Before

UTTARAKHAND ELECTRICITY REGULATORY COMMISSION

Petition No. 39 of 2026

In the matter of:

Application seeking approval of procurement quantum of 1320 MW RTC coal-based power on long-term basis under Section 86(1)(b) of the Electricity Act, 2003 read with Regulation 59(1) of the UERC (Conduct of Business) Regulations, 2014.

In the matter of:

Uttarakhand Power Corporation Ltd. … Petitioner

CORAM

Shri M.L. Prasad	**Chairman**
Shri Anurag Sharma	**Member (Law)**
Shri Prabhat Kishor Dimri	**Member (Technical)**

Date of Order: July 08, 2026

This Order relates to the Petition filed by Uttarakhand Power Corporation Ltd. (hereinafter referred to as "UPCL" or "Petitioner" or "Licensee") seeking approval of the Commission for procurement quantum of 1320 MW RTC coal-based power on long-term basis under Section 86(1)(b) of the Electricity Act, 2003 read with Regulation 59(1) of the UERC (Conduct of Business) Regulations, 2014.

1. Petitioner's Submissions

1.1 The Petitioner submitted that it is the sole distribution licensee under Section 14 of the Electricity Act, 2003 in the State of Uttarakhand, and that regulation of its power procurement, including quantum and terms thereof, falls squarely within the jurisdiction of the Commission under Section 86(1)(b) of the Electricity Act, 2003. The Petitioner further submitted that no limitation is prescribed for filing of such a Petition, and that the present Petition is accordingly maintainable and within limitation.

1.2 The Petitioner submitted that it had earlier filed a Petition dated 25.04.2025 seeking modification of specific clauses of the Request for Qualification (RfQ), on which the Commission passed Order dated 09.05.2025, clarifying at para 2.8 thereof that the said Order was limited to the modifications sought in the RfQ, and directing the Petitioner to justify, to the satisfaction of the Commission, the power quantum projected by it vis-à-vis the quantum proposed to be procured through the tender, before proceeding to finalize the same.

1.3 The Petitioner submitted that in compliance with the aforesaid direction, it submitted the quantum requirement for the upcoming period vide letter no. 3571 dated 17.05.2025 and letter no. 3952 dated 09.06.2025, seeking approval of the long-term procurement of 1320 MW. The Petitioner further submitted that the Commission, thereafter, vide letter no. 441 dated 10.06.2025, directed UPCL to make a presentation and subsequently vide letter dated 08.07.2025, directed a joint meeting of the Petitioner, PTCUL and UJVNL, to deliberate on upcoming generation capacity and transmission constraints.

1.4 The Petitioner submitted that it thereafter filed a Petition dated 13.01.2026 seeking deviations in specific clauses of the Request for Proposal (RfP) and in-principle approval of the proposed procurement quantum of 1320 MW RTC coal-based power, on which the Commission issued hearing notice vide letter no. 1596 dated 16.01.2026 (hearing dated 10.02.2026, subsequently postponed vide letter dated 09.02.2026). Further, the Commission also sought a reply on modifications to clauses of the Model Bidding Documents (MBD) vide letter no. 1809 dated 06.03.2026, to which the Petitioner replied vide letter no. 1852 dated 04.04.2026.

1.5 The Petitioner submitted that subsequently the Commission sought a presentation on the quantum of power vide e-mail dated 15.05.2026, which was submitted by the Petitioner on 18.05.2026. Later on, the Commission vide letter no. 291 dated 27.05.2026 directed the Petitioner to file a formal Petition, in compliance of which the present Petition has been filed.

1.6 The Petitioner submitted that the third proviso to Regulation 73(1) of the UERC Tariff Regulations, 2021, Clause 4.5.15 of the Tariff Order for FY 2024-25, and Clause 3.6.16 of the Tariff Order for FY 2025-26 (restricting short-term power purchase to 5% of total energy availability at State periphery) consistently require the Petitioner to meet its deficit primarily through long-term/medium-term procurement, through a transparent process of bidding, with minimal reliance on short-term/exchange-based sources.

1.7 The Petitioner submitted that an earlier Resource Adequacy (RA) Study conducted by the Central Electricity Authority (CEA), had recommended augmentation of the State's energy mix with an additional 1181 MW of thermal capacity by FY 2029-30, pursuant to which the Petitioner, vide letter no. 1550/MD/UPCL/P-16 dated 07.03.2024, approached UJVNL for setting up a coal-based power plant through a Joint Venture (JV). The Petitioner submitted that, upon deliberation before the Government of Uttarakhand (GoU), it was observed that the proposed 1181 MW JV project would not be commissioned within the timeline required to meet the State's anticipated power deficit, and it was, accordingly, resolved to float a fresh tender for 1320 MW of coal-based power under the State Coal Allocation Policy (SHAKTI-B), through the Tariff-Based Competitive Bidding process, with scheduling of power expected from FY 2029-30 onwards. The Petitioner submitted that, accordingly, the proposal communicated by UPCL to UJVN Ltd. for setting up a coal-based power plant was subsequently withdrawn.

1.8 The Petitioner submitted that the UPCL Board, in its 123rd Board Meeting held on 01.05.2025 under Item No. 123.06, approved procurement of 500 MW power under a medium-term arrangement for four years, extendable by one year if required, through competitive bidding, and procurement of 1320 MW power under a long-term arrangement through tariff-based competitive bidding under Coal Allocation, SHAKTI-B (IV), subject to approval of the Government of Uttarakhand before bid finalisation. The Petitioner further submitted that subsequently UPCL Board, in its 124th Board Meeting held on 05.07.2025, the UPCL Board confirmed the minutes of the 123rd Board Meeting with modifications. The modified resolution reiterated the approval for procurement of 500 MW power under the medium-term arrangement and clarified that the proposed procurement of 1320 MW power under a long-term arrangement for a period of 25 years through tariff-based competitive bidding under Coal Allocation, SHAKTI-B (IV), must be referred to the Government of Uttarakhand for consideration and approval.

1.9 The Petitioner submitted that a revised Resource Adequacy Study (Version 3.0, October 2025), prepared by the Central Electricity Authority (CEA) after factoring in upcoming capacities including Pumped Storage Plants (PSP), reaffirmed the need for augmentation of the State's dispatchable capacity, and additionally factored in 321 MW of State gas-based power plants along with central gas allocations, as summarized in the Table given below:

Table 1: Year Wise Capapcity Addition (in MW) as per CEA RA report

	Coal		Nuclear	Hydro	Solar		DRE	Battery	PSP
Year	Planned Contracts	Additional Requirement	Planned Contracts	Planned Contracts	Planned Contracts	Additional Requirement	Planned Contrac ts	Planned Contrac ts	Planned Contracts
2025/26	26	0	0	71	118.75	0	0	0	100
2026/27	0	0	0	22	0	0	289	60	0
2027/28	0	0	0	124	0	0	6	106	0
2028/29	0	0	0	66	0	0	4	0	0
2029/30	0	500	33	0	0	200	0	0	0
2030/31	0	500	0	216	0	200	0	0	0
2031/32	0	309	0	315	0	200	0	0	0
2032/33	0	111	0	81	0	200	0	0	0
2033/34	0	83	0	114	0	200	0	0	1050
2034/35	0	132	0	31	0	0	0	0	0
2035/36	0	0	0	402	0	0	0	0	0
TOTAL	**26**	**1635**	**33**	**1453**	**118.75**	**1000**	**299**	**166**	**1150**

1.10 The Petitioner tabulated the demand projections of UPCL, and the RA forecasts of CEA (20th EPS) as summarized in the Table given below:

Table 2: Yearly Demand Projections (in MUs)

Particulars	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	2036-37	2037-38	2038-39	2039-40
UPCL Forecast	23294	24536	25820	26975	28312	29675	31092	32557	33949	35401
RA Forecast	24427	25671	26935	28165	29351	30428	-	-	-	-

1.11 The Petitioner further tabulated the anticipated RTC energy deficit as follows:

(i) As assessed by the Petitioner without considering the gas power plant, ranging from 8,480 MU in FY 2030-31 to 15,864 MU in FY 2039-40;

(ii) As assessed by CEA (October 2025), considering the gas power plant, ranging from 6,840 MU in FY 2030-31 to 9,192 MU in FY 2035-36.

1.12 The Petitioner submitted that the Standing Linkage Committee (Long Term), vide letter dated 28.03.2025, recommended earmarking of coal linkage of 1320 MW to the State of Uttarakhand under Para B(iv) of the SHAKTI Policy, and as per the said letter the earmarked quantity shall expire post 2 years from the date of issuance of the letter aforesaid letter dated 28.03.2025.

1.13 The Petitioner submitted that the Resource Adequacy Study recommends for procurement of deficit power in order to facilitate 24 x 7 power supply to the consumers of the State. Further, the Commission has time and again put emphasis on the procurement of the deficit power by medium/long term tender, and the procurement of 1320 MW Round-the-Clock (RTC) coal-based thermal power is not only imperative to meet the immediate and projected power deficit in the State but also aligned with the objective of ensuring continuous and uninterrupted power supply to the consumers. Moreover, given the current energy scenario and the absence of operational long-term assets to meet the base load requirements, any delay in the long-term procurement would affect consumer interest, and grid reliability.

1.14 The Petitioner, accordingly, prayed that the Commission may approve, under Section 86(1)(b) of the Electricity Act, 2003, the proposed quantum of 1320 MW RTC coal-based power for long-term procurement as reasonable, prudent and in consumer interest.

1.15 While scrutinizing the Petition it was observed that Petition was deficient on various information which were necessary not only for evaluating the requirement but also the cost implications of the power procurement process, and therefore, the Commission vide letter dated 05.06.2026, 23.06.2026 and 03.07.2026 asked the Petitioner to submit information on the same, in response to which the Petitioner vide its respective replies dated 08.06.2026, 27.06.2026 and 06.07.2026 submitted the same. The replies filed by UPCL were not complete on certain aspects, however, considering the scope of the present proposal, i.e., the power requirement of UPCL, the Commission taking into consideration the submission of UPCL that the proposal after opening of the bid and before execution of the PPA shall be submitted to GoU for approval did not delve upon the same and has restricted itself to analyse the proposed quantum of power required by UPCL.

1.16 The Commission forwarded a copy of the Petition to the stakeholders, i.e., Urja Cell of GoU, UJVN Ltd., PTCUL, SLDC and UREDA for seeking their comments/responses on the Petition filed by UPCL till 29.06.2026. In response to the same, only PTCUL, SLDC and UREDA have submitted their comments till the date of issuance of Order. UJVN Ltd. has neither submitted its comments nor has sought any additional time for filing the same.

1.17 The Power Transmission Corporation of Uttarakhand (PTCUL) has furnished information regarding the planned augmentation of the State transmission network and has indicated that the proposed transmission system would be capable of meeting the projected demand associated with the present Petition.

In response to the same, UPCL requested the Commission to take appropriate action so that smooth transmission operations are ensured to meet the future demand of the State.

1.18 The Uttarakhand State Load Despatch Centre (SLDC) has supported the proposed long-term procurement from the perspective of grid reliability, system security and reduction in dependence upon short-term procurement.

In response to the same, UPCL submitted that the proposed long-term procurement would contribute towards grid reliability and security and would support the objective of ensuring long-term energy security for the State

1.19 The Uttarakhand Renewable Energy Development Agency (UREDA) recommended future alignment of solar procurement with the revised Resource Adequacy Study of the Central Electricity Authority while not raising any objection to the present procurement proposal.

In response to the same, UPCL submitted that that the State is presently undertaking renewable energy integration through schemes such as Mukhyamantri Saur Swarojgar Yojana (MSSY). UPCL further submitted that any additional inclusion of solar power would be reviewed during FY 2027-28 and FY 2028-29 based on the actual level of distributed renewable energy (solar) integration within the State. UPCL also stated that, considering the comparatively shorter gestation period of solar projects (approximately six months, as indicated in the Resource Adequacy Studies of the CEA), appropriate action would be taken subsequently, wherever required.

1.20 The Commission further notes that none of the stakeholders have disputed the proposed procurement of 1320 MW or raised any specific objection regarding the tariff, financial projections, ARR, or prudence of the Petition. Accordingly, the stakeholder submissions and the corresponding replies of UPCL are being taken into consideration while deciding the present Petition.

1.21 The Petitioner's submission and the Commission's view on the same have been dealt in subsequent paras of this Order.

2. Commission's Views & Decision

2.1. Section 86(1)(b) of the Electricity Act, 2003 empowers the Commission to 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.

2.2. Regulation 74 of the UERC Tariff Regulations, 2024 stipulates that every agreement or arrangement for power procurement by a distribution licensee shall come into effect only with the prior approval of the Commission, and mandates the Commission to have regard, inter alia, to the requirement for power procurement under the approved power procurement plan and adherence to a transparent bidding process, while considering such approval.

2.3. Further, the Distribution and Retail Supply License issued by the Commission lays down certain conditions of license, which amongst others also has the following:

"5.1 The Licensee shall be entitled to:

(a) …

(b) ***Purchase, import or otherwise acquire electricity from any generating company or any other person under Power Purchase Agreements or procurement process approved by the Commission****;*

…"

(Emphasis added)

2.4. Regulation 59 (1) of UERC (Conduct of Business) Regulations, 2014 specifies as under:

"59. Inherent power of the Commission

(1) Nothing in these Regulations shall be deemed to limit or otherwise affect the inherent power of the Commission to make such Orders as may be necessary for ends of justice or to prevent the abuse of the process of the Commission."

2.5. The Commission notes that the present Petition has been filed in discharge of the specific direction contained at para 2.8 of the Commission's Order dated 09.05.2025, requiring the

Petitioner to justify the power quantum projected by it vis-à-vis the quantum proposed to be procured, before finalization of the tender process. Subsequently, the Petitioner filed a Petition seeking approval of the certain modification/clarification in the clauses of the RFP and PSA document issued by it for procurement of 1320 MW of power on long term basis, wherein it had also sought in principle approval of the Commission for procurement of 1320 MW on RTC basis as aforesaid. The Commission examined the submission made by the Petitioner regarding in principle approval of the procurement quantum of 1320 MW on RTC basis, and considering the requirements of the Regulations and the directives issued by the Commission from time to time, informed UPCL vide Commission's letter no. UERC/6/TF-825/2026-27/2026/291 dated 27.05.2026, that it may file a formal Petition. The Petitioner subsequently has filed the present Petition.

2.6. Before going into the analysis of the proposed procurement, it would be relevant to go into the background of the same as has been stated by UPCL, according to which, the GoU had appointed M/s McKinsey & Company (consultant) to forecast the demand for the UPCL. The consultant based on various scenarios worked out the demand of UPCL. Based on the projections and total availability, considering the deficit in future years, a JV of UJVN Ltd. and THDC Ltd. was asked to construct a thermal power plant of 1181 MW to utilize the coal allocation (equivalent to 1320 MW) to the State under Shakti-B to meet the demand of the State in future years. Subsequently, a meeting was chaired by Secretary Energy, GoU on 16.01.2025, wherein MD UPCL, MD UJVNL, Director (Project) UJVNL, and Director (Project) UPCL were present, wherein it was discussed that the proposed joint venture of THDC India Ltd. and UJVN Ltd. to commission the 1181 MW Thermal Based Power Plant, to meet the demand of the State, will not be in a position to be completed, and, therefore, it was decided to float a fresh tender for the quantum of 1320 MW under State Coal Allocation, Shakti-B through Tariff Based Competitive Bidding (TBCB mode) to meet out the long term needs of base load requirements of the State, scheduling of power from the same may start from the year 2029-30.

Subsequently, the Board of Directors of UPCL in 124th meeting of BoD held on 05.07.2025 resolved as follows:

RESOLVED THAT the Minutes of the 123rd Meeting of Board of Directors held on 01.05.2025 be and are hereby reviewed and confirmed as per copy signed by the Chairman of the Meeting and circulated along with the Agenda Note and as placed at the table of the meeting with partial modification in the First Resolution of Item No. 123.06 as under:

RESOLVED THAT in order to meet out the energy deficit, the approval of the Board be and is hereby accorded for the procurement of:

a) ...

b) 1320 MW power under Long Term Arrangement through Tariff Based competitive bidding under Coal Allocation, Shakti-B (IV). The matter of this proposed PPA of 1320 MW Power for a term of 25 years must be referred to Govt. of Uttarakhand for consideration and approval of the same."

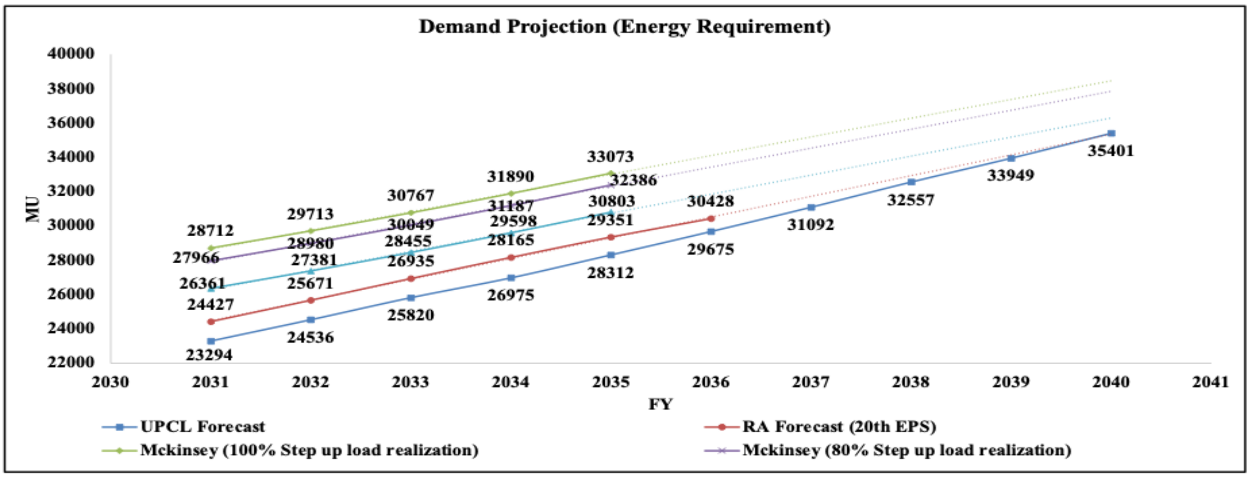
The Government as well as the Board of UPCL recognizing the deficit of UPCL had approved the procurement of power equivalent to 1320 MW through Tariff Based competitive bidding under Coal Allocation, Shakti-B (IV).

2.7. The Commission, in order to analyse the proposal made by UPCL for procurement of quantum of 1320 MW RTC coal based power on long term basis, has examined the demand-supply position for the next 10 years projected by UPCL as well as the 'Report on Resource Adequacy Plan (Generation) for Uttarakhand (2025-26 to 2035-36), Version 3.0, October 2025', prepared by CEA ("the RA Report"), being the very study relied upon by the Petitioner.

2.8. The RA Report records that the total contracted capacity of the State as on June 2025 stood at 4,080 MW, of which coal-based capacity constituted only 589 MW, i.e. 14% of the total contracted capacity, with non-fossil sources constituting the balance 76%.

2.9. The projections made by UPCL, Mckinsey and CEA is reproduced in the Chart given below:

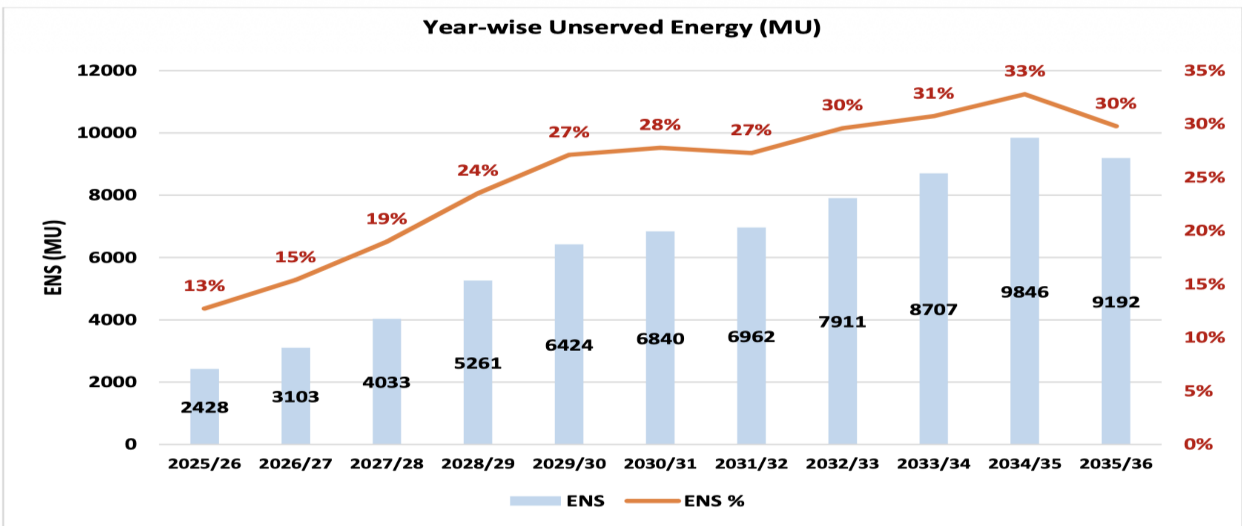
Chart 1: Demand Assessment and Forecasting: Demand Projection - UPCL & Other agencies



It was observed that demand projected by UPCL for the ensuing years @ 4.76% has generally remained lower than the projections made by Mckinsey and the CEA for the same period and reflects the past trends, and accordingly, the Commission accepts the same.

2.10. The RA Report further establishes that, considering only the Petitioner's existing and already-planned capacity contracts (i.e. without any further augmentation), the State would witness a progressively widening Expected Energy Not Served (ENS), rising from 2428 MU (13% of requirement) in FY 2025-26 to 9192 MU (30% of requirement) in FY 2035-36. The Commission notes that the year-wise ENS figures for FY 2030-31 to FY 2035-36 as per the RA Report are 6840 MU, 6962 MU, 7911 MU, 8707 MU, 9846 MU and 9192 MU respectively as shown in the Chart given below:

Chart 2: Yearwise Unserved Energy (MU)



2.11. To meet the aforesaid deficit reliably, the RA Report's least-cost optimal capacity-mix envisages coal-based contracted capacity increasing from the existing/planned level of 579 MW in FY 2025-26 to 2,215 MW by FY 2034-35 and FY 2035-36, i.e. an additional coal-based capacity requirement of 1635 MW over and above 26 MW of already-planned coal contracts as summarized in the Table given below:

Table 3 : Year wise Capacity Addition (in MW)

	Coal		Nuclear	Hydro	Solar		DRE	Battery	PSP
Year	Planned Contracts	Additional Requirement	Planned Contracts	Planned Contracts	Planned Contracts	Additional Requirement	Planned Contracts	Planned Contracts	Planned Contracts
2025/26	26	0	0	71	118.75	0	0	0	100
2026/27	0	0	0	22	0	0	289	60	0
2027/28	0	0	0	124	0	0	6	106	0
2028/29	0	0	0	66	0	0	4	0	0
2029/30	0	500	33	0	0	200	0	0	0
2030/31	0	500	0	216	0	200	0	0	0
2031/32	0	309	0	315	0	200	0	0	0
2032/33	0	111	0	81	0	200	0	0	0
2033/34	0	83	0	114	0	200	0	0	1050
2034/35	0	132	0	31	0	0	0	0	0
2035/36	0	0	0	402	0	0	0	0	0
TOTAL	**26**	**1635**	**33**	**1453**	**118.75**	**1000**	**299**	**166**	**1150**

2.12. The Commission observes that the 1320 MW RTC coal-based quantum now sought to be procured by the Petitioner has been scheduled from FY 2029-30 onwards. However, UPCL has already entered into a medium term arrangement of power from coal based plants and the supply from the same shall continue till FY 2029-30 and the requirement of RA Study shall be met therefrom. Moreover, as per CEA RA Study, UPCL would require cumulative capacity of 1000 MW in FY 2030-31 from coal based plants. The deviation sought by UPCL in the RfP document also showed the project completion schedule as 48 months from the Appointed date in the current FY, which shall in any case fall during FY 2030-31 and not FY 2029-30. Moreover, UPCL in its presentation submitted before the Commission has also considered the procurement of 1320 MW from FY 2030-31. Hence, the Commission is considering that the said procurement will begin from FY 2030-31 and not from FY 2029-30. The Commission is also satisfied that the proposed quantum bears a rational and demonstrable nexus to the resource requirement independently assessed by CEA, does not exceed the same, and is also consistent with the Commission's consistent directions requiring the deficit to be met through long-term/medium-term, and not short-term/exchange-based, procurement.

2.13. The Commission further notes that the Standing Linkage Committee (Long Term) has, vide letter dated 28.03.2025, recommended earmarking of coal linkage of exactly 1320 MW to the State of Uttarakhand under Para B(iv) of the SHAKTI Policy. Such linkage represents security of scarce fuel asset, and non-utilization thereof within a reasonable time would negate the whole process, and lends justification for approval of the proposed quantum at this stage.

2.14. UPCL vide its submission dated 27.06.2026 submitted the expected Surplus/Deficit scenario based on the Demand and Availability projected by it from FY 2026-27 to FY 2039-40. The Commission from the submissions made by UPCL analysed the Average monthly Surplus/Deficit scenario (taking into account the energy projections through upcoming State PSPs and BESS) without considering the energy availability through proposed Long Term contract of 1320 MWand the same is given hereunder:

Table: 4 Average Surplus(-)/Deficit(+) (In MW)

Year	April	May	June	July	August	September	October	November	December	January	February	March
2030-31	1039	1187	1238	662	522	446	924	937	1184	1311	1177	1028
2031-32	1098	1237	1277	646	503	411	947	986	1255	1389	1256	1093
2032-33	1230	1395	1443	784	635	538	1075	1106	1389	1527	1389	1214
2033-34	1324	1495	1539	837	681	576	1148	1189	1491	1636	1496	1306
2034-35	1437	1581	1628	873	701	654	1289	1354	1678	1832	1688	1480
2035-36	1464	1579	1601	769	595	522	1258	1373	1726	1891	1750	1524
2036-37	1489	1567	1559	633	457	354	1213	1388	1776	1954	1818	1570
2037-38	1593	1662	1650	664	483	384	1301	1500	1913	2099	1963	1698
2038-39	1795	1880	1899	888	702	661	1566	1749	2176	2365	2223	1947
2039-40	1942	2061	2092	1058	867	822	1714	1882	2322	2514	2366	2079

As is evident from the above Table UPCL will remain in deficit in all the months, hence, the proposal of procurement of 1320 MW power on long term basis is essential to provide reliable and continuous power to the consumers in the State. However, after procurement of 1320 MW power, UPCL will be in surplus position in the 3 months during the monsoon period, i.e. July to September for which UPCL shall have to plan for utilisation of the surplus effectively and economically including considering banking of the surplus power which can be utilized in deficit months, i.e., December to March.

2.15. Further, w.r.t. the upcoming Pumped Storage Plant (PSP) Capacity as indicated in the RA Report, the Commission notes that the RA Report's optimal capacity-mix additionally envisages a step-up in the State's contracted PSP capacity from 200 MW (steady from FY 2025-26 to FY 2032-33) to 1,250 MW from FY 2033-34 onwards, i.e. an additional 1,050 MW of PSP capacity, identified in the CEA's RA Report (refer Table 2.1) as comprising the Lakhwar-Vyasi PSP (300 MW), Vyasi-Katapathar PSP (150 MW) and Ichari PSP (600 MW), each with an expected Commercial Operation Date (COD) in FY 2033-34.

Further, as per the projections given by UPCL for procurement of 1320 MW coal-based RTC power on long term basis, vide its submission dated 08.06.2026 in response to the queries raised by the Commission, it has been observed that UPCL has envisaged PSP capacity addition of 1050 MW in FY 2033-34, 400 MW in FY 2036-37 and 1200 MW in FY 2037-28 cumulatively consisting of 2650 MW being developed by UJVN Ltd. In cases where such PSPs gets commissioned as per the schedule given by UJVN Ltd. an interesting situation seems to emerge. Analysing the data shows that UPCL would be in deficit during solar and night hours to meet the pumping requirement of the PSPs and would be surplus during peak hours when such PSPs would deliver the electricity. In this later period, UPCL's power system is expected to swing sharply within the same 24-hour cycle, from very large surpluses during certain hours and deep deficits during specific hours which is attributable to the operating nature of PSPs, which draw power for pumping during certain hours while releasing stored energy during others.

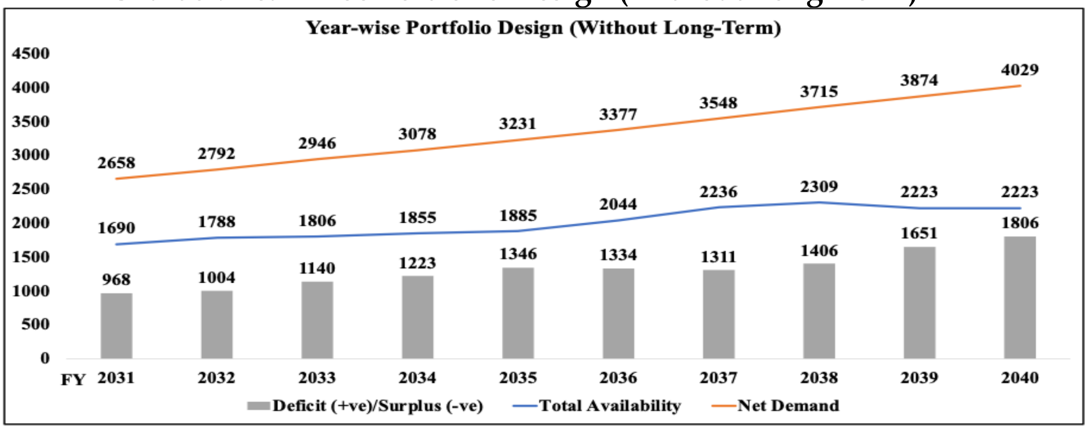
The Commission is of the view that this emerging pattern will make power resource management a significantly more complex, hour-critical exercise for UPCL, requiring dedicated and efficient scheduling to ensure surplus energy is optimally utilised for PSP recharge (failing which it may go unremunerated or be backed down) and that identified deficit hours are reliably met through firm arrangements rather than spot-market dependence alone. Hence, planning for effective operations of such PSPs would also be required as to meet/reduce the deficit during off peak hours and utilize the surpluses available during the peak hours towards ancillary services, banking or trade. The same would also hold ground for BESS projects if more and more projects are planned for future. One such instance of planning can be having one discharge cycle of a longer duration to meet the evening peak rather than having two discharge cycles. UPCL has not provided any plans or strategy in its Petition to cater to the challenges that seems to/may arise during daily/monthly operations, and accordingly, the Commission would like to draw UPCL's attention to these upcoming challenges and directs it to devise an effective mechanism and methodology for the same including but not limited to putting in place a dedicated team, working independently from day-to-day distribution operations, for efficient planning and management of its power resources going forward.

In this regard, UPCL may explore the option of constitution of a dedicated Power Management Group/Cell within UPCL, functioning independently of, though in coordination with, the day-to-day distribution and commercial operations of the Corporation, staffed with adequate technical and commercial expertise to undertake real-time and short-term scheduling, forecasting and optimisation of the Corporation's surplus and deficit power.

2.16. The Commission observes that the RA Report is, by its own terms and in terms of the Resource Adequacy Guidelines dated 28.06.2023, a rolling exercise required to be updated by the Distribution Licensee on an annual basis. The projected requirement of PSP capacity referred to above, being nearly a decade later from the date of this Order, remains inherently susceptible to material revision on account of changes in demand growth, RE integration, cost of storage technologies, and evolving grid-balancing requirements. Therefore, UPCL will be required to prepare its own LT-DRAP on rolling basis to capture the emerging changes in accordance with the RA Guidelines and Regulations issued by the Commission.

2.17. Further, UPCL in the power projections submitted before the Commission has projected an year wise portfolio design (without long term power) as shown in the Chart given below:

Chart 3 : Year-wise Portfolio Design (Without Long-Term)



As can be seen from the above chart, the deficit projection by UPCL from FY 2030-31 to FY 2039-40 ranges from 968 MW to 1806 MW. The deficit exceeds the proposed tie-up of 1320

MW from FY 2034-35 onwards. This increasing trend supports the requirement for a long-term power procurement of 1320 MW as set out by UPCL and further confirmed by CEA in the RA studies.

2.18. In view of the foregoing, the Commission takes note of the PSP capacity indicated in the RA Report and further PSP capacity addition as envisaged by UPCL, for planning purposes, and clarifies that mere indication of a PSP project in a Resource Adequacy Study shall not, by itself, be construed as approval for procurement of, or contracting for, such capacity. The upcoming PSP capacity/project referred to in the RA Report, or in any subsequent revision thereof, shall be considered and sanctioned by the Commission only upon the Petitioner placing on record:

a. the explicit, formal approval of its Board of Directors for the specific PSP capacity/project proposed to be tied up;

b. formal approval of the Government of Uttarakhand for such project;

c. a rigorous and contemporaneous justification demonstrating the alignment of the specific PSP capacity/project with the Resource Adequacy requirement of the State then prevailing, duly updated in accordance with the Resource Adequacy Guidelines dated 28.06.2023, and subsequent Regulations to the effect issued by the Commission, if any.

2.19. The Commission accordingly finds that the procurement of 1320 MW RTC coal-based power on a long-term basis for a period of 25 years, to be scheduled from FY 2030-31 onwards, through the Tariff-Based Competitive Bidding process, is reasonable, prudent, substantiated by the RA Report, evaluation at the end of GoU, and in the interest of consumers being the least cost procurement as per study given by the CEA under RA guidelines, and merits approval under Section 86(1)(b) of the Electricity Act, 2003, read with Regulation 74 of the UERC Tariff Regulations, 2024.

2.20. For the reasons discussed above, the Petition is allowed. The Commission approves, under Section 86(1)(b) of the Electricity Act, 2003 read with Regulation 74 of the UERC Tariff Regulations, 2024, the quantum of 1320 MW Round-the-Clock (RTC) coal-based power for procurement by the Petitioner on a long-term basis for a period of 25 years, to be scheduled from FY 2030-31 onwards, through the Tariff-Based Competitive Bidding process, pursuant to the coal linkage of 1320 MW earmarked for the State under Para B(iv) of the SHAKTI Policy vide letter dated 28.03.2025.

2.21. In accordance with the directions/resolution of its Board of Directors, the Petitioner is required to obtain approval of the Government of Uttarakhand before proceeding further with the finalisation of the procurement process, considering which the Commission has refrained from giving any observations on various other aspects pointed out in the deficiencies so that it shall not impede the BoD or GoU from taking a judicious decision in the matter.

2.22. The Petitioner shall complete the balance stages of the Tariff-Based Competitive Bidding process strictly in accordance with the applicable Guidelines and Model Bidding Documents issued by the Ministry of Power, Government of India, under Section 63 of the Electricity Act, 2003, incorporating only such deviations/modifications thereto as stand approved, or are hereafter approved, by the Commission.

2.23. Further, based on the subsequent submission made by UPCL w.r.t. the approval accorded by its BoD for procurement of 1320 MW power under Long Term Arrangement through TBCB, the Commission observed that the said fact has been verified by the Petitioner under an affidavit, however, specific analysis of the BoD has not been presented before the Commission. In this regard, the Petitioner should submit the said analysis before the Commission based on which the BoD of UPCL has accorded its consent for procurement of 1320 MW power under Long Term Arrangement as being discussed herein above.

2.24. The Petitioner shall submit the draft Power Purchase Agreement/Agreement for Procurement of Power proposed to be executed with the successful bidder(s) pursuant to the aforesaid bidding process after approval of the same by its Board of Directors as required under the Regulations for prior approval of the Commission and shall not execute the same prior to grant of such approval.

2.25. Ordered accordingly.

(Prabhat Kishor Dimri) **Member (Technical)**	**(Anurag Sharma)** **Member (Law)**	**(M.L. Prasad)** **Chairman**