

**IN THE JHARKHAND STATE ELECTRICITY REGULATORY COMMISSION AT
RANCHI**

Case No. 05 of 2025

Damodar Valley Corporation (DVC)..... Petitioner

Versus

National Hydro Power Corporation Limited (NHPC)..... Respondent

CORAM: HON'BLE MR. MAHENDRA PRASAD, MEMBER (LAW)

HON'BLE MR. ATUL KUMAR, MEMBER (TECHNICAL)

For the Petitioner: Ms. Khushboo Kataruka, Advocate & Mr. Prasenjit Mandal,
DGM (Comm.) DVC, Kolkata

Date – 11th July, 2025

1. The instant Petition has been filed by the Petitioner-Damodar Valley Corporation (DVC) under clause 6.29 of the JSERC (Terms and Conditions of Determination of Distribution Tariff) Regulations, 2020 and its amendment thereof, for approval of Power Purchase Agreement between Damodar Valley Corporation (DVC) and NHPC Limited for the purchase of Hydro Power by DVC.
2. The Prayers of the petitioner-DVC are as under: -
 - (i) To approve the instant Power Purchase Agreement in terms of Regulation 6.29 of Jharkhand State Electricity Regulatory Commission (Terms and Condition of Tariff) Regulation, 2020 and its amendments thereof.
 - (ii) To pass such other order(s) as the Hon'ble Commission may deem fit and proper for the sake of justice and keeping in view the facts and circumstances of the case.

The factual matrix of the case as submitted by the petitioner may be appreciated in the following manner:

Submission of the Petitioner

3. Learned Counsel for the petitioner submitted that NHPC vide its letter dated 08.09.2023 offered to sale hydel power from its upcoming 800 MW Parbati-II HEP and sought the consent of DVC as prospective buyer and tie up on long term basis. Learned Counsel further stated that the Parbati Power Station Stage-II HEP is a 800 MW (4 X 200 MW) run off the river hydroelectric project located on Parbati river in Kullu District in Himachal Pradesh. It has a design energy of 3124.6MU and tariff will be determined by CERC under section 62 of the Electricity Act, 2003.
4. It was submitted that DVC in response to the above said proposal, assessed the future load growth projection to meet consumer demand in the DVC valley area and to suitably meet the projected demand as well as for meeting the RPO targets, DVC expressed interest in purchasing maximum upto 200 MW power from NHPC's Parbati-II HEP vide letter no. ED/COML/NHPC/04/1038 dated 21.08.2024.

5. Learned Counsel also apprise that the petitioner-DVC obtained approval for the procurement of hydro power from NHPC's Parbati-II HEP vide Board resolution dated 30th September 2024.
6. It was submitted that the as per the allocation guidelines of MoP, GoI, allocated 29 MW firm power to DVC from Parbati-II hydroelectric project of NHPC in accordance with the office order No. 11/29/2023-NHPC dated 25.02.2025 by MoP Hydel division, GoI. Accordingly, the PPA between NHPC and DVC was signed on 07.02.2025 for power procurement from the Parbati-II HEP as per the allocation to be made by MoP. After allocation of 29 MW firm power from Parbati-II HEP by MoP GoI as stated above, quantum of power for the PPA has become 29 MW. It was pointed out that this power purchase shall come into effect from the date of signing and shall remain operative for 40 years from the date of commercial operation of the last unit or balance life of NHPC station, whichever is earlier.
7. It is further submitted that since the agreement was signed on 07.02.2025, the power purchased from the Parbati-II HEP of NHPC Ltd. will also be exempted from ISTS charges for 18 years from COD, as per the CERC regulations on the sharing of ISTS charges (2020, first amendment) dated 07.02.2023. The regulation mandates waiver of ISTS charges for eligible projects subject to the signing of PPAs before 30th June 2025.
8. Learned Counsel further submitted that as per MoP order for promotion of Hydro power dated 20th October 2023, Parbati-II HEP (800 MW) is eligible for Hydro Renewable Energy compliance since the commissioning date of the project is after 31st March 2024. Learned Counsel further clarified that as per Clauses 2 and 3 of the MoP order dated 20th October 2023, in case of hydro power is in excess of stipulated RPO quantum on account of hydro RE compliance, the excess component may be considered as part of the other RPO component.
9. Learned Counsel further pointed out that the proposed procurement of Hydel power from stated NHPC project will help DVC in meeting demand during peak period and during monsoon season (when solar power availability is low as a whole), as such procurement of Hydel Power from Parbati-II HEP will help to provide reliability/flexibility in economic operation of overall DVC power system apart from assisting in fulfillment of its upcoming HPO as DISCOM.
10. It was submitted that the purchase of hydro power through this agreement will be considered for meeting RPO compliance against its obligation as a distribution licensee in Jharkhand and West Bengal based on the respective targets of RPO as mandated in the relevant Regulations framed by JSERC and WBERC.

Commission's Observations and findings

11. The Commission has considered the submissions made by the petitioner and perused the materials available on records.

12. Under section 86(1)(b) and 86 (1)(e) of the Electricity Act, 2003, the State Commission has the responsibility to regulate the electricity purchase and procurement process of distribution licensees and promote co-generation and generation of electricity from renewable sources of energy. The relevant Section of the Electricity Act, 2003 reads as under:-

“Section 86 Function 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;

.....

(e) Promote co-generation and generation of electricity from renewable sources of energy by providing suitable measures for connectivity with the grid and sale of electricity to any person, and also specify, for purchase of electricity from such sources, a percentage of the total consumption of electricity in the area of a distribution licensee;

.....

13. It is evident from the above that under section 86(1)(b) of the Act, the distribution licensee is obligated to get the Power Purchase Agreement, approved by the Commission, and under section 86(1)(e) of the Act, the Commission discharges the function of promoting the generation of electricity from renewable sources and also specified a percentage of renewable purchase by a distribution licensee.
14. The Commission also observed that the levelized tariff as per loan schedule has been calculated as Rs. 6.14 per unit, however, it has been submitted that applicable tariff shall be determined by Hon'ble CERC under Section 62 of the Electricity Act 2003.
15. During the course of hearing, it was submitted by the petitioner that in the first year, the per unit tariff shall be in the vicinity of Rs. 6.92 / unit while during the last year it shall be Rs. 0.33 /unit.

ORDER

16. Considering the facts and circumstances of the case as discussed herein above, the prayers of the petitioner are allowed. The Commission hereby approves the PPA for procurement of 29 MW by the petitioner DVC from Parbati-II HEP of NHPC Ltd. at the tariff to be determined by Central Electricity Regulatory Commission.
17. The Petition stands disposed off, accordingly.

Sd/-
Member (T)

Sd/-
Member (L)