

Before

UTTARAKHAND ELECTRICITY REGULATORY COMMISSION

Petition No. 14 of 2014

In the matter of:

Petition seeking carry forward of Renewable Purchase Obligation for FY 2012-13 and FY 2013-14 as per the provisions of UERC (Compliance of Renewable Purchase Obligation) Regulations, 2010.

In the matter of:

Uttarakhand Power Corporation Ltd.

... Petitioner

CORAM

Shri C.S. Sharma Member-Chairman

Shri K.P. Singh Member

Date of Hearing: August 12, 2014

Date of Order: September 12, 2014

The Order relates to the Petition dated 08.07.2014 filed by Uttarakhand Power Corporation Ltd. (hereinafter referred to as "Petitioner" or "UPCL" or "licensee") seeking carry forward of Renewable Purchase Obligation (RPO) for FY 2012-13 and FY 2013-14 amounting to 135.08 MU and 387.68 MU respectively towards Non-Solar obligation and 1.08 MU towards Solar obligation for FY 2013-14 as per the provisions of UERC (Compliance of Renewable Purchase Obligation) Regulations, 2010 (hereinafter referred to as "RPO Regulations").

1. Background

- 1.1 The Petitioner submitted that it has fulfilled its RPO for FY 2011-12 and there is unmet Non-Solar RPO of 135.08 MU & 387.68 MU for FY 2012-13 and for FY 2013-14 respectively.
- 1.2 The Petitioner submitted that the Commission vide order dated 22.01.2014 had permitted carrying forward of the unmet RPO of FY 2012-13 for both Solar as well as Non-Solar sources to FY 2013-14. The Petitioner further submitted that the financial burden on UPCL for procurement of the RECs to meet its Obligation as mentioned above, was around Rs. 20.262

Crore for FY 2012-13 and Rs. 58.15 Crore (approx.) for FY 2013-14. UPCL also informed that on 25.06.2014 it had purchased 65000 Non-Solar RECs @ Rs 1,500/REC amounting to Rs. 9,89,60,680/- and the remaining obligation pertaining to FY 2012-13 was of 70.8 MUs. UPCL also submitted that the financial burden for purchasing the remaining unmet RPOs for FY 2012-13 and 2013-14 was around Rs. 78.516 Crore.

- 1.3 The Petitioner submitted that vide various petitions and applications it had apprised the Commission about its financial crunches and the urgent steps taken by the Petitioner in improving its financial position and to comply with licensee's Renewable Purchase Obligations as early as possible. It also submitted that in order to meet its day to day financial requirements it had to incur huge overdraft on a very high financial cost.
- 1.4 UPCL also submitted that it had filed a review petition dated 16.05.2014 before the Commission for waiving the per day penalty imposed for non-compliance of Order dated 22.01.2014, wherein the Petitioner had brought forth before the Commission the genuine difficulties due to which it could not comply with the RPO and had requested the Commission to reconsider the Order dated 22.01.2014 and to waive the additional penalty of Rs. 2,000 per day. UPCL submitted that the Commission vide Order dated 16.06.2014 directed the petitioner to submit an action plan including the schedule for procurement of RECs equivalent to unmet RPO compliances for FY 2012-13 and FY 2013-14 within a week from the date of the Order.
- 1.5 UPCL stated that in compliance with the Commission's Order dated 16.06.2014 it had submitted an action plan vide which it had planned to procure the unmet RPOs of 70.08 MUs for the FY 2012-13 in the month of July 2014 and the RE power or RECs for unmet RPO for FY 2013-14 during the current financial year.
- 1.6 The licensee submitted that there was a genuine difficulty to comply with its RPO and accordingly, requested the Commission to permit it to carry forward its unmet RPO for FY 2012-13 and FY 2013-14 to the current financial year i.e. 2014-15.
- 1.7 Subsequently, UPCL vide its letter dated 18.07.2014 informed the Commission that it intended to procure 198.72 MUs RE power @ Rs. 4.51/kWh from HPSEB to meet its RPO of FY 2012-13 and FY 2013-14 from 21st July, 2014 to 30th September, 2014.
- 1.8 A hearing was held in the matter on 22.07.2014 wherein the Petitioner was directed to submit an action plan for meeting the unmet RPO compliances of FY 2013-14 alongwith the projected RPO for FY 2014-15 and also justify the power purchase of additional RE power proposed to

be procured by it alongwith the estimated RPO for FY 2014-15. The next hearing in the matter was scheduled on 12.08.2014.

- 1.9 The Petitioner vide its letter dated 30.07.2014 reported compliance to the Commission's directions issued vide Order dated 22.07.2014. However, it was observed that the data relating to Demand/Availability of power for the month of July, 2014 submitted by UPCL was at variance with that in the SLDC's report for the period. Accordingly, the Commission vide its Order dated 12.08.2014 directed the Petitioner to resubmit the aforesaid data after getting the same certified from Competent authority in SLDC.
- 1.10 The Petitioner vide its reply dated 19.08.2014 submitted the details of demand/supply for the month of July & August 2014 wherein, a shortage of 107 & 114 MUs respectively was observed in these months.

2. Commission's views and decision

- 2.1 Regulation 7.2 of UERC (Compliance of Renewable Purchase Obligation) Regulations, 2010 specifies as under:

"7.2 Where any obligated entity fails to comply with the obligation to purchase the required percentage of power 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 notwithstanding its liability for any other action under prevailing laws:

Provided that in case of genuine difficulty in complying with the renewable purchase obligation because of non-availability of certificates, the Obligated Entity can approach the Commission for carry forward of compliance requirement to the next year:

Provided that where the Commission has consented to the carry forward of compliance requirement, the provision of Regulation 6.1 above or the provision of Section 142 of the Act shall not be invoked."

In accordance with the above referred regulation, on observing non-compliance of RPO for earlier years by licensee, the Commission had initiated proceedings against the licensee & had imposed penalty against MD, UPCL.

- 2.2 MD, UPCL had filed a review Application seeking review/reconsideration of the Commission's Order dated 22.01.2014 of imposition of additional penalty of Rs. 2,000/- per day for non-compliance of RE Regulations, 2010 and RPO Regulations, 2010 and non-compliance of directions issued vide the Commission's Order dated 11.09.2013. The Commission vide its Order dated 11.07.2014 directed the Petitioner to submit the status of compliance as per the Action Plan submitted by UPCL by 16.08.2014 and also put on hold the

recovery of the daily penalty of Rs. 2,000/- per day imposed by the Commission vide its Order dated January 22, 2014. MD, UPCL was directed to ensure procurement of required RECs for unmet RPO of FY 2012-13 in accordance with the Action Plan submitted by it, failing which the daily penalty would be liable to be restored in accordance with the Order dated 23.04.2014. The Petitioner vide its letter dated 08.09.2014 informed that it had achieved the unmet RPO of remaining 70.08 MUs for FY 2012-13 through purchase of REC's.

- 2.3 The Commission is of the opinion that the Petitioner has already ensured compliance of the unmet RPO for previous years, i.e. for FY 2011-12 & FY 2012-13 in compliance to its directions issued vide Orders dated 11.09.2013 & 22.01.2014. Further, the proposal to procure RE power from HPSEB would also to some extent, not only enable the Petitioner in meeting its unmet RPO for FY 2013-14 in FY 2014-15 but also bridge the gap in demand and supply.
- 2.4 Accordingly, considering the efforts initiated by the Petitioner for compliance of unmet RPO for the past years, and also assurance given by the Petitioner for making compliances of pending unmet RPO of FY 2013-14 alongwith the RPO of FY 2014-15, the Commission allows the carrying forward of unmet RPO of past years namely 2012-13 and 2013-14, as requested by the Petitioner, to be met alongwith the RPO for FY 2014-15.
- 2.1 Ordered accordingly.

(K.P. Singh)
Member

(C.S. Sharma)
Member-Chairman