



THE UTTAR PRADESH ELECTRICITY REGULATORY COMMISSION

LUCKNOW

Petition No. 2343 of 2026

QUORUM

Hon'ble Shri Arvind Kumar, Chairman

Hon'ble Shri Sanjay Kumar Singh, Member

IN THE MATTER OF

Petition under Section 86 (1)(a) & (b) of the Electricity Act, 2003 read with the applicable Regulations of the UPERC (Conduct of Business) Regulations, 2019 on behalf of Uttar Pradesh Power Corporation Limited seeking approval of Amended Power Purchase Agreement dated 29.12.2025 for extension of the term of Power Purchase Agreement dated 09.02.2007, for supply of Power from the Respondent's 40 MW Bagasse based power plant situated at District Pilibhit.

AND

IN THE MATTER OF

Uttar Pradesh Power Corporation Limited (UPPCL),

14th Floor, Shakti Bhawan Extension,

14-Ashok Marg, Lucknow - 226001

... Petitioner

VERSUS

M/s L.H. Sugar Factories Limited (LHSFL),

Civil Lines, Pilibhit - 262001, Uttar Pradesh

...Respondent

FOLLOWING WERE PRESENT

1. Md. Altaf Mansoor, Advocate, LHSFL
2. Sh. Tanay Chaudhary, Advocate, LHSFL
3. Sh. Navin Kumar, GM, LHSFL
4. Sh. Nirupam Kumar, Manager, LHSFL
5. Sh. Divyanshu Bhatt, Advocate, UPPCL

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6. Sh. Shashwat Singh, Advocate, UPPCL
7. Sh. Vijay Pratap Tiwari, EE (PPA), UPPCL
8. Sh. Kashi Nath Yadav, EE(PPA), UPPCL

ORDER

(DATE OF HEARING: 23.04.2026)

1. The Petitioner, UPPCL has filed this Petition for seeking approval of Amended Power Purchase Agreement (APPA) dated 29.12.2025 for extension of the term of Power Purchase Agreement (PPA) dated 09.02.2007 for the 40 MW power procurement from the Respondent's Bagasse based power plant. The prayers of UPPCL are as follows:
 - a) Admit the instant petition on record.
 - b) Grant approval to the Amended Power Purchase Agreement dated 29.12.2025 between the Petitioner and the Respondent thereby permitting the extension of the tenure of supply of power under the PPA dated 09.02.2007, and further direct that the said APPA same shall be effective from the date of the execution of the APPA i.e. 29.12.2025.
 - c) Pass any further order(s) as this Commission may deem fit in the facts and circumstances of the case.

Background of the case

2. The Petitioner has mainly submitted following in the Petition:
 - a) UPPCL and LHSFL entered into a PPA dated 07.03.2005 for procurement of 12 MW Bagasse based energy from its Bagasse based power plant situated in District Pilibhit. Subsequently, another PPA dated 07.04.2006 was executed for the sale of additional 28 MW power, enhancing the total contracted capacity to 40MW.
 - b) The Commission, vide its Order dated 18.05.2006 in Petition no 332 of 2006, observed that these agreements were inconsistent with the model PPA, and therefore, UPPCL was directed to make the final PPAs in accordance with the

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applicable regulations. Consequently, PPA dated 09.02.2007 was executed for procurement of total 40 MW (12MW + 28 MW) Bagasse based Power.

- c) LHSFL vide its communication dated 18.12.2025 requested for Extension of tenure of PPA dated 09.02.2007, indicating that the PPA would be expiring on 31.12.2025 as per the COD Certificate on the same terms and conditions as in the existing PPA and the applicable tariff as per CRE Regulation notified by the Commission and its amendments thereof.
- d) Commissioning Certificate dated 10.06.2011 was issued by the Electricity Distribution Division, Pilibhit, wherein Date of Commissioning of the 12 MW Unit was mentioned as 31.12.2005 hence, the PPA with respect to the said unit expired on 31.12.2025 for which the APPA was executed between the parties extending the term till 31.03.2029 in accordance with clause 20 of the PPA dated 09.02.2007.
- e) The same terms and conditions will be applicable in the APPA dated 29.12.2025 as in the existing PPA dated 09.02.2007 and the applicable tariff will be as per CRE Regulations, 2024.

Records of Proceedings

3. During the hearing, Sh. Divyanshu Bhatt, Counsel of UPPCL, submitted that present Petition pertained to approval of Amended PPA dated 29.12.2025 for extension of the term of PPA dated 09.02.2007 till 31.03.2029 on the same terms & condition as in the existing PPA and applicable tariff would be as per the CRE Regulations 2024. Sh. Altaf Mansoor, Counsel of LHSFL submitted that duration of PPA dated 29.12.2025 was coterminous with the CRE Regulations 2024 i.e., 31.03.2029. The Counsel requested the Commission to allow PPA extension by 10 years with tariff payable as per prevailing CRE Regulations.
4. The Commission observed that terms of the PPA had to be mutually agreed between the parties subject to regulatory framework and reliable supply of power to UPPCL. On specific query of the Commission regarding break-up of total 40 MW power supplied from four Generating units having aggregated capacity of 44.25 MW, Sh. Altaf Mansoor and Sh. Bhatt sought two-week time to file their affidavit in this regard and requested

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the Commission to reserve the Order in the matter. The Commission reserves its Order in the matter subject to aforementioned submissions by the parties.

Additional Submissions

5. On 21.05.2026, LHSFL mainly submitted the following:
- a) Turbine-Generator (TG) Set No. 1 of 3 MW was upgraded in 2008 to operate at higher pressure for improved efficiency. Earlier operating at 21 kg/cm², it was upgraded to 45 kg/cm² after signing of the 12 MW PPA. The same formed part of the project expansion/upgradation (28 MW + 3 MW). Further, TG Set No. 2 of 2.5 MW was operated till commissioning of the 28 MW TG. It has not been operating since 2008 and has been discontinued. TG Set No. 3 of 12 MW was commissioned on 31.12.2005 and has been operating continuously since commissioning. TG Set No. 4 shows a turbine rating of 26.75 MW; however, power generation capacity is 28 MW as per the alternator rating. The same was commissioned in 2008. The certificate of 28 MW rating issued by the Electrical Director is placed on record.
 - b) The steam turbine of 26.75 MW is capable of generating power up to 30 MW. The turbines used, manufactured by M/s Triveni Turbines Ltd., commonly range from 25 MW to 30 MW rating. Only the alternator rating and electrical accessories vary as per customer requirements. The total auxiliary consumption of the cogeneration plant is separately fed through the 3.00 MW TG set. The auxiliary electrical load is approximately 2.8 MW, i.e., about 6.5% of the total operating capacity of 43 MW.
 - c) Therefore, only three units are in operation, i.e., 3 MW, 12 MW, and 28 MW. Power is exported to the grid only from 12 MW and 28 MW TG sets as per the PPA while auxiliary consumption of the cogeneration plant is separately fed by 3 MW TG set.
6. On 11.06.2026, UPPCL filed its submission wherein submitted the following:
- a) Procurement of power under the PPA is guided by considerations of prudence, efficiency, reliability, and consumer interest, including optimization of procurement cost in accordance with the statutory mandate under the Electricity Act, 2003 and the applicable regulatory framework. Where a generating unit is capable of supplying power in a reliable and technically feasible manner at comparatively economical

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rates, utilization of such unit for supply to the grid may serve the larger public interest and contribute towards optimization of power procurement cost.

- b) The affidavit filed by LHSFL indicates that the 3 MW generating unit is presently being utilized towards auxiliary consumption requirements of the cogeneration facility. However, subject to operational feasibility, technical synchronization requirements, grid discipline, and mutual commercial arrangement between the parties, supply from this unit may also be considered in an optimized manner if it results in economic procurement of power for UPPCL and consequential benefit to consumers.
- c) The proposed APPA dated 29.12.2025 shall remain operative only during the subsistence of the applicable CRE Regulations and shall be governed by the tenure, framework, and conditions stipulated under the extant CRE Regulations, as applicable from time to time.

Analysis & Decision

7. UPPCL by way of instant Petition is seeking approval of the Amended PPA dated 29.12.2025 executed with M/s L.H. Sugar Factories Limited, for extension up to a term till 31.03.2029 on the same terms & conditions as in existing PPA dated 09.02.2007. The relevant extracts of the Amended PPA dated 29.12.2025 are as below:

"

NOW, THEREFORE, in consideration of the foregoing and respective covenants and agreements set forth in this PPA and other consideration, the receipt, sufficiency and adequacy of which is hereby acknowledged, and intending to be legally bound hereby, the Parties agree to the following terms:

- A. *The duration of the Power Purchase Agreement dated 09.02.2007 is hereby extended till 31.03.2029, to align with the validity period of the CRE Regulations 2024, for the total contracted capacity of 40 MW.*
- B. *The following tariff for Bagasse based generation plants for Existing Projects commissioned during FY 2005-06 or earlier to FY 2008-09 (Rs/kWh) as mentioned in UPERC CRE Regulation, 2024 shall be applicable:-*

Table: 4 : Fixed Cost (Rs./kWh)

Year of Commissioning	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
<i>FY 2005-06 or earlier</i>	1.31	1.17	1.20	1.24	1.28
<i>FY 2006-07</i>	1.32	1.36	1.22	1.25	1.30
<i>FY 2007-08</i>	1.35	1.38	1.23	1.27	1.31
<i>FY 2008-09</i>	1.36	1.39	1.43	1.47	1.32

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Table: 5 : Variable Cost (Rs./kWh)

Financial Year	Variable Cost
FY 2024-25	3.02
FY 2025-26	3.11
FY 2026-27	3.21
FY 2027-28	3.30
FY 2028-29	3.40

C. Except the above amendment, the Parties acknowledge and confirm that all other terms and conditions in Power Purchase Agreement dated 09.02.2007 shall continue to apply as before.

.....”

8. The Commission observes that applicable tariff of M/s L.H. Sugar Factories Limited existing bagasse-based power plant is economical vis-à-vis tariff of newly commissioned bagasse-based plants. Further, energy procured from such bagasse-based plants will also support UPPCL in meeting Renewable Purchase Obligation targets. **Accordingly, the Commission approves the Amended PPA dated 29.12.2025 executed between M/s L.H. Sugar Factories Limited and Uttar Pradesh Power Corporation Limited up to 31.03.2029 as per the applicable tariff provided in the UPERC CRE Regulations 2024 and on the same terms and conditions as contained in the existing PPA dated 09.02.2007.**

The Petition stands disposed of in terms of above.


(Sanjay Kumar Singh)
Member




(Arvind Kumar)
Chairman

Place: Lucknow

Dated: 30.06.2026