

Before

UTTARAKHAND ELECTRICITY REGULATORY COMMISSION

Petition No. 16 of 2016

In the matter of:

Application seeking approval of the Commission on the Power Purchase Agreement between UPCL and Grid Interactive Rooftop & Small Solar PV Generators under Suryodaya Swarozgar Yozna.

In the matter of:

Uttarakhand Power Corporation Ltd.

... Petitioner

AND

In the matter of:

Uttarakhand Renewable Energy Development Agency

... Respondent

CORAM

Shri Subhash Kumar Chairman

Shri K.P. Singh Member

Date of Hearing: June 07, 2016

Date of Order: July 13, 2016

This Order relates to the Petition filed by Uttarakhand Power Corporation Ltd. (hereinafter referred to as "UPCL" or "Petitioner" or "Licensee") seeking approval of the Power Purchase Agreement which it proposes to enter into with the project developer for procurement of power from Grid Interactive Rooftop & Small Solar PV Plant under Suryodaya Swarozgar Yozna.

1. Petitioner's Submissions

- 1.1. UPCL filed a Petition seeking approval of the Commission on the Power Purchase Agreement for purchase of energy generated from the upcoming Rooftop and Small Solar PV Plant under Section 86(1)(b) of the Electricity Act, 2003 and clauses 5.1, 5.2 &

5.4 of the license conditions of the Distribution and Retail Supply license dated 20.06.2003 issued by the Commission.

- 1.2. The Petitioner submitted that Government of Uttarakhand vide its letter no. 248/I/2016-03/41/2014 dated 22.03.2016 started "Suryodaya Swarozgar Yozna" for Hilly Region of Uttarakhand.
- 1.3. The Petitioner further submitted that as per the provisions of the Electricity Act, 2003 read with provisions of UERC (Conduct of Business) Regulations, 2014 and Distribution and Retail Supply License, the Petitioner is required to get the approval of the Commission on the Power Purchase Agreement entered into with the Generating Company.
- 1.4. The Petitioner further submitted that the Respondents were desirous to sell entire energy scheduled to be generated from their projects and the applicant company is desirous of purchasing entire energy on the terms and conditions as agreed between both the parties as per the terms and condition laid down in the respective PPA.
- 1.5. UREDA submitted its comments vide its letter dated 03.06.2016. UREDA submitted as under:

"

1. *Clause 5.2 of the Draft PPA should be read as "a. Concerned Division, UPCL shall make full payment against such bills as per RE Regulations, 2013 of Uttarakhand Electricity Regulatory Commission, from the date of original bill with complete document"*
2. *'Capacity 5 kW' should be replaced by 'capacity upto 5 kW'*
3. *It is to clarify that as the expected income from upto 5 kW capacity Grid Interactive Rooftop & Small Solar PV Plants is only approximately Rs. 20-25 thousand per year, so there should be no clause of rebate in the PPA."*

- 1.6. A hearing was held on 07.06.2016 wherein the Petitioner & the Respondent were heard.

2. Commission's Views & Decisions

2.1. Legal Requirement for approval of PPA

- 2.1.1. A PPA is a legal document incorporating operational, technical & commercial provisions to be complied with in accordance with the relevant rules & regulations.

2.1.2. Section 86(1)(b) of the Electricity Act, 2003 stipulates that one of the function of the Commission is to regulate electricity purchase and procurement process of the distribution licensees including the price at which electricity shall be procured from the generating companies or licensees or from other sources through agreements for purchase of power for distribution and supply within the State.

2.1.3. Further, the Distribution and Retail Supply Licence issued by the Commission lays down certain conditions of license, which amongst others also has the following:

"5.1 The Licensee shall be entitled to:

(a) ...

(b) Purchase, import or otherwise acquire electricity from any generating company or any other person under Power Purchase Agreements or procurement process approved by the Commission; ..."

(Emphasis added)

2.1.4. Further, Regulations 7(2) & 7(3) of both the UERC (Tariff and other Terms for Supply of Electricity from Non-Conventional and Renewable Energy sources) Regulations, 2010 & 2013 (RE Regulations, 2010 & RE Regulations, 2013) specifies as under:

"(2) The distribution licensee on an offer made by the said RE based Generating Stations and Co-generating Stations shall enter into a power purchase agreement in conformity with these Regulations and relevant provisions of other Regulations and the Act. The distribution licensee shall sign the PPA within two months of offer made by the generating company, failing which the generating company may approach the Commission for suitable remedy.

(3) The distribution licensee shall make an application for approval of power purchase agreement entered into with the generating station in such form and manner as specified in these regulations and Uttarakhand Electricity Regulatory Commission (Conduct of Business) Regulations, 2004 as amended from time to time."

(Emphasis added)

2.1.5. Accordingly, in accordance with the requirement of the Act and Regulations referred above, UPCL as a distribution licensee was required to seek approval of the PPAs entered or proposed to be entered by it from the Commission.

2.1.6. The salient features of GoU's "Suryodaya Swarozgar Yozna" are as under:

“योजना का विवरण:—

1. यह योजना केवल पर्वतीय क्षेत्रों के लिए अनुमन्य होगी। (पर्वतीय क्षेत्र की परिभाषा उद्योग विभाग के शासनादेश सं०-2930/VII-II/123-उद्योग/08/2011 दि०-18-11-2011 के अनुसार होगी)
2. योजना हेतु पात्र व्यक्ति अपनी भूमि पर लघु सौर ऊर्जा संयंत्र स्थापित कर विद्युत उत्पादित करेगा।
3. योजना हेतु पात्र व्यक्ति को अधिकतम 5 किलोवॉट क्षमता का संयंत्र अनुमन्य होगा।
4. योजना के अन्तर्गत लक्ष्यों का निर्धारण जनपदवार किया जायेगा।
5. लाभार्थी की स्वयं की विद्युत खपत के उपरान्त अवशेष विद्युत को उ०पा०का०लि० द्वारा क्रय किया जायेगा, जिसके लिए लाभार्थी को विक्रय की गयी विद्युत का मूल्य प्राप्त होगा। विद्युत क्रय की दर उत्तराखण्ड विद्युत नियामक आयोग द्वारा दी गयी व्यवस्था के अन्तर्गत निर्धारित रहेगी। इस सम्बन्ध में उ०पा०का०लि० एवं लाभार्थी के मध्य एक अनुबंध भी किया जायेगा।
6. लाभार्थी की भूमि/परिसर पर सौर ऊर्जा संयंत्र की स्थापना तथा पांच वर्ष तक अनुरक्षण सरकार द्वारा चयनित फर्म द्वारा किया जायेगा।
7. संयंत्र का संचालन लाभार्थी स्वयं करेगा। इस हेतु लाभार्थी को फर्म द्वारा प्रशिक्षित किया जायेगा।”

2.2. Commission's Analysis of the PPA and Order on the same

2.2.1. The PPA submitted by UPCL has been examined in light of the relevant rules & regulations. The Commission observed that the draft PPA submitted by UPCL in the matter are consistent with the provisions of Act/Regulations.

2.2.2. With respect to the project capacity of 5 kW mentioned in the preamble of the draft PPA and also as pointed out by the UREDA, the Commission noted that as per the provision of the Scheme a project upto 5 kW capacity can be allocated to the eligible person.

Hence, the words “capacity 5 kW” mentioned at draft of the PPA should be replaced with “capacity upto 5 kW”.

2.2.3. UREDA requested for omission of rebate on payment from Clause 5.2 of the Draft PPA providing applicability of rebate on payment of energy bills. In this regard, the

Commission is of the view that UERC (Tariff and other terms for supply of Electricity from Renewable Energy Sources and non-fossil fuel based co-generating stations) Regulations, 2013 provides for applicability of rebate for early/timely payment of energy bills by the licensee. Further, the tariffs of Grid Interactive Rooftop & Small Solar PV plants have been determined in accordance with the RE Regulations, 2013 and also includes a component of interest on working capital. Timely payment of bills would help the project developer reduce its working capital requirement & in turn the interest cost and hence, some part of the saving in the form of rebate should be shared with UPCL. Removal of provision of the rebate shall be against the Regulations, accordingly, UREDA's comments in the matter is not acceptable.

2.2.4. Accordingly, UPCL is directed to incorporate the changes discussed above in the draft PPA and submit the copy of the signed PPA before the Commission.

2.2.5. Ordered Accordingly.

(K.P. Singh)
Member

(Subhash Kumar)
Chairman