

**BEFORE THE HARYANA ELECTRICITY REGULATORY COMMISSION  
BAYS No. 33-36, SECTOR-4, PANCHKULA- 134112, HARYANA**

**Case No. HERC/PETITION NO. – 40 of 2021**

**Date of Hearing : 24.03.2022  
Date of Order : 28.03.2022**

**IN THE MATTER OF:**

**Application under Section 86(1) (b) of the Electricity Act, 2003 for approval of source for purchase of 13.2 MW power during sugar crushing season and 16.2 MW during off-crushing season, out of 18 MW co-generation-based power plant of M/s Karnal Cooperative Sugar Mills Ltd, Karnal on long term basis in terms of HERC Regulations in vogue.**

**Petitioner**

Haryana Power Purchase Centre, Panchkula (HPPC)

**Respondent**

M/s. Karnal Cooperative Sugar Mills Ltd.

**Present on behalf of the Petitioner, through Video Conferencing**

Sh. Vikas Kadian, Xen, HPPC

**Present On behalf of the Respondent, through Video Conferencing**

1. Sh. Kuldeep Sheoran, Advocate
2. Ms. Aditi, HCS, Managing Director, Karnal Co-operative Sugar Mills Ltd.

**Quorum**

**Shri R.K. Pachnanda  
Shri Naresh Sardana**

**Chairman  
Member**

**ORDER**

1. The present petition has been filed by HPPC seeking approval to procure 13.2 MW power during sugar crushing season and 16.2 MW during off-crushing season, out of 18 MW co-generation-based power plant of the respondent, for 20 years, at the tariff to be determined by the Commission under Section 62 of the Electricity Act, 2003, in terms of the HERC Regulations in vogue.
2. The case was heard through video conferencing on 24.03.2022, as scheduled, in view of the COVID-19 pandemic.
3. The Commission observes that the HERC Regulations in vogue i.e. Haryana Electricity Regulatory Commission (Terms and Conditions for determination of Tariff from Renewable Energy Sources, Renewable Purchase Obligation and Renewable Energy Certificate) Regulations, 2021 (hereinafter referred to as "HERC RE Regulations, 2021"), provides as under:-

**“6(3) Scope and extent of application:**

***These Regulations shall apply to the RE Power Projects set-up / to be set – up in Haryana and where the tariff is determined by the Commission u/s 62 of the Act for Grid Connected RE Projects up to an installed capacity of 2 MW except the general provisions for banking, RPO, Late Payment Surcharge / rebate etc. applicable for all concerned.***

*Provided that the Discoms/HPPC shall endeavor to purchase all electricity through competitive bidding route in accordance with the provisions of Section 63 of the Electricity Act, 2003.”*

*“7. (2)*

*e) Following documents in case of petition for determination of project specific tariff by renewable energy projects, where tariff from such renewable energy sources is generally determined through competitive bidding process in accordance with provisions of Section 63 of the Act:*

*i) Rationale for opting project specific tariff instead of competitive bidding; and*

*ii) **Competitiveness of the proposed tariff** vis-à-vis tariff discovered through competitive bidding/ tariff prevalent in the market.*

*iii) Comparative details showing that the tariff proposed is aligned with the prevalent market conditions.” **(Emphasis supplied)***

4. In view of the provisions of HERC Regulations in vogue, reproduced above, the Commission, vide its order dated 15.12.2021, had directed HPPC to take action as per the Regulation 7(e) of the HERC RE Regulations, 2021 and to submit the documents specified therein.
5. The Commission observes that HPPC, vide its reply dated 10.02.2022, has submitted the mutually agreed draft PPA for consideration of the Commission. However, no consensus was reached on the proposed tariff, which would have effectively been a ceiling tariff to be considered by the Commission, while determination of tariff under section 62 of the Electricity Act, 2003, as per HERC RE Regulations, 2021. The Commission has perused the minutes of the meeting held on 06.12.2021 between HPPC and Sugar Mill, wherein the proposal of HPPC, for keeping the tariff for bagasse based cogeneration plants in the range of Rs. 4.50 to 5.00 per unit, was rejected by the representatives of the Sugar Mill which stated that the tariff should be in the range of Rs. 6.00 to Rs. 6.50 per unit and that the tariff discovered in Uttar Pradesh (Rs. 4.71/kWh) may not be considered as a benchmark tariff for Haryana.

6. Faced with the situation, the Commission offered following two options to the parties present during the hearing:-
  - a) Opt for procurement of power through competitive bidding, in accordance with provisions of Regulation 6 (3) of HERC RE Regulations, 2021, in which the respondent sugar mill can also participate.
  - b) Come before the Commission with a proposed ceiling tariff, keeping in view the tariff discovered through competitive bidding in the neighbouring states, justifying the competitiveness of tariff for consideration of the Commission for source approval.
7. Shri Kuldeep Sheoran, advocate for the sugar mills submitted, time and again, that the Commission may proceed to issue necessary directions as per the HERC RE Regulations, 2021 and they would further like to participate in the competitive bidding. Ms. Aditi, MD of the Sugar Mill, did not raise any objections to the submissions by the advocate.
8. Upon hearing the parties, the Commission is of the considered opinion that it is left with no other option than to direct HPPC to float NIT for procurement of power generated through bagasse based co-generation power projects, through competitive bidding in accordance of provisions of Regulation 6 (3) of HERC RE Regulations, 2021. However, the Commission grants liberty to the parties to approach the Commission again, in case a consensus on the proposed tariff is reached and HPPC is in a position to submit the requisite documents as provided under Regulation 7(e) of the HERC RE Regulations, 2021.

In terms of the above order, the present petition is disposed of.

This order is signed, dated and issued by the Haryana Electricity Regulatory Commission on 28.03.2022.

Date: 28.03.2022  
Place: Panchkula

(Naresh Sardana)  
Member

(R.K. Pachnanda)  
Chairman