Sideshwari Power Generation Pvt. Ltd.

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Ref No: SPGPL/CERC/25 **Date: 24th June 2025**

To
The Secretary
Central Electricity Regulation Commission
World Trade Centre
6th, 7th & 8th Floor, Tower-B
Nauroji Nagar, New Delhi- 110029
Email: secy@cercind.gov.in , cerc.readvisor@gmail.com

Dear Sir,

Sub: **Determination of levellised generic tariff for second year of Control Period under Regulation 8 of the Central Electricity Regulatory Commission (Terms and Conditions for Tariff determination from Renewable Energy Sources) Regulations, 2024 – Sideshwari power Generation Pvt. Ltd. comments and suggestions**

Ref: **Public Notice issued vide No. RA-14026(11)/4/2023-CERC Dated: 11.06.2025**

This has reference to the public notice issued vide No. RA-14026(11)/4/2023-CERC Dated: 11.06.2025, inviting comments/ suggestions/ objections from the Determination of levellised generic tariff for second year of Control Period under Regulation 8 of the Central Electricity Regulatory Commission (Terms and Conditions for Tariff determination from Renewable Energy Sources) Regulations, 2024

Accordingly, M/s. Sideshwari power Generation Pvt. Ltd. is submitting the comment and suggestion on the aforesaid draft regulation as SPGPL has engaged Power Tech consultant for the matter of aforesaid matter. The same are enclosed with as Annexure I.

We request that the inputs provided may kindly consider while finalizing the regulation.

Yours Sincerely,

M/s. Sideshwari power Generation Pvt. Ltd.

Director & Authorized Signatory

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Annexure-I

COMMENTS/ SUGGESTIONS/ OBJECTIONS
FROM
M/s. SIDESHWARI POWER GENERATION PVT. LTD. (SPGPL)

The present Comment/Suggestion/objection is being filed by M/s. Sideshwari Power Generation Pvt. Ltd. (hereinafter referred to as "SPGPL") a company incorporated under the Companies Act, 1956, having its registered office at Flat No. 110, Amrutha Ville, Rajbhavan Road, Somajiguda, Hyderabad-500082. The petition is brought before the Hon'ble Commission underpublic notice issued vide No. RA-14026(11)/4/2023-CERC dated: 11.06.2025 inviting comments/ suggestions/ objections from the Determination of levellised generic tariff for second year of Control Period under Regulation 8 of the Central Electricity Regulatory Commission (Terms and Conditions for Tariff determination from Renewable Energy Sources) Regulations, 2024.

SPGPL is establishing a 16.5MW (3 X 5500 kW) Kharagpur Small Hydro Electric Project (SHEP) at village-Kharagpur, Taluk-Kotpad, District-Koraput, Odisha. SPGPL has achieved a financial closure based on the OERC notification for the 4th Control Period (from FY2023-24 to FY 2025-26). SPGPL is in advance stage of project commissioning activities for the generation of power. SPGPL have also filed a Petition before the Hon'ble OERC under Section 86(1)(a), 86(1)(b), 86(1)(e) and 86(1)(f) of the Electricity Act, 2003, praying for determination of the project-specific tariff for the energy to be procured by GRIDCO from 16.5 MW Small Hydro Electric Power Project of SPGPL in consideration to the revised project cost of Rs. 220.82 Crores for the 16.5 MW Kharagpur Small Hydro Electric Project (SHEP) as vetted by WAPCOS Limited in accordance with the Generic Tariff and norm in respect of Renewable Energy Project specified for the fourth control period i.e. from FY 2023-24 to FY 2025-26.

SPGPL has calculated the project specific tariff as per the norms prescribed by the Hon'ble OERC's order for the 4th Control Period (from FY2023-24 to FY 2027-28) on Determination of Generic Tariff and norms for Renewable Power Projects in Odisha, as given below;

1. **Capacity Utilization Factor (CUF)**

a) While the Hon'ble OERCin the matter of Determination of Generic Tariff and Norms in respect of Renewable Power Project in the state of Odisha for 4th Control Period i.e.

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FY 2023-24 to FY 2025-26 vide its order dated 06.12.2023 in case no 94 of 2023, has considered a normative CUF of 30% for Small Hydro Electric Projects (SHEPs).

As per the CERC (Terms and Conditions for Tariff determination from Renewable Energy Sources) Regulations, 2020, the normative CUF for small hydro projects specifically located in Odisha has been set at 30%.

However Hon'ble CERC vide its Terms and Conditions for Tariff determination from Renewable Energy Sources Regulations, 2024 has considered CUF of 45% for SHEPs which is not in line with norms of Hon'ble OERC Norms. The adoption of this CUF @ 45% is arbitrary and is not backed by technical feasibility studies, detailed hydrological analysis, and plant design.

Therefore, the consideration of a CUF of 45% by Hon'ble CERC is inconsistent with the Hon'ble OERC framework and significantly overestimates the generation potential of the project. Such deviation not only affects the financial viability of the project but also undermines the intent of the central regulations which aim to promote region-specific renewable development through rational benchmarks.

In light of the above, it is most respectfully prayed that the Hon'ble CERC may kindly consider the region-specific normative CUF of SHEP at 30% for the state of Odisha.

b) That the chronological list of the Hon'ble Odisha Electricity Regulatory Commission (OERC) regulations titled "Terms and Conditions for Tariff Determination from Renewable Energy Sources," along with their respective periods of applicability and CUF norms of SHEP for the state of Odisha is furnished as under:

Name of Regulation	**Date of Notification**	**Applicability Period**	**CUF of SHEP for Odisha**
Policy on Harnessing of Power from Renewable Energy Sources including Co-generation 1st Control Period	14.09.2010	From 2010 to 2013	30%
Finalisation of Generic Tariff Policy on Harnessing of Power from Renewable Energy Sources including Co-generation for 2nd Control Period	15.01.2014	2013-14 to 2017-18	30%
Finalisation of Tariff of Renewable Energy sources including Co-generation for the 3rd Control Period	16.02.2019	2018-19 to 2022-23	30%

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Determination of Generic Tariff and norms in respect of Renewable Power Projects in the State of Odisha for 4th Control Period	04.12.2023	FY 2023–24 to FY 2025–26 (all RE projects); FY 2023–24 to FY 2027–28 (Small Hydro Projects)	30%

In all the above regulations, the Hon'ble OERC has considered the CUF Norms of SHEP at 30% for determination of tariff within the control period.

Name of Regulation	Date of Notification	Applicability Period	CUF of SHEP for Odisha
Central Electricity Regulatory Commission (Terms and Conditions for Tariff determination from Renewable Energy Sources) Regulations, 2009	16th September 2009	From 2009 to 2012	30%
Central Electricity Regulatory Commission (Terms and Conditions for Tariff determination from Renewable Energy Sources) Regulations, 2012	6th February 2012	From 2012 to 2017	30%
Central Electricity Regulatory Commission (Terms and Conditions for Tariff determination from Renewable Energy Sources) Regulations, 2017	17th April 2017	From 2017 to 2020	30%
Central Electricity Regulatory Commission (Terms and Conditions for Tariff determination from Renewable Energy Sources) Regulations, 2020	23rd June 2020	July 1, 2020 to June 30, 2024 (with extensions)	30%
Central Electricity Regulatory Commission (Terms and Conditions for Tariff determination from Renewable Energy Sources) Regulations, 2024	12th June 2024	July 1, 2024 to March 31, 2027	45%

Even Hon'ble CERC has adopted the CUF of SHEP for the State of Odisha sat 30% expect for the CERC (Terms and Conditions for Tariff determination from Renewable Energy Sources) Regulations, 2024. In the present case, based on the proposal of GRIDCO, Hon'ble CERC has altered the norms during the ongoing control period which is not correct and is not appropriate and consistent with regulatory practice and violates

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the principles of the Multi-Year Tariff (MYT) framework. Both CERC and OERC have historically maintained regulatory stability within control periods, ensuring certainty for investors and RE project developers.

c) It may be noted that, Odisha is a state richly endowed with natural resources, including a significant number of rivers that present enormous potential for the development of Small Hydro Electric Projects (SHEPs). There are around 35 numbers of identified sites present in Odisha where SHEP can be established. Despite this natural advantage, the actual deployment of SHEPs in the State remains substantially low, with only 109.15 MW across six numbers of SHEPs having been established to date. This stark underutilization underscores the need for a supportive regulatory and tariff framework that encourages private sector participation and investment in SHEPs. Any move, such as the proposed revision of CUF norms from 30% to 45%, that may lead to a reduction in tariff would further disincentivize new investments in this sector and defeat the objectives of the establishment of SHEP projects in Odisha.

d) Hon'ble Central Electricity Regulatory Commission has issued the Explanatory Memorandum on Draft Central Electricity Regulatory Commission (Terms and Conditions for Tariff Determination from Renewable Energy Sources) Regulations, 2024 with the intent of explaining the rationale behind the Regulation where the Hon'ble CERC has explained at para 5.2.2 as under:

"5.2.2. CAPACITY UTILISATION FACTOR The existing provisions regarding Capacity Utilization Factor for Small Hydro Projects in RE Tariff Regulations, 2020 are as follows:
"28. Capacity Utilisation Factor Normative Capacity Utilisation factor for the small hydro projects located in Himachal Pradesh, Uttrakhand, West Bengal, Jammu and Kashmir, Ladakh, and North-Eastern States shall be 45% and for other states, it shall be 30%." The Capacity Utilization Factor (CUF) for small hydro plants predominantly relies on site-specific factors such as water flow rate, year-round water availability, elevation difference (head), and irrigation schedules, especially for projects linked to canal-based irrigation. Regions like Himachal Pradesh and Uttarakhand in the northern part of the country benefit from consistent water streams, resulting in better water availability throughout the year. Conversely, in the southern and western regions, water availability is high only during the monsoon season and diminishes during other periods. This variance in water availability significantly impacts the average CUF for Small Hydro Projects (SHPs) across different regions. As a consequence, SHP projects in Himachal Pradesh, Uttarakhand, and north-eastern states tend to have a higher average CUF compared to those located in the southern and western parts of the country. Hence,

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the normative CUF endorsed by the State Electricity Regulatory Commissions (SERCs) should be seen as an indicator of these differences in CUF across states. It's essential to consider this while establishing CUF norms for SHP across various states. It is worthwhile to mention here that the actual project data shared by IREDA are all under construction project; thus, in the absence of actual data on CUF, the Commission proposes to continue with the existing norms specified in RE Tariff Regulations, 2020. Further, the Commission clarifies that such CUF shall be considered net of free power to the Home State, if any."

It is respectfully submitted that while the Hon'ble Central Electricity Regulatory Commission (CERC) has prescribed a normative Capacity Utilisation Factor (CUF) of 45% for small hydro projects located in the northern and north-eastern states such as Himachal Pradesh, Uttarakhand, Jammu & Kashmir, Ladakh, and the North-Eastern States, this categorisation is based on favorable hydrological and topographical conditions prevailing in those regions, including consistent year-round water flow and high elevation heads.

In contrast, Odisha's hydro-meteorological profile is markedly different. Small hydro projects in Odisha are largely dependent on monsoonal water availability and canal irrigation schemes, with limited water flow during non-monsoon periods, leading to significantly lower annual CUF.

It is noteworthy that the Hon'ble CERC, in its Explanatory Memorandum to the Renewable Energy Tariff Regulations, had specifically categorized Odisha-based Small Hydro Projects (SHPs) under the 30% CUF norm, aligning with the prevailing realities of water flow and historical norms adopted by the Hon'ble Odisha Electricity Regulatory Commission (OERC) in previous tariff orders and regulations. However, the final notified Regulations have surprisingly included Odisha under the 45% CUF category, contrary to its earlier position, based on GRIDCO' recommendation without providing any reasoned explanation or data-based justification for the various feasible SHEPs projects of Odisha. This inconsistency calls for further clarification and reconsideration by the Hon'ble CERC.

Furthermore, the Explanatory Memorandum to the CERC RE Tariff Regulations, 2024, explicitly states that the normative CUF for SHEPs was fixed after considering actual performance data and the norms endorsed by respective State Electricity Regulatory Commissions (SERCs). In this context, when the Hon'ble OERC has consistently

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considered a normative CUF of 30% for Odisha-based SHPs in its earlier RE tariff orders and regulations, it is unclear how the Hon'ble CERC has applied a 45% CUF for Odisha in deviation from both the historical practice and ground realities.

Moreover, it has been stated by the Hon'ble CERC that the CUF data considered was primarily sourced from under-construction projects financed by IREDA, and that specific data from IREDA was not available during the formulation of these norms. As such, in the absence of verified operational data and in the interest of ensuring realistic tariff determination, it would be prudent and necessary for Hon'ble CERC to retain the 30% CUF norm for SHPs in Odisha, in line with the norms of Hon'ble OERC reflecting the true generation potential of such projects in the State.

e) It is pertinent to note that in its Regulations dated 12.06.2024, the Hon'ble CERC has considered a normative Capacity Utilization Factor (CUF) of 45% for Small Hydro Electric Projects (SHEPs) in certain states including Himachal Pradesh, Uttarakhand, West Bengal, Jammu & Kashmir, Ladakh, North-Eastern States, and Odisha.

However, this grouping fails to reflect the stark hydrological and geographical differences between Odisha and the other mentioned states. States like Himachal Pradesh, Uttarakhand, J&K, and those in the North-East are characterized by perennial rivers and high-altitude catchments, resulting in consistent and high-water flow throughout the year, a fundamental precondition for sustaining a higher CUF in SHEP operations.

Similarly, the small hydro projects in West Bengal are located in the hilly terrain of Darjeeling, which also experiences perennial water availability due to its geographical position in the sub-Himalayan region. The list of SHEPs in West Bengal are located in Darjeeling and the list of same is furnished below.

Project Name	Location	Installed Capacity
Little Rangit SHP	Bijonbari, Darjeeling	2 MW (2 × 1.0 MW)
Sidrabong SHP	Darjeeling	600 kW (3 × 200 kW)
Richington SHP	Kurseong, Darjeeling	2 MW (2 × 1.0 MW)
Mungpoo-Kalikhola SHP	Darjeeling	3 MW (3 × 1.0 MW)
Phazi SHP	Kurseong, Darjeeling	2.448 MW
Rinchington HEP	Darjeeling	2 MW (2 × 1.0 MW)
Fazi HEP	Darjeeling	1.2 MW (1 × 1.2 MW)

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Jaldhaka HEP	Darjeeling	44 MW
Teesta Canal Fall HEP	Darjeeling	67.5 MW
Rammam HEP	Darjeeling	51 MW (4 × 12.75 MW)

In contrast, Odisha's rivers such as Kuakhai, Kathajodi, Tel, Ib, and Hati exhibit a seasonal and limited flow, heavily dependent on the monsoon. These rivers are located in non-hilly, low-altitude regions, where flow regimes fluctuate significantly across the year. Hence, assigning the same 45% CUF to Odisha as applicable to perennial river-fed hilly states is technically flawed and unjustifiable.

Adopting such a high CUF for Odisha, without due recognition of its ground realities, would directly lead to artificially suppressed tariffs, rendering SHEP investments economically unviable and deterring developers from participating in Odisha's renewable energy market. Therefore, any such blanket application of CUF norms across diverse geographies should be rejected in favour of a localized, evidence-based approach as rightly adopted by OERC in its Order dated 04.12.2023 in case no. 94 of 2023.

2. Capital Cost

a) Moreover, the capital cost considered by CERC for small hydro projects in "Other States" (which includes Odisha) is also notably lower than that from North Eastern and Himalayan States. As per CERC norms for FY 2024–25, for projects in the size range of 5 MW to 25 MW, the capital cost is benchmarked at Rs. 1027 lakh/MW for Other States, compared to Rs. 1200 lakh/MW for hydrologically advantaged regions. This further underscores the necessity of adopting higher CUFs for SHEPs in Odisha to maintain financial viability and align with national regulatory benchmarks.

b) It is respectfully submitted that the Multi-Year Tariff (MYT) framework, as envisaged under Section 61 of the Electricity Act, 2003 and elaborated in the National Tariff Policy, is designed to offer a stable, predictable, and transparent tariff environment over a defined control period, typically ranging from three to five years. The fundamental objectives of the MYT regime are to ensure regulatory certainty, incentivize operational efficiency, and enable appropriate risk allocation between utilities and consumers. Once the tariff norms and parameters are determined at the start of the control period, they are expected to be maintained throughout its tenure, barring any significant unforeseen circumstances or force majeure events. While a limited scope for mid-term review

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exists, such deviations are intended to be rare and exceptional, so as not to compromise the core principles of predictability and investment stability embedded in the MYT framework.

c) It is important to note that Generic Tariff and Norms are for the promotion of Renewable Energy (RE) projects and these norms and parameters is expected to facilitate investment, provide confidence to developers, and uphold the objectives of the Renewable Energy Policy. However, present proposal of reducing the tariff indirectly by increasing the normative Capacity Utilisation Factor (CUF) in the midst of the control period, not only undermines the regulatory certainty that project developers rely on but also sends a negative signal to potential investors. Such actions stand in direct contradiction Policy's mandate as the Nodal Agency for RE promotion, and raise serious questions about its locus standi and intent in this matter. Any retrospective or mid-term revision in key financial parameters like CUF/PLF risks disrupting project financing, affecting ongoing investments, and ultimately slowing down the pace of renewable energy development in Odisha.

It is respectfully submitted that many of the SHEP projects in Odisha including SPGPL have been financially apprised by the lending institution/ availed term loans for the construction of the projects based on the Hon'ble OERC RE Generic Tariff and Norms order dated 06.12.2023 in case no 94 of 2023 for the 4th Control Period (from FY 2023-24 to FY 2025-26) fixing the normative CUF at 30% in the state of Odisha. Therefore, revisiting and fixing the CUF at 45% for SHEPs of Odisha will not be in line with norms of Hon'ble OERC Norms. The adoption of this CUF @ 45 % is arbitrary and is not backed by technical feasibility studies, detailed hydrological analysis, and plant design.

Therefore, the consideration of a CUF of 45% by Hon'ble CERC is inconsistent with the Hon'ble OERC framework and significantly overestimates the generation potential of the project. Such deviation not only affects the financial viability of the project but also undermines the intent of the central regulations which aim to promote region-specific renewable development through rational benchmarks. In light of the above, it is most respectfully prayed that the Hon'ble CERC may kindly consider the region-specific normative CUF of SHEP at 30% for the state of Odisha.

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PRAYER

It is therefore most respectfully prayed that Hon'ble CERC may graciously be pleased

a) To admit this e-filing by SPGPL for public comments as per the public notice issued vide No. RA-14026(11)/4/2023-CERC Dated: 11.06.2025

b) To address the relevant issues raised above in the interest of the RE development in the state of Odisha.

c) To fix the normative CUF at 30% for the SHEPs coming up in Odisha by amending CERC (Terms and conditions for Tariff determination from renewable energy sources) Regulation 2024 for second year of control period (01.07.2025 to 31.03. 2026).

d) To allow consider CUF of 30% as some of the SHEP projects which are closer to commissioning stage in financial year i.e., FY 2027-28 in accordance with Hon'ble OERC norms.

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