

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

Case No. 25 of 2026

Damodar Valley Corporation Petitioner
Versus
NTPC Vidyut Vyapar Nigam Limited (NVVN)Respondent

**CORAM: HON'BLE MR. JUSTICE NAVNEET KUMAR, CHAIRPERSON
HON'BLE MR. MAHENDRA PRASAD, MEMBER (LAW)**

For the Petitioner : Ms. Khusboo Kataruka, Advocate and
Ms. Ushma Pandey, Advocate
For the Respondent : Mr. Arvind Patle, Addl. G.M., NTPC
Vidyut Vyapar Nigam Ltd.

ORDER

Date – 1st October, 2026

1. Damodar Valley Corporation (hereinafter referred to as “DVC”) has filed this Petition for approval of Power Purchase Agreement (herein after referred to as the “PPA”) executed between DVC and NTPC Vidyut Vyapar Nigam Limited (NVVN) for purchase of 137.5 MW Hydro Power by DVC from Punatsangchhu-II Hydro Electric Project (HEP) 1020 MW (6x170MW) capacity by DVC as per allocation by Ministry of Power, Government of India..
2. The Prayers of the Petitioner are as under: -
 - (a) Approve the instant Power Purchase Agreement in terms of Regulation 6.29 of Jharkhand State Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2020 and its amendments thereof.

Submissions of the Petitioner

3. Damodar Valley Corporation, is a corporation constituted under the Damodar Valley Corporation Act (Act No. XIV of 1948) and is having its Head Quarter at DVC Towers, VIP Road, Kolkata- 700 054 (hereinafter referred to as “Purchaser” or “DVC”).
4. DVC is a ‘Deemed Licensee’ as per 4th proviso of Sec.14 of Electricity Act 2003, it undertakes Generation activities being considered as a centrally owned Generating Station (both Thermal & Hydel), in terms of Section 7 & Section 10 of Electricity Act’ 2003, Transmission of Power by way of its own composite and integrated Transmission & Distribution (T&D) Network within the Specific Geographical Area spreading over the two contiguous States of West Bengal & Jharkhand in terms of Section 40 of Electricity Act’ 2003 and supply of electricity to the consumers in its authorized area of operation as a Distribution Licensee in terms of Section 42 of Electricity Act, 2003. As a distribution licensee, DVC, also purchases power from Central Sector Generating Stations.
5. It is submitted that NVVN, as per agreement dated 12.05.2026, had offered to sell hydel power from its 1020 MW (6x170 MW) Punatsangchhu-II HEP and sought the consent of DVC as prospective buyer and tie up on long term basis.
6. Punatsangchhu-II HEP is a 1020 MW (6x170 MW) hydropower cum flood moderation scheme located on Punatsangchhu River (also known as the Sankosh River) in the Wangdue Phodrang district of Bhutan. It is a run-of-the-river project developed as a joint venture between the governments of India and Bhutan, with full commissioning completed in August 2025. It has a design energy of 4357 MUs (or 4357 GWh) annually and tariff will be determined as per the Agreement dated 09.04.2026 between Ministry of Power, under Government of India and with Ministry of Energy and Natural Resources, under Royal Government of Bhutan.
7. It is submitted that the agreement done for PPA with NVVN, DVC assessed the future load growth projection to meet consumer demand in the DVC valley area. To suitably meet the projected demand as well as for meeting the RPO targets, DVC expressed interest in purchasing maximum upto 137.5 MW power (or 13.48% allocation) from Punatsangchhu-II HEP (6x170MW) vide letter no. 5-11/7/2017BBMB (MoP)dated: 01.09.2025.
8. DVC obtained approval for the procurement of hydro power from Punatsangchhu-II Project vide Board resolution dated 11th April 2025. DVC

had provided consent for buying power upto 137.5 MW or 13.48% of the actual allocation done by Ministry of Power, GoI, as per the instructions regarding allocation of power issued by the MOP, GoI as per letter dated 01.09.2025, comprising of allocation to all other States in Eastern India and to DVC. Further, the actual allocation will be operative for actual dispatch i.e. after reduction of auxiliary consumption, planned outage forced outage and as per availability of water.

9. Based on the consent by DVC and as per the allocation guidelines of MoP, Government of India, 137.5 firm power has now been allocated to DVC (13.48% share) from Punatsangchhu-II HEP in accordance with vide letter no. 5-11/7/2017-BBMB (MoP) dated: 01.09.2025 by Ministry of Power Hydel Division, Government of India and as per Agreement between Govt. of India (Ministry of Power) and with Royal Government of Bhutan (Ministry of Energy and Natural Resources) dated 09.04.2026.
10. The PPA between NVVN and DVC was signed on 12.05.2026 for power procurement from the Punatsangchhu-II HEP as per the allocation to be made by MoP. Now after allocation of 13.48% of the allocated share from Punatsangchhu-II HEP of 1020 MW by MoP GoI as stated above, quantum of power for the PPA has become a maximum of 137.5 MW. As per para 3 of the PPA, such agreement of power purchase shall come into effect from the date of signing and shall remain operative for 40(Forty) years from the date of commercial operation of the last unit or balance normative life of Punatsangchhu-II HEP whichever is earlier.
11. The agreement was signed on 12.05.2026, does not currently contain any clause providing for exemption from inter-state transmission system charges. At present there is no ISTS waiver available for this project under the applicable CERC regulations. However, other Transmission related charges, RLDC fees and charges are applicable for transmission of power from Delivery point upto the point of drawl of power by the Bulk Power Consumers shall be settled directly between the CTU/RLDC/Transmission provider and the concerned Bulk Power Customers as per CERC Regulations or Orders. Also transmission related charges, CTU/RLDC Fees and Charges at the Delivery point shall also be shared by the Bulk Power Customer as per the percentage power allocation.
12. As per MoP order for promotion of Hydro power dated 20th October 2023, Punatsangchhu-II Hydro Electric Plant of 1020 MW (6x170MW) is eligible for Hydro Renewable Energy compliance since the commissioning date of the project is after 31 st March 2024 as per Note 3 of the above referred

order, wherein it states that the hydro renewable energy component may also be met from Hydro Power Projects located outside India as approved by the Central Government on a case-to-case basis. Also, in case hydro power is in excess of stipulated RPO quantum on account of hydro RE compliance, the excess component may be considered as part of other RPO component as per Clauses 2 and 3 of the MoP order dated 20th October 2023. It is important to note that JSERC vide its (Renewable Energy Purchase Obligation) (Second Amendment) Regulations, 2024 has specified the year wise RPO target.

13. As such, it is a regulatory obligation on the part of DVC to purchase a certain quantum of electricity from renewable sources of energy as a percentage of total consumption and DVC has been trying earnestly to fulfil such regulatory obligation by purchasing renewable power.
14. Accordingly, DVC is required to purchase a prescribed quantum of electricity from Hydro/Renewable sources of energy as a percentage of total consumption and DVC is trying to fulfil such regulatory obligation by purchasing Hydro/Renewable power. The Hydro Power purchase from upcoming Hydel projects will be utilized for fulfilling the HPO/RPO obligation of respective States in line with the respective HPO/RPO regulation.
15. It is pertinent to submit here that to comply with the RPO mandate, DVC has been Purchasing 40 MW of Solar Power from NTPC and NVVNL, 3.83 MW from Jyotikiran Energy Mumbai Private Limited. In addition to the above, DVC has entered into agreements for purchasing hybrid RE Power (Solar + Pump Storage) of 200 MW (assured peak) from SECI (on 20-08-2021) and 100 MW from NTPC REL against Power Usage Agreement (PUA) signed between DVC and NTPC REL on 01-02-2022.
16. The Power Purchase agreement (PPA) for purchasing of RE Power of 200 MW from SECI has been approved by this Hon'ble Commission vide order dated. 28.02.2023. Also, Power Usage Agreement (PUA) for procuring 100 MW solar power from NTPC REL has been approved by this Hon'ble Commission vide order dated. 28.02.2023.
17. The proposed procurement of Hydel power from stated NVVN will help DVC in meeting demand during peak period and during monsoon season (when solar power availability is low) as a whole. Therefore, procurement of hydel power from Punatsangchhu-II HEP will provide reliability/flexibility in economic operation of overall DVC power system apart from assisting in fulfilment of its upcoming HPO as a DISCOM.

REPLY ON BEHALF OF THE RESPONDENT

18. The respondent submits that the Ministry of Power, Government of India, vide letter dated 03.12.2024, designated NVVN as the Nodal Agency for inter- country sale of power from Punatsangchhu-II HEP, Bhutan. Pursuant thereto, NVVN has been undertaking the necessary coordination and commercial arrangements in relation to supply of power from the said Project to the beneficiary States in India.
19. The Power Sale Agreement ("PSA") was executed between NVVN and DVC on 12th May 2026 for the sale of hydro power by NVVN to DVC, pursuant to the allocation made by the Ministry of Power, Government of India, to the extent of 137.5 MW from the 1020 MW Punatsangchhu-II Hydro Electric Project (6×170 MW), located in Bhutan.
20. The Respondent is a party to the aforesaid PSA/PPA and has duly executed the same with the Petitioner in relation to the procurement/purchase of power from the Punatsangchhu-II Hydropower Project.
21. The Respondent has perused and considered the contents of the petition filed by the Petitioner before this Hon'ble Commission seeking approval of the aforesaid PSA/PPA.
22. the Respondent undertakes to abide by the terms and conditions of the PSA/PPA and the orders/directions that may be passed by this Hon'ble Commission in relation thereto. The Respondent further submits that it has no objection to the present petition being taken up, heard and decided by this Hon'ble Commission and accordingly requests that the petition may be proceeded with and considered in accordance with law. That the Respondent shall extend all necessary cooperation for the effective implementation of the PSA/PPA, subject to the terms and conditions contained therein and the applicable provisions of law.

Commission's Observation and findings

23. The Commission has taken into consideration all the submissions made by the parties and perused the materials available on records and has come to the following observations:
24. 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.”

25.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.

ORDER

26.Accordingly, in exercise of the powers conferred under the Electricity Act, 2003 and the applicable provisions of the JSERC Regulations, the Commission hereby allows the prayer of the Petitioner for Approval of the Power Purchase Agreement (PPA) for purchase of 137.5 MW Hydro Power by DVC from Punatsangchhu-II Hydro Electric Project (HEP) 1020 MW (6x170MW) capacity by DVC as per allocation by Ministry of Power, Government of India and as per provisions Jharkhand State Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2025 and its amendments thereafter.

Accordingly, with the aforesaid observations and findings the instant petition stands disposed off.

Sd/-
Member (L)

Sd/-
Chairperson