

PUNJAB STATE ELECTRICITY REGULATORY COMMISSION
SITE NO. 3, BLOCK B, SECTOR 18-A, MADHYA MARG, CHANDIGARH

Petition No. 03 of 2024
Date of Order: 21.10.2024

Petition for Approval for procurement process of Punjab State Power Corporation Limited for the power to be allocated by Ministry of Power, Govt. of India from 500 MW Teesta VI, 120 MW Rangit IV and 850 MW Rattle Hydroelectric Project owned and operated by NHPC Limited.

In the matter of: Punjab State Power Corporation Limited, The Mall, Patiala, Punjab147001.

...Petitioner

AND

NHPC Limited, NHPC Office Complex, Sector-33, Faridabad, Haryana121003.

...Respondent

Present: Sh. Viswajeet Khanna, Chairperson
Sh. Paramjeet Singh, Member

PSPCL: Ms. Harmohan Kaur, CE&ARR/TR
Sh. Ashok Kumar Yadav, ASE

NHPC:

ORDER:

1. The Petitioner- Punjab State Power Corporation Limited (Punjab State Power Corporation Limited (PSPCL) has filed the present Petition seeking approval of the power purchase Agreement and procurement of Power (192 to 256 MW) from the Teesta-VI, Rangit IV and RattleHydro Power projects at the tariff to be determined by the Central Commission.
2. The submissions made in the petition are summarized as under:
 - 2.1 PSPCL has been procuring electricity from various sources, including, from renewable sources of energy to meet the power supply requirements in order to to maintain the distribution and

retail supply of electricity in the State of Punjab. PSPCL is filing the present Petition under Section 86(1)(b) and (e) of the Electricity Act, 2003 as read with the Punjab State Electricity Regulatory Commission (Power Purchase and Procurement Process of Licensees) Regulations, 2012 and Regulation 46 of the Punjab State Electricity Regulatory Commission (Conduct of Business) Regulations, 2005 for approval of Power Procurement from 3 Hydroelectric Projects ('HEP'), namely, 500 MW Teesta VI, 120 MW Rangit IV and 850 MW Ratle HEPs of NHPC. The Commission, in terms of Section 86(1)(b) and 86(1)(e) of the Electricity Act, 2003 as read with the Applicable Regulations, has the jurisdiction and mandate to regulate the electricity purchase and procurement process of the distribution licensee in the State.

2.2 Ministry of Power, Govt. of India vide Notification dated 22.07.2022 has declared that all power procured from large hydroelectric plants commissioned on/after 08.03.2019 shall be considered towards fulfilment of Hydro Purchase Obligations by an Obligated Entity. Also, PSERC (Renewable Power Obligations and its compliance) Regulations, 2022 notified on 12.12.2022 provides that the energy procured from all hydro power projects will be considered towards fulfilment of Renewable Purchase Obligations. Further as per CERC (Terms and Conditions for Renewable Energy Certificates for Renewable Energy Generation) Regulations, 2022 notified on 09.05.2022, an obligated entity being a distribution licensee or an open access consumer, which purchases electricity from renewable energy sources in excess of the renewable purchase obligation as determined by the concerned State Commission, shall be eligible for issuance of Certificates to the extent of purchase of such

excess electricity from renewable energy sources. Further, a Certificate Multiplier of 1.5 has been assigned by CERC for Hydro Generation in the aforementioned regulations.

- 2.3 On 07.10.2021, NHPC asked PSPCL for its consent for procurement of Hydro Power from the 500 MW Teesta-VI HEP & 120 MW Rangit-IV HEP through a Long Term PPA. On 08.02.2022, NHPC asked PSPCL for its consent for procurement of Hydro Power from the 850 MW from Ratle HEP through a Long Term PPA.
- 2.4 On 15.06.2022, Long-Term Power Purchase Committee (LTPPC) of PSPCL recommended procurement of power from the NHPC HEPs of Teesta-VI, Rangit-IV and Ratle after considering the proposals of NHPC on the basis of necessity, reasonability of cost and conformity with requirements of quality, continuity, reliability of supply (upto 15-20% (max.) of the installed capacity after deduction of free share for the home state).
- 2.5 On 01.12.2022, Ministry of Power, Government of India issued a Notification providing for the waiver of ISTS charges levied for transmission of power from Hydro Power Projects where construction work is awarded and PPA is signed till 30.06.2025, for a period of 18 years from the date of commissioning.
- 2.6 On 20.12.2022, the Board approved the recommendations of the LTPPC, i.e., to provide consent of PSPCL for procurement of power from 500 MW Teesta- VI, 120 MW Rangit-IV and 850 MW Ratle HEP, subject to the approval of the Commission, as per the tentative allocation recommended by LTPPC and final allocation by the Ministry of Power at a later stage. Accordingly, on 20.02.2023, PSPCL wrote a letter to NHPC informing that the quantum of power from the 3 HEPs will be limited upto 15-20%

(max.) of installed capacity after deduction of free share for the home state.

After taking into account the free power of 13% to the home State as per the prevailing Central Regulation/Guidelines, PSPCL's contracted capacity shall be assumed at 65-87 MW from 500 MW Teesta VI, 16-21 MW from 120 MW Rangit IV and 111 to 148 MW from the 850 MW Ratle project (subject to allocation by Ministry of Power, Government of India).

- 2.7 On 25.10.2023, the Board approved the signing of the PPA in respect of procurement of power from 500 MW Teesta VI, 120 MW Rangit IV and 850 MW Ratle HEPs.
- 2.8 The generation profile of the NHPC HEPs at Teesta-VI, Rangit IV and Ratle, being run of the river type projects, is expected to provide reliable, firm power with seasonal variation of capacity and peak power for about 3 hours in the lean/winter season, which matches with the demand profile of the state of Punjab. Also, the 3 NHPC HEPs are likely to be commissioned in August 2025, May 2026 and August 2026, which shall help in maintaining availability of power as per demand in the near future. Further, on terms of the Design Energy Curves, approximately 80-85% of Saleable Design Energy from the NHPC HEPs will be available/generated during the peak season of PSPCL.
- 2.9 As the penetration of variable renewable energy increases in the Indian grid, real time system operators are faced with a challenge of balancing variable renewable energy. The hydro power stations provide peaking power and thus help in curtailing dependence on power exchanges/achieve economy, when power rates are the highest.

2.10 The Levelized Tariff of Rs.4.07/kWh, Rs.4.37/kWh & Rs.3.92/kWh of 3 HEPs (Teesta-VI, Rangit IV and Ratle) are economical and conducive to the interest of the consumers in the State of Punjab. Further, the average power purchase price of PSPCL from FY 2022-23 has been more than Rs. 5.00 per kWh, whereas, the levelized tariff proposed by NHPC is less than the same. In addition, as the HEPs are likely to be commissioned in August 2025, May 2026 and August 2026, the possibility of cost overruns is also minimum as the projects are at an advanced stage of construction. However, it is worth mentioning that the aforementioned levelized Tariff is as per the price level, on which estimated capital cost of projects is approved by CEA and further investment approval granted by Govt. of India for each project. Generally, after completion of project, NHPC again approaches CEA/ GOI for approval of completion cost of project which is used by CERC for determination of actual Tariff payable by customer.

2.11 The recent offers/proposals as received by PSPCL for long term power procurement with a levelized tariff are of a cost more than Rs. 5.00/kWh and/or the date of commissioning/tariff of such projects is uncertain. In addition to the same, the monthly average energy rates available at Energy Exchanges during peak season of PSPCL for FY 2021-22 to FY 2023-24 has been priced more than Rs. 5.00/kWh, as shown by the data below:

Months	2021-22	2022-23	2023-24
May	2.97	7.06	4.96
June	3.21	6.78	5.63
July	3.09	5.69	4.76
August	5.29	5.40	7.20
September	4.60	5.89	6.51
October	8.36	4.01	6.74

- In these circumstances, the availability of 80-85% of generation capacity of these HEPs during the peak season of PSPCL at competitive prices will be beneficial for PSPCL.
- 2.12 Further, the actual power from Teesta-VI, Rangit IV and Ratle shall accrue towards the Renewal Purchase Obligations of PSPCL. Furthermore, any hydro power purchased by PSPCL in excess of the renewable purchase obligation (surplus) shall be eligible for issuance of Renewable Energy Certificates in terms of CERC (Terms and Conditions for Renewable Energy Certificates for Renewable Energy Generation) Regulations, 2022.
- 2.13 As per the provisional Demand & Availability scenario, PSPCL is likely to be deficient in energy terms during peak/ paddy season in the coming years. Considering 80-85% of Generation of these HEPs during the peak/ paddy season, the procurement of energy is best suited for PSPCL.
- 2.14 Further, in case the PPAs are signed by 30.06.2025, the waiver of ISTS charges levied for transmission of power shall also be applicable. After execution of PPAs, PSPCL shall be able to avail of such benefits of hydro power after offtaking/ scheduling power w.e.f. Date of Commercial Operation of these HEPs.
- 2.15 PSPCL has prayed to the Commission to declare that Power Purchase Agreement (PPAs) and procurement of power (quantum to be allocated by MoP, GoI) by PSPCL from Teesta-VI, Rangit IV and Ratle HEPs, stands approved at the Tariff to be determined by the Central Commission.
3. The Petition was admitted vide order dated 01.02.2024. NHPC Limited was directed to confirm the levelized tariff and commissioning schedule of its 500 MW, Teesta VI, 120 MW, Rangit IV and 850 MW, Ratle Hydro Projects. NHPC was also

directed to provide details of any expected delay in the commissioning schedule/increase in levelized tariff of Teesta VI Hydro Power Project in view of flash floods in Teesta basin during October 2023.

4. NHPC vide letter dated 08.02.2024 provided the levelized tariff and commissioning schedule based on the capital cost as per sanction order by MoP, GoI as under:

Project	Capacity (MW)	Ownership of Project	Levellised tariff (Rs/kwh)	Commissioning schedule
Teesta-VI, Sikkim	500	Lanco Teesta Hydro Power Ltd. (wholly owned subsidiary unit of NHPC limited)	4.07	March'2024
Rangit-IV, Sikkim	120	Jai Power Corporation Limited (wholly owned subsidiary of NHPC limited)	4.37	May'2024
Ratle, J&K	850	Ratle Hydroelectric Power Corporation Limited (JV of NHPC Limited & JKSPDC/J&K)	3.92	Feb'2026

NHPC has also provided the latest commissioning schedule as under:

Project	Capacity (MW)	Levellised tariff (Rs/kwh)	Present approved Commissioning schedule
Teesta-VI	500	4.07	August 2026
Ranjit-IV	120	4.37	May2025
Ratle	850	3.92	May2026

Further NHPC submitted that the present approved completion schedule of Teesta-VI HEP is August 2026. However, due to poor geology in HRT, recent flash floods in Sikkim, impact of Covid 19, annulment and re-award of Lot-II civil works, the schedule is under revision with project completion date being revised to December, 2027. NHPC has further submitted that the actual cost escalation due to revision in schedule and its impact on levelized tariff shall be assessed only on the completion of these projects.

5. The Petition was taken up for hearing on 13.03.2024. The Commission observed that NHPC Limited has not provided any information regarding the expected cost overruns and their impact on the proposed tariff. PSPCL and NHPC Limited were directed to submit the following information:

- a) NHPC to review the ongoing capitalisation of the project and submit the cost incurred on 500 MW Teesta VI, 120 MW Rangit-IV and 850 MW Ratle HE project upto March 2024, quantum (%) of work completed, pending remaining works, expected completion time & likely expenditure along with total anticipated expenditure on the projects viz-a-viz capital cost of the projects originally considered by the Ministry of Power, Govt. of India.
- b) The cost benefit analysis of the projects, along with saving in inter-state transmission charges if the PPAs are signed before 30.06.2025. An assessment of the landed cost of power from these projects from their extended completion dates could also be projected.
- c) PSPCL will coordinate with NHPC to get the estimated cost escalation of all the projects with revision in commissioning schedules as submitted by NHPC and its impact on the levelled tariff of the projects.

6. NHPC vide letter dated 01.04.2024 submitted the following information:

Project	Original cost as per sanction order of GOI (Rs Crore)	Quantum of work completed (in %)	Actual Expenditure incurred till Feb 2024 (Rs Crore)	Expected commissioning
Teesta-VI, Sikkim	5784.04 Cr at July'18 Price level	Physical works completed: 60.94% Balance works: 39.06%	3191.33	August 2026 (under revision to Dec 2027)
Rangit-IV, Sikkim	938.29 Cr at Oct'19	Physical work completed: 71.27% Balance work: 28.73%	973.42	May 2025
Ratle,	5281.94 at Nov'18	Physical Work	612.46	May 2026

J&K	Price level	completed: 12.16% Balance work: 87.84%		
-----	-------------	--	--	--

NHPC has also submitted that as per the progress of the above projects, it is evident that a significant balance physical progress is pending for Commissioning of these projects. As all of them are in the construction stage, many bottlenecks and challenges are faced by developers/contractors which may affect the completion of projects as well as project cost. Some of the key features associated with the development of hydro projects are:

- i. Natural calamities like unprecedented rain/flash floods, cloud burst, earthquake etc. which lead to destruction of project components/infrastructure machinery & leads to delay of projects.
- ii. Protest by the local people against the construction activities, like blasting, muck disposal, etc.
- iii. Projects in the Himalayan regions are affected by poor geology & other unforeseen site conditions entailing change in design or change in construction methodology which delays the completion of the project.
- iv. The projects may suffer due to force majeure events such as earthquake, windstorm, flood, severe icing conditions, drought, lightning, and strikes & labour disturbances etc.

NHPC has further submitted that after the completion of these projects, it shall approach the Central Electricity Authority (CEA) for vetting/examination of the completion cost of each project and subsequent approval by MOP, GOI. The Central Electricity Regulatory Commission (CERC) shall consider the

completion cost for determination of Tariff of the respective projects as per terms and conditions of Tariff regulations prevalent at that time. Therefore, the impact of the cost escalation on levelized Tariff at tentative completion cost cannot be ascertained at this stage.

7. PSPCL vide letter dated 09.04.2024 gave additional submissions as under:

a) On 28.06.2023, the Ministry of Power issued the Resource Adequacy Guidelines, wherein, it is stated that the distribution licensees have to plan resource adequacy with adequate generation capacities to meet the peak demand and the energy requirement of the distribution licensee and their contribution to the national peak demand with a mix of long-term (at least 75%), medium-term (10-20%) and short-term contracts.

b) On 07.02.2024, the Central Electricity Authority published the Resource Adequacy Framework of the State of Punjab, wherein, it has been indicated that the following additional generation capacities are required to be tied-up/ commissioned by the State of Punjab in the near future for meeting its demand, maintaining an optimal Generation mix and for ensuring Renewable Power Obligations compliance:

	COAL		HYDRO		WIND	SOLAR	TOTAL		MTOA/STOA
	Planned contract	Additional contract	Planned contract	Additional contract	Additional contract	Additional contract	Planned contract	Additional contract	Additional Contract
2023/24	0	0	14	0	503	1051	14	1554	4882
2024/25	0	0	28	0	44	1194	28	1238	5180
2025/26	0	0	0	0	541	1411	0	1952	5564
2026/27	0	2964	0	11	564	1496	0	5035	5300
2027/28	80	0	0	119	474	1555	80	2148	5300
2028/29	80	0	0	133	518	1523	80	2174	5300
2029/30	80	0	0	139	526	1586	80	2251	5300
TOTAL	240	2964	43	402	3170	9816	283	16352	

Accordingly, around 400 MW of additional hydro generation is required to be commissioned/ tied-up by the Financial Year 2029-30 by the State of Punjab for meeting its demand and ensuring compliance of RPO targets.

- c) NHPC has indicated its inability to ascertain the total completion cost of the projects at the present stage as a significant balance physical progress is pending for Commissioning of projects, and on account of the bottlenecks and challenges faced by developers/contractors.
- d) PSPCL further submitted the physical progress and expenditure incurred on the projects, as intimated by NHPC, till date as under:

Project	Original cost as per sanction order of Gol (Rs.Crore)	Levelized Tariff (Rs./kWh)	Quantum of work completed (%)	Actual Expenditure incurred till Feb'2024 (Rs.Crore)	Overall Financial Progress (%)	Expected Commissioning
500 MW Teesta-VI , Sikkim	5748.04	4.07	60.94%	3191.33	55.52%	Aug2026 (under revision to Dec'2027)
	(July'18 Price Level)					
120 MW Rangit-IV , Sikkim	938.29	4.37	71.27%	973.42	103.78%	May'2025
	(Oct'19 Price Level)					
850 MW, Ratle , J&K	5281.94	3.92	12.16%	612.46	11.6%	May'2026
	(Nov'18 Price Level)					

- e) The overall financial progress in case of Teesta-VI and Ratle HEP seems to match with the quantum of work completed, while the expenditure in case of Rangit-IV HEP has already exceeded the original cost sanctioned by Government of India. Further, on account of the poor Geology in HRT, recent flash flood in Sikkim, impact of Covid-19, annulment and re-award of Lot-II Civil works etc., the commissioning schedule of Teesta-VI is under revision to December, 2027.

- f) As per the CERC (Terms and Conditions of Tariff) Regulations, 2024, (applicable w.e.f. 01.04.2024 for the tariff period 2024-29), the generating company has to file their Generation Tariff petition within 90 days from the actual date of commercial operation (instead of 60 days prior to the anticipated date of commercial operation as per earlier CERC Tariff Regulations 2019). As such, the actual generation tariff to be determined by CERC shall be available at a much later date after 90 days post CoD of generating station (i.e. even after allocation of power by MoP, GoI w.e.f. CoD to interested beneficiaries).
- g) As regards the benefits of signing the PPA before 30.06.2025, PSPCL has submitted that in terms of the Notification dated 01.12.2022 issued by the Ministry of Power, no Inter-state transmission system ('**ISTS**') charges shall be levied for the transmission of power from Hydro Power Projects where the construction work is awarded and PPA signed by 30.06.2025.
- h) PSPCL reiterated its submission that the procurement of power from the 3 HEPs is economical and beneficial to the interest of the consumers in the State of Punjab, inasmuch as the levelized tariff worked out by NHPC in respect of these 3 HEPs i.e. Rs.4.07/kWh, Rs.4.37/kWh & Rs.3.92/kWh, which is lower than the average power purchase cost of PSPCL – Rs. 5.19/kWh in the FY 2022-23 and Rs. 4.65/kWh in FY 2021-22, and is also more economical in comparison to the energy rates available at Energy Exchanges during the peak season of PSPCL. PSPCL also reiterated that the generation profile of the 3 HEPs matches with the demand requirements of PSPCL.
- i) PSPCL submitted that in terms of the Notification dated 20.10.2023, the Ministry of Power has issued new targets of RPO

applicable from 01.04.2024 onwards, comprising of Wind, Hydro, Distributed and other Renewable Energy components, with separate targets for each category. Further, in terms of the Notification dated 01.02.2024 issued by the Ministry of New and Renewable Energy, there could be a penalty of upto Rs. 3.72/- per unit for each unit of shortfall in meeting the Renewable Energy consumption norms. Accordingly, the benefits of procurement of power from the 3 HEPs shall accrue towards the Hydro Purchase Obligations of PSPCL and also towards the RPO in terms of PSERC (Renewable Purchase Obligation and its compliance) Regulations, 2022.

j) In addition to the above, the recent peak hour exchange rates have been unprecedentedly higher than the normal day (Solar hour) time rates, which is an indication of inadequate balancing power in the system. In these circumstances, hydro power stations provide peaking power, and thus, help in curtailing dependence on power exchanges/achieve economy, when power rates are the highest.

8. The petition was taken up for hearing on 10.04.2024. The Counsel of PSPCL submitted that the power from the proposed projects is available on 'first come first serve' basis and in case PSPCL is not allowed to purchase power from the projects, the same might be allocated to some other state. PSPCL has further submitted that the levelized tariff worked out by NHPC for these three projects is lower than the power purchase cost of PSPCL which is Rs. 5.19 per kWh in FY 2022-23. The Commission observed that the expenditure in case of Rangit-IV HEP has already exceeded the original sanctioned cost and Commissioning schedule of Teesta-VI HEP has been revised to

December, 2027 due to poor geology in HRT, recent flash floods, impact of COVID, annulment and re-award of Lot-II Civil Works. Further, only 12.16% of the work has been completed in respect of Ratle HEP. There may be a considerable delay in completion of these projects and the tariff may further escalate. PSPCL & NHPC were directed to re-examine the issue and come back again with the total anticipated expenditure and estimated cost escalation of all the projects under reference.

9. PSPCL vide letter dated 15.07.2024 submitted that it has coordinated with NHPC to get the estimated completion cost of 3 No. HEPs and provided the tentative completion cost of these projects based on the present construction schedule and actual expenditure, the details of which are as under:

Project	Original Sanction Cost (Rs.Crore)	Anticipated Commissioning	Expenditure up to March 2024(Rs.Crore)	Expected Completion Cost of project (Rs.Crore)	Physical Progress as on 30.06.2024	Financial Progress as on 30.06.2024
Teesta VI- 500 MW	5748.04 Cr (July'18 P/L)	Dec2027	3421.28	8440.58	62.93%	62.64%
Rangit IV - 120 MW	938.29 Cr (Oct'19 P/L)	May 2025	979.92	1812.00	76.83%	111.04%
Ratle - 850 MW	5281.94 Cr (Nov'18 P/L)	May2026	600.74	5281.94*	14.01%	13.64%

10. The petition was taken up for hearing on 10.10.2024. The cost escalation and the revised and delayed schedule now proposed for these projects was taken note of by the Commission. The Ld. Counsel appearing for PSPCL submitted that NHPC is presently unable to put a ceiling on tariff and thus the Commission may consider to pass an order in terms of the order passed by it in

Petition No. 54 of 2021. After hearing the matter, the order was reserved.

11. Observations and Decision of the Commission:

The Commission has examined the submissions made by PSPCL& NHPC in the petition and information submitted during the course of different hearings. After examining and analyzing the pleadings of the counsel for PSPCL& NHPC, the observations of the Commission are as under:

11.1 Regulation 16.3 of the Punjab State Electricity Regulatory Commission(Framework for Resource Adequacy) Regulations, 2024specifies as under:

“ 16.3. Any new power purchase agreement for Long/Medium-term or amendments to existing Long/ Medium-term Power Purchase Agreement (PPA's)/ Power Sale Agreement (PSA) entered into by the distribution licensee shall be subject to the prior approval of the Commission in respect of:-

- (i) Necessity;*
- (ii) Reasonability of cost;*
- (iii) Promoting efficiency, economy, equitability and competition;*
- (iv) Conformity with requirements of quality, continuity and reliability of supply;*
- (v) Conformity with safety and environmental standards;*
- (vi) Conformity with criterion of power purchase as laid down by the Commission;*
- (vii) Conformity with policy directives of the State Government and policies issued by the Government of India viz. National Electricity Policy, Tariff Policy, long term and short term power procurement guidelines etc.*

The above provision mandates that the long term power purchase arrangement of the distribution licensee shall be

subject to the specific/prior approval of the Commission in respect of need/necessity and reasonability of cost with the objective being to make available secure and reliable power supply at economically viable tariffs.

11.2 Need/Necessity for procurement on long term basis:

- a) The Commission notes the PSPCL submission that the generation profile of the NHPC HEPs at Teesta-VI, Rangit IV and Ratle, being run of the river type projects, provide reliable, firm power with seasonal variation of capacity and peak power for about 3 hours in the lean/winter season, which matches with the demand profile of the state of Punjab.
- b) The Commission also notes the PSPCL submission that the benefits of procurement of power from the 3 HEPs shall accrue towards the Hydro Purchase Obligations of PSPCL and also towards the RPO in terms of PSERC (Renewable Purchase Obligation and its compliance) Regulations, 2022.

11.3 Reasonability of cost:

PSPCL has submitted the levelized tariff worked out by NHPC in respect of the 3 HEPs (Teesta-VI, Rangit IV and Ratle) as Rs.4.07/kWh, Rs.4.37/kWh & Rs.3.92/kWh respectively with an assertion that it is lower than the average power purchase cost of PSPCL which is Rs. 5.19/kWh in the FY 2022-23 and Rs. 4.65/kWh in FY 2021-22.

PSPCL filed the petition in January 2024 but does not seem to have examined /deliberated upon the physical and financial progress of the 3 HEPs of Teesta-VI, Rangit IV and Ratle and relied only on the levelized tariff projections provided by NHPC at July 2018 price levels. It was only with the intervention and queries raised by the Commission

that the true picture was revealed that the cost overrun is already 93% in case of Rangit IV and 47% for Teesta VI projects. Further, in case of Ratle, no cost overrun has been envisaged by NHPC but its physical progress is only 14% with the completion date less than two years ahead which in all likelihood will also see extensions in time and cost overruns. It is thus not understood by the Commission as to how PSPCL has been repeatedly making its assessments and submissions on the basis of original cost and levelized tariff estimates and ascertaining the reasonability and benefit of these costs. Only the detailed examination by the Commission has brought out the substantial cost and time overruns and the invariable increase in the tariffs much beyond which has been projected in the petition.

PSPCL is thus directed to be more diligent in studying all the aspects of projects per Regulation 16.3 of PSERC Resource Adequacy Regulations, 2024 while demonstrating the reasonability of cost and completion time of the projects while filing the petition for approval of long term power purchase agreements. Any laxity in signing of the long-term power purchase agreements will cause a recurring and unviable financial burden on the consumers of the State.

The Commission also notes PSPCL request to consider to pass an order in terms of the order passed in Petition No. 54 of 2021 the operative portion of which is as under:

“.....Further, the Levelised Tariff submitted in respect of Subhansiri Lower HEP project is tentative and the Capital cost has not yet been vetted/approved by CEA or CERC. As such the Commission does not find it prudent to approve the procurement of power from Subhansiri Lower HEP project at this point of time. However PSPCL is at liberty to approach the

Commission, once firm Levelised Tariff of the project is available.”

The Commission decides that keeping in view the fact that the Levelised Tariff in respect of 3 Hydro electrical power projects (Teesta-VI, Rangit IV and Ratle HEPs) submitted by PSPCL & NHPC are purely tentative and the final Capital cost has not yet been finalized or vetted/approved by CEA or CERC, the Commission does not find it prudent to approve the PSPCL's Long Term Power purchase arrangement from Teesta-VI, Rangit IV and Ratle HEP projects at this point of time. However, PSPCL is at liberty to approach the Commission, once the final definite Levelised Tariff of the project is available to it.

The petition is disposed of accordingly.

Sd/-

(Paramjeet Singh)
Member

Sd/-

(Viswajeet Khanna)
Chairperson

Chandigarh

Dated: 21.10.2024