

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

**Petition No. 34 of 2018
Date of order: 21.12.2018**

Present: Ms. Kusumjit Sidhu, Chairperson
Sh. S.S. Sarna, Member
Ms. Anjali Chandra, Member

In the matter of: Petition by Punjab State Power Corporation Limited, the Mall, Patiala 147001 under section 86 (1) (e) of the Electricity Act, 2003 read with Regulation 6 (2) and Regulation 7 of the PSERC (RPO & its compliance) Regulations, 2011 framed by the Commission for carrying forward of shortfall of Renewable Purchase Obligation (RPO) for FY 2017-18 specified in clause 3 (1) to FY 2018-19.

AND

In the matter of: Punjab State Power Corporation Limited, the Mall, Patiala 147001.

....Petitioner

Versus

Punjab Energy Development Agency

...Respondent

ORDER

Punjab State Power Corporation Limited (PSPCL) filed the present petition seeking carry forward of the deficit in the achievement of Renewable Purchase Obligation (RPO) for the year 2017-18 to be fulfilled in the year 2018-19.

2. This Commission has notified Punjab State Electricity Regulatory Commission (Renewable Purchase Obligation and its

compliance) Regulations, 2011, read with Amendment-1, wherein the RPO requirements have been specified as under:

Year	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Non-Solar RPO (%)	2.37	2.83	3.37	3.81	3.9	4.1	4.2	4.3	4.5
Solar RPO (%)	0.03	0.07	0.13	0.19	1.0	1.3	1.8	2.2	2.5
Total	2.4	2.9	3.5	4.0	4.9	5.4	6.0	6.5	7.0

The relevant Regulations for the purpose of instant Petition are reproduced herein under:

“2. Definitions and Interpretation

(1) *In these Regulations, unless the context otherwise requires,*

l) ‘renewable energy sources’ means renewable sources such as small hydro, wind, solar including its integration with combined cycle, biomass, bio fuel cogeneration, urban or municipal waste and such other sources as recognized or approved by MNRE;

m) ‘renewable purchase obligation’ means the requirement specified by the Commission under clause (e) of sub-section (1) of section 86 of the Act, for the obligated entity to purchase electricity from renewable energy sources;

3. Renewable Purchase Obligation

(1) *Every obligated entity shall purchase electricity from renewable energy sources including solar, not less than a percentage specified by the Commission from time to time, of its consumption of electricity (energy input in the system of obligated entity at its boundary) under the Renewable Purchase Obligation (RPO);*

(2) *The Commission may, either on its own motion or on recommendation of the State Agency or on receipt of an application from the obligated entity, revise the percentage targets specified hereinabove, for any year, as deemed appropriate.*

6. Effect of default

(1) *If the obligated entity does not fulfill the renewable purchase obligation as provided in these Regulations during any year and also does not purchase the certificates, the Commission may direct the obligated entity to deposit into a separate fund, to be created and maintained by such obligated entity, such amount as the Commission may determine on the basis of the shortfall in units of renewable purchase obligation and the forbearance price decided by the Central Commission;*

Provided that the fund so created shall be utilized, as may be directed by the Commission, for purchase of the certificates;

Provided further that the Commission may empower an officer of the State Agency to procure from the power exchange the required number of certificates to the extent of the shortfall in the fulfillment of the obligations, out of the amount in the fund;

Provided also that the distribution licensee shall be in breach of its license conditions if it fails to deposit the amount directed by the Commission within 15 days of the communication of the direction.

(2) *Where any obligated entity fails to comply with the obligation to purchase the required percentage of electricity from renewable energy sources or the renewable energy certificates, it shall also be liable for penalty as may be decided by the Commission under section 142 of the Act;*

Provided that in case of genuine difficulty in complying with the renewable purchase obligation because of non-availability of certificates or otherwise, the obligated entity can approach the Commission for carrying forward of compliance requirement to the next year;

Provided that on being so approached, the Commission may review the fulfillment of the renewable purchase obligation by the obligated entity, keeping in view its performance and allow the shortfall to be carried forward to the next year in addition to the renewable purchase obligation for that year. At the end of 3 years period, the Commission may, if deemed appropriate, review the fulfillment of renewable purchase obligation by the obligated entity and pass suitable order(s);

Provided that where the Commission has consented to the carry forward of compliance requirement, the provision of

clause (1) of the Regulation or the provision of section 142 of the Act shall not be invoked.

7. Inherent powers of the Commission

Nothing in these Regulations shall be deemed to limit or otherwise affect the inherent powers of the Commission to make such orders as may be necessary for ends of justice or to prevent the abuse of process envisaged in these Regulations.”

3. PSPCL’s RPO for 2017-18 was 6% out of which 1.8% was for solar power & 4.2% was for non- solar power. PSPCL has already been allowed to carry forward its shortfall in RPO compliance of 1577.65 MU {1498.56 MU (Non- Solar) and 79.09 MU (Solar)} of the year 2015-16 to 2016-17. PSPCL had also been allowed to carry forward its shortfall of the year 2016-17 to 2017-18 which was 1846.69 MU. The RPO obligation for 2017-18 was as under:

Sr. No.	Description	FY 2017-18
1	Input Energy (MU)	53155.26(for Non- Solar) 39676.44 (for Solar)
2	RPO specified by PSERC	% age In MU
	i. Non- Solar ii. Solar	4.2% 2232.52 1.8% 714.18
3	RE generation/purchase (RPO compliance)(MU) i. Non-solar ii. Solar	2323.63. 1432.07+44.86=1476.93
4	Yearly shortfall(-)/Surplus(+)(3-2) (MU) i. Non-solar ii. Solar	(+)91.11 (+)762.75
5	Non Solar Carry forward of previous years in MUs	(-)1846.69
6	MUs corresponding to RECs purchased for Non- Solar Power	61.751

7	Cumulative Shortfall if Solar excess adjustment is allowed by PSERC[4(i)+4(ii)+5+6]	(-)931.08
8	Cumulative Shortfall if Solar excess adjustment is not allowed by PSERC[4(i)+5+6]	(-)1693.83

For the year 2018-19, the RPO has been worked out as follows-

Sr. No.	Description	FY 2018-19	
1	Input Energy (MU) as per PSERC Tariff Order FY 2018-19	55717.63(for Non- Solar) 42148.83 (for Solar)	
2	RPO specified by PSERC for the FY 2018-19	% age	In MU
	i. Non- Solar	4.30%	2395.86
	ii. Solar	2.20%	927.27
Expected RE Generation/ purchase in MUs			
3	i. Non Solar	Expected Generation from existing projects in MUs	1384.18
		Expected Generation from upcoming projects in MUs	37.77
		Expected Generation from Short- term power purchase in MUs	738
		MUs equivalent to REC purchased	0
		Expected Total Non-Solar Energy in MUs	2159.95
	ii. Solar	Expected Generation from existing projects in MUs	1463.87
		Expected Generation from upcoming projects in MUs	18.75
		Expected Generation through Net Metering in MUs	50.00
		Expected Total Solar Energy in MUs	1532.62
	4	Expected Net RE shortfall(-)/ (surplus)(+) during the FY 2018-19 without considering Carry Forward of the previous years.	
	i. Non-Solar [2(i)]-[3(i)]	(-) 235.91	

ii. Solar [2(ii)]-[3(ii)]		(+ 605.35	
5	Carry Forward of the balance Non-Solar shortfall (MUs) pertaining to previous years	Without adjustment of Solar (-)1693.83	With adjustment of Solar (-)931.11
6	Net Non Solar shortfall(-) after considering Carry Forward of the balance Non- Solar shortfall (MUs) pertaining to previous years	1693.83+235.91= (-)1929.74	931.11+ 235.91- 605.35= (-) 561.67

4. PSPCL submitted that it tied up renewable energy sources to meet its obligation, as follows-

- (i) A PPA for procurement of 738 MUs was signed for renewable power with HPSEBL.
- (ii) Non Solar RECs have been purchased for Rs. 9,26,26,500/- (61,751 @ 1500/- equivalent to 61.751 MUs energy).
- (iii) Two agreements have been signed with the Solar Energy Corporation of India (SECI) to purchase 350 MW Wind Power.
- (iv) Two units of 9 MW (each) of Mukerian Hydel Project Stage-II have been commissioned.
- (v) PPAs for three existing Micro Hydel Projects (MHPs) at Thuhi, Nidampur and Daudhar on Renovation Operate and Transfer (ROT) basis were signed.

5. Though the target for the year 2017-18 has been achieved, however, there is still a shortfall in meeting the carried over obligation because-

- (i) There is a delay in commissioning of the new NRSE projects by the developers resulting into slippage of capacity addition.
- (ii) Less generation from the existing NRSE projects against their expected generation as per specified PLF.

(iii) There is no generation from the existing four Non- Solar RE projects, namely Rana Sugars Ltd., Indian Acrylics Pvt. Ltd., A2Z Nakodar, A2Z Fazilika.

6. The Commission asked for the comments of Punjab Energy Development Agency (PEDA), the nodal agency for this purpose. PEDA vide their reply submitted that PSPCL had failed to comply with the directions of the Commission and had once again asked for carry forward of the shortfall in RPO for the year 2017-18 to 2018-19 which calls for penal action for non- compliance as provided under the provisions of the RPO Regulations.

7. PEDA submitted that for purchasing RECs or RE power, there was no bar on PSPCL as the budget grant of Rs. 120.72 crore was made available in the Tariff Order. PSPCL had after a huge delay has commissioned 18 MW (9 MW each) Mukerian Hydel Projects Stage-II, which had been under implementation since 2004-05 (more than 13 years). So far as sale of power by co-generation plants to PSPCL is concerned, PSPCL itself has signed PPAs with the developers for their surplus power. The PPAs do not specify the minimum quantum of power to be supplied to PSPCL, where under no compulsion can be enforced against the developer to supply the particular MUs of power, as the PPAs provides to supply surplus power produced by the developer and does not defines definite MUs of power to be supplied.

8. PSPCL has not fulfilled its obligation in the past, and this Commission has already in its Order of 16.03.2018 stated that if compliance was not ensured, action as per the Regulations would

be initiated. RECs could have been purchased, but PSPCL did not do so to the extent required. Wind Power because of its timing may only add to PSPCL's surplus. PSPCL has delayed commissioning of Mukerian Project and other Micro Hydel Projects (MHPs) at Thuhi, Nidampur and Daudhar. Further, PSPCL has either not signed PPAs with potential renewable energy developers or reneged on already signed PPAs.

9. PSPCL was asked to respond and give its detailed plan for meeting the shortfall in its RPO. In its response PSPCL submitted that as far as 2017-18 was concerned, PSPCL had met its obligation in full. However, in the matter of carryover of shortfall for the previous year there is a shortfall of 1846.69 MU. RECs of 61.75 MU have been purchased. PSPCL further stated that if the excess in solar generation is allowed to be adjusted against the non- solar shortfall then the shortfall would be 1008.883 MU. If the solar excess was not allowed to be adjusted then the shortfall would be of 1762.073 MU.

Commissions finding and Observation:

10. The Commission has carefully gone through the petition, reply of PEDDA & other submissions by PSPCL. PSPCL has prayed to allow it to carry forward the net short fall in RPO compliance for FY 2017-18 to FY 2018-19 and adjust the surplus Solar RPO of FY 2017-18 against shortfall in Non-Solar RPO. In its submissions dated 07.12.2018, PSPCL has prayed to the Commission to pass appropriate orders and grant opportunity to PSPCL to meet the short fall of RPO compliance for FY 2017-18 and FY 2018-19 by purchasing Renewable

Energy Certificates (RECs). While enlisting various measures taken by PSPCL to meet the RPO fully, PSPCL has submitted that every effort is being made to avoid any short fall in RPO in the current financial year as well as in the coming year. PEDDA, pointing out various in-actions/delays on the part of PSPCL leading to non compliance of the RPO stipulated by the Commission, submitted that PSPCL has failed to meet the RPO stipulated by the Commission. PEDDA has further submitted that PSPCL has been shying away to enter into PPAs with the successful developers, with whom Implementation Agreements were signed by PEDDA, which were ultimately cancelled due to non co-operation of PSPCL. Also that PSPCL has delayed the commissioning of the 18 (2x9) MW Mukerian Hydel Project (Stage-II) and revival of its own micro hydel projects of 3.9 MW capacity.

The Commission in its Order dated 16.03.2018 in Petition no. 51 of 2017 filed by PSPCL had allowed the carry forward of the net short fall in Renewable Purchase Obligation (RPO) for FY 2016-17 to FY 2017-18 in respect of Non-Solar RPO after adjusting excess Solar RPO. PSPCL was directed to ensure compliance of the said carried forward short fall along with the RPO compliance for FY 2017-18 in the year 2017-18 failing which necessary action as per Regulations would be initiated. The Commission notes that PSPCL has not complied with the aforementioned Order of the Commission. After meeting with the shortfall in RPO compliance for FY 2016-17 allowed to be carried forward by the Commission in the year 2017-18, PSPCL has not complied with the specified RPO for FY 2017-18. There is a cumulative shortfall of 1693.83 MU if excess Solar power,

after meeting the Solar RPO compliance for FY 2017-18, is not adjusted against Non-Solar shortfall whereas the cumulative shortfall is 931.08 MU, if excess Solar power is adjusted. As prayed by PSPCL, the Commission allows the adjustment of excess Solar power against the Non-Solar RPO shortfall for FY 2017-18. Accordingly, there is a net short fall of 931.08 MU in RPO compliance by PSPCL for FY 2017-18. Evidently, PSPCL has failed to comply with the aforementioned Order of the Commission in meeting the cumulative shortfall of FY 2017-18 after adjusting the carried forward shortfall of FY 2016-17 in the year 2017-18. Therefore, the Commission is constrained to impose a token penalty of Rs. 1,00,000/- (Rs. One Lakh only) on PSPCL for not complying with the aforementioned specific direction of the Commission in its Order dated 16.03.2018. The same shall be deposited in the Commission within one week from the issue of this Order. This penalty would not be allowed as a pass through in the ARR of PSPCL.

PSPCL has prayed to allow carry forward of the net shortfall in RPO compliance of 931.08 MU of FY 2017-18 to FY 2018-19. The Commission is not inclined to allow the same as PSPCL for the last many years has not been meeting with the specified year wise RPO and seeking carry forward of the same consecutively. Accordingly, the Commission directs PSPCL to fully comply with the RPO for FY 2018-19 (both Solar and Non-Solar) along with the shortfall of FY 2017-18 by 31.03.2019 after adjusting the excess Solar RPO as projected in the petition.

As regards permission of the Commission sought by PSPCL in its submission dated 07.12.2018 for allowing it to

purchase RECs to comply with the RPO for FY 2018-19, no permission is required by PSPCL for complying with the stipulated RPO. PSPCL has to prudently decide upon the options available with it for RPO compliance, failing which further penalty would be imposed by the Commission.

The petition is disposed of in terms of above.

**Sd/-
(Anjuli Chandra)
Member**

**Sd/-
(S.S. Sarna)
Member**

**Sd/-
(Kusumjit Sidhu)
Chairperson**

Chandigarh
Dated: 21.12.2018

