Chhattisgarh State Electricity Regulatory Commission
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Petition No. 60 of 2026

In the matter

"Petition under Sections 86(1)(b) & (e) of the Electricity Act, 2003 in the matter of seeking extension of the tenure of standard Power Purchase Agreement of Biomass Power Plants with Respondent CSPDCL, upto useful life i.e., 25 years or upto such extended tenure as decided by the Commission."

1) Chhattisgarh Biomass Energy Developers Association
402, Rajiv Gandhi Complex,
Bal Ashram Compound, Kutchery Chowk, Raipur, C.G.

2) M/s Sudha Bio Power Pvt. Ltd.
Village- Mohatarai, Semartal
Ratanpur Road, Bilaspur, C.G. … Petitioners

Versus

Chhattisgarh State Power Distribution Co. Ltd.
Vidyut Sewa Bhawan, Danganiya, Raipur (C.G. … Respondent

PRESENT : **Vivek Ganodwale, Member (Law)**

Ajay Kumar Singh, Member (Technical)

Appearance : Shri Raunak Jain Counsel along with Shri Arun Poddar, representative for the Petitioners.
Shri Abhinav Kardekar and Shri Ayush Solanki, counsels along with Shri Biplab Dutta, EE for the Respondent CSPDCL.

ORDER

(July 28, 2026)

The petitioner Chhattisgarh Biomass Energy Developers Association (in short, 'CBEDA') has jointly filed this petition along with

M/s Sudha Bio Power Pvt. Ltd. (in short, 'petitioner No. 2') under Sections 86(1)(b)&(e) of the Electricity Act, 2003 for extension of tenure of the Standard Power Purchase Agreement (PPA) of Biomass Power Plants with Respondent Chhattisgarh State Power Distribution Co. Ltd. (in short, 'CSPDCL').

2. The CBEDA is duly registered association under the provisions of the Societies Act, 1860, espousing and representing the interests of around seventeen (17) Biomass Power Plants situated throughout the State. Petitioner No.2, M/s Sudha Bio Power Pvt. Ltd., is having 9.99 MW biomass power plant and supplying power to CSPDCL under long term agreement approved by the Commission, which is due for completion on 31.07.2026.

3. The Respondent Chhattisgarh State Power Distribution Co. Ltd., is a State-owned distribution licensee and procurer of power from the Biomass based Powers Plants including CBEDA members including Petitioner No.2.

Brief history:

4. The Commission vide order dated 11.11.2005 issued in Petition No. 07 of 2005, has determined tariff and other aspects such as tenure of PPA, in respect of biomass-based power plants for the first time. This order was issued keeping in view the prevailing Government guidelines, the National Electricity Policy and the CEA guidelines and the norms adopted by other State Regulatory Commissions. During the course of proceedings, the CBEDA requested for an agreement period of 10 years. The Commission, while taking the view on agreement period, has decided to fix the term of PPA at 10 years and may be further renewed for a period of 10 years. Relevant para is reproduced below:-

> *"20. Term of PPA for purchase of power from Biomass Plant within the percentage fixed by the Commission:*
>
> *The Commission agrees with the view of the petitioner in this regard and decides to fix the term of the PPAs at 10 years from the date of commercial operation. PPAs may be renewed for such further period of ten (10) years, ninety (90) days prior to the expiry of the initial period of the PPAs, on terms and conditions and tariff decided at the time of renewal. The distribution licensees shall get the PPAs which they may enter into with biomass-based power producers approved by the Commission."*

5. Thereafter, Hon'ble Appellate Tribunal for Electricity in its order dated 07.09.2006 issued in appeal of Order dated 11.11.2005 has partly allowed some part of this Order and remanded the case back to the Commission. The decision of the Hon'ble Tribunal was also upheld by the Hon'ble Supreme Court vide order dated 15.01.2007 in Appeal No. 12 of 2007 filed by the then Chhattisgarh State Electricity Board. In compliance to the direction issued by the Hon'ble Tribunal, the Commission issued Order on 15.01.2008 in the very Petition No. 07 of 2005, wherein, several aspects of the previous orders were re-determined including tariff. Para 12 of order dated 15.01.2008, related to term of PPA is reproduced below: -

> *"12. The term of PPA for purchase of power from biomass plants by distribution licensees shall be for 20 (twenty) years, as in other States. Tariff is fixed by the Commission for 10 years; it shall be re-determined after this period. Since the life of a plant is 25 years, a PPA for 20 years will ensure long-term purchase of power of non-conventional energy sources by distribution licensees. This will also enable consumers to avail of such power at reasonable rates in later years."*

6. Further, Order dated 15.01.2008 was revised by the Commission vide Order dated 28.11.2011 issued in Petition No.

22 of 2011 (T), wherein Para 12 of this order provided following provision for term of PPA:-

> **"12 Term of Power Purchase Agreement (PPA)**
>
> xxxxxxxxxx
>
> *The Provision of 20 years PPA is made for the reason stated in clause 10.1(a) of this order. Depreciation @ 7% has been permitted and 70% of the cost of project will be recovered in initial 10 years of operation and after 10 years, in the subsequent years the consumers should have cheaper power.*
>
> *CSPDCL is directed to align the PPAs in line with above within six month of this order and submit the compliance report to the Commission*."

7. Subsequently the Commission issued Chhattisgarh State Electricity Regulatory Commission (Terms and Conditions for Determination of Generation Tariff and Related Matters for Electricity Generated by Plants Based on Renewable Energy Sources) Regulations, 2012 (in short, RE Tariff Regulations, 2012) wherein it is mentioned that terms and conditions of tariff and other matters for the plant achieved COD prior to 01.04.2012 will be governed by the respective RE Tariff Orders. Relevant para of the Regulations is reproduced below:-

"3. Scope and extent of application

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3.2 In case of existing RE projects having long term PPA with distribution licensee of 20 years or more, which have achieved COD before April01, 2012, applicable tariff and other terms and conditions, shall be governed by respective RE Tariff Orders and amendments thereof as issued from time to time by the Commission for the duration of the Tariff Period as stipulated under respective RE Tariff Orders. However on completion of validity of prevailing tariff orders for such projects, the new tariff will be decided on basis of norms specified in these regulations on generic/project specific basis on the request of generators or *licensees. Further in such cases for redetermination of the tariff after currency of the tariff order, the capital cost shall be allowed as specified in the then prevailing Orders."*

<u>Petitioner's Submissions:</u>

8. Biomass Power Plant's life is 25 years and the Commission has approved the tenure of PPA for 20 years of the useful life of the Biomass Power Plants. The extension of the tenure of the PPAs upto the alleged useful life of the respective Biomass Power Plants, i.e., 25 years, or for such further period as the Commission may deem fit and proper may be allowed.

9. Various orders issued by the Commission, the extant Regulations and regulations of several other State Regulatory Commissions (SERCs) recognise the useful life of Biomass Power Plants as 25 years. The petitioner has relied on the Regulation 2(jj)(III) of the RE Tariff Regulations, 2022 which specifies the useful life of Biomass Power Plants as 25 years.

10. The Petitioners assert that, the respondent CSPDCL procured short-term power from the open market @ Rs. 8.84 per kWh in FY 2021-22 and @ Rs. 7.10 per kWh in FY 2023-24. Further, vide Tariff Order dated 11.07.2025 issued in P. No. 95 of 2024 (T), the Commission approved the purchase of 273.12 MU from Power Exchanges at a cost of Rs. 193.96 Crore in the true-up of FY 2023-24.

11. Respondent CSPDCL is presently unable to meet its Renewable Purchase Obligation (RPO) targets particularly under the "Other Renewable Sources" category as per the RPO compliance reports during the period FY 2018-19 to 2024-25. Therefore, biomass power from the existing biomass power plants would help CSPDCL in fulfilling its statutory RPO obligations being round-the-clock (RTC) and firm power.

12. The Petitioner No.1 CBEDA, also made representations before the CSPDCL, on 17.11.2025 emphasising that some of it's members' PPAs are expiring in 2026, especially stressing on continued operations of such plants and sustainable development of the State along with benefits to the agricultural, employment and environmental sectors.

13. Petitioner No.2 submits that its PPA is due to expire on 31.07.2026. For extension of this PPA, they have pursued CSPDCL and representations were made on 19.05.2025 and 14.07.2025. It is also submitted that their Biomass Power Plant is well maintained and having optimal operation. If required, Residual Life Assessment (RLA) study may be carried out in the 25th year of operation.

14. With the above submissions, the petitioners prayed for the following relieves:-

(i) Extend the term / tenure of the standard Power Purchase Agreement approved by the Commission and executed by the Biomass Power Plants with Respondent CSPDCL, from 20 years at present, upto 'useful life' i.e., 25 years or upto such extended term as decided by the commission;

(ii) Consequently, direct the execution of supplementary PPAs with the Biomass Power Plants for the balance useful-life period or upto such extended term as approved by the Commission;

(iii) Grant liberty to the Biomass Power Plants to approach the Commission, after carrying out Renovation & Modernisation

(R&M) and Life Extension (LE) Study, for seeking extension of PPA tenure post completion of useful life' i.e., 25 years or post such extended term as decided by the Commission;

15. Subsequently, the Petitioner has also rejoined that the Order dated 18.03.2026 issued by the Commission in Petition No. 46 of 2026 records that CSPDCL procured approximately 1100 MU of short-term power up to January 2026 at a weighted average price of Rs. 6.92 per kWh and anticipated further short-term procurement during the remaining period of FY 2025-26. Thus, respondent CSPDCL is already procuring power from the open market at significant cost. Continued procurement from the Petitioners' intra-State biomass generating stations would enhance supply reliability, reduce dependence on short-term market purchases, and support a firm renewable energy mix. The net effect of replacing biomass cost with APPC is Rs. 0.02 per kWh on tariff. Therefore, extension of PPA tenure is actually beneficial and in the interest of the consumers of the State.

16. During the course of arguments of hearing on 01.07.2026, petitioner has offered that if the PPA tenure is extended for further five years, the petitioners will surrender annual fuel cost escalation of 3.45% and the same will be offered as discount to the respondent.

<u>Respondent CSPDCL's Reply</u>

17. The Respondent, CSPDCL, preliminarily objected that, the case cannot be decided by invoking the regulatory jurisdiction of the Commission, as the issue constitutes a contractual dispute in the absence of consensus between the parties regarding extension of the PPA tenure. It is submitted that the matter can only be adjudicated under Section 86(1)(f) of the Electricity Act, 2003. In line with this objection, the Respondent has insisted that a PPA is a commercial contract governed by the Indian Contract Act and can be renewed, extended, modified, or continued only with the mutual consent of the parties. The respondent submits that, neither the Petitioner Association nor any individual generator has any vested or statutory right to seek extension of the PPA merely because the plant remains operational or has not exhausted its alleged useful life.

18. It is alleged that the Petitioners, under the guise of seeking extension of the PPA, are effectively seeking to compel the respondent to continue procuring biomass power irrespective of its commercial requirements, consumer interest, prevailing market conditions and the provisions of the Electricity Act, 2003, which confers no such right on the generators. The respondent further submits that, as a distribution licensee, CSPDCL is statutorily obligated to procure power in a prudent, economical and consumer-friendly manner. Whereas, biomass power being much costlier power than other renewable sources, any direction in favour of the petitioners would impose an unwarranted financial burden on consumers of the State.

19. As regards, individual PPA of each member of the CBEDA, the respondent contends that independent contract between CSPDCL and the respective generator are governed by its specific terms and conditions. Hence, the Petitioners cannot seek collective extension or modification of multiple PPAs as a matter of right through a single Petition.

20. Regarding the applicability of Regulations, the respondent further contends that the applicable Regulations in case of the Petitioners are the RE Tariff Regulations, 2012, which have prescribed that the useful life of the Biomass Plants as 20 years. Reliance placed by the petitioner on the earlier Tariff Orders recognising useful life as 25 years does not suffice as none of the Orders relied upon provide for automatic renewal or extension of PPAs.

21. In response to the arguments related to discounted rate, if the PPA tenure is extended, it is submitted by the CSPDCL that this new fact has been brought first time during the course of arguments of hearing, it requires discussion at Management level.

<u>Analysis and Decision</u>

Heard the parties and perused the records available with the Commission.

After going through the arguments, the main issue remains extension of term / tenure of the PPA of CBEDA members up to 'useful life' i.e., 25 years from existing term of PPA as 20 years of respective CBEDA members.

22. The term of PPA was extended from 10 years to 20 years vide Order dated 15.01.2008 and directed for execution of supplementary PPA in this regard. Hence, the fixed charges for these plants were determined for 20 years for various plants from time to time.

In the relevant Orders related to determination of tariff for biomass based power plants achieved COD before 01.04.2012, depreciation component of the fixed charges was determined by considering asset depreciation of 90% of the capital cost and salvage value of the assets as 10%. The asset is allowed to depreciate 70% in first 10 years and remaining 20% depreciation was allowed to spread over by 'Straight Line' method for next 10 years of tariff period. Hence, the capital cost of the biomass plants of CBEDA members has been recovered / will be recovered during 20 years of PPA term.

23. The original petition and the pleadings were limited to extension of term / tenure of the PPA as the 'useful life' of the biomass plants is 25 years. Subsequently, during the course of proceedings, the petitioners have offered discounted rate for supply of power from its power plants i.e., same energy charges during the extended period of PPA, if any. In light of the above, the Commission is of the opinion that the matter deserves re-examination at the level of the respondent. Hence, the matter is remanded to the respondent CSPDCL with a direction to examine the proposal of the petitioners and take an appropriate decision in accordance with law within a period of 30 days from the date of issuance of this order.

Accordingly, the case is disposed of.

Sd/-	Sd/-
Ajay Kumar Singh)	**(Vivek Ganodwale)**
Member (Tech.)	**Member (Law)**