THE UTTAR PRADESH ELECTRICITY REGULATORY COMMISSION

LUCKNOW

Petition No. 2378 of 2026

QUORUM

Hon'ble Shri Arvind Kumar, Chairman

Hon'ble Shri Sanjay Kumar Singh, Member

Hon'ble Shri Griesh Kumar Vaish, Member (Law)

IN THE MATTER OF

Petition under Section 86(1)(a) and (b) of the Electricity Act, 2003 read with Regulation15 of the UPERC (Conduct of Business) Regulations, 2019 on behalf of Uttar Pradesh Power Corporation Limited for approval of Amended PPA dated 21.02.2026 executed with M/s Tikaula Sugar Mills Ltd. in relation to sale of 10 MW Bagasse based power from its 16 MW unit situated at Village Tikaula, District Muzaffarnagar, Uttar Pradesh.

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 Tikaula Sugar Mills Limited (TSML),

2D1, Vakil Road, New Mandi, Muzaffarnagar, Uttar Pradesh - 251001 ...Respondent

FOLLOWING WERE PRESENT

1. Sh. Savyasachi Saumitra, Advocate, UPPCL
2. Sh. A.K. Zaidi, Advocate, UPPCL
3. Sh. Manish Dwivedi, CE (PPA), UPPCL,
4. Sh. Anil Kumar, SE (PPA), UPPCL
5. Sh. Vikas Gupta, EE (PPA), UPPCL
6. Sh. Srijan Singh, AE, UPPCL

ORDER

(DATE OF HEARING: 20.08.2026)

1. The Petitioner, UPPCL, has filed this Petition for approval of Amended Power Purchase Agreement (APPA) dated 21.02.2026 for the tenure extension of the PPA dated 06.11.2006 till 31.03.2029, for supply of 10 MW power from the Respondent's 16 MW Bagasse based power plant situated at Tikaula. The prayers of the Petitioner are as follows:

   a) Approve the Amended Power Purchase Agreement dated 21.02.2026, executed with M/s Tikaula Sugar Mills Ltd. in relation to sale of 10 MW bagasse based power from its 16 MW unit situated at Village Tikaula, District Muzaffarnagar, Uttar Pradesh.

   b) 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) The parties entered into the Power Purchase Agreement (PPA) dated 07.04.2006 for sale of power up to a total contracted capacity of 10 MW from the Respondent's bagasse-based co-generation plant to UPPCL. The PPA dated 07.04.2006 provides for evacuation of power through a 33 kV line from the Mill to UPPCL's 132 kV grid sub-station situated at Jansath, District Muzaffarnagar.

   b) Thereafter, the parties entered into a PPA dated 06.11.2006 to bring the contractual arrangement under one comprehensive instrument, whereby the terms governing purchase and sale of 10 MW bagasse-based power from the Respondent's 16 MW generating unit, were consolidated and restated.

   c) Subsequently, the parties executed the Supplementary PPA dated 11.04.2011 for change of power evacuation from the 33 kV Jansath Substation to the 132 kV Ramraj Grid Substation. Under the SPPA dated 11.04.2011, the contracted power was agreed to be evacuated through a 132 kV transmission line and interfaced with

UPPTCL's 132 kV Ramraj Grid Substation situated in District Muzaffarnagar, while all other terms and conditions of the PPA dated 06.11.2006 remain applicable. The Certificate of Commissioning dated 24.02.2006 issued by the Electricity Transmission Division, Muzaffarnagar records that the Plant was commissioned on 23.02.2006. Accordingly, the subsequent contractual documents, including the Supplementary PPA dated 11.04.2011 and the APPA dated 21.02.2026, referred to the PPA dated 06.11.2006 as the operative PPA.

d) Clause 20 of the PPA dated 06.11.2006 provides that, unless terminated by default, the Agreement shall remain valid for 20 years from the date of commissioning of the Plant and may thereafter be renewed or extended for such period as may be mutually agreed between the Generating Company and DISCOM.

e) The Respondent, TSML, vide its letter dated 26.12.2025, requested extension of the existing arrangement for a further period of 10 years and referred to the PPA dated 07.04.2006. The reference to the PPA dated 07.04.2006 reflects the original contractual history, whereas the operative and restated governing PPA remained the PPA dated 06.11.2006. The Board of Directors of the Generating Company, vide resolution dated 05.02.2026, recorded that the PPA dated 06.11.2006 and SPPA dated 11.04.2011 had been executed for sale of 10 MW electricity and that the tenure of the said arrangement was proposed to be extended. The Board authorised its representative to sign and execute the extension of the existing PPA.

f) Pursuant to the aforesaid request and authorization, the parties executed the APPA dated 21.02.2026, wherein the duration of the PPA dated 06.11.2006 and SPPA dated 11.04.2011 has been extended up to 31.03.2029 at the tariff in terms of the UPERC CRE Regulations, 2024. The APPA dated 21.02.2026 further records that, except for the amendments incorporated therein, all other terms and conditions of the PPA dated 06.11.2006 and SPPA dated 11.04.2011, read with the UPERC CRE Regulations, 2024 as amended from time to time, shall be followed.

Records of Proceedings

3. During the hearing dated 16.07.2026, on a specific query of the Commission regarding details of approval for the 10 MW power under the PPA dated 06.11.2006, Sh. Saumitra the learned counsel of UPPCL responded that power procurement was approved vide

Order dated 18.05.2006 in Petition No. 271 of 2005, however, copies of the referred Orders would be placed on record by way of additional submission. Further, in response to the Commission's queries regarding reasons for signing the APPA dated 21.02.2026 by UPPCL instead of PVVNL, details of unit's configuration for the supply of contracted power, power supply to UPPCL under the competitive route from this project, Sh. Saumitra, the learned counsel, could not reply and he requested the Commission that all the queries may be specified in the Record of Proceeding for detailed justification by UPPCL.

4. The Commission observes that it does not behove the learned Counsel of UPPCL to respond to elementary queries in such a casual manner. The Commission expects that the learned Counsel should come with better preparedness so that most of the issues are cleared and clarified in the hearing itself. A Counsel is expected to know the basic facts of the matter that he is arguing before the Commission otherwise he is not rendering the service as an officer of Court. The Commission directed UPPCL to place on record the following:
   a) Copy of Certificate of commissioning dated 24.02.2006.
   b) Copy of PPA dated 30.05.2005 which was approved by the Commission vide Order dated 18.05.2006.
   c) Copy of approval Order of the Commission regarding enhancement of power procurement to 10 MW under the PPA dated 06.11.2006.
   d) Justification for executing APPA dated 21.02.2026 by UPPCL instead of PVVNL.
   e) Details of 16 MW (including 6 MW under TBCB route) power procurement from the respective generating unit of the Respondent's project.

5. On the hearing dated 20.08.2026, Sh. Savyasachi Saumitra, learned Counsel for UPPCL, submitted that additional affidavit was filed on 17.08.2026 in compliance to the Commission's direction vide Order dated 20.07.2026. On specific query of the Commission about the approval for enhancement of the capacity from 5 MW to 10 MW, learned Counsel of UPPCL responded that it was approved vide Order dated 24.07.2007. The Commission observed that the referred Order dated 24.07.2007 records 5 MW against the agreement dated 30.05.2005 and 5 MW+10% against the agreement dated 07.04.2006, whereas PPA claimed to be approved for 10 MW was not available. The

learned Counsel of UPPCL submitted that there might be typographical error in the said Order. The Commission observed that if there was a typographical error in the Order, then why parties have not raised at that point in time before the Commission.

6. The Commission further observed that the Order dated 24.07.2007 records M/s Tikaula Sugar Mills Ltd. at two places, namely, 5 MW against the agreement dated 30.05.2005 with the month of commissioning as 30.10.2005, and 5MW+10% against the agreement dated 07.04.2006 with the month of commissioning recorded as 2006-07. The learned counsel of UPPCL submitted that TSML through its letter dated 31.07.2026 clarified the commissioning date of each unit of the generating unit. The Commission expressed its displeasure on the manner in which UPPCL had dealt the matter because neither the aforesaid discrepancy was highlighted in the Petition nor properly explained in the additional affidavit filed on 17.08.2026 on the date of hearing itself.

7. The Commission further asked when the PPA was signed for one 10 MW unit, as stated in the Petition, how the above two separate entries and commissioning periods are to be reconciled. The learned counsel of UPPCL submitted that presently TMSL has 30MW installed capacity and instant Petition was filed for approval of APPA dated 21.02.2026 for extension of PPA dated 06.11.2006 till 31.03.2029 for procurement of 10 MW. The Commission observed that if the generating units were commissioned in different years, the tariff applicable to such units would also be different in terms of applicable CRE Regulations.

8. The Commission further observed that the original PPAs and the SPPA were executed with PVVNL, whereas the APPA dated 21.02.2026 now submitted for approval has been executed with UPPCL. The learned counsel of UPPCL argued that the Commission's Order dated 24.07.2007 records that UPPCL can sign the agreement on behalf of the DISCOMs. The Commission observed that the parties to the agreement cannot be changed merely because PVVNL has authorised UPPCL to sign the PPA on its behalf. Such authorisation does not mean that UPPCL itself becomes a party to the agreement.

9. The Commission directed the Petitioner to clarify how the contracted capacity was enhanced/switched over from 5 MW to 10 MW and also to place on record the specific approval/Order of the Commission for the same. The Petitioner shall further clarify

whether the capacities referred to in the respective agreements relate to the same generating unit or to different generating units and, if there are different units, provide the capacity and commissioning date of each such unit. The Petitioner shall also clearly specify the generating unit of TMSL from which the contracted power was agreed to supply. Sh. Manish Dwivedi on behalf of UPPCL stated that representative of TSML was requested for clarifying the queries before the Commission but for unknown reason not present. The Commission directed UPPCL to clearly specify whether the tariff paid to TSML for the contracted power is commissioning date applicable tariff or a weighted-average tariff considering commissioning date of the respective generating units.

10. Accordingly, the Commission directed the Petitioner to furnish its submission clarifying the observation made during the hearing proceeding. Subject to the above-mentioned submission by UPPCL, the Commission decided to take appropriate decision. On 08.10.2026, UPPCL filed is additional affidavit.

Additional Submission

11. On 17.08.2026, Petitioner filed its submission in compliance with the Order dated 20.07.2026 and has mainly submitted the following:

a) The Certificate of Commissioning dated 24.02.2006 was placed on record. The PPA dated 30.05.2005 executed for procurement of 5 MW surplus power generated from the Respondent's bagasse-based co-generation facility after meeting its captive requirement was considered in Petition No. 271 of 2005. The procurement arrangement was thereafter enhanced and subsequently consolidated/restated. A further PPA dated 07.04.2006 was executed in relation to additional procurement and the contractual arrangements were thereafter consolidated and restated by way of the PPA dated 06.11.2006 relating to procurement of 10 MW power.

b) Regarding execution of the APPA dated 21.02.2026 by UPPCL instead of Paschimanchal Vidyut Vitran Nigam Limited (PVVNL), UPPCL submitted that it has historically been entrusted with the function of centralized power procurement and execution of PPAs on behalf of the Distribution Companies in the State of Uttar Pradesh. The respective Boards of Directors of Paschimanchal Vidyut Vitran Nigam Limited (PVVNL), Dakshinanchal Vidyut Vitran Nigam Limited (DVVNL), Madhyanchal

Vidyut Vitran Nigam Limited (MVVNL), Purvanchal Vidyut Vitran Nigam Limited (PuVVNL) and Kanpur Electricity Supply Company Limited (KESCO), collectively referred to as the DISCOMs, in their Board meetings held on 24.08.2005 and subsequently on 20.07.2010, authorised UPPCL to enter into agreements and undertake procurement of power on their behalf. The authority exercised by UPPCL in executing power procurement agreements for and on behalf of the DISCOMs flows from express authorization granted by the respective Boards of the DISCOMs and is not merely an administrative arrangement or practice.

c) The aforesaid arrangement has consistently been acted upon over the years, and PPAs, SPPAs and APPAs have, depending upon the concerned procurement arrangement, been drawn either in the name of UPPCL or the Distribution Company concerned. However, the agreements relating to power procurement have consistently been dealt with and executed through the 'PPA Unit' situated at Shakti Bhawan, UPPCL, in furtherance of UPPCL's centralized power-procurement functions on behalf of the DISCOMs. Accordingly, execution of the APPA dated 21.02.2026 by UPPCL instead of separately by PVVNL is supported by the express authorization granted by the Boards of the Distribution Companies to UPPCL.

d) Regarding the generating-unit configuration, TSML, vide its letter dated 31.07.2026, had informed that during the crushing season 2005-06, one TG set of 10 MW was installed in addition to two TG sets of 3 MW each, resulting in an aggregate installed capacity of 16 MW. The procurement of 10 MW under the PPA arrangement of 2006 pertains to the said 10MW TG set. During 2011-12, another TG set of 10 MW was installed and commissioned, the earlier two TG sets of 3 MW each were taken out of service, and the 10 MW TG set installed during 2011-12 is utilized towards meeting the Respondent's house load. During 2018-19, another TG set of 10 MW was installed and commissioned, pursuant to which a Supplementary PPA dated 28.02.2019 was executed for procurement of 6 MW under the TBCB route, with the balance generation being utilized towards the Respondent's house load. Thus, the procurement arrangements pertaining to 10 MW and 6 MW are relatable to separate generating arrangements/TG sets and governed by their respective contractual arrangements.

12. On 08.10.2026, Petitioner filed its additional affidavit in compliance with the queries raised during hearing dated 20.08.2026, wherein it mainly submitted the following:

a) TSML initially applied to UPPCL for sale of 5 MW surplus power from its bagasse-based co-generation facility, pursuant to which the PPA dated 30.05.2005 was executed. UPPCL, vide Letter No. 377/GM/PPA dated 31.05.2005, forwarded the said PPA to the Commission and sought its approval under Section 10 of the Uttar Pradesh Electricity Reforms Act, 1999. The said letter dated 31.05.2005 expressly recorded that

i. The Respondent had applied for sale of 5 MW power.
ii. The PPA dated 30.05.2005 had been executed for procurement of 5 MW.
iii. The Respondent proposed to sell 5 MW surplus power after meeting its captive requirements; and
iv. The power was to be evacuated at 33 kV and interfaced with UPPCL's 132 kV Grid Substation at Jansath, District Muzaffarnagar.

b) After execution of the PPA dated 30.05.2005, TSML installed and commissioned an additional 10 MW generating unit in February 2006. The generating configuration of the Respondent's project at that stage aggregating to 16 MW (i.e., 2×3MW and 1×10MW). TSML, thereafter applied to UPPCL on 03.04.2006 for sale of an additional 5 MW surplus power from the said generating facility. Pursuant thereto, the PPA dated 07.04.2006 was executed for procurement of an additional 5MW and forwarded to the Commission vide Letter No. 320/GM/PPA dated 07.04.2006 seeking approval for the additional procurement.

c) The PPA dated 07.04.2006 was placed before the Commission for approval in Petition No. 328 of 2006 wherein approval sought therein pertained to procurement of an additional 5 MW over and above the 5 MW already being procured under the PPA dated 30.05.2005, thereby increasing the aggregate contracted procurement to 10 MW. The Commission vide its Order dated 18.05.2006 in Petition No. 328 of 2006 had considered the approval of PPA dated 07.04.2006. Reference to 5 MW in the Order dated 18.05.2006 may be appreciated in the context of the additional quantum of 5 MW, when read conjointly with Letter No. 320/GM/PPA dated

07.04.2006 and the PPA submitted therewith, constituted an aggregate contracted quantum of 10 MW.

d) The Order dated 24.07.2007 also refers to Petition No. 328 of 2006 and the PPA dated 07.04.2006, and that the quantum mentioned in the tabular particulars thereof may be considered along with Letter No. 320/GM/PPA dated 07.04.2006 and the PPA forwarded therewith. The approval accorded vide Order dated 18.05.2006 in respect of the PPA dated 07.04.2006 may be read and understood as approval of the aggregate contracted procurement of 10 MW.

e) Further, UPPCL agrees and undertakes to arrange execution of a fresh Amended PPA with M/s Tikaula Sugar Mills Limited, wherein PVVNL shall be a party. The fresh APPA shall continue the existing power procurement arrangement for the contracted quantum of 10 MW, with the extended tenure up to 31.03.2029, while retaining the tariff and other substantive terms contained in the APPA dated 21.02.2026. The duly executed fresh APPA shall be placed on record. UPPCL also undertake that future power purchase agreements concerning procurement on behalf of the concerned DISCOMs shall be executed with the concerned DISCOM as the procuring party.

Analysis & Decision

13. UPPCL, by way of the instant Petition, is seeking approval of the APPA dated 21.02.2026 executed between UPPCL and M/s Tikaula Sugar Mills Limited. Through the said APPA dated 21.02.2026, the parties agreed for tenure extension of the PPA dated 06.11.2006, for procurement of 10 MW Bagasse based power up to 31.03.2029 at applicable tariff provided in the CRE Regulations, 2024. The relevant extract of the aforementioned APPA dated 21.02.2026 is as under:

"……

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 06.11.2006 and Supplementary Power Purchase Agreement dated 11.04.2011 is hereby

extended till 31.03.2029, to align with the validity period of the CRE Regulations 2024, for the total contracted capacity of 10MW.

B. The following tariff 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 Regulations, 2024 shall be applicable:-

Year of Commissioning	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
FY 2005-06 or earlier	4.33	4.28	4.41	4.54	4.68
FY 2006-07	4.34	4.47	4.43	4.55	4.70
FY 2007-08	4.37	4.49	4.44	4.57	4.71
FY 2008-09	4.38	4.50	4.64	4.77	4.72

C. Except the above amendment, the Parties acknowledge and confirm that all other terms and conditions in Power Purchase Agreement dated 06.11.2006 and Supplementary Power Purchase Agreement dated 11.04.2011 read with UPERC CRE Regulations 2024 as amended from time to time shall be followed.

D. This Amended Power Purchase Agreement is subject to approval of UPERC.
....."

14. TSML vide its letter dated 31.07.2006 clarified that 10MW power under the PPA dated 06.11.2006 is being supplied from 10MW TG Set whose COD is 2005-06. The date of commissioning of the generating plant is stated to be 23.02.2006. The relevant extract of the aforementioned letter dated 31.07.2006 is as below:

"In this we have to inform you that during season 2005-06 one TG set of 10MW was installed in addition to two nos. TG set, each of 03MW i.e., total generation of 16MW.

In the season of 2011-12 another TG set of 10MW was installed and commissioned. Both the 03 MW TG set were taken out and dispose off, and newly installed TG set were used in place of 6 MW.

During season 20185-19 one more TG set of 10MW was installed and commissioned and new Supplementary PPA was done with UPPCL on 28th Feb, 2019.

In this way ***we are managing our system, PPA of 2006 with 10MW TG set commissioned in 2005-06****, House load running with 10MW TG set commissioned in 2011-12 and PPA of 2019 & part of House load with 10MW TG set commissioned in 2018-19.*

We hope that, our clarification in this regard will live up to your expectation."

15. The Commission notes that the PPA dated 30.05.2005 was executed for procurement of 5 MW surplus power and thereafter, an additional 5 MW through PPA dated 07.04.2006 was executed thus making the aggregate contacted capacity of 10MW. Subsequently, a PPA dated 06.11.2006 were executed between the parties in order to bring the contractual arrangement under one comprehensive instrument, whereby the terms governing purchase and sale of 10 MW bagasse-based power from the Respondent's 16 MW generating unit, were consolidated and restated.

16. Regulation 6(I) of the UPERC CRE Regulations, 2024 provides for application of the generic tariff specified in Schedule-I to existing bagasse-based generation plants. Regulation 6(IV) provides for a weighted-average tariff where electricity is supplied from more than one unit commissioned in different years. In the present case, the contracted 10 MW has been identified with the single 10 MW TG set commissioned on 23.02.2006 and not with the TG sets commissioned during 2011-12 or 2018-19. Accordingly, the tariff applicable for the contracted 10 MW power shall be at the tariff specified in Schedule-I of the UPERC CRE Regulations, 2024 for an existing bagasse-based generation plant commissioned during FY 2005-06 or earlier, and the question of applying a weighted-average tariff does not arise.

17. The Commission further observes that original PPA dated 07.04.2006 as well as the PPA dated 06.11.2006 were executed between M/s Tikaula Sugar Mills Limited and Paschimanchal Vidyut Vitran Nigam Limited (PVVNL) while the signatory was Uttar Pradesh Power Corporation Ltd. on behalf of PVVNL. It is also evident that Board of Directors of the Distribution companies (i.e., PVVNL, DVVNL, PuVVNL & KESCO) vide its resolution dated 24.08.2005 & 20.07.2010 authorised UPPCL to sign and execute the agreement on their behalf of PVVNL as its authorised signatory. However, the APPA dated 21.02.2026 was executed between M/s Tikaula Sugar Mills Limited and Uttar Pradesh Power Corporation Ltd. thereby replacing the original party i.e., Paschimanchal Vidyut Vitran Nigam Limited to the Agreement/contract, which cannot be accepted. Further, UPPCL vide its affidavit filed on 08.10.2026 placed an undertaking to arrange execution of a fresh APPA with M/s Tikaula Sugar Mills Limited, wherein PVVNL shall be the procuring/second party instead of UPPCL.

18. The Commission observes that applicable tariff of TSML's existing 10 MW bagasse-based power plant is economical vis-à-vis tariff of newly commissioned bagasse-based plants. Further, energy procured from such bagasse-based plants would also support UPPCL/PVVNL in meeting RPO/RCO targets.

19. In view of above, the Commission allows continuation of the existing arrangement for procuring 10 MW bagasse-based power from M/s Tikaula Sugar Mills Limited up to 31.03.2029, subject to execution of a fresh APPA between M/s Tikaula Sugar Mills Limited and Paschimanchal Vidyut Vitran Nigam Limited on the same terms and conditions stipulated in APPA dated 21.02.2026. **Accordingly, the Commission decides not to accord the APPA dated 21.02.2026 in its present form and directs UPPCL to execute fresh APPA in the manner stipulated in above-mentioned para 17 of this Order and place on record the fresh APPA in the matter.**

The Petition stands **disposed of** in terms of above.

(Griesh Kumar Vaish)	(Sanjay Kumar Singh)	(Arvind Kumar)
Member (Law)	**Member**	**Chairman**

Place: Lucknow

Dated: 05.11.2026