THE UTTAR PRADESH ELECTRICITY REGULATORY COMMISSION

LUCKNOW

Petition No. 2212 of 2025

QUORUM

Hon'ble Shri Arvind Kumar, Chairman

Hon'ble Shri Sanjay Kumar Singh, Member

IN THE MATTER OF

Petition under Section 62 and 86(1)(b) of the Electricity Act, 2003 read with Order dated 14.07.2015 in Petition no. 1012 of 2015 for determination of tariff and extension of Power Purchase Agreement executed with Greater Noida Industrial Development Authority (GNIDA) and determination of tariff for procurement of 1 MWp solar power generated from generating plant at Greater Noida.

AND

IN THE MATTER OF

Noida Power Company Limited (NPCL),
(Through its Managing Director),

Plot No. ESS, Knowledge Park-IV, Greater Noida - 201310

.... Petitioner

VERSUS

Greater Noida Industrial Development Authority (GNIDA),

Plot No. 01, Knowledge Park-IV, Greater Noida, -201310

.... Respondent

FOLLOWING WERE PRESENT

1. Sh. Utkarsh Pandey, Sr. Executive, NPCL
2. MD. Altaf Mansoor, Advocate, NPCL
3. Sh. Tanay Chaudhary, Advocate, NPCL
4. Sh. Padmanabh Tiwari, Advocate, GNIDA
5. Sh. Saurabh Bhardwaj, Sr. Manager, GNIDA

ORDER

(DATE OF HEARING: 19.08.2025)

1. The Petitioner, NPCL by way of instant Petition seeking extension of the PPA dated 09.02.2015 for the period of 10years w.e.f. from 01.03.2025 for the procurement of 1MWp Solar power from Greater Noida Industrial Development Authority (hereinafter referred to as GNIDA) at the tariff to be determined by the Commission. The prayers of the Petitioner as stated in the Petition are as follows:

   a) Approve the procurement of 1MWp Solar Power from the generation plant of GNIDA on long term basis i.e. for 10(Ten) years w.e.f. 01.03.2025.

   b) Approve the extension of the PPA executed on 09.02.2015 for a period of 10 Years w.e.f. 01.03.2025 in terms of Section 62 and 86(1)(b) of the Electricity Act, 2003 read with Order dated 14.07.2015 in Petition No. 1012 of 2015.

   c) Determine/Approve the revised tariff for procurement of 1MWp from GNIDA w.e.f. 01.03.2025 for the extension period of 10(ten) years at a tariff determined by the Commission as per the Schedule–II(E) of UPERC (Captive and Renewable Energy Generating Plants) Regulations, 2019; and

   d) Schedule an early hearing in the matter, for the reasons as stipulated in the accompanying urgent listing Application.

   e) Pass any other Order(s) as this Commission may deem fit in the facts and circumstances of the case.

Brief Facts as stated in the Petition.

2. NPCL has mainly submitted the following:

a) NPCL is an "Obligated Entity" for procurement of renewable power as mandated inter-alia in the UPERC (Promotion of Green Energy through Renewable Purchase Obligation) Regulations, 2010 (as amended) and Ministry of Power Notification No. 9/13/2021-RCM dated 22.07.2022 as per which, RPO trajectory for FY2025 to FY2030 will increase from 29.91% to 43.33%.

b) NPCL had entered into a Power Purchase Agreement (PPA) with GNIDA on 09.02.2015 for purchase of 1 MWp Solar Power at an indicative tariff of ₹8.00 per unit for a duration of 20 years. The date for commissioning of the solar plant and integration with the NPCL's facilities was fixed at 28.02.2015. In this context, NPCL had filed a Petition numbered as Petition No. 1012 of 2015 before this Commission, seeking approval of the PPA and determination of tariff under Section 62 of Electricity Act, 2003 and Regulation 5 of the UPERC (Captive and Renewable Energy Generating Plants) Regulations, 2014. The Commission vide its order dated 14.07.2015 in the aforementioned Petition, determined the tariff of Rs. 7.06/kWh for a Period of 10 years and approved the PPA for initial period of 10 years, subject to extension after obtaining approval from the Commission and tariff not exceeding Rs. 7.06/kWh.

c) The approved period of 10 years has been expired on 28.02.2025, therefore, by way of instant Petition, NPCL is seeking approval for extension of the said PPA for another 10 years at the tariff as may be determined by the Commission. On 31.12.2024, NPCL sent a letter to GNIDA for further discussion on continuation of the power purchase arrangement in terms of the PPA and subject to the approval of this Commission. The above letter sent was acknowledged by GNIDA on 06.01.2025.

d) Meetings were held between the Petitioner and GNIDA on 19.02.2025 and 06.03.2025, wherein it was agreed that the extension of the PPA can only be done after the approval of this Commission. The same is in line with the approval accorded by the Commission vide its Approval Order dated 14.07.2015. Further during the Board Meeting of NPCL held on 07.03.2025, it was decided by the Board of Directors that NPCL along with GNIDA will approach to the Commission for extension of PPA at revised tariff as may be determined by the Commission.

e) In the facts and circumstances mentioned above, this Commission approve the continuation/extension of the existing PPA to an additional duration of 10 years and determine tariff for the Power Supply from the said PPA from 01.03.2025.

Records of Proceedings:

3. During the hearing dated 12.06.2025, the Commission admitted the Petition and directed GNIDA to file its reply within five weeks' and allowed NPCL to file its rejoinder within two weeks thereafter. On 25.07.2025, GNIDA filed its reply in the matter.

4. On the hearing dated 29.07.2025, Sh. Altaf Mansoor, Counsel of NPCL sought a weeks' time to file his rejoinder to the Respondent's reply. On specific query of the Commission regarding lesser generation from the project as compared to the projected figure in the calculation furnished, Counsel of GNIDA sought time to respond after taking necessary instructions in this regard. The Commission allowed NPCL to file its rejoinder within one weeks' time with a copy to GNIDA. On 13.08.2025, NPCL filed its rejoinder.

5. On the hearing dated 19.08.2025, Counsel of NPCL submitted that they have filed their rejoinder in the matter. He further requested the Commission that considering the present scenario, tariff for the extended period needs to be revise on lower side from the existing tariff of Rs. 7.06/unit. On specific query of the Commission regarding performance degradation, Sh. Saurabh Bhardwaj on behalf of GNIDA responded that it was due to poor Air Quality Index of the project location and no replacement of Solar PV Module was done with new one. Further, in response to the Commission query regarding project cost recovery period at the time of inception, Sh. Bhardwaj responded that it was for 10 years with CUF of 20%, however, present project's CUF is approx. 15%.

Reply of GNIDA

6. On 25.07.2025, GNIDA has filed its reply and submitted that following substantial factors are to be taken into considerations while determining the tariff to be effective from 01.03.2025 for the power supply under the PPA dated 09.02.2015:

a) At the time of proposal of PPA between GNIDA & NPCL, presented a tariff of Rs. 8.00/kWh based on theoretical calculation showing a payback period of 9 to 10 years against which Rs. 7.06/kWh were approved by the Commission.

b) Till February 2025, GNIDA had recovered net revenue generated was Rs. 6,47,91,854.00 only in 10 years (after adjusting CMC cost of Solar Plant) hence not following the trends of theoretical calculations.

c) The Solar plant in question had initial installations & commissioning cost of Rs. 1278.50 lakh and revenue generated was Rs. 647.91 lakh which still lags approximately 50% to even meet out the installation cost. Presently, average revenue generated from solar plant per year is Rs. 64.80 lakhs which is expected to decrease further with ageing of the plant.

d) If the existing tariff of Rs. 7.06/kWh was taken into consideration for the continued next 10 years, then GNIDA would be able to get capital investment cost of the Solar plant only and hence would be able to meet out just the cost of installation & commissioning. Being one of the forerunners in the field of Solar generation (commissioned in year 2015), if the GNIDA fails to even recover its installation & commissioning cost, it will certainly be strongly demotivated to invest further in any of the conventional generation methods.

e) Since the major consumer base of NPCL is primarily industrial (49%) & commercial which are charged to consumers at base tariff of Rs. 7.10/kVA at 11kV & Rs. 7.50/kWh (excluding fix charges), the residential part which constitutes maximum part of consumers has tariff of Rs. 7.0/kWh (excluding fix charges) & all other categories have tariff rates (excluding fix charges) above the marking of Rs. 7.06/kWh, hence existing PPA tariff of Rs. 7.06/kWh seems viable and only way to meet the initial expenditure incurred by GNIDA. Any reduction/negative alteration of the same will badly affect future non-conventional energy investment by the GNIDA.

Rejoinder of NPCL

7. On 13.08.2025, NPCL filed its rejoinder and has mainly submitted the following:

a) The initial proposed tariff of Rs. 8/kWh was based on a projection that PPA would be signed for a period of 10 years. However, in view of the fact that PPA was signed for a term of 20 years, this Commission had approved a tariff of Rs. 7.06/kWh for the first 10 years. The tariff so approved was in line with the then prevalent CRE Regulations, 2014, which proposed a level tariff of Rs. 7.06/kWh for projects commission in FY 2014-15 for a 25-year period. The said approval was with the stipulation that any extension beyond the force period would be subject to the approval of the Commission.

b) Market conditions particularly in the solar power sector have substantially changed since the year 2015, which has constantly also been reflected in this Commissions Orders. Therefore, tariff for the extension period be determined under Section 62 of the Electricity Act, 2003 in accordance with CRE Regulations, 2014/ 2019 and in line with the prevailing market conditions and actual project costs.

c) There may be a differential in actual revenues from initial projections, however, such variations were attributable to various factors such as changes in operational performance, financial parameters, and external market conditions amongst others. An illustration for the same could be, the estimated payback period of 9–10 years was calculated based on an expected Capacity Utilization Factor (CUF) of approx. 20%. However, the Solar plant has been operating at an average CUF of only around 12%, which is significantly lower than projected. Had the CUF aligned with the initial estimates, the financial position of the project would have been considerably more favourable. Wherefore, the Commission re-evaluate and determine the tariff for the extended period, considering the above factors & submissions.

d) The recovery of capital investment in renewable energy projects specifically in the case of Solar Energy, typically takes place over the entire lifespan of the project. In the instant case, actual CUF achieved by the project has been significantly lower than anticipated CUF, which has impacted cost recovery within the projected time period. Accordingly, tariff for the extension period be determined based on the actual capital investment incurred in the project to ensure a fair and reasonable return to GNIDA.

e) The average annual revenue from the Solar Plant is approximately Rs. 64.80 lakh and GNIDA agrees that power output may decline with the ageing of the plant. However, such factors are accounted in lifecycle planning and maintenance strategies as well and same must have been considered by GNIDA while signing PPA with NPCL. Thus, tariff for the extended period should be determined after taking into account the efficiency levels of similarly aged plants and in line with applicable regulatory norms for a fair and balanced outcome for the GNIDA.

f) The existing PPA tariff of Rs. 7.06/kWh in no manner be-linked with retail tariffs paid by the consumers. The existing PPA tariff will become part of overall power purchase cost of NPCL.

Analysis & Decision

8. NPCL, by way of instant Petition, is seeking approval for extension of another 10 years of Solar power procurement under the PPA dated 09.02.2015. NPCL has submitted that the Commission may determine tariff under Section 62 of the Electricity Act, 2003, keeping in view the market conditions at present so that recovery of capital expenditure

in the project is assured. Further, NPCL should also not bear the burden of lower/inferior performance of the Solar project due to degradation of performance of Solar modules. Therefore, in a way, it is seeking a lower tariff than already approved by the Commission vide its Order dated 14.07.2015 in Petition No. 1012 of 2015.

9. Relevant extract of Article 19 of the PPA dated 09.02.2015, regarding duration is reproduced as under:

> ***"19. DURATION***
> *19.1 Unless terminated by default, this agreement shall be valid till the expiry of 20 years from the date of commissioning of the plant.*
>
> *19.2 The agreement may be renewed or extended for such period as may be mutually agreed between the Generating Company and NPCL on expiry of initial term of 20 years."*

10. The Commission, vide its Order dated 14.07.2025, had approved tariff of Rs. 7.06/kWh for the period of 10 years despite the fact that PPA's validity was for 20 years because NPCL had prayed for the same. It is a matter of fact that initially, the parties i.e., NPCL and GNIDA had agreed for a tariff of Rs. 8.0/kWh, however, the Commission considering prevailing power market condition, approved the tariff of Rs. 7.06/kWh. The relevant extract of the said Order dated 14.07.2015 is as follows:

> *"7. The Commission, while examining the submitted PPA has observed that GNIDA has installed the generating facility in the licensed area of NPCL and offered to sale 1 MWp solar power from Solar PV plant for a period of 20 years commencing from date of commissioning i.e. 01.03.2015. However, the petitioner in its prayer has sought the approval of Commission to purchase power from the same for period of 10 years.*
>
> *8. Taking into consideration all above, the Commission approves the Power Purchase Agreement (PPA) for purchase of 1 MWp solar PV power for a period of 10 years commencing from 01.03.2015.*
>
> *9. Regarding the tariff, the Commission considers the provisions made under schedule–I (E) of UPERC (Captive and Renewable Energy Generating Plants) Regulations, and therefore allows the tariff of Rs 7.06/kWh.*
>
> *10. For any further extension of PPA, the matter shall be brought to the Commission for its approval. However, in any case, the tariff for extended period shall not exceed present allowed rate of Rs. 7.06/kWh."*

11. In the instant case, NPCL requested the Commission to re-evaluate and determine the tariff for the extended period, considering the present Solar power scenario and plant's performance. Contrary to this, GNIDA requested for existing tariff of Rs. 7.06/kWh as

the net revenue generated at the end of 10 years was only 50% i.e., Rs. 647.91 lakh in comparison of Rs. 1278.50 lakh i.e., original capital expenditure.

12. On perusal of the documents, it is observed that GNIDA estimated the payback period of 9-10 years based on tariff of Rs. 8/kWh. However, this payback period could not be achieved by GNIDA on account of underperformance by the Solar plant. It is admitted by GNIDA that Originally designed CUF of the Solar plant was 20% but the actual CUF has degraded to approx. 12%. The actual electrical energy generated by the Solar plant since inception till February 2025 is 120.29 MU in comparison to estimate of 173.06 MU during the period of 10 years. It is also evident that in the initial estimated payback period calculations, GNIDA had considered Contract Maintenance Contract (CMC) cost of Rs. 19.37 lakh/annum still the plant's performance has deteriorated vis-a-vis estimated.

13. In view of above, the Commission opines that performance of Solar Power Plant is under the purview of GNIDA and underachievement of generation cannot be passed on to the consumer. However, the project was commissioned in the year 2015 and GNIDA has yet not recovered its project cost. Therefore, GNIDA is allowed to recover its initial capital expenditure considering initial estimated annual generation at the tariff of Rs. 7.06/kWh. The calculations sheet is worked out and annexed as Annexure-I of this Order. The payback period calculated @ tariff of Rs. 7.06/kWh worked out to be 12-13 years (Table 2) instead of 9-10 years envisaged originally @ tariff of Rs. 8.0/kWh. Accordingly, the Commission approves tariff of Rs. 7.06/kWh till the end of FY2028-29.

14. Beyond FY2028-29, the tariff needs to be fixed as per prevailing market price for Solar power procurement. The Licensee are mandated to purchase Solar power to fulfil their RPO/RCO obligations. It will therefore be equitable to direct that the tariff for a particular financial year shall be determined as the weighted average tariff of Solar power projects of 5MW or above, tariff for which has been discovered through competitive bidding, either by the licensee or an intermediary agency for the licensee, and adopted by the Appropriate Commission, as applicable, in the last financial year. In case no bidding is done in previous financial year, then tariff may be determined on the basis of any latest preceding financial year during which such procurement of solar

power was done by the licensee. The tariff so determined shall remain applicable for the remaining period of extended time period of 10 years.

The petition stands disposed of in terms of above.

Sanjay

(Sanjay Kumar Singh)
Member

(Arvind Kumar)
Chairman

Place: Lucknow
Dated: 03 . 09.2025

Annexure-I

Table 1: Initially estimated Payback Period by GNIDA.

1	Years	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
2	No. of Year	0	1	2	3	4	5	6	7	8	9	10
3	Min Tariff as per PPA (INR/Unit)	0.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
4	Unit Generation/Annum (approx.)	0.00	17.50	17.46	17.41	17.37	17.33	17.28	17.24	17.20	17.16	17.11
5	Revenue Generation (INR in Lacs)	0.00	140.00	139.65	139.30	138.95	138.61	138.26	137.91	137.67	137.22	136.88
7	Initial Investment + CMC (INR in Lacs)	1278.52	0.00	0.00	19.17	19.17	19.17	19.17	19.17	19.17	19.17	19.17
8	Net cumulative cash flow & PB Period	-1,138.52	-998.87	-859.22	-739.09	-619.31	-499.87	-380.78	-262.04	-143.64	-25.59	92.12

Table 2: Worked out Payback Period @ tariff of Rs. 7.06/kWh

1	**Years**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**
2	No. of Year	0	1	2	3	4	5	6	7	8	9	10	11	12	13
3	Unit Generation/ Annum (approx.)	0.00	17.50	17.46	17.41	17.37	17.33	17.28	17.24	17.20	17.16	17.11	17.07	17.02	16.98
4	Revenue Generation **@7.06** (INR in Lacs)	0.00	123.55	123.27	122.91	122.63	122.35	122.00	121.71	121.43	121.15	120.80	120.51	120.16	119.88
5	Initial Investment + CMC (INR in Lacs)	1278.52	0.00	0.00	19.17	19.17	19.17	19.17	19.17	19.17	19.17	19.17	19.17	19.17	19.17
6	Net cumulative cash flow & PB Period	-1278.52	-1154.97	-1031.70	-927.96	-824.50	-721.32	-618.49	-515.94	-413.68	-311.70	-210.08	-108.73	-7.74	92.97