

BEFORE THE HARYANA ELECTRICITY REGULATORY COMMISSION AT PANCHKULA

IA No. 27 of 2026

In the matter of

Case No. HERC/Petition No. 54 of 2019

Date of Hearing : 25.08.2026

Date of Order : 26.08.2026

In the Matter of

Interlocutory Application under Section 86(1)(b) of the Electricity Act, 2003 read with Haryana Electricity Regulatory Commission (Conduct of Business) Regulations, 2019 on behalf of the Petitioner-HPPC seeking cancellation of source approval granted to M/s Sneha Kinetic Power Projects Pvt. Ltd. for its 96 MW Dikchu hydro-power project on account of its failure to execute the Power Purchase Agreement (PPA) despite due notice.

Petitioner/Applicant

Haryana Power Purchase Centre, Panchkula (HPPC)

Respondent

M/s Sneha Kinetic Power Projects Pvt. Ltd.

Present on behalf of the Petitioner/Applicant

1. Mr. Raghujeet Madan, Advocate
2. Ms. Aerika Singh, Advocate
3. Mr. Lovepreet Singh, Advocate

Present on behalf of the Respondent

Nil

Quorum

**Shri Mukesh Garg
Shri Shiv Kumar**

**Officiating Chairman
Member**

ORDER

1. The present application has been filed by HPPC, seeking revocation / cancellation of the source approval granted to M/s Sneha Kinetic Power Projects Pvt. Ltd., in case no. HERC/PRO-54 of 2019, for its 96 MW Dikchu hydro-power project on account of its failure to execute the Power Purchase Agreement (PPA) despite due notice.
2. Brief submissions of HPPC are as under:-
 - 2.1. That on 03.07.2018, Petitioner-HPPC floated an 'Expression of Interest' ("EOI") bearing EOI No.1/HPPC/LT Hydro Power 500 MW, inviting bids for Long Term Procurement of 500 MW Hydro Power.
 - 2.2. That the Respondent emerged as one of the successful bidders against the said EOI w.r.t. capacity of 96 MW from Dikchu Hydro Electric Project, Dikchu Village, Sikkim.

Apart from the Respondent, two other Generators, namely, M/s GMR Bajoli (60 MW) and M/s JSW Kutehr (240 MW) were also emerged as successful bidders.

- 2.3. That HPPC filed the Petition No. HERC/PRO-54 of 2019 seeking source approval for procurement from selected generators, including the Respondent herein.
- 2.4. That the Hon'ble Commission sought certain information from HPPC in relation to the Respondent's project. As the said information remained pending, the Hon'ble Commission vide its interim order dated 05.08.2020 in the present case deemed it appropriate to delink the Respondent's project from the other proposed source approval. On 24.09.2020, the Hon'ble Commission approved the power source of two of the Generators i.e. M/s GMR Bajoli (60MW) and M/s JSW Kutehr (240MW).
- 2.5. That on 29.04.2021, the Hon'ble Commission approved the power source of the Respondent as well. However, the Tariff was to be determined by the Hon'ble Commission on a separate petition to be filed by the Respondent. Relevant part of the HERC order dated 29.04.2021 is reproduced below:

"17. The Commission heard the parties at length and observed that despite change in the pondage status of M/s Sneha Kinetic Power Projects Private Ltd. (Dikchu HEP), they still figure at L2 as against L1 as per original evaluation. Further, the correction sought to be made in the order as prayed by the applicant in IA No. 07 of 2021 is taken on record and allowed.

18. In view of the above, the Commission grants source approval to M/s Sneha Kinetic Power Projects Private Ltd. (96 MW). Tariff shall be determined on a separate petition to be filed by M/s Sneha Kinetic Power Projects Private Ltd."
- 2.6. That the HPPC shared the draft PPA with the Respondent on 15.06.2021. However, instead of coming forward to sign the PPA, the Respondent raised objections to the draft PPA and sought certain revisions/ clarification/ corrections.
- 2.7. That a petition bearing HERC/Petition No. 41 of 2021 was filed by the Respondent seeking clarification on the Hon'ble Commission's earlier orders dated 24.09.2020 and 29.04.2021 passed in the HERC Petition No. 54 of 2019.
- 2.8. That the Hon'ble Commission disposed of the said petition vide order dated 02.03.2022, allowing certain amendments in the PPA.
- 2.9. That in view of the order dated 02.03.2022, HPPC revised the PPA and shared it with the respondent on 06.04.2022, followed by reminders dated 13.04.2022, 19.04.2022, 27.04.2022, 09.05.2022, and 19.05.2022. Despite repeated opportunities, the Respondent failed to execute the PPA and instead, vide letter dated 20.05.2022, informed that an appeal had been filed before the Hon'ble Appellate Tribunal for Electricity.
- 2.10. That the said appeal being APL No. 75 of 2023 titled *M/s Sneha Kinetic Power Projects Private Limited Vs. Haryana Electricity Regulatory Commission*, stands allowed by the Hon'ble APTEL vide judgment dated 14.07.2025, whereby the order dated 02.03.2022

has been set aside and held to be non-est and not binding. The relevant part of which is reproduced below:

"22. Finalizing the terms of a PPA is the commercial decision of the parties i.e. generator and the distribution licensee. It is for them to finalize the PPA with free consent and without any force or influence. The Commission obtains jurisdiction only when the PPA agreed to by both the parties is submitted to it for its approval under Section 86(1)(b) of the Electricity Act, 2003.

*23. Hence, the petition filed by the appellant before the Commission was premature and totally misconceived and ought not to have been entertained by the Commission. The Commission has erred in entertaining the petition and adjudicating upon the objections raised by the appellant to the draft PPA issued by HPPC. **Accordingly, the impugned order passed by the Commission is non est ab initio, and therefore, not binding upon the parties. Same is hereby set aside.***

24. The appeal stands allowed."

- 2.11. That, upon decision on the appeal filed by the Respondent-Generator, a final notice dated 05.02.2026 was served upon the Respondent to convey its stand on signing of the PPA within a week of receipt of final notice, failing this, Petitioner will be constrained to approach HERC for cancellation of the approval granted for the 96 MW Dikchu HEP. However, no reply to the said notice has been received till date.
- 2.12. That it is evident that Respondent is not willing to supply power and has, in effect, refused to execute PPA with the Petitioner.
- 2.13. That, at present, there is no contractual relationship between the parties, as evidently, the parties have not reached any consensus with regard to the terms and conditions of the PPA. The aforesaid aspect has also been duly taken note of by the Hon'ble APTEL in paragraph 21 of its *ibid* judgment dated 14.07.2025.
- 2.14. That the Respondent's conduct demonstrates lack of intent to enter into any contractual relationship for supply power under the approved arrangement and the continued subsistence of source approval without execution of PPA is contrary to regulatory discipline and prejudicial to power procurement planning in the State.
- 2.15. That the approval/ modification/ rejection/ revocation of the purchase of power from a source is within the domain of the Hon'ble Commission. The power to 'regulate' enshrined under Section 86 of the Electricity Act includes the power to approve the source of power as well as revoke the same.
- 2.16. That such similar relief has been granted in part by the Hon'ble Commission. Attention in this regard is brought towards order dated 21.09.2022 passed by the Hon'ble Commission, whereby the approval for procurement of power M/s. GMR, Bajoli stood cancelled/ revoked.
- 2.17. That the following prayers have been made: -

- i) Revoke/Cancel the source approval granted to the Respondent i.e. M/s Sneha Kinetic Power Projects Pvt. Ltd. for its 96 MW Dikchu Hydro Power Project on account of its failure to execute the Power Purchase Agreement; AND/OR
 - ii) Pass any other or further order(s) as this Hon'ble Commission may deem fit in the interest of justice.
3. The matter came up for a final hearing on 25.08.2026
4. The Commission heard detailed arguments from Mr. Raghujeet Madan, the learned counsel appearing on behalf of the applicant i.e. Haryana Power Purchase Centre (HPPC). Despite being served notice, no representative or counsel appeared on behalf of the Respondent, M/s Sneha Kinetic Power Projects Pvt. Ltd.
5. Upon hearing the arguments of the Petitioner and evaluating the record, the Commission notes that there is no performance guarantee or payment security mechanism incorporated within the present bidding framework.
6. Upon hearing the learned counsel, the Commission strongly observes that in competitive bidding processes of this nature, State Distribution Utilities (Discoms) must protect public and consumer interests by ensuring that robust security provisions are in place. Therefore, in future bidding processes, Discoms should mandate the incorporation of liquidated damages and performance security mechanisms. Such mechanisms are essential to act as a deterrent and dissuade successful bidders from unilaterally pulling out of procurement arrangements at an advanced stage, particularly after the regulatory commission has formally granted source approval.
7. The Commission is of the considered view that the continued reservation of a 96 MW allocation without any execution of a PPA or delivery of power undermines the State's capacity planning and universal service obligations.
8. In view of the Respondent's persistent failure and refusal to execute the power purchase agreement despite reasonable notices and opportunities, the Commission allows the prayer made by HPPC and accordingly revokes/cancels the source approval granted to M/s Sneha Kinetic Power Projects Pvt. Ltd.
9. In terms of the above, the present Interlocutory Application (IA) stands disposed of.

This order is signed, dated and issued by the Haryana Electricity Regulatory Commission on 26.08.2026

Date: 26.08.2026
Place: Panchkula

Sd/-
(Shiv Kumar)
Member

Sd/-
(Mukesh Garg)
Officiating Chairman