

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

Petition No. 35 of 2024
Date of Order: 04.11.2024

Petition under Section 86 (1)(b) and (e) of the Electricity Act 2003 read with Punjab State Electricity Regulatory Commission (Power Purchase and Procurement Process of Licensees) Regulations 2012 for the approval of Power Procurement of 1450 MW Solar Photo-Voltaic (PV) power from SJVN Limited under tender for 1500 MW ISTS-connected Solar PV Power Projects pursuant to the competitive bidding conducted by SJVN.

AND

In the matter of: Punjab State Power Corporation Ltd. (PSPCL), The Mall,
Patiala.

Petitioner

Versus

1. SJVN Limited Contracts & Procurement Section, REIA, Liaison Office 6th Floor, Tower No. 1, Office Block, NBCC Complex, East Kidwai Nagar, New Delhi-110023.
2. M/s Solarcraft Power India 8 Pvt. Ltd, having its registered office at 109, First Floor, Rishabh IPEX Mall, IP Extension, Patparganj, Delhi-110092.
3. M/s GRT Jewellers India Pvt. Ltd. having its registered office at 138, Usman Road, T. Nagar, Chennai, Tamil Nadu- 600017.
4. M/s Furies Solren Pvt. Ltd, having its registered office at Mahindra Towers, Pandurang, Budhkar Marg, Near Doordarshan Kendra, Worli, Mumbai- 400018.
5. M/s JSW Renew Energy (Raj) Energy Ltd, having its registered office at JSW Centre, Bandra Kurla Complex, Bandra (East), Mumbai-400051.

Commission: Sh. Viswajeet Khanna, Chairperson
Sh. Paramjeet Singh, Member

Petitioner: Sh. Anand K Ganesan, Advocate (through VC)
Ms. Harmohan Kaur, CE/ARR&TR (through VC)

SJVN: Sh. Adarsh Tripathi, Advocate (through VC)

M/s Solarcraft Power
India 8 Pvt. Ltd: None

M/s GRT Jewellers
India Pvt. Ltd: Ms. Shikha Okhri, Advocate (through VC)

M/s Furies Solren
Pvt. Ltd: Sh. Nitish Gupta, Advocate (through VC)
Sh. Deepak Thakur

M/s JSW Renew
Energy Ltd: None

ORDER

1. The Petitioner (PSPCL) has filed the present petition for seeking approval of its Power Purchase Arrangement of 1450 MW Solar PV power from SJVN Limited. The submissions made in the Petition are summarised as under:

1.1 PSPCL is a distribution licensee under the provisions of the Electricity Act 2003 and has been procuring electricity from various sources, including from renewable sources of energy, to meet the power supply requirements in order to maintain the distribution and retail supply of electricity in the State.

1.2 The Respondent (SJVN) is a Joint Venture of Government of India and Government of Himachal Pradesh and has been designated as

Renewable Energy Implementing Agency by the Ministry of New and Renewable Energy, Government of India for setting up of ISTS connected renewable projects.

- 1.3 On 31.10.2023, SJVN (being an intermediary agency) issued the Request for Selection (**RfS**) along with a standard PPA and PSA on ISN Electronic Tender System e-bidding portal for selection of project developers for setting up of ISTS-connected solar power projects anywhere in India on Build Own Operate (BOO) basis for an aggregate capacity of 1500 MW. In terms of the same, the result of e-Reverse Auction conducted on 08.02.2024 as intimated by SJVN is as under:

Sr. No.	Bidder	Bided Quantity (MW)	Tariff (INR / kWh)	Allotted Capacity (MW)	ISTS Connection
1.	Solarcraft Power India 8	300	2.52	300	220 kV Bikaner, Rajasthan
2.	GRT Jewellers	150	2.52	150	Tuticorin-li (GIS), Tamil Nadu at 230 KV
3.	Furies Solren (Mahindra)	300	2.53	300	220 Kv GSS at Bikaner or Ramgarh or Bhadla
4.	JSW New Energy	700	2.53	700	Ramgarh Pooling Substation, Jaisalmer, Rajasthan
5.	NTPC REL	300	2.54	50	220 kV/400 kV Bikaner 3 ISTS Substation
Total				1500	

- 1.4 On 20.03.2024, SJVN vide its letter offered 1500 MW of power at a bid discovered tariff of Rs. 2.52-2.53/kWh (plus 7 paise as trading margin) to PSPCL mentioning that:
- (i) The expected date of commissioning of the projects is 24 months from signing of PPA;

(ii) The ISTS transmission charges and losses and any other charges as applicable under the respective regulations beyond Delivery Point are under the scope of the Buying Entity/Discom.

1.5 That on 25.04.2024, PSPCL gave 'in-principle' consent for the procurement of 750 MW power from the first three lowest bidders (Bidder 1: 300 MW @ Rs. 2.52/kWh, Bidder 2: 150 MW @ Rs. 2.52/kWh and Bidder 3: 300 MW @ Rs. 2.53/kWh). Further, on 19.06.2024, PSPCL wrote to SJVN requesting to confirm any additional offer of solar power which is available at Rs. 2.52/kWh under the tender. SJVN, replied on 26.06.2024, informing that in addition to the 'in-principal consent' provided by PSPCL for procurement of 750 MW Solar Power (i.e. 450 MW @ Rs. 2.52/kWh and 300 MW @ Rs. 2.53/kWh), there is an additional offer available for 700 MW @ Rs. 2.52/kWh on account of L-4 Bidder reducing its tariff from 2.53/kWh to Rs. 2.52/kWh.

1.6 That in view of the 75% waiver on ISTS charges being applicable on the projects commissioned upto 30.06.2026, it was essential that the agreements were signed before 30.06.2024 as the PPAs in the present case were to have the commissioning period of 24 months from the effective date (date of signing of the PPAs). Accordingly, on 27.06.2024, PSPCL entered into a PSA with SJVN for procurement of 1450 MW Solar Power i.e. 1150 MW @ Rs. 2.52/kWh and 300 MW @ Rs. 2.53/kWh (exclusive of trading margin of 7 paise), subject to the approval of the Commission. Further, SJVN entered into PPAs with the Solar power developers for a period of 25 years as under:

Sr. No.	Solar Power Developer	Quantum (MW)	Tariff (Rs./kWh)	Date of PPA
1.	Solarcraft Power India 8 (Blupine Energy)	300	2.52	29.06.2024
2.	GRT Jewellers	150	2.52	28.06.2024
3.	Furies Solren (Mahindra)	300	2.53	28.06.2024
4.	JSW New Energy	700	2.52	28.06.2024

The tariff is in the process of being adopted by CERC in a petition to be filed by SJVN Limited, therefore it is submitted that the approval of power procurement may be made subject to the bid discovered tariff being adopted by CERC.

1.7 The tariff of Rs. 2.52-2.53/kWh is economical and aligned with the prevalent market rates as evidenced from the tariffs discovered in following e-RAs under other schemes/tenders:

a) The Bid conducted by NTPC Limited in the month of May 2024 for procurement of power from 1500 MW grid connected interstate solar projects on long term basis under ISTS Solar Tranche III Scheme.

Sr. No.	Capacity (MW)	Tariff Discovered (Rs./kWh)	Tentative Tariff including trading margin (Rs./kWh)
1.	50	2.68	2.75
2.	1450	2.69	2.76

b) The Bid conducted by NTPC Limited in the month of March, 2024 for procurement of power from 1500 MW grid connected interstate solar projects on long term basis under ISTS Solar Tranche II Scheme.

Sr. No.	Capacity (MW)	Tariff Discovered (Rs./kWh)	Tentative Tariff including trading margin (Rs./kWh)
1.	300	2.59	2.66
2.	1200	2.60	2.67

- c) The Bid conducted by SECI in the month of March 2024 for procurement of power from 1500 MW grid connected interstate solar projects on long term basis under ISTS Solar Tranche XIV Scheme.

Sr. No.	Capacity (MW)	Tariff Discovered (Rs./kWh)	Tentative Tariff including trading margin (Rs./kWh)
1.	1300	2.57	2.64
2.	200	2.58	2.65

- d) The Bid conducted by SECI in the month of March 2024 for procurement of power from 1500 MW grid connected interstate solar projects on long term basis under ISTS Solar Tranche XIII Scheme.

Sr. No	Capacity (MW)	Tariff Discovered (Rs./kWh)	Tentative Tariff including trading margin (Rs./kWh)
1.	1250	2.56	2.63
2.	250	2.57	2.64

1.8 Further, this power shall facilitate PSPCL in fulfilling its RPO obligations as notified by the Commission from time to time. PSPCL will be in shortfall of RPO compliance during FY 2024-25 to 2029-30 in case the present power procurement is not accorded approval. That, MNRE has issued a letter dated 01.02.2024 to all the distribution licensees including PSPCL, stating that in case of non-compliance of the minimum renewable energy consumption specification under the MoP Notification dated 20.10.2023, a penalty of Rs. 3.72/kWh for every unit of shortfall in the consumption of renewable energy under the Notification dated 20.10.2023 would be imposed in addition to the penalty under Section 26(3) of the Energy Conservation Act, 2001.

1.9 That in the facts and circumstances mentioned above, it is prayed that the Commission may be pleased to:

- (i) Approve the power procurement of 1450 MW ISTS Connected solar power i.e., 1150 MW at a tariff of Rs. 2.52/kWh and 300 MW at a tariff of Rs. 2.53/kWh (plus Rs. 0.07/kWh as trading margin of SJVN) for a period of 25 years from SJVN on the terms and conditions contained in the PSA dated 27.06.2024 and subject to the tariff being adopted by CERC.*
- (ii) Pass such further order or orders as the Commission may deem just and proper in the circumstances of the present case.*

2. The Petition was taken up for hearing on admission on 19.07.2024. The Commission, while deciding to implead the HPDs for proper adjudication of the matter, directed PSPCL to furnish the following information:

- “a) Status of adoption of discovered tariffs by the CERC;*
- b) The landed cost of proposed power at State Periphery indicating the applicable cost components (i.e., Transmission charges/Losses, trader’s margin etc.) separately in Paise/kWh;*
- c) Total financial liability (in Rs. Cr) on account of payment of Trading Margin over the period of the proposed power arrangements;*
- d) PSPCL’s ability to utilise the proposed power capacity, considering that it has to draw banked power to the tune of about 3000MW during the peak/paddy season in addition to its already existing long-term power arrangements of more than 8000 MW on the Inter State Transmission System (ISTS).”*

In reply thereto, PSPCL vide its affidavit dated 21.08.2024 submitted as under:

- a) SJVN has filed a petition having Diary No. 361/2024 before the CERC on 10.07.2024 seeking adoption of tariff under Section 63 of the Electricity Act, 2003, which is pending.
- b) Landed cost of proposed power at State Periphery, considering the ISTS Charges as Rs. 0.15/kwh (75% of 60 P/kwh), ISTS losses as Rs. 0.10/kWh (@ 3.71%) and the Trading Margin of Rs. 0.07/kWh is expected to be Rs. 2.84-2.85/kWh. (Rs. $2.52/2.53 + 0.15 + 0.10 + 0.07$).
- c) The total financial liability on account of payment of Trading Margin over the period of the proposed power arrangements is Rs. 620.50 crores at CUF declared by the solar power developers.
- d) The present Available Transfer Capacity (ATC) of the State is 9500 MW which is expected to increase to 10400 MW in the near future after completion of ongoing transmission system augmentation projects. It is stated that some additional transmission system augmentation projects are also under planning and are likely to be completed in the next two years. Also, the short term arrangements (including banking of Power and purchase through exchanges/ traders) planned every season/year as per the gap anticipated during the season/day can be balanced out upon receiving the power from SJVN. It is submitted that PSPCL is in need of long-term power purchase agreements to avoid procurement of costly power from the exchange during the peak season.

3. In the hearing held on 18.09.2024, while SJVN stated that they have filed their reply, the Ld. Counsel appearing for the developers requested for more time to file their replies. The same was allowed with the direction that the same may be filed within two weeks with a copy to the petitioner. However, only M/s GRT Jewellers (India) Private Limited has submitted its reply. The replies submitted by the SJVN and M/s GRT Jewellers are summarised as under:

3.1 M/s SJVN, while reiterating the history of the case and supporting the PSPCL's prayer for grant of approval for the impugned power procurement arrangement, has submitted that:

- a) Keeping in consideration the MOP's Tariff-Based Competitive Bidding guidelines, SJVN issued a Request for Selection (RfS) No. SJVN/CC-Delhi/REIA/2023/Solar-1 dated 31.10.2023 for Setting up of 1500 MW ISTS-connected Solar PV Power Projects anywhere in India under TBCB (Tariff-Based Competitive Bidding). It is pertinent to mention that the power procured by the Respondent in terms of the above RfS has been provisioned to be sold to different entities (DISCOMs) in India. That for the said purpose the Respondent is acting as a trader/facilitator for a trading margin of INR 0.07/kWh. The said Trading Margin as envisaged under the RfS is strictly in accordance with the Competitive Bidding Guidelines, 2023 as well as regulation 8 (1) (d) of the Trading License Regulations, 2020.
- b) That in term of the above RfS, the following developers have been selected by the process of e-bidding (Single Stage Two

Envelope Bidding Process. Envelope-I: Technical Bid and Envelope-II: Financial Bid) to be followed by E-Reverse Auction process for selection of bidders.

Sr. No.	Name of Successful Bidder	Capacity	Tariff
1.	M/s Solarcraft Power India 8 Private Limited	300 MW	Rs. 2.52/kWh
2.	M/s GRT Jewellers (India) Private Limited	150 MW	Rs. 2.52/kWh
3.	M/s Furies Solren Private Limited	300 MW	Rs. 2.53/kWh
4.	M/s JSW Neo Energy Limited	700 MW	Rs. 2.53/kWh
5.	NTPC Renewable Energy Limited (NREL)	50 MW	Rs. 2.54/kWh
	Total	1500 MW	

sequently, while NTPC has informed about its refusal of the 50 MW awarded capacity in terms of Clause 5.5.3 of the RfS, M/s JSW Neo Energy Limited vide offer letter dated 18.06.2024 undertook to reduce the tariff from 2.53/kWh to Rs. 2.52/kWh.

- c) In terms of the above selected bidders, the Petitioner and Respondent have executed a Power Sale Agreement (PSA) dated 27.06.2024 thereby having tied up the entire 1450 MW of Power awarded to the successful bidders under the bidding process in question on back to back basis. Further, as per Clause 2.22 of the RfS, the Effective Date shall mean the date of signing of Power Purchase Agreement (PPA). In furtherance of the above, PPAs were duly executed between the Respondent and the successful bidders except for NREL.
- d) It may be noted that the Respondent has already approached the Hon'ble CERC seeking adoption of tariff as identified under Section 63 of the Electricity Act, 2003, vide Petition Ref No.403/2024 dated 10.07.2024 and Diary No.361/2024.

e) In the light of the above, it is submitted that the Respondent has throughout the process, complied with all the necessary guidelines and regulations and taken all necessary steps for obtaining the requisite approvals from the CERC. Based on the above, the proposed approval of the PSA sought from this Commission is consistent with the guidelines issued by MoP as well as the conditions of the RfS issued by the Respondent.

3.2 M/s GRT Jewellers (India) Private Limited (Respondent No. 3), while supporting the PSPCL's prayer, has submitted as under:

- a) GRT Jewellers is one of the five selected bidders by SJVN and has entered into a PPA dated 29.06.2024 with SJVN for the sale of 150 MW of power at a competitive tariff of Rs. 2.52 per unit. It is stated that GRT Jewellers supports the stand taken by PSPCL in the present Petition insofar as the viability of the procurement of the present tranche of power is concerned.
- b) It is stated that SJVN' being an intermediary to the whole process adds an important layer of credibility to the procurement process. This ensures adherence to established guidelines and facilitates a structured procurement process. SJVN' involvement as an intermediary not only streamlines operations but also assures strong contractual arrangements, ensuring a smooth supply chain from the solar power developers to PSPCL. In fact, SJVN' expansive experience and vast portfolio also points out to the fact as to how SJVN is aptly suited to perform the entire transaction. It is respectfully

submitted that if that be the case, then this Commission need not go in to the myopic considerations of the trading margin and its impact during the entire tenure.

4. PSPCL vide its additional affidavit dated 11.10.2024 has further submitting that:

4.1 PSPCL has made considerable efforts in order to exhaust the option of procuring power directly from generators including floating tenders to invite bids as under:

a) That on 29.05.2023, two intra-state tenders were floated by PSPCL for procurement for 1500 MW solar power. Out of the two tenders, one tender was for procurement of 1000 MW of solar power from projects having a capacity of 5 MW and above located anywhere in Punjab, while the other tender was for procurement of 500 MW of solar power from ground mounted/floating solar power projects having a capacity of 2 MW and above located anywhere in Punjab. The ceiling tariff in above mentioned tenders was Rs. 2.75/kWh, which was firstly revised to Rs. 2.85/kWh and then finally revised to be Rs. 3.00/kWh. However, the tenders are still under bidding stage due to lack of participation in these tenders from potential generators.

b) That on 18.07.2023, a 1000 MW tender with a ceiling tariff of Rs. 2.55/kWh was floated by PSPCL for procurement of solar power from ISTS connected projects located anywhere in India. The liability of paying ISTS transmission charges and losses was to be that of the solar power developer. However,

due to lack of participation, *firstly*, the ceiling tariff was increased from Rs. 2.55/kWh to Rs. 2.65/kWh and *secondly*, the liability of paying ISTS transmission charges was also shifted from solar power developer to PSPCL. However, even with the said concessions no bids were received and accordingly the tender was dropped after a year i.e. on 10.07.2024.

4.2 That with the vast experience of SJVN and the portfolio it holds, tenders floated by it have a better success rate than the tenders floated by Discoms. The present exercise is not in the nature of prejudicing consumers in the State of Punjab but is an endeavour to harness the experience and expertise of SJVN to ensure that the consumers are provided with cheaper tariff. Being a central government utility, it can better coordinate with other central government utilities like RLDC, CTUIL/CEA etc. for connectivity and commissioning of the projects.

4.3 The Commission vide its Order dated 27.12.2023 in Petition No. 68 of 2023 has approved a similar power procurement. In the said petition, procurement of solar power from a 300 MW Solar PV Power from SECI has been approved under ISTS Connected Tranche IX Scheme. It is pertinent to note that in the said case, a similar trading margin of Rs. 0.07/kWh was applicable. Other state distribution companies across the country are also procuring renewable power through trading licensee(s)/ Renewable Energy Implementing Agencies at competitive tariffs.

4.4 The present power procurement does not fall under Uniform Renewable Energy Tariff regime, whereas the power available in the future agreements would fall under URET regime under which the tariff would be dynamic and uncertain as the same will depend on rates of pooled power from various tranche(s).

4.5 In terms of Article 2.1.3 and 2.1.4 of the PSA, in case the tariff is not approved by the Commission within 120 days of signing of PSA, the SCSD is liable to be extended as per terms and conditions of PSA/PPA. The extension of SCSD may affect the waiver of ISTS transmission charges as well, which will lead to an increase in tariff.

5. After hearing the parties on 16.10.2024 the petition was admitted. During the hearing, the Ld. Counsel appearing for the parties reiterated their submissions and prayed to the Commission for approval of the proposed power procurement arrangement for 1450 MW Solar Power. After hearing all the learned counsel of the parties, the Order was reserved.

6. Observations and Decision of the Commission

The Commission has examined the submissions made by the parties. The Petitioner is seeking approval of its long term power procurement arrangement of 1450 MW Solar PV power from SJVN. In order to assess the PSPCL's proposal, the Commission refers to the Electricity Act, which reads as under:

“86. Functions of State Commission:

(1) The State Commission shall discharge the following functions, namely: -

.....

(b) regulate electricity purchase and procurement process of 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;

.....

181. Powers of State Commissions to make regulations:

(1) The State Commissions may, by notification, make regulations consistent with this Act and the rules generally to carry out the provisions of this Act.”

Further, relevant Sections of the PSERC (Framework for Resource Adequacy) Regulations 2024 framed/notified on March 15, 2024 by the Commission in exercise of the power conferred under the Electricity Act 2003 specifies as under:

“16. Approval of Power Purchase Agreement

16.1. Any new Capacity arrangement/tie-up shall be subject to the prior approval of the Commission in view of necessity, reasonableness of cost of power purchase and promotion of working in an efficient, economical and equitable manner.

16.2.

16.3. Any new power purchase agreement for Long/Medium-term or amendments to existing Long/ Medium-term Power Purchase Agreement (PPAs)/ Power Sale Agreement (PSA) entered into by the distribution licensee shall be subject to the prior approval of the Commission in respect of

- i) Necessity;*
- (ii) Reasonability of cost;*
- (i) Promoting efficiency, economy, equitability and competition;*

.....”

Thus, any new Capacity arrangement/tie-up by the distribution licensee needs to pass the test of its ‘Necessity’, ‘Reasonableness of cost of

power purchase' and 'Promotion of working in an efficient, economical and equitable manner'. Accordingly, the Commission proceeds to examine the same as hereunder:

6.1 'Necessity' of the proposed procurement:

PSPCL has submitted that as a distribution licensee it is mandated to procure power from RE Sources to fulfil its RPO compliance targets as notified by the Commission from time to time. It was submitted that the proposed power procurement shall enable PSPCL in fulfilling the same.

The Commission observes that, in the prevailing scenario of progressively increasing RPO targets to achieve the ambitious RE capacity addition by the GoI, there cannot be any issue with regard to the criteria of 'Necessity' in case of any arrangement of power from the RE sources.

6.2 'Reasonableness of cost' of the proposed power purchase:

The Commission notes PSPCL's submission that, considering the trading margin of Rs 0.07/kWh, Rs 0.10/kWh as transmission losses (@ 3.71%) and Rs 0.15/kWh as ISTS charges (@ 25% of Rs. 0.60/kWh), the impugned tariff of Rs. 2.52/2.53 per kWh would result in the landed cost of about Rs. 2.84/2.85 per kWh at State Periphery. The Commission observes that:

- a) The landed cost of about Rs. 2.84/2.85 per kWh at State Periphery is higher than the ceiling solar tariff of Rs. 2.72/kWh allowed by the Commission in Petition No. 68 of 2023. If allowed, the proposed arrangement would entail an additional financial liability of more

than Rs. 1060 crore, over the life of the projects, on the consumers of the State.

- b) Also, PSPCL's submission that its present Available Transfer Capacity (ATC) of 9500 MW is expected to increase in the near future to 10400 MW and that it shall be balancing its arrangements of banking of Power and purchase through exchanges/ traders upon receiving the impugned power is not convincing. In fact, the surplus power available with the State is banked in winter months and drawn during the summer/paddy period and there is no logic in balancing of the same with the power from costly sources. Further, considering the existing long term Inter-State generation capacity tie-ups of about 6450 MW, in-line (already approved) Inter-State Solar Capacity of 1950 MW and 3000 MW of banking arrangement, PSPCL's ATC requirement works out to be about 11400 MW. Therefore, PSPCL would also have to incur increased expenditure to obtain the additional ATC so as to utilise the proposed power capacity.
- c) As regard the PSPCL's plea that that the Commission had previously approved a similar power procurement of 300 MW from SECI in Petition No. 68 of 2023 allowing a trading margin of Rs. 0.07/kWh, the Commission is of view that, if it was allowed once to meet an urgent need/exigency, it should not mean that the excessive Commission being paid has to be perpetuated in every future project development also. PSPCL must consider enhancing its own in-house capacity and capability also.

6.3 'Promotion of working in an efficient and economical manner':

As already observed in the preceding para the proposed arrangement would entail an additional financial liability of about Rs. 1060 crore over the life of the projects. Out of this, the commission to be paid alone would cost Rs. 620 crore which is a huge amount to pay to an intermediary agent for just floating a tender and acting as an arranger without any further risk or liability. That huge burden over 25 years would have to be borne by the consumers of the State. This is unjustified, specially when PSPCL itself is fully capable of doing the same exercise inhouse and invite bids directly as has been done in the past (in FY 2022-23 over 1600 MW of RE power was tied up directly by PSPCL). Thus, a saving of about Rs 25 crore per annum payable in commissions can be effected if the said power is arranged by PSPCL utilising its in-house experience of previous similar bids and their ability to seek a direct bid from developers.

In fact, utilizing this amount, PSPCL itself can in-house set up its own solar plant of over 250 MW and own it and get even cheaper power without any extra cost. PSPCL itself has its own vacant lands; can lease Panchayat land, which will also help in reducing the agriculture power load and save ground water and stubble fires, benefitting the consumers and the ecology both. In case land availability is an issue, the State has thousands of km of canals which form an ideal location for setting up Solar generating stations. Some such projects have already been set up in Punjab and there is huge scope to further expand the capacity. PSPCL needs to coordinate with the State Govt. to explore and promote its own in-house capacity which would also

ensure Resource Adequacy. Such an arrangement of establishing the solar projects at distributed level, utilizing its in-house technical expertise and other available sources with PSPCL, in addition to promoting PSPCL's in-house capacity and generating income to the Village Panchayats, jobs for the rural folk as well as preserving the water table and ecology, shall help in substantial savings through:

- I. Economising the cost of power through saving of the ISTS charges, ISTS losses as well as commission payable to the traders;
- II. Saving in cost for ATC augmentation;
- III. Reduce intra-state transmission losses at the distributed level;
- IV. Increase in PSPCL's income on account of availability of cheaper in-house power generation for sale to its consumers;
- V. Saving in cost for meeting of RPO targets through the in-house availability of cheaper RE Power.

Thus, the instant proposal cannot be said to be passing the test of 'Reasonableness of cost of power purchase' and 'Promotion of working in an efficient and economical manner' as mandated under the PSERC Regulations. The Commission is of view that it would not be prudent to allow PSPCL's proposal for power procurement in the present form.

The petition is dismissed in terms of the above observations.

Sd/-
(Paramjeet Singh)
Member

Sd/-
(Viswajeet Khanna)
Chairperson

Chandigarh

Dated: 04.11.2024