

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

ORDER No.

Dated: 12.12. 2022

**In the matter of: Punjab State Electricity Regulatory Commission
 (Renewable Purchase Obligation and its
 compliance) Regulations, 2022.**

1. Introduction

1.1. In exercise of powers conferred under Sections 61, 66, 86(1)(e) and 181 of the Electricity Act, 2003 and all other powers enabling it in this behalf, the Commission issued the draft Punjab State Electricity Regulatory Commission (Renewable Purchase Obligation and its compliance) Regulations, 2022 (in short "Draft Regulations"). The Draft Regulations along with an Explanatory Memorandum was uploaded on the Commission's web-site. The public notice regarding the same was got published on 14.10.2022 for inviting suggestions/objections from all the stakeholders and other interested persons on the provisions of the Draft Regulations.

1.2. In response, the Commission received submissions from the following:

Objection No. 1	Punjab State Power Corporation Limited (PSPCL)
Objection No. 2	Punjab Energy Development Agency (PEDA)
Objection No. 3	M/s Greenko Energies Private Ltd. Hyderabad

- 1.3. A Public Hearing was also conducted on 16.11.2022, to hear the persons/organisations interested in presenting their views in the matter. Representatives of PSPCL and M/s Greenko Energies Pvt. Ltd reiterated their written submissions made on the Draft Regulations.
2. The Regulations have been finalized after due consideration of various issues raised. All the comments received during the public consultations have been considered and the Commission has taken appropriate decisions thereon as detailed out in this order. Some suggestion/objection may not have been specifically elaborated. However, each one has been duly considered. The suggestions/objections have been summarised clause-wise, along with the Commission's analysis and ruling on the same. The Commission has also made some minor editings/rephrasing, change in numbering of the clauses and also a suo-motu amendment in clause 5(3)(c) which was necessitated due to the recently notified FoR Amendment Rules, 2022. The same are discussed in the subsequent paragraphs.
3. The suggestions/objections received from the stakeholders on the draft Regulations and the analysis and decisions of the Commission on these, along with reasons for the same are as under:-

3.1 Regulation 3(1): RPO Targets

3.1.1 Commission's Proposal:

The Draft Regulation reads as under: -

“3(1) Every obligated entity shall meet at least a part of its consumption of electricity from renewable energy (RE) sources as specified below or as may be specified by Ministry of Power from time to time:

Table-1

Financial Year	Wind RPO	HPO	Other RPO	Total RPO	ESO
I	II	III	IV	V	VI
2022-23	0.81%	0.35%	23.44%	*24.61%	-
2023-24	1.60%	0.66%	24.81%	27.08%	1.00%
2024-25	2.46%	1.08%	26.37%	29.91%	1.50%
2025-26	3.36%	1.48%	28.17%	33.01%	2.00%
2026-27	4.29%	1.80%	29.86%	35.95%	2.50%
2027-28	5.23%	2.15%	31.43%	38.81%	3.00%
2028-29	6.16%	2.51%	32.69%	41.36%	3.50%
2029-30	6.94%	2.82%	33.57%	43.33%	4.00%

**Inadvertently indicated in draft regulations as 24.67%*

Provided that:

- a) RPO shall be calculated in energy terms as a percentage of total consumption of electricity by an obligated entity.*
- b) Wind RPO shall be met by energy produced from Wind Power Projects (WPPs) commissioned after 31st March 2022 and the wind energy consumed over and above 7% from WPPs commissioned till 31st March 2022.*
- c) HPO shall be met by energy produced, including free power being provided to the State (not that contributed for Local Area Development), from the HPPs (Hydro Power Projects including Pump Storage Projects and Small Hydro Projects) commissioned after 8th March 2019.*
- d) Hydro power imported from outside India shall not be considered for meeting the HPO.*

- e) *Other RPO may be met by energy produced from any RE power project not mentioned in (b) and (c) above. From FY 2022-23 onwards, the energy including free power being provided to the State from all HPPs commissioned till 8th March 2019 will be considered as part of RPO under category of 'Other RPO'.*
- f) *The Energy Storage Obligation (ESO) shall be met from Solar/wind energy along with/through storage, and shall be treated as fulfilled only when at least 85% of the energy stored in the Energy Storage System (ESS) on an annual basis is procured from RE sources. The ESO to the extent of energy stored from RE sources shall be considered as a part of fulfilment of total RPO.*
- g) *Any shortfall remaining in achievement of 'Other RPO' category in a particular year can be met with either the excess energy consumed from WPPs commissioned after 31st March 2022 beyond 'Wind RPO' for that year or with, excess energy consumed from eligible HPPs commissioned after 8th March 2019 beyond 'HPO' for that year or partly from both. Further, any shortfall in achievement of 'Wind RPO' in a particular year can be met with excess energy consumed from HPPs, which is in excess of 'HPO' for that year and vice versa.*
- h) *.....”*

3.1.2 Suggestions/objections Received

- a) PSPCL has submitted that the State specific factors, RE resources, geographical conditions and peculiar load conditions (i.e. peak & lean demand period) may be taken into consideration while specifying targets for the State of Punjab w.e.f. FY 2022-23, as stated in the Tariff Policy, 2016 and has requested that:
 - (i) The overall RPO targets to meet with RE power should be fixed irrespective of any categorization/sectorisation as the

State has already exhausted all its potential of Hydro Power Generation and wind potential is almost negligible in Punjab. The only project in the pipeline is the Shahpur Kandi Power Project with capacity of 206 MW with the revised SCOD of the project as June 2025. Also, provision should be made to meet the shortfall in any category of the RPOs with excess RPOs of any other category.

Further, the Punjab has a peculiar load trajectory; the maximum demand during the lean and peak period ranges from 4000 MW to 14500 MW approx. The RE projects have been accorded 'Must Run' status and the thermal Plants will also have to be kept in spinning mode as base load plants. With increasing RPO targets, it will not be possible for PSPCL to consume/utilize all the power from various sources in the system during the lean period. So, it is requested to reduce the overall RPO targets, otherwise the burden of additional cost of surrendered power will have to be borne by the consumers of the State.

Also, the Trajectory for Wind RPO, HPO and ESO be deferred by atleast 2 to 3 years and may be reviewed thereafter:

- The process for the procurement of wind power, even if started today, would take at least 2 to 2.5 years for it to practically flow into the system. This is in view of the provision of time period of 18 months for commissioning from the date of execution of the PPA as per the Guidelines for TBCB process for Procurement of Power from Grid Connected Wind Power Projects issued by

MoP. Further, 8 to 12 months are required to tie-up the wind power.

- The State has already exhausted its potential of hydro power generation and addition of hydro power is now taking place mostly in the central sector. Though, PSPCL had signed PPAs with LHPs whose SCOD was expected after 08.03.2019, there seems to be no chance for their commissioning during the FY 2022-23 and little scope in FY 2023-24. Considering the past scenario, these projects may get delayed further. Some may even get dropped by the Govt. of India.
- To meet the proposed ESO targets for FY 2023-24, PSPCL needs to build/firm up 450 MW/1800 MWh (Battery Rating considering one cycle of 4 hrs daily) scale storage project, involving an approximate Capital expenditure of 3000 to 3500 Crore. Also, per unit rate of power from BESS is likely to be in the range of Rs. 8 to 12 per kWh. It is submitted that the technology for BESS projects is still at a nascent stage and Large-scale utility Battery Storage projects are yet to be commissioned in India. As the technology matures and market for utility scale Battery Storage projects develops, the battery pack prices are expected to fall substantially and such projects may become financially viable. Also, for implementing projects of the scale of 450 MW/1800 MWh, PSPCL needs at least 2.5 years from the date of issue of Regulations to this effect. Similarly, the implementation schedule of Pumped Storage Projects

(PSPs) requires substantial time for the power to practically flow into the system from these projects. Moreover, to identify suitable sites for these projects in a State like Punjab is also a big challenge.

(ii) PSPCL had signed 350 MW wind power PPAs/PSAs through SECI during 2019-20, however the COD of these projects falls before the cut-off date of 31.03.2022. The Wind energy generated from these projects cannot be counted for Wind RPOs in terms of the methodology proposed under the Draft RPO Regulations. PSPCL had the vision to install wind projects but now PSPCL has been deprived of the credit for promoting wind power before 31.03.2022. It is requested that all the wind power already tied up with any obligated entity and having CoD even before 31.03.2022 may be allowed to be counted for Wind RPOs.

(iii) The RPO Targets are being determined as a percentage of the total consumption of electricity including the renewable energy consumed by PSPCL for that particular financial year. This leads to applicability of RPO targets on consumption of electricity met from RE Sources also. The Commission may consider determining the RPO targets as a percentage of total consumption of electricity excluding consumption met from RE Sources and Hydro Sources.

b) PSPCL and PEDDA has pointed out that:

(i) There seems to be a typographical mistake in the Table as the sum up of RPOs mentioned under the “Total RPO” for

FY 2022-23 and FY 2023-24 comes out to 24.60% and 27.07% respectively.

- (ii) MoP in its order dated 22.07.2022 has provided that the HPO trajectory shall be trued up on an annual basis depending on the revised commissioning schedule of Hydro projects and the Energy Storage Obligation shall be reviewed periodically considering the commissioning/operation of PSP capacity. The same be also incorporated in the Regulations.
 - (iii) Vide order dated 22.07.2022, MoP has specified that the Central Commission shall consider devising a suitable mechanism similar to REC mechanism to facilitate HPO. There is no provision to cover non-availability of RECs of HPO category to meet RPO towards HPO.
- c) M/s Greenko Energies Pvt. Ltd has suggested that:**
- (i) The Cost of generation of LHP including Pumped Hydro Storage is significantly higher than Wind tariff. The certificate multiplier for hydro in accordance with CERC REC Regulation 2022 is “1.5” in comparison to certificate multiplier of “1” for on-shore Wind and Solar. Hence, flexibility to DISCOM to fulfil HPO from Wind has to be restricted, as with such flexibility none of the DISCOM will fulfil 100% HPO requirement from hydro power and every DISCOM will try to fulfil its HPO from low cost RE resources.
 - (ii) The provision related to penal mechanism for default on ESO must be incorporated under this Regulation as without

such strict provisions, it is very difficult to align DISCOMs to comply with trajectory proposed by the Commission.

- (iii) The Regulations should specifically suggest DISCOMs to issue structured RE with storage tenders such as RE-RTC, RE with assured peak to meet its power requirement.

3.1.3 Commission's Analysis and Decision:

- (i) As regards the issue of specification of RPO targets, the Commission observes that one of the stakeholders i.e. the distribution licensee PSPCL has suggested that RPO targets be fixed irrespective of any categorization/sectorisation, keeping in view the State specific conditions/resources. It was also suggested that same be reduced and deferred for atleast 2-3 years. The Commission agrees with PSPCL that the State is presently having more than adequate tied-up generation capacity resulting in a scenario where power is surplus during a large period of the year. And, with a peculiar load trajectory of peak and base demand of about 14500 MW and 4000MW respectively and the tied-up generation capacity of about 14512MW, it is difficult to go for any additional RE power without the additional financial burden of increase in the surrendered power. Also, State's capability to avail additional RE power from the outside sources is limited by the constraints of the permissible ATC limit. The Commission is also aware that there is hardly any wind potential available for commercial harnessing in the State. Moreover, the State has already exhausted its hydro power potential by adding generation from hydro sources way ahead of the other States. The optimum

scope left for RE power addition, seems to be in the intra-State Solar and Bio-mass/gas sector.

The Commission has examined the issue. Being mindful of the commitments made by the Indian Government to reduce the carbon footprint and achieving the target of 500GW of non-fossil fuel based electricity by 2030 and the goal of net zero carbon emissions by 2070, the Commission is not inclined to agree with PSPCL to either reduce or defer the RPO trajectory. However, considering the State specific issues, seasonal demand curve of the State vis-à-vis availability of power from various resources and its impact on the retail tariffs, the Commission decides to specify the consolidated RPO targets, as specified under the “Total RPO” by the MoP with rounding off. The Commission may review the matter after observing the overall impact of Consolidated RPO targets with respect to the intended goal. Also, since the year 2022-23 is coming to an end and the obligated entities may require some time to re-arrange their power procurement plan keeping in view the new RPO targets, the Commission has specified the same for the year 2023-24 and onwards. The Regulation has been amended accordingly.

- (ii) As regards the issue of the provisions for eligibility for “wind RPO”, annual true-up/periodic review of the HPO/ESO trajectory, non-availability of RECs of HPO, adjustment of RPO shortfall in HPO with the surplus of Wind RPO, shortfall in other RPO with excess of HPO/Wind RPO and separate penal

mechanism for default in ESO, the Commission observes that with the decision to specify the RPO trajectory on consolidated basis, these would be rendered infructuous.

- (iii) As regard the issue of arithmetical error in the sum total of RPOs, the Commission observes that the inconsistency seems to be on account of purported rounding of the figures. However, the same shall be rendered infructuous with the Commission specifying the consolidated RPO targets, as specified under the “Total RPO” by the MoP with rounding off.
- (iv) As regard the suggestion to amend the draft words “the total consumption of electricity” with “total consumption of electricity excluding consumption met from RE Sources and Hydro Sources”, the Commission would like to clarify that the provision has been incorporated as per MoP Order, which is also in line with provisions of the Act, which specify as under;

“86(1)(e)a percentage of the total consumption of electricity in the area of a distribution licence;”

Further, the Commission notes that, as per section 181 of the Act, the regulations are required to be in line with the provisions of the Act and the Rules.

- (v) As regard the suggestion that the Regulations should specifically direct DISCOMs to issue structured RE with storage tenders such as RE-RTC, RE with assured peak to meet its power requirement, the Commission would like to clarify that the matter under consideration is the framing of the Regulations for specifying the obligation mandated under section 86(1)(e) of the Act. The issue raised pertains to

electricity purchase and procurement process of the distribution licensees, under section 86(1)(b) of the Act. The distribution licensee being a commercial entity is expected to be competent enough to adopt various prudent practices in formulating its Power Procurement Plan. Issuance of practice directions regarding the same, if the need arises, shall be considered separately.

3.2 Regulation 4(1)

3.2.1 Commission's Proposal:

The Draft Regulation reads as under: -

"4. Compliance/Fulfilment of RPO

(1) An Obligated entity may consume renewable energy as per its requirement/RPOs by one or more of the following methods specified in the Electricity (Promoting Renewable Energy through Green Energy Open Access) Rules, 2022, or as may be amended from time to time:

(a) Own/Captive Generation;

(b) Through Open Access;

(c) By requisition from distribution licensee at the tariff, determined separately by the Commission, which shall comprise of the average pooled power purchase cost of the renewable energy, cross-subsidy charges if any, and service charges covering the prudent cost of the distribution licensee for providing the energy. Provided that:

(i) The consumer shall have flexibility to give separate requisition for solar and non-solar.

(ii) Any requisition from a distribution licensee shall be for a minimum period of one year.

(iii) The quantum shall be pre-specified for at least one year;

(iv) The energy purchased from distribution licensee or from RE sources other than distribution licensee in excess of RPO of obligated entity shall be counted towards RPO compliance of the distribution licensee.

Provided that, the credit for surplus, if any, accruing in RPO compliance of the distribution licensee shall be carried over to the next year.

.....”

3.2.2 Suggestions/Objections Received:

a) PSPCL has submitted that:

- (i) PSPCL being an obligated entity, may have shortfall in any particular category for which requisition has been given by the consumer(s). In that case, Discom will be unable to provide RE to the consumer in that specific category. It is suggested that, provision may be made that it is the discretion of the distribution licensee to provide RE of any specific category to consumer on requisition by keeping in view the availability/surplus for that particular category.
- (ii) It is requested that the financial interest of the corporation may be safeguarded while determining the tariff of renewable energy purchased by the obligated entity/RPO from the distribution licensee.

b) PEDDA has submitted that:

- (i) The provision of counting of surplus renewable power purchased by an obligated entity in the RPO of Distribution Licensee lacks justification when PSPCL has not paid any price for the same. Further, while the surplus power of

Licensee is proposed to be carried forward, for other obligated entities, carry forward of the surplus being not provided for is clearly a violation of providing a level playing field. It is discriminatory as it provides undue benefit to the Licensee.

- (ii) Draft Regulations provide for 'Any other sources, as may be determined by the Central Government'. Please clarify whether such source determined by Central Govt. will automatically qualify for RPO compliance or will require further approval of the Commission or State Agency.

3.2.3 Commission's Analysis and Decision

- (i) As regards the issue of the mandate for the distribution licensee to provide RE to the entities on requisition, the Commission would like to clarify that the same has been drafted to incorporate the provisions of Rule 4(2)(C)(a) of the Electricity (Promoting Renewable Energy Through Green Energy Open Access) Rules, 2022, which states as under:

“4(2)(C) By requisition from distribution licensee.–

(a) Any entity may elect to purchase green energy and they may place a requisition for this with their distribution licensee, which shall procure such quantity of green energy and supply it and the consumer shall have the flexibility to give separate requisition for solar and non-solar;”

Further, the Commission also deems it proper to include the inadvertently missed words of the Rules. The revised regulation will read as under:

“4.(1)(c) By requisition from distribution licensee, which shall procure such quantity of renewable energy and supply it, at the tariff determined separately by the Commission, which shall comprise of the average pooled power purchase cost of the renewable energy, cross-subsidy charges if any, and service charges covering the prudent cost of the distribution licensee for providing the energy. Provided that:”

- (ii) As regards the issue of safeguarding the financial interest of the distribution licensee while determining the tariff of renewable energy to be supplied to the obligated entities on requisition, the Commission believes that the provision specified in line with Rule 4(2)(C)(c) of the Electricity (Promoting Renewable Energy Through Green Energy Open Access) Rules, 2022 adequately take care of the same by stating as under:

“.....at the tariff determined separately by the Commission, which shall comprise of the average pooled power purchase cost of the renewable energy, cross-subsidy charges if any, and service charges covering the prudent cost of the distribution licensee for providing the green energy.

- (iii) As regards the issue of counting of RPO surplus of an obligated entity in the RPO of the Distribution Licensee. The Commission would like to clarify that the provision is as per Rule 4(2)(C)(f) of the Electricity (Promoting Renewable Energy Through Green Energy Open Access) Rules, 2022, reproduced below:

“The green energy purchased from distribution licensee or from Renewable Energy sources other than distribution licensee in excess of Renewable Purchase Obligation of obligated entity shall be counted

towards Renewable Purchase Obligation compliance of the distribution licensee”

Accordingly, the Commission is of the view that the provision for credit of the surplus, if any, accruing in RPO compliance of the distribution licensee to be carried over to the next year cannot be termed as discriminatory or providing undue benefit to the Licensee.

- (iv) As regards the provision for ‘Any other sources, as may be determined by the Central Government’. The Commission would like to clarify that the provision is as per Rule 4(2)(G) of the Electricity (Promoting Renewable Energy Through Green Energy Open Access) Rules, 2022. The same is self-explanatory and the source(s) as may be determined by the Central Govt., from time to time under these Rules, shall automatically qualify for RPO compliance.

3.3 Regulation 4(3) Data Reporting by the Obligated Entities

3.3.1 Commission’s Proposal:

The Draft Regulation reads as under: -

“4(3) Data Reporting by the Obligated Entities

Every obligated entity shall submit the details of its consumption of electricity and the compliance towards fulfilment of its RPO on monthly/quarterly/annual basis to the State Agency, as per the schedule and in the manner prescribed by the State Agency from time to time. Any delay in submission of the requisite data shall attract penalty of Rs. 1000 per day of delay.”

3.3.2 Suggestions/Objections Received:

PEDA has submitted that there is no clarity where the penalty of Rs. 1000 per day of delay being imposed for non-submission of requisite data by an obligated entity is to be deposited. Also, clarification is required as how to recover the penalty if the defaulting entity does not pay the same. It has been also suggested that the said penalty be recovered by PSPCL through the supplementary bills to be issued to the entity as PEDA has no direct link with the consumers of PSPCL. Further, PSPCL would need to deposit the same with the State Agency.

3.3.3 Commission's Analysis and Decision

- (i) As regards the clarity on where to deposit the penalty for delay in submission of the data, the Commission has accepted the suggestion.

The last sentence of the clause has been amended to read as under:

“For any delay in submission of the requisite data to the State Agency, the defaulting obligated entity shall be required to deposit a late fee of Rs. 1000 per day of delay, in a separate fund to be created and maintained by the State Agency under Regulation 6.”

- (ii) As regards the suggestion that the late fee be recovered by PSPCL through the supplementary bills to be issued to the entity, the Commission notes that all obligated entities may not be the consumers of PSPCL. Further, such a provision for recovery through PSPCL bills may create more issues than solving them. However, the Commission appreciates the concern of PEDA and decides that as per provisions of

Regulation 6(7) of PSERC (Terms and Conditions for Intra-state Open Access) Regulations, 2011 read with Regulation 12 of CEA (Technical Standards for Connectivity to the Grid) (Amendment) Regulations, 2019 and Regulation 15 of CEA (Technical Standards for Connectivity below 33 kV) (Amendment) Regulations, 2019, the defaulting obligated entity shall be liable for action for violation of its conditions of license or connectivity conditions, which includes but not limited to withdrawal of NOC/permission for open access and/or disconnection etc. after following the procedure as per law. **Accordingly, the provision has been incorporated as under:**

“Provided that, on receipt of information about the default by an obligated entity from the State Agency, the SLDC/STU and/or distribution licensee, as the case may be, shall proceed to initiate action for violation of its conditions of license or connectivity conditions, which includes but not limited to withdrawal of NOC/permission for open access and/or disconnection etc. after following the procedure as per law.”

3.4 Sub-Regulation 5(3)

3.4.1 Commission’s Proposal:

The Draft Regulation reads as under: -

“The State Agency shall devise an appropriate protocol for collection and verification of information from various sources such as RE Generating Companies, Obligated Entities, SLDC or any other agency to compute, reconcile and monitor RPO compliance by the Obligated Entities and shall:

(a) Publish monthly statements on a cumulative basis of RPO compliance by different Obligated Entities on its website; “

3.4.2 Suggestions/Objections Received:

- (i) PSPCL has submitted that as per RPO Manual, there is a provision of quarterly submission of RPO compliance data

reporting on provisional basis and yearly final RPO compliance data reporting on CA certified basis. PSPCL is purchasing energy (conventional & RE) from multiple sources. The billing process and further the conciliation of final energy figures take substantial time. Therefore, it is suggested that publication of RPO compliance statements may be continued on quarterly basis instead of monthly basis.

- (ii) PEDDA has submitted that the Commission has already constituted a committee comprising of officers from PSPCL, Chief Electrical Inspector and PEDDA for formulation of an appropriate protocol for collection and verification of information from various sources such as RE generating companies, Obligated Entities, SLDC etc.; to review the Compliance of RPO by the obligated Entities and to sort out various issues with regard to compliance of RPO and its methodologies/amendments to the RPO Manual. It is proposed that the same Committee be continued which shall jointly devise an appropriate protocol from time to time with amendments as required.

3.4.3 Commission's Analysis and Decision

- (i) As regards the suggestion to continue with publication of RPO compliance statements on quarterly basis instead of proposed on monthly basis, the Commission has accepted the suggestion.

The provision has been amended accordingly.

- (ii) As regards the suggestion to continue with the committee of officers from PSPCL, Chief Electrical Inspector and PEDDA for

formulation of appropriate protocol for collection/ verification of information from various sources and to sort out various issues with regard to RPO compliance, the Commission would like to clarify that the said committee was constituted to sort out the teething problems with regard to compliance of RPO by the obligated entities. The State Agency can now initiate direct interface with the obligated entities through use of technology without any third party intervention. However, the State Agency, can engage with SLDC/STU and/or any agency including the distribution licensee for efficient performance of its functions under the Regulations.

The provision for consulting such agencies for devising the mandated protocol for monitoring of RPO compliance has been accordingly incorporated in the Regulations.

3.5 Regulation 6. Effect of Default

3.5.1 Commission's Proposal: The Draft Regulation reads as under: -

"6 Effect of Default

(1) An obligated entity failing to fulfil its renewable purchase obligation (RPO) during any year shall be liable to deposit an amount as penalty, within 30 days of closure of the year, equivalent to the product of shortfall in RPO compliance and the maximum clearance price of the Certificates discovered in the Power Exchange during the said year, into a separate account to be created and maintained by the State Agency.

Any delay in deposit shall attract delayed payment charge at the marginal cost of funds based on lending rate (MCLR) for one year of the State Bank of India, as applicable on the 1st April of the year in which the period lies, plus five per cent and in the absence of marginal cost of funds based lending rate, any other arrangement that substitutes it.

Provided that the penalty payable by the distribution licensee, if any, shall not be allowed as a pass through in the ARR.

Provided further that, non-payment of penalty by an obligated entity as per the provisions of these Regulations shall be treated as a violation of its license/connectivity conditions.

(2) Without prejudice to the above, the Commission on its own motion or on the recommendation of the State Agency may also initiate action against such obligated entity under Section 142 of the Act.”

Provided that, any penalty payable under these Regulations and/or Section 142 of the Act, if not paid, may be recovered as per Section 170 of the Act.

(3) All sums received by the State Agency shall be transferred to the State transmission utility (STU), on quarterly basis, to be utilized for development of transmission infrastructure for evacuation/integration of renewable energy as approved by the Commission, from time to time.”

3.5.2 Comments/Suggestions Received:

- (i) PSPCL has submitted that, as per the draft, an obligated entity failing to fulfill its RPO during any year shall be liable to deposit an amount as penalty within 30 days of the closure of the year. In this regard It is submitted that PSPCL is purchasing energy (conventional & RE) from multiple sources. The billing process and further the conciliation of final energy figures take substantial time. Therefore, it is suggested that the obligated entity failing to fulfill its RPO during any FY should be allowed to deposit an amount as penalty within the first quarter after closure of that Financial Year.
- (ii) PEDDA has submitted that as per clause 6 (1) a separate account is to be created and maintained by the State Agency for depositing of penalty by the defaulting entity. Further, Para 6(3) provides that all sums received by the State Agency shall be transferred to the State Transmission Utility (STU) on a

quarterly basis, to be utilized for development of transmission infrastructure for evacuation/integration of RE as approved by the Commission from time to time.

It is proposed that as funds are to be utilized by the STU for development of their infrastructure for evacuation/integration of Renewable Energy, the same should be deposited by the defaulting entities to the STU instead of the State Agency. In case the State Agency is to create and maintain a separate account, the Commission is requested to allow the State Agency for utilization of such funds for promotion and development of the RE projects in the State. In addition, some facilitation charges for maintaining the RPO Portal being created for monitoring of RPO of the obligated entities be provided to the state agency from these funds and any service charges or taxes & obligated duties imposed in future to the state agency by any State/Central Bodies will be recovered from these funds.

3.5.3 Commission's Analysis and Decision

- (i) As regards the suggestion that the obligated entity failing to fulfil its RPO during the year should be allowed to deposit the consequent amount within first quarter (instead of the proposed 30 days) of closure of that Financial Year, with the plea that the billing process and further the conciliation of final energy figures take substantial time, the Commission accepts the suggestion.

The provision has been amended by substituting the period of 30 days with 90 days.

(ii) As regards the suggestion regarding creation and maintenance of a central fund, the Commission is of the view that creation and maintenance of the same by an agency other than the designated State Agency may create difficulties with regard to its function of monitoring of RPO compliances by the obligated entities. The Commission also notes that PEDDA being the Nodal Agency of the State is mandated to promote and develop NRSE sources in the State. A pro-active role by it in monitoring and ensuring compliance of RPO obligations will serve the purpose of achieving the said mandate.

However, in order to provide for any exigency, the Commission has inserted the following enabling provisions:

- The Commission may from time to time stipulate the fees and charges payable by the obligated entities to the State Agency for discharge of its functions under these regulations.
- The Commission may allow utilization of a part of such fund by the State Agency for development of renewable energy in the State.

4. Suo-motu change:

The Commission in the draft Regulation 5(3)(c) has proposed as under: -

“5.(3) The State Agency....shall:

(c) Submit quarterly reports and an annual report to the Commission by 30th June of the following year, in respect of compliance of renewable purchase obligation by the obligated entities for the previous year, in a

suitable format and may suggest appropriate action to the Commission if required for compliance of the renewable purchase obligation.”

The Commission notes that the Forum of Regulators (Amendment) Rules, 2022, specifies as under:

“4(i)(c)(ii) An annual report comprising data and analysis thereof for compliance of the targets for purchase from renewables shall be submitted to the Central Government by 31st May of next financial year.”

The Regulations are required to be consistent with the Act and the Rules. Accordingly, the clause has been amended suitably to enable timely submission of the annual report, comprising data and analysis thereof for compliance of the targets, mandated under the FoR Amendment Rules, 2022.

Accordingly, the Commission approves the Punjab State Electricity Regulatory Commission (Renewable Purchase Obligation and its compliance) Regulations, 2022 with the modifications as discussed above.

Sd/-

(Paramjeet Singh)
Member

Sd/-

(Viswajeet Khanna)
Chairperson

Chandigarh

Dated: **12.12. 2022**