana Electricity Regulatory Commission (Terms and Conditions for determination of Tariff from Renewable Energy Sources, Renewable Purchase Obligation and Renewable Energy Certificate) Regulations, 2021 (HERC RE Regulations, 2021), reproduced hereunder:-

"10. Despatch principles for electricity generated from Renewable Energy Sources. – (1) All renewable energy power plants, except for Biomass power plants of installed capacity 10 MW and above, shall be treated as 'MUST RUN' power plants. Biomass power with installed capacity of 10 MW and above shall be subjected to scheduling and dispatch as specified under Haryana Grid Code and other relevant regulations including amendments thereto."

The Commission has considered the objection raised by the department of Urban Local Bodies (ULB) that acceptance of all the energy generated by the Waste-to-Energy plant will entail additional financial burden on them. Urban Local Bodies are vested with an array of functions entrusted upon them by the State Government. These functions broadly relate to public health, social welfare, public safety, public infrastructure works, and development activities. The more numbers of such Waste-to-Energy projects will not only augment RE power which is counted towards fulfilment of RPO in the Haryana Discoms, but also ensure better waste management and provide relief to the society at large from the legacy heaps of waste which is a health hazard for the entire city. Further, the generator cannot be denied the benefits of generation of power by burning solid waste on the ground of financial burden on a body whose main function is social welfare. Therefore, the objection of additional financial burden raised by ULB is devoid of merits and is rejected as such.

The importance of promoting MSW power projects from environmental and public health point of view, cannot be undermined. It is all the more necessary to give boost to the "Swachh Bharat Mission (SBM)" of Government of India through conversion of waste to energy in the most environment friendly manner.

Therefore, given the provisions of National Tariff Policy, 2016, variability of power generation by Waste-to-Energy plants depending on the nature and characteristics of fuel fed and associated objective of such projects viz. management and disposal of municipal waste, the interpretation of the PPA which mentions that HPPC to accept all such electrical energy up to 6.77 MW, has to be construed with reference to the quantum of power injected by the generator on an annual basis. Such dispensation i.e. reckoning with the contracted capacity on an annual basis shall also allay the fear of respondent no. 2 i.e. ULB that they will have to bear additional financial burden in the case the petition is allowed by this Hon'ble Commission.

The petitioner has also raised the issue of late payment surcharge in terms of Article 3.7 of the PPA on the differential amounts payable, even though the petitioner has issued credit notes on its own, accepting such adjustment for the period from August 2021 to December 2021. Admittedly, as established by the respondent i.e. HPPC, the petitioner has not raised any dispute at the contemporaneous time and also issued credit note without raising any dispute. Further, the Commission tends to agree with HPPC that the late payment surcharge cannot be levied on the amount which becomes payable to the generator, by way of relief granted by the Commission as a special dispensation. HPPC is directed to grant necessary adjustment within 30 days from the date of this order, failing which, late payment surcharge as provided under Article 3.7 of the PPA shall become applicable."

In view of the above discussion, the Commission is of the considered view that it is a fit case to maintain parity with the decision of this Commission dated 11.05.2022 (HERC/ Petition No. 48 of 2021), in the matter of M/s. JBM Environment Management Pvt. Ltd. v. Haryana Power Purchase Centre and Anr. Accordingly, the decision given in the ibid case shall be applicable, mutatis-mutandis, in the present case i.e. HPPC to accept all such electrical energy up to 15 MW, has to be construed with reference to the quantum of power injected by the generator on an annual basis. HPPC is directed to grant necessary adjustments of the energy injected by the petitioner, since the date of CoD, within 30 days from the date of this order, failing which, late payment surcharge as provided under Article 3.7 of the PPA shall become applicable."

The argument was advanced by HPPC that the contracted capacity in the instant case is 9.9 MW, whereas, the petitioner has installed capacity of 11.8 MW, leading to higher rated output capacity of the plant than the contracted capacity and if the 15 Minutes

block accounting is not mandated for the Petitioner, it would tantamount to permitting the Petitioner to inject full rated capacity of 11.8 MW at the determined tariff.

In this regard, the Commission examined the report of the Committee dated 28.04.2025 constituted to witness the trial run of 9.9 MW paddy straw based power plant of the petitioner. The relevant part is reproduced hereunder:-

“3. The Committee observed that total units (kWh) generated and recorded by ABT meter installed and checked by M&P wing DHBVN & HVPNL is 6,6,240 units, which corresponds to 97.67% PLF of total energy corresponding to installed capacity of 9.9 MW, which meets the minimum criteria for C.O.D of 80% PLF for a period of 72 hours as per PPA signed between HPPC & M/s Fatehabad Bio energy LLP.”

Thus, the Committee at the time of witnessing the trial run, has considered the installed capacity of 9.9 MW and not 11.8 MW now argued by HPPC. The Commission has also considered the arguments of the petitioner that the exportable energy shall be limited to 9.9 MW only as per PPA executed between the parties. Higher back end capacity ensures reliability and lifecycle adequacy, for which the generator is not claiming additional fixed cost.

In view of the above discussions, the decision in the abovementioned case (s) are applicable to the petitioner herein, mutatis-mutandis, more so when the contracted capacity of the present generator is less than 10 MW, which is not subject to DSM mechanism. Accordingly, the Commission decides that the interpretation of clause 2.1.1 of the PPA which mentions that HPPC to accept all such electrical energy up to 9.9 MW, has to be construed with reference to the quantum of power injected by the generator on an annual basis.

17.3. Relief No. 3: Payment for power injected into grid before CoD.

The petitioner has submitted that its power plant was connected with the grid w.e.f. 11.05.2023 and injection of power was started with full knowledge of SLDC. Due to delay on the part of R-1 (HPPC), R-3 (HVPNL) and R-4 (DHBVNL), to formally grant LTOA, the CoD was declared to have been achieved on 28.04.2025. Therefore, in terms of para 11 (ii) (c) of the order of this Commission dated 03.01.2019 (Petition No. 45 of 2018), clause 6.10 of the duly executed PPA and joint meter reading (JMR) of SE/SO letter no. Ch-47/SE/SO-1051, dated 03.06.2025, generic tariff may be granted, in respect of the generation from 11.05.2023 to 28.04.2025. The petitioner has further submitted that the Commission, vide its interim order dated 10.06.2025 read with interim order dated 26.09.2025, has already granted interim tariff of Rs.

5.33/unit which is equivalent to the variable cost, in respect of power supplied by the generator from 11.05.2023 till 28.04.2025 as well as for the subsequent generation. The review petition filed by R-1 (HPPC) against the ibid order of the Commission dated 10.06.2025, was disposed of vide order of the Commission dated 10.07.2025, vindicating the stand of the petitioner to claim tariff in respect of power supplied w.e.f. 11.05.2023 to 28.04.2025 i.e. prior to the date of CoD.

Per-contra, R-1 (HPPC), vehemently argued that the scope of the petition under Section 62 of the Act, 2003 is limited to the determination of tariff after the CoD of the plant and not in respect of infirm power injected prior to CoD which is in the nature of dispute with respect of delay in SCOD. Further, the payment towards infirm power, if any, is liable to be restricted for a maximum of three months in terms of the Haryana Electricity Regulatory Commission (Terms and Conditions for Grant of Connectivity and Open Access for Intra-State Transmission and Distribution System) Regulations, 2012 ("OA Regulations, 2012"), as the injection of infirm power is permissible for the limited purposes of pre-commissioning activities, testing, and commissioning. Ms. Madan further argued that email of the HVPNL dated 14.02.2023 specifically mentioned that charging code is being issued for Energy line only and a separate code has to be sought for the synchronization of the Plant.

In order to examine the issue raised by the petitioner, the Commission has considered it appropriate to examine the relevant clauses of the Regulation 6(14) of OA Regulations, 2012, Regulation 19 of IEGC, 6.10 of the duly executed PPA, and joint meter reading (JMR) of SE/SO letter no. Ch-47/SE/SO-1051, dated 03.06.2025, in respect of the generation from 11.05.2023 to 28.04.2025, as well as this Commission's order dated 03.01.2019 (Petition No. 45 of 2018). The extract of the relevant references are reproduced hereunder:-

Regulation 6(14) of OA Regulations, 2012:

"(14) A generating station, including a captive generating plant, which has been granted connectivity to the intra-State grid, shall be allowed to inject infirm power into the grid during testing including full load testing before commencing its commercial operation for a period not exceeding three months after obtaining prior permission of the State Load Despatch Centre.

Provided that the State Load Despatch Centre while granting such permission shall keep the grid security in view and ensure that injection of such infirm power is only for the purpose of testing, prior to commencing of commercial operation of the generating station or a unit thereof."

Regulation 19 of Central Electricity Regulatory Commission (Indian Electricity Grid Code) Regulations, 2023 ("IEGC"):

"19. DRAWAL OF START UP POWER AND INJECTION OF INFIRM POWER

(1) A unit of a generating station including unit of a captive generating plant that has been granted connectivity to the inter-State Transmission System in accordance with GNA Regulations shall be allowed to inter-change power with the grid during the commissioning period, including testing and full load testing before the COD, after obtaining prior permission of the concerned Regional Load Despatch Centre:

Provided that the concerned Regional Load Despatch Centre while granting such permission shall keep grid security in view.

(2) The period for which such inter-change shall be allowed shall be as follows:-

(a) Drawal of start-up power shall not exceed 15 months prior to the expected date of first synchronization and one year after the date of first synchronization; and

(b) Injection of infirm power shall not exceed one year from the date of first synchronization for generating stations other than REGS and ESS (except Hydro PSP ESS).

(c) Injection of infirm power shall not exceed 45 (forty-five) days from the date of first time energization and integration (FTCI) approval for REGS and ESS (except Hydro PSP ESS)..

... ..

(7) The onus of proving that the interchange of infirm power from the unit(s) of the generating station is for the purpose of pre-commissioning activities, testing and commissioning, shall rest with the generating station, and the concerned RLDC shall seek such information on each occasion of the interchange of power before COD. For this, the generating station shall furnish to the concerned RLDC relevant details, such as those relating to the specific commissioning activity, testing, and full load testing, its duration and the intended period of interchange. The generating station shall submit a tentative plan for the quantum and time of injection of infirm power on day ahead basis to the respective RLDC.

Article 6.10 of the PPA dated 22.02.2019 duly executed between the petitioner and R-1, provides as under:-

"Generation and injection of infirm power by the Seller prior to the Commercial Operation Date (CoD) shall be paid @applicable tariff."

This Commission's order dated 03.01.2019 (Petition No. 45 of 2018), provides as under:-

“11. Having approved the source of power procurement the Commission has perused the draft PPA(s) submitted by the petitioner as well as submissions made by the parties in the hearing held on 18.12.2018 in the matter. The Commission observes as below:

i)The Commission has perused the draft PPAs for four paddy straw-based power projects submitted for its approval. The Commission has noticed a few aberrations in the same as under: -

a) The definition of Tariff needs to be changed to read that the tariff payable to the IPP shall be the year-to-year tariff determined by the Commission w.r.t. CoD of the project and the discount offered by the IPPs as part of the RFP shall be deducted from the year-to-year tariff determined by the Commission (emphasis added).

b) Given the fact that the fuel i.e. paddy straw is available only for a few months and thereby requiring the IPPs to lock in working capital upfront, the due date for payment in respect of tariff invoice raised by the paddy straw-based power project developers shall be the 30th day from the next day of the receipt of tariff invoice by the HPPC / Discoms. In such cases the 1% rebate shall be admissible to the Discoms / HPPC, and 2% rebate shall be applicable in case the energy bills of the seller are made on presentation.

c) Clause 6.10 regarding payment for infirm power needs to be deleted as the tariff payable shall be the year-to-year generic tariff, hence, the concept of infirm power less fuel cost to be reckoned for reduction of capital cost is not applicable in such cases. Hence, entire energy injected by the power plant and into the Grid must be paid for at the applicable tariff.

(emphasis added).

The Commission has also taken note of the letter no. Ch-47/SE/SO-1051, dated 03.06.2025 issued by Superintending Engineer/SO, DHBVNL, containing Joint meter reading (JMR), in respect of the generation from 11.05.2023 to 28.04.2025, reproduced hereunder:-

“Subject:-Details of Reading/meter data in respect of M/s Fatehabad Bio Energy LLP (9.9 MW Paddy Straw based Bio Mass Power Plant) received from Xen/M&P, DHBVN, Hisar.

The reading/Meter data in respect of the subject cited generator has been received from Xen/M&P, DHBVN, Hisar (through email dated 03.06.2025) and copy of same is enclosed herewith for ready reference.

In this regard it is intimated that as per report of committee constituted to witness trial run of the project, supplied by the M&P wing (through email dated

05.05.2025), trial run for the above said bio mass power plant was started on 25.04.2025 at 17.00 Hrs. and concluded on 28.04.2025 at 17.30 Hrs. Further, it is also pertinent to mention here that approval for Long Term Open Access was granted vide Chief Engineer/SO & Commercial, HVPN, Panchkula office memo No. Ch-108/ISB-560 dated 06.11.2024. The signed copy of Long Term Open access agreement was supplied to the generator vide Chief Engineer/SO & Commercial, HVPN, Panchkula office memo No. Ch-113/ISB-559 dated 08.01.2025. Now, the reading/JMR/Meter data in respect of the subject cited generator has been received from Xen/M&P, DHBVN, Hisar (through email dated 03.06.2025) from 11.05.2023 (i.e. date of MT1 05&06/678) upto 28.04.2025 at 17.30 Hrs (i.e. date of trial run concluded).

In this regard, as per reading/Meter data supplied by M&P Wing, the brief details/abstract of the of readings in respect of the subject cited generator for the period from 11.05.2023 (i.e. date of MT1 05&06/678) upto 28.04.2025 at 17.30 Hrs (i.e. date of trial run concluded), is as under:-

From 11.05.2023 (i.e. date of MT1 05&06/678) upto 28.04.2025 at 17.30 Hrs (i.e. date of trial run concluded):-

Main Meter Sr. No. HVPN 3711		Reading as on		Difference	MF KWH	Net units in KWH
		11.05.2023 (i.e. date of MT1 05/678)	28.04.2025 (from COD i.e. 17:30 Hrs)			
Export	WH	25.300	579795.751612	579770.451612	90	52179340.645
Import	WH	33.300	9840.00	9806.700	90	882603.00
Check Meter Sr. No. UH 754368		Reading as on		Difference	MF KWH	Net units in KWH
		11.05.2023 (i.e. date of MT1 05/678)	28.04.2025 (from COD i.e. 17:30 Hrs)			
Export	WH	317.200	579716.300	579399.100	90	52145919.000
Import	WH	307.300	10177.00	9870.4000	90	888336.00

Note: Calculated Average Export Power factor for this period has not been provided by M&P wing.

This for your kind information and taking further necessary action as per relevant clauses of connected PPA/HERC regulations, please.

DA-As above

Superintending Engineer/SO
DHBVN, Hisar"

Perturbed by the inordinate delay of around one year in grant of Long-Term Open Access and CoD, to the power project of the petitioner, even after the grant of connectivity as well as grid code, due to which power generated by an environmentally benign paddy-straw based power plant remained stranded, the Commission in its interim order dated 10.06.2025 had directed Chief Engineer/SO & Commercial, HVPNL and Chief Engineer/Commercial, DHBVNL to investigate the reasons for the same. From the examination of investigation report dated 04.07.2025 and dated

23.06.2025 submitted by HVPNL and DHBVNL, respectively, it is conclusively established that the delay occurred due to operational inefficiencies of HVPNL as well as DHBVNL. DHBVN has itself taken cognizance of the delay and has decided to conduct a detailed inquiry and take further action as per 'DHBVN Employees (Punishment and Appeal) Regulations 2019' against the guilty officials. The Commission observes that even after the grant of LTOA on 06.11.2024, HPPC took another 6 months to take cognizance of start of commercial operation of the power project. HPPC has also failed to discharge its obligation provide under Article 5.1 of the duly executed PPA between the parties i.e. to ensure evacuation readiness before the synchronization date. Thus, all the three i.e. HVPNL, DHBVNL and HPPC have contributed to the delay in grant of connectivity, long term open access and CoD to the power project of the petitioner.

Under these circumstances, although Regulation 6(14) of OA Regulations, 2012 as well as Regulation 19 of IEGC provides that the infirm power shall be allowed to be injected in the grid during testing including full load testing before commencing its commercial operation, the Commission is constrained to note the facts in the present list under which the petitioner was forced to keep injecting the power in the grid for a prolonged period in full knowledge of SLDC. Telemetry and daily reporting annexed by the petitioner clearly establishes that telemetry was fully functional, and daily reports were automatically reaching SLDC and/or the connected substation. These contemporaneous records establish that the system operators had real-time visibility of injections. Further, the letter no. Ch-47/SE/SO-1051, dated 03.06.2025 issued by Superintending Engineer/SO, DHBVNL, containing Joint meter reading (JMR), in respect of the generation from 11.05.2023 to 28.04.2025, has confirmed the generation and injection thereof in the grid. The Commission further observes that although JMR has provided generation w.e.f. 11.05.2023, SLDC daily reports submitted by the petitioner, abundantly establishes that the injections started w.e.f. 25.02.2024 when the export units of 1584 kWh was recorded for the first time and there was very meagre generation till 31.03.2024. Thus, the generation recorded by JMR mainly pertains to the FY 2024-25.

Further, Article 6.10 of the duly executed PPA dated 22.02.2019 specifically provides that Generation and injection of infirm power by the Seller prior to the Commercial Operation Date (CoD) shall be paid @applicable tariff. This Commission's order dated 03.01.2019 (Petition No. 45 of 2018), issued while granted approval to the draft PPA, has left no ambiguity, after deciding that *'Clause 6.10 regarding payment for infirm power needs to be deleted as the tariff payable shall be the year-to-year generic tariff, hence, the concept of infirm power less fuel cost to be reckoned for reduction of capital*

cost is not applicable in such cases. Hence, entire energy injected by the power plant and into the Grid must be paid for at the applicable tariff.”

(Emphasis supplied)

The contractual right cannot be negated by HPPC after executing and acting under the PPA, who are estopped by the doctrine of promissory estoppel from denying payment for infirm power. Thus, the provision contained in Regulation 6(14) of OA Regulations, 2012 which provides that infirm power shall be allowed to be injected for a period not exceeding three months, is relaxed by the order dated 03.01.2019 (Petition No. 45 of 2018), passed by this Commission, while granting approval of the draft PPA.

The reliance placed by R-1 (HPPC) on the judgements of Hon'ble APTEL in Cauvery Power Generation Chennai Pvt. Ltd. v. Tamil Nadu Electricity Regulatory Commission and Kamachi Sponge & Power Corporation Ltd. v. Tamil Nadu Generation and Distribution Corporation Ltd., is misplaced in the instant case. In both cases, the claim for payment of infirm power was rejected on the ground that the generator had acted unilaterally, without consent, and had injected power at its own risk. These cases involved captive generating plants which had no concluded PPA or Contract Agreement with the DISCOM. Their injections were voluntary spill-over during captive testing. APTEL held that such unilateral, non-contractual injections could not bind the licensee. Whereas in the present case, the petitioner is a renewable IPP established solely to supply power to HPPC under a binding PPA. Article 6.10 of the PPA mandates payment for infirm energy prior to COD. Unlike captive power plant that is mandated to self-consume the power generated by it, the petitioner had no other alternative than to inject all the generated power in DISCOM's grid.

The Commission is of the considered view that it is expected to act responsibly and render its best judgment dispassionately in accordance with law following the principles of natural justice, so as to strike a balance between the interest of the electricity consumers and financial viability of the generators.

Based on the above discussions and considering the facts and circumstances of the present case wherein there is admitted inordinate delay in grant of connectivity/LTOA /CoD and provision in Article 6.10 of the PPA providing for payment at applicable /generic tariff for infirm energy prior to COD read with the order of this Commission dated 03.01.2019 (Petition No. 45 of 2018), the Commission decides that the power injected from 11.05.2023 to 28.04.2025 shall be paid at the generic tariff determined for the Financial year 2024-25 i.e. Rs. 8.09/kWh, which shall be subject to discount of

Rs. 0.71/kWh, as has been established in the preceding paras of this order that generation recorded in the JMR mainly pertains to the FY 2024-25. The Superintending Engineer/SO, DHBVNL, in its letter no. Ch-47/SE/SO-1051, dated 03.06.2025, has already verified the joint meter reading (JMR) in respect of the generation from 11.05.2023 to 28.04.2025.

- 17.4. Relief No. 4: Determine tariff for supply of power from the 9.9 MW 100% paddy straw-based biomass energy generation project post CoD.

As decided in the preceding para of this order, the CoD shall be considered as achieved on 28.04.2025 i.e. in the FY 2025-26. The Commission shall now proceed to examine each component relevant for the purpose of tariff determination.

18. The project of the petitioner has achieved CoD in the FY 2025-26. Therefore, the parameters specified in the Haryana Electricity Regulatory Commission (Terms and Conditions for determination of Tariff from Renewable Energy Sources, Renewable Purchase Obligation and Renewable Energy Certificate) Regulations, 2021 (RE Regulations, 2021), as amended from time to time, read with the order of this Commission dated 26.03.2025 & 29.10.2025, shall be applicable for the purpose of determination of tariff during the post CoD period. Accordingly, various components of tariff, as per the submissions of the Petitioner, HPPC and RE Regulations, 2021, have been tabulated as under:-

Parameters	Claimed by Petitioner	HPPC submission	HERC RE Regulations, 2021, for Air Cooled, Travelling Grate Boiler for Biomass (Single Fuel Paddy Straw)
Capital Cost Rs. Million/ MW	77.60 (Rs. 76.83 crore for 9.9 MW)	Subject to prudence check	67.40 (ref. order dated 29.10.2025)
Loan, Equity Component	70:30	80:20	70:30
PLF	1 st year 65% Others 80%	80%	80%
O&M Rs. Million/MW	5.20	Subject to prudence check	5.237 for the FY 2025-26 (ref. order dated 29.10.2025)
O&M escalation	5.73%	2.93%	3.45% (ref. order dated 29.10.2025)
Depreciation	Normative	Normative	5.38% (first 13 years)
RoE	Normative	Normative	14%
Interest on term loan	12.10%	Average of actual interest rate subject to ceiling of normative	11 % (SBI MCLR -1 year tenor average of last six months i.e. 9% + 2%)
Interest on working capital	Normative	Normative	11 % (SBI MCLR -1 year tenor average of last six months i.e. 9% + 2%)
Auxiliary consumption	12%	12%	12%
Fuel Cost (Rs/MT)	Rs. 3564/MT	Lower of actual and normative	FY 2024-25: Rs. 3463/MT FY 2025-26: Rs. 3582/MT
Heat Rate (kCal/kWh)	4495	3306	4200
GCV (kCal/kg)	2950	3100	3100
Discount rate	Normative	Normative	11.90%(70x11%+30x14%)

Working capital norms: a) Fuel stock b) O&M c) Receivable d) Maintenance spares	6 months 1 month 2 months 15% of O&M	Normative	6 months 1 month 2 months 15% of O&M
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The Commission observes that except for capital cost, interest on term loan, O&M expenses, PLF, fuel cost, heat rate and GCV, where different views have been taken by the Petitioner and Respondents, all other parameters for tariff determination are to be taken as per the norms specified in the RE Regulations, 2021) read with the order of this Commission dated 26.03.2025 & 29.10.2025.

19. **The Commission now proceeds to examine and decide the capital cost, interest on term loan, O&M expenses, PLF, fuel cost, heat rate and GCV, to be considered for determination of tariff in the present case:-**

19.1. **Capital cost:**

The Commission observes that HERC RE Regulations, 2021 (3rd Amendment), 2025, provides that normative capital cost for biomass power projects using Rice Straw / Stubble as single fuel for generation of power having Air cooled condenser shall be Rs 6.74 crores per MW, as against the capital cost of Rs. 7.76 crores per MW (Rs. 76.83 Crore for 9.9 MW) claimed by the petitioner. The Petitioner has submitted that higher capital cost was incurred due to use of latest state of the art technology, for setting up the 100% Paddy Straw Biomass Power Plant technology which is being set up for the first time in India, to ensure 80% PLF.

Per-contra, HPPC has averred that the Petitioner has filed a statement of capital cost of Rs. 76.83 crore, which is not substantiated by corroborative evidence. HPPC has also raised objections on the claim for margin money, performance security, margin for working capital, preliminary expenses, preoperative expenses, contingency provisions, miscellaneous fixed assets, etc., included in the said statement of cost. HPPC has specifically pointed out that 'Pre-operative Expenses' claimed by the petitioner includes an amount of Rs.3 lakhs attributed to "Studies and Surveys" and Rs. 20 lakhs to "Technical Knowhow Fees", without disclosing the nature, scope, or details of the studies conducted or surveys undertaken which cannot be granted without actual proof thereof.

The Commission has considered the contentions of the parties and is of the considered view that the project specific tariff determination under Section 62

of the Electricity Act, 2003, ought not to escape the rigor of prudence check. In doing so, this Commission as a regulatory body, is also mindful of its duties towards promoting of generation of electricity from renewable energy sources and protection of investment by electricity generators in the State. The tariff under Section 62 of the Electricity Act, 2003 is a cost-plus tariff i.e., the tariff is to necessarily compensate the generating company for the cost incurred towards generation.

HPPC has pointed out that in the Balance Sheet of the petitioner as on 31st March, 2023, total cost of fixed assets has been mentioned as Rs. 63.80 crores as against the claimed expenditure of Rs. 76.83 crores, which can only be substantiated with the actual proof of payment. The Commission has examined the same and found that out of the project cost of Rs. 76.83 crore claimed by the petitioner, hard cost component is Rs. 72.69 crore. The component-wise difference between hard cost of Rs. 72.69 crore claimed by the petitioner and the relevant cost recorded in the Balance Sheet as on 31.03.2023, is as under:-

Component of hard project cost	Claim by the petitioner (Rs. Crore)	Cost in the Balance Sheet as on 31.03.2023 (Rs. Crore)	Difference (Rs. Crore)	Remarks
Land	3.06	3.42	-0.36	Less claimed by the petitioner.
Buildings	12.39	4.56	7.83	
Plant and Equipment	56.60	53.02	3.58	
Contingencies	0.63	-	0.63	
TOTAL	72.69	59.75		

Per-contra, the petitioner has vehemently argued that the financial year 2022-23, predates the project's commercial operation date (COD 28 April 2025) and therefore cannot reflect the final capitalisation. The figure of Rs. 63.80 crore appearing in the Balance Sheet as on 31.03.2023 represents the progressive capital work-in-progress recognised prior to COD, whereas the remaining expenditure was recognised in subsequent periods. The petitioner has provided details of actual expenditure incurred by it duly supported by the invoices and bank statements as well as Balance sheet as on 31.03.2024, in evidence of the amount actually spent during FY 2023-24.

The Commission has examined the submissions of the petitioner and observes that the cost of building as per the Balance Sheet as on 31.03.2024 is Rs. 13.49 crore, as against the claim made in the present petition for Rs. 12.39 crore, which is in consonance with the DPR. The Commission has verified the

expenditure of Rs. 8.92 crore made during the FY 2023-24 with the bank statements as tabulated hereunder:-

S. No.	Party Name	Total Amount (Rs.)	Upto 31.03.2023 (Rs.)	Incurred during the FY 2023-24 evidenced by bank statement (Rs.)	Date on which paid as per bank statement
1	LGS Industrial Works	13,750,272	2,892,772	5,695,000	04.04.2023
				5,162,500	27.09.2023
			TOTAL	10,857,500	
2	Dhan Singh Malik	4,958,701	1,558,700	3,400,000	21.07.2023
3	Kaluwala Construction Company	19,526,423	5,022,623	7,503,800	21.07.2023
				7,000,000	21.07.2023
			TOTAL	14,503,800	
4	Payal Construction Company	13,872,307	5,079,953	5,000,000	21.07.2023
				3,792,354	21.07.2023
			TOTAL	8,792,354	
5	Surya Construction Company	7,266,330	1,751,330	5,515,000	01.07.2023
6	Prem Singh Contractor	11,374,065	2,574,065	8,800,000	21.07.2023
7	Khatkar Builders	12,909,836	4,057,836	8,852,000	21.07.2023
8	Khairwal Constructions	16,023,515	7,210,515	8,813,000	21.07.2023
9	Jai Bhagwan Construction	14,114,402	5,309,902	5,000,000	21.07.2023
				3,804,500	21.07.2023
			TOTAL	8,804,500	
10	Khatkar Construction Co.	9,991,953	4,523,030	5,468,923	17.02.2024
11	Shiva Construction Co.	8,030,196	2,561,273	5,468,923	17.02.2024
12	URJA DISHA BOILER TECHNOLOGIES	3,109,000	3,109,000	-	
	TOTAL	134,926,999	45,650,999	89,276,000	

From the examination of the above, it is apparent that land cost claimed in the present petition is lower as compared to the cost appearing in the Balance Sheet as on 31.03.2023. Therefore, the land cost as claimed by the petitioner i.e. Rs. 3.06 crore is accepted.

In explanation to the difference in the cost of building, the petitioner has provided the payment proof in support of invoice-wise detail provided by them along with their rejoinder dated 08.09.2025. The petitioner has also filed a copy of Balance Sheet as on 31.03.2024, evidencing the total cost of building as 13.49 crore. Thus, the cost of building claimed in the present petition is lower as compared to the cost appearing in the Balance Sheet as on 31.03.2024. Therefore, the cost of building as claimed by the petitioner i.e. Rs. 12.39 crore is accepted.

Similarly, in explanation of the difference in the cost of Plant and Equipment, the petitioner has provided the payment proof in support of invoice-wise detail provided by them along with their rejoinder dated 08.09.2025. Further, the reasoning for differences in the amount of invoices in respect of boiler and

turbine paid to vendors, namely 'Ribo Industries Private Limited' and 'Triveni Turbine Ltd.' has been adequately explained by the petitioner, as has been reproduced earlier in this order. The petitioner has also filed a copy of Balance Sheet as on 31.03.2024, evidencing the total cost of Plant and Equipment as 65.72 crore, as against the claim made in the present petition to the tune of Rs.56.61 crore, being in line with the DPR. Therefore, the cost of Plant and Equipment as claimed by the petitioner i.e. Rs. 56.61 crore is accepted.

The petitioner could not substantiate its claim in respect of its other claim of project cost viz. contingencies/Provision for cost escalation (Rs. 0.63 crore) and soft cost (Rs. 3.73 crore); hence the same is rejected.

Thus, the total project cost accepted for the purpose of determination of tariff in the present lis is Rs. 72.09 crore (Land cost: Rs. 3.06 crore, Cost of Building: Rs. 12.39 crore and Cost of Plant and Equipment: Rs. 56.61 crore).

Having held as above, the Commission is mindful of the fact that in the present case, the tariff determination is being done in terms of a duly notified tariff regulations i.e. RE Regulations, 2021, as amended from time to time, which has provided a ceiling limit of project cost of such projects based on Air Cooled Travelling Grate Boiler, commissioned during the FY 2025-26, as Rs. 6.74 Crore/MW. The Petitioner in its own wisdom opted for technology costing higher than the normative cost, without receiving in principle concurrence of HPPC, HAREDA or the Commission after establishing benefits in terms of tariff to the end use electricity consumers of Haryana. At this stage, the Petitioner has submitted that it has chosen Denmark based technology of Boiler which is costlier than the normal boiler. It has added the consultancy charges and other incidental cost of technology transfer, without establishing the fact that the purported technology would improve the operating efficiency of the plant and the cascading benefit to the end use electricity consumer. Accordingly, the Commission is not concurred with the arguments of the Petitioner tested on the anvil of cost-benefit analysis and hence, restricts the capital cost of the project to the norm specified in the HERC RE Regulations, 2021, as amended from time to time, i.e. Rs. 6.74 Crore/MW. Resultantly, the total cost of 9.9 MW power plant is approved at Rs. 66.726 Crore, comprising of cost of land as Rs. 3.06 Crore, as claimed by the Petitioner and remaining capital cost i.e. depreciable

assets (balancing figure)– Rs. 63.666 Crore, for the purpose of tariff determination.

- 19.2. **Interest on Term Loan:** The Commission observes that the Petitioner has claimed Debt Equity Ratio of 70:30 provided in Regulation 12 of HERC RE Regulations, 2021. However, HPPC has referred to the Balance Sheet of the petitioner for the FY 2022-23, to argue that total long-term and short-term borrowings as on 31.03.2023 have been reflected at Rs. 54.84 crores as against the total capital cost of Rs. 68.57 crores, which is nearly 80 % of the project cost.

The Commission has examined the Audited Balance Sheet filed by the petitioner for as on 31.03.2024. The same reflects long term borrowings and gross block of fixed assets as on 31.03.2024 as Rs. 59.42 crore and Rs. 88.52 crore, respectively, which gives debt : equity ratio as 67:33, as against the mandated ratio of 70:30. Regulation clause 12.2 of RE Regulations, 2021 provides that *“For Project specific tariff, if the equity actually deployed is more than 30% of the capital cost, equity in excess of 30% shall be treated as normative loan.”*

Accordingly, the debt component equivalent to 70% of the total project cost i.e. Rs. 66.726 crore approved by the Commission, is arrived at Rs. 46.708 crore.

Further, w.r.t. the interest on term loan, the Commission observes that HPPC has contested the claim of petitioner to the interest rate of 12.10% p.a. and submitted that the actual interest rate on long-term borrowings is not mentioned in the Financial Statement, the interest rate on term loan of 35 crore has been specified as +1.5% + 3 M London Inter-Bank Offered Rate, which nearly comes to 6-7% per annum. Further, interest rate for the term loan of ₹7.30 crores has been specified as 7.40% per annum, and short-term borrowings have been specified as 9.35%. The average of the actual loan interest rate subject to the ceiling of the normative rate ought to be considered for the purpose of tariff determination.

Per-contra, the petitioner has vehemently argued that the claim of interest rate of 12.10% is well within the prevailing range for biomass and renewable-energy term loans during FY 2021-22 to 2024-25 ($\approx 11.5\% - 12.5\%$) as evidenced by the sanction letter which was submitted as part of the reply to rejoinder. Further, the term loan obtained at “1.5% + 3M London rate” had an all-in base of about 7.4% per annum. After including the mandatory hedge cost of approximately 3.9% and minor transaction charges, the effective INR cost works out to 11.3% per annum. The temporary foreign-currency conversion was undertaken purely for short-term cash-flow optimization and provided a marginal advantage of about 75–80 basis points

compared to a standard rupee loan. It does not represent a structural or recurring benefit.

The Commission observes that in the Audited Balance Sheet as on 31.03.2024, filed by the petitioner, the rate of interest of Term Loans is ranging from 11.05% to 12.75% p.a. The Commission has also examined the relevant provisions of HERC RE Regulations, 2021 which provides that the interest rate shall be considered as the average Marginal Cost of funds based lending rate (MCLR) (one-year tenor) of SBI prevailing during the last available six months plus a margin of up to 200 basis points i.e. 2%.

The Commission observes that average of SBI MCLR (one year tenor) of SBI during the last six months i.e. 15.11.2024 to 15.04.2025, works out to 9%. Consequently, in line with the HERC RE Regulations, 2021, the Commission approves interest on term loan as 11% (i.e. Average SBI MCLR (one-year tenor) plus a margin of up to 200 basis points).

- 19.3. **Interest on working capital:** The Commission observes that the Petitioner has sought interest on working capital @ 12.10% p.a. i.e. the rate at which interest is actually paid to its lenders.

The Commission has examined the relevant provisions of HERC RE Regulations, 2021 which provides that the interest rate shall be considered as the average Marginal Cost of funds based lending rate (MCLR) (one-year tenor) of SBI prevailing during the last available six months plus a margin of up to 200 basis points i.e. 2%.

As discussed earlier in this order, the Commission approves interest on working capital as 11% p.a., in line with the norms provided in the RE Regulations, 2021.

- 19.4. **Plant Load Factor (PLF):**

The petitioner has claimed PLF of 65% in the first year of operation and thereafter at 80% from the second year onwards.

Per-contra, HPPC has argued that the normative parameters prescribed under the RE Regulations, 2021 are mandatorily applicable, and the PLF cannot be considered at a level lower than 80% for tariff determination purposes.

The Commission has referred to the relevant regulation clause 32 of RE Regulations, 2021 which provides that “For the purpose of determination of tariff, the Plant Load Factor shall be considered as 80%.”

Accordingly, for the purpose of tariff determination, in line with the HERC RE Regulations in vogue, the PLF shall be pegged at 80% during each year of the

useful life of the project on a reasonable expectation that the choice of technology involves 'reliable technology' and 'longer life' at a sustained generation of over 80% on an annual basis. It will further compensate the petitioner for the higher capital cost incurred by it.

19.5. Operations and Maintenance Expenses (O&M expenses)

The Commission observes that as against the O&M norm of 0.5237 Crore/MT for the FY 2025-26, with an annual escalation of 3.45%, provided in the order dated 29.10.2025, the petitioner has prayed for being allowed an annual escalation of 5.73%. It has been submitted that the maintenance charges of boiler are higher as it is 2.5 times larger in size. Imported plant and machinery has higher associated cost and involves progressively higher O&M expenses. Per contra, the intervener has averred that higher escalation rate than that permitted under the HERC RE Regulations, 2021 cannot be allowed in view of the advance technology used by the petitioner.

The Commission has considered the rival submissions. Prima facie, the escalation factor of 3.45% has been considered by the Commission in its order dated 29.10.2025, which shall be applicable for determining O&M expenses for the FY 2026-27 onwards over the base O&M expenses determined for the FY 2025-26 at Rs. 0.5237 crore/MT, which is in line with the RE Regulations, 2021 read with the order of this Commission dated 29.10.2025 i.e. 3.45% per annum.

In view of the above discussions, the Commission pegs the escalation factor of the normative O&M at 3.45% per annum.

19.6. Fuel Cost:

The petitioner has submitted that although the fuel cost incurred by it during the FY 2024-25 is in the range of Rs. 3700/MT, however, the same is being claimed as determined by the Commission in its order dated 26.03.2025 for the FY 2024-25 with escalation factor.

The Commission observes that as per a few copies of weightment slips/invoices of fuel placed on record by the Petitioner, the cost of paddy straw is in the range of Rs. 3682/MT (10.11.2024), as against the price of paddy straw as fuel determined by the Commission in its order dated 26.03.2025 and 29.10.2025 at Rs. 3463/MT and Rs. 3582/MT for the FY 2024-25 and FY 2025-26, respectively. Accordingly, after carefully examining the averment of all the parties the Commission considers it appropriate to approve Fuel Cost for FY 2025-26 at Rs. 3582/MT. The annual escalation shall be considered as per the HERC RE

Regulations, 2021, as amended from time to time, read with the order of this Commission dated 29.10.2025 i.e. 3.45% per annum.

19.7. Gross Calorific Value (GCV):

The Commission has examined the prayer of the petitioner to consider the Gross Calorific Value (GCV) of its fuel at 2950 kcal/kg, as against the normative GCV of 3100/kcal/kg provided in Regulation 37 of the HERC RE Tariff Regulations, 2021, for the purpose of determination of tariff of the Petitioner's project, considering the storage period of paddy straw and degradation of quality of fuel due to weather conditions. In support, the petitioner has placed on record, the test report of the fuels from difference labs, tabulated as under:-

S.NO.	LAB NAME	DESCRIPTION	SAMPLE DATE	TEST REPORT DATE	GCV VALUE
1	SPECTRO ANALYTICAL LABS PVT. LTD	PADDY STRAW	05.01.2021	15.01.2021	3079
2	SPECTRO ANALYTICAL LABS PVT. LTD	PADDY STRAW	18.03.2021	27.03.2021	3003
3	SPECTRO ANALYTICAL LABS PVT. LTD	PADDY STRAW	06.05.2021	17.05.2021	2927
4	SPECTRO ANALYTICAL LABS PVT. LTD	PADDY STRAW	10.08.2021	20.08.2021	2890
5	SPECTRO ANALYTICAL LABS PVT. LTD	PADDY STRAW	09.09.2021	20.09.2021	2851

Per-contra, HPPC has averred that it is responsibility of the Generators to devise and maintain an efficient Fuel handling System. The GCV of the fuel depends on the effective storage of the fuel. Therefore, the GCV for the Plant of the Petitioner shall not be considered less than 3100 kCal/kg, as provided in Regulation 37 of RE Regulations, 2021.

The Commission observe that GCV of 3100 kCal/kg was also considered in its Order dated 26.03.2025 while determining levelized tariff for Biomass Air Cooled Travelling Grate Boiler using Single Fuel – Paddy Straw.

Further, proviso to regulation clause 6 of HERC RE Regulations, 2021, provides that *“the financial and operational norms as specified in these Regulations, shall be ceiling norms while determining the project specific tariff.”*

Accordingly, after carefully examining the averment of all the parties the Commission, considers it appropriate to approve GCV at 3100 kCal/kg i.e. the norms specified by the Commission in its Regulations.

19.8. Station Heat Rate (SHR):

The Commission has examined the submissions of the petitioner to the claim of Station Heat Rate (SHR) of 4495 kcal/kWh as against the SHR of 4200 kcal/kWh provided in Regulation 34 of the HERC RE Tariff Regulations, 2021.

Per-contra, HPPC has argued that SHR as per the Detailed Project Report submitted by the Petitioner comes to 3306 kCal/kWh (based on Turbine Heat Rate as 2645 kCal/kWh and Boiler efficiency as 80%).

The Commission has considered the submissions of the petitioner that the Detailed Project Report (DPR) is only a conceptual feasibility document prepared before commencement of the project and the binding parameters are contained in the purchase orders and technical guarantee given by the Original Equipment Manufacturer (OEM). The Commission observes that the OEM guaranteed boiler efficiency is 70.1% and guaranteed turbine heat rate is 3152 kCal/kWh. The turbine heat rate of 3152 kCal/kWh divided by boiler efficiency of 70.1% gives SHR of 4495 kCal/kWh. Further, specific fuel consumption of paddy straw, mentioned in the performance guarantee of the boiler given by the OEM, is 1.56 kg/kWh. With the GCV of 3100 kcal/kg, the SHR is arrived at 4836 kCal/kWh.

Accordingly, after carefully examining the averment of all the parties and on the basis of proviso to regulation clause 6 of HERC RE Regulations, 2021, reproduced earlier in this order which provides that “the financial and operational norms as specified in these Regulations, shall be ceiling norms while determining the project specific tariff.”, the Commission approves SHR at 4200 kCal/kWh.

19.9. Revenue amounting to Rs. 3.52 crores earned by the Petitioner from power generation.

The R-1 (HPPC) has argued that in the audited balance sheet for the FY 2022-23, there is a recorded entry for the revenue earned by the Petitioner from power generation for an amount of Rs. 3.52 crores, which was not disclosed in the petition and ought to be offset against the project cost.

Per-contra, the petitioner has submitted that the amount of Rs. 3.52 crore does not relate to sale of power but represents the sale of paddy-straw feedstock that had been procured for commissioning trials. Since the transmission line and 33 kV bay were not yet commissioned, no export of power was possible during FY 2022-23.

The Commission has considered the contention of the petitioner on this issue and observes that there could not have been sale of power in the FY 2022-23,

since the connectivity agreement was executed on 17.04.2023 and 33 KV Substation was charged on 14.02.2023. Accordingly, the concern raised by HPPC is unfounded.

19.10. Disclosure regarding Subsidy:

The Commission has examined the submissions of HPPC that as per the DPR, the Petitioner Plant is entitled to sanctioned subsidy of Rs. 20 lacs payable on successful commissioning of the project, which shall be adjusted against the Capital Cost for determination of tariff.

Per-contra, the petitioner has submitted that the mention of subsidy in the DPR was based on the MNRE Biomass Power Programme that was operational during FY 2020-21. However, the CoD of the project was delayed entirely because of evacuation and grid-readiness delays on the part of HPPC / HVPNL, as recorded in official committee findings. Consequently, the Petitioner could not claim the backend subsidy within the applicable period.

The Commission has considered the contention of rival parties on this issue and observes that the capital subsidy, if and when received, is adjusted in the capital cost of the project. However, in the present case, since no subsidy could be received, the concern raised by HPPC is unfounded.

Based on the parameters discussed in the foregoing paras, the Commission determines the tariff for 20 years life of the project, appended to the present Order (Annexure – A). The tariff payable is the year to year tariff computed by the Commission for the entire life of the project.

Before parting with the order, the Commission observes that RfP was floated by HAREDA, as per the bid documents approved by the Commission and successful bidders were selected on the basis of discussions in the meeting of High Powered Committee (HPC) held on 11.01.2018 under the Chairmanship of Sh. D.S. Dhesi, Chief Secretary, Haryana for allotment of Paddy Straw based biomass power projects in Haryana, wherein it was decided as under:-

“PSNRE further informed the Committee that in this bidding process, the bidders were asked to offer maximum discount on the annual generic tariff of HERC/CERC of the year 2017-18 which shall be considered as ceiling tariff to arrive at the lowest tariff. In case, the generic tariff for paddy straw based projects is not issued by HERC seven days prior to the last date of submission of bids then the generic tariff notified by the CERC for paddy straw based power projects for Haryana State shall be taken as the

ceiling tariff and the discount is to be offered on this tariff only. As the CERC has also fixed two type of tariffs for paddy straw based power projects depending upon the boiler; the firms were asked to offer the discount on the lowest applicable tariff of Rs. 8.00 per unit. The matter of discount offered by the bidders was discussed by the Committee in detail and the committee was apprised that the issue of factoring the discount in the applicable tariff will be decided by the HERC for which a petition will be filed for fixation of tariff.”

Further, HAREDA issued the Letter of Intent (LOI) on 16.02.1208 to the petitioner and intimated that:-

“This allotment is on the basis of the highest discount of Rs. 0.71 (seventy one paisa) only on the tariff of Rs 8.00 per unit as specified in the RfP document. This discount shall be applicable on the tariff to be fixed by the HERC. The IPP shall approach the Commission for fixation of tariff.”

In view of the above, the tariff, in respect of power supplied during this period, shall be applicable as determined in the present order, subject to ceiling tariff of Rs. 8/-kWh and discount of Rs. 0.71/kWh which shall be reduced from year to year tariff so determined by the Commission in Annexure – A.

HPPC is directed to grant necessary adjustments in respect of difference between the interim tariff and the final tariff determined in this order, for the energy injected by the petitioner, since 11.05.2023, within 15 days from the date of this order, failing which, late payment surcharge @ 1.25% per month, as provided under Article 3.7 of the PPA, shall become applicable.

The Income Tax shall not form part of the tariff determined by the Commission and the petitioner shall raise the bill for reimbursement of MAT / Corporate Tax applicable on Return on Equity in 12 equal installments which shall be payable by the beneficiaries.

In terms of the above Order, the present petition is disposed of.

This order is signed, dated and issued by the Haryana Electricity Regulatory Commission on 13.11.2025.

Date: 13.11.2025
Place: Panchkula

Sd/-
(Shiv Kumar)
Member

Sd/-
(Mukesh Garg)
Member

Sd/-
(Nand Lal Sharma)
Chairman

TARIFF (Rs / kWh) for 20 years	M/s. Fatehabad Bio Energy LLP				ANNEXURE - A
Biomass generic tariff (Air Cooled - Travelling Grate Boiler) Single Fuel (Paddy)					
Table of Parameters			Per MW	9.9	MW
Year of CoD				2025-26	
Capital cost (Rs. in Million)			67.40	667.26	
Cost of Land (Rs. Million)				30.62	
Remaining capital cost (Rs. Million)				636.64	
Residual value (10%)				63.66	
Total depreciation (Rs in Million)				572.98	
Loan component (Rs in Million)				467.08	
Equity component (Rs in Million)				200.18	
CUF (stabilisation)				80%	
CUF 1st year (Including Stabilisation)				80%	
CUF 2nd year onwards				80%	
O&M (Rs Million) FY 2025-26			5.237	51.84	
O&M escalation				3.45%	
Depreication (first 13 years)				5.38%	
ROE (1st 10 years)				14%	
ROE (11th year onwards)				14%	
Income tax (MAT) pass through					
Income tax (Corporate Tax) pass through					
Interest on term loan				11.00%	
Interest on working capital				11.00%	
Auxiliary consumption (1st year)				12.00%	
Auxiliary consumption (2nd year onwards)				12%	
Fuel cost (Rs. / MT) FY 2025-26				3582	
Fuel price escalation				3.45%	
Heat rate (Kcal/kWh)				4200	
GCV (Kcal/kg)				3100	
Discount rate WACC				11.90%	
Levellised tariff				9.95	

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Year		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Fuel cost with escalation		3582	3706	3833	3966	4102	4244	4390	4542	4699	4861	5028	5202	5381	5567	5759	5958	6163	6376	6596	6823
O&M with escalation		51.84	53.63	55.48	57.40	59.38	61.42	63.54	65.74	68.00	70.35	72.78	75.29	77.88	80.57	83.35	86.23	89.20	92.28	95.46	98.76
Outstanding Loan amount		467.08	431.15	395.22	359.29	323.36	287.44	251.51	215.58	179.65	143.72	107.79	71.86	35.93							
Loan repayment		35.93	35.93	35.93	35.93	35.93	35.93	35.93	35.93	35.93	35.93	35.93	35.93	35.93							
Interest on loan		49.40	45.45	41.50	37.55	33.59	29.64	25.69	21.74	17.79	13.83	9.88	5.93	1.98							
Working Capital																					
Fuel cost for 6 months		168.35	174.16	180.17	186.38	192.81	199.46	206.35	213.46	220.83	228.45	236.33	244.48	252.92	261.64	270.67	280.01	289.67	299.66	310.00	320.69
One month O&M		4.32	4.47	4.62	4.78	4.95	5.12	5.30	5.48	5.67	5.86	6.06	6.27	6.49	6.71	6.95	7.19	7.43	7.69	7.96	8.23
2 Months receivables		88.30	90.02	91.82	93.71	95.69	97.76	99.92	102.18	104.54	107.01	109.59	112.27	115.07	115.62	119.33	123.18	127.16	131.27	135.53	139.94
Maintenance spares15% of O&M		7.78	8.04	8.32	8.61	8.91	9.21	9.53	9.86	10.20	10.55	10.92	11.29	11.68	12.09	12.50	12.93	13.38	13.84	14.32	14.81
Total		268.74	276.69	284.93	293.49	302.35	311.55	321.09	330.98	341.24	351.87	362.90	374.32	386.17	396.06	409.45	423.31	437.64	452.47	467.81	483.67
Interest on working capital		29.56	30.44	31.34	32.28	33.26	34.27	35.32	36.41	37.54	38.71	39.92	41.18	42.48	43.57	45.04	46.56	48.14	49.77	51.46	53.20
Variable Costs																					
Parameters	Derivation	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Capacity (MW)	1	9.9	9.9	9.9	9.9	9.9	9.9	9.9	9.9	9.9	9.9	9.9	9.9	9.9	9.9	9.9	9.9	9.9	9.9	9.9	9.9
Generation (Million Units)	A	69.38	69.38	69.38	69.38	69.38	69.38	69.38	69.38	69.38	69.38	69.38	69.38	69.38	69.38	69.38	69.38	69.38	69.38	69.38	69.38
Auxiliary Cons (%)		12.00%	12%	12%	12%	12%	12%	12%	12%	12%	12%	12%	12%	12%	12%	12%	12%	12%	12%	12%	12%
Generation (Ex-bus Mllion Units)	A1	61.05	61.05	61.05	61.05	61.05	61.05	61.05	61.05	61.05	61.05	61.05	61.05	61.05	61.05	61.05	61.05	61.05	61.05	61.05	61.05
Station Heat Rate (Kcal/kWh)	B	4200	4200	4200	4200	4200	4200	4200	4200	4200	4200	4200	4200	4200	4200	4200	4200	4200	4200	4200	4200
Calorific Value of fuel(Kcal/Kg)	C	3100	3100	3100	3100	3100	3100	3100	3100	3100	3100	3100	3100	3100	3100	3100	3100	3100	3100	3100	3100
Overall Heat (Gcal)	D= (A*B)	291393	291393	291393	291393	291393	291393	291393	291393	291393	291393	291393	291393	291393	291393	291393	291393	291393	291393	291393	291393
Fuel Consumption (MT)	E=(D*1000/C)	93998	93998	93998	93998	93998	93998	93998	93998	93998	93998	93998	93998	93998	93998	93998	93998	93998	93998	93998	93998
Cost of fuel Rs. per MT	F	3582	3706	3833	3966	4102	4244	4390	4542	4699	4861	5028	5202	5381	5567	5759	5958	6163	6376	6596	6823
Total Cost of fuel (Rs Million)	G=E*F/10^6	336.70	348.32	360.33	372.76	385.62	398.93	412.69	426.93	441.66	456.90	472.66	488.97	505.83	523.29	541.34	560.02	579.34	599.32	620.00	641.39
Fuel Cost (Rs/kWh)	H=G/A1	5.51	5.71	5.90	6.11	6.32	6.53	6.76	6.99	7.23	7.48	7.74	8.01	8.29	8.57	8.87	9.17	9.49	9.82	10.15	10.51
Fixed Costs																					
O&M Expenses		51.84	53.63	55.48	57.40	59.38	61.42	63.54	65.74	68.00	70.35	72.78	75.29	77.88	80.57	83.35	86.23	89.20	92.28	95.46	98.76
Depreciation		34.25	34.25	34.25	34.25	34.25	34.25	34.25	34.25	34.25	34.25	34.25	34.25	34.25	18.24	18.24	18.24	18.24	18.24	18.24	18.24
Interest on Term Loan		49.40	45.45	41.50	37.55	33.59	29.64	25.69	21.74	17.79	13.83	9.88	5.93	1.98							
Interest on Working Capital		29.56	30.44	31.34	32.28	33.26	34.27	35.32	36.41	37.54	38.71	39.92	41.18	42.48	43.57	45.04	46.56	48.14	49.77	51.46	53.20
Return on Equity		28.02	28.02	28.02	28.02	28.02	28.02	28.02	28.02	28.02	28.02	28.02	28.02	28.02	28.02	28.02	28.02	28.02	28.02	28.02	28.02
Income tax on ROE		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Fixed Cost		193.08	191.79	190.60	189.50	188.50	187.61	186.83	186.16	185.60	185.16	184.85	184.67	184.62	170.41	174.66	179.06	183.61	188.32	193.19	198.23
Fixed cost (Rs/kWh)		3.16	3.14	3.12	3.10	3.09	3.07	3.06	3.05	3.04	3.03	3.03	3.02	3.02	2.79	2.86	2.93	3.01	3.08	3.16	3.25
Total cost (Fixed+variable)		529.78	540.11	550.93	562.27	574.13	586.54	599.52	613.09	627.26	642.06	657.51	673.63	690.45	693.69	716.00	739.08	762.95	787.64	813.19	839.62
Tariff (Rs/kWh)		8.68	8.85	9.02	9.21	9.40	9.61	9.82	10.04	10.27	10.52	10.77	11.03	11.31	11.36	11.73	12.11	12.50	12.90	13.32	13.75
Per unit tariff components																					
Per unit O&M Expenses		0.85	0.88	0.91	0.94	0.97	1.01	1.04	1.08	1.11	1.15	1.19	1.23	1.28	1.32	1.37	1.41	1.46	1.51	1.56	1.62
Per Unit Depreciation		0.56	0.56	0.56	0.56	0.56	0.56	0.56	0.56	0.56	0.56	0.56	0.56	0.56	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Per Unit Interest on term loan		0.81	0.74	0.68	0.61	0.55	0.49	0.42	0.36	0.29	0.23	0.16	0.10	0.03	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Per Unit Interest on working capital		0.48	0.50	0.51	0.53	0.54	0.56	0.58	0.60	0.61	0.63	0.65	0.67	0.70	0.71	0.74	0.76	0.79	0.82	0.84	0.87
Per Unit Return on equity		0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46
Per unit income tax		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Levellised tariff																					
Discount factor		1.00	0.894	0.799	0.714	0.638	0.570	0.509	0.455	0.407	0.364	0.325	0.290	0.259	0.232	0.207	0.185	0.165	0.148	0.132	0.118
Discounted tariff components(variable)	6.88	5.51	5.10	4.71	4.36	4.03	3.72	3.44	3.18	2.94	2.72	2.51	2.33	2.15	1.99	1.84	1.70	1.57	1.45	1.34	1.24
Discounted tariff components(fixed)	3.08	3.16	2.81	2.49	2.22	1.97	1.75	1.56	1.39	1.24	1.10	0.98	0.88	0.78	0.65	0.59	0.54	0.50	0.46	0.42	0.38
Discounted tariff components (Total)		8.68	7.91	7.21	6.57	6.00	5.48	5.00	4.57	4.18	3.82	3.50	3.20	2.93	2.63	2.43	2.24	2.07	1.91	1.76	1.62
Fuel (Variable Cost) Rs/kWh		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Levellised Tariff (Rs/kWh)	9.95																				