Chhattisgarh State Electricity Regulatory Commission

Irrigation Colony, Shanti Nagar, Raipur

July 25, 2023

Explanatory Memorandum for second amendments in CSERC (Grid Interactive Distributed Renewable Energy Sources) Regulations, 2019

In exercise of powers vested under Section 42, 61, 66, 86 read with Section 181 of the Electricity Act 2003 (36 of 2003) and all other powers enabling it in this behalf, the Chhattisgarh State Electricity Regulatory Commission (the Commission) made Chhattisgarh State Electricity Regulatory Commission (Grid Interactive Distributed Renewable Energy Sources) Regulations, 2019 (henceforth, CSERC DRE Regulations 2019 or the Principal Regulations) and its first amendment for specifying the terms and conditions for distributed solar power projects in the State.

Recently, the Ministry of Power notified the Electricity (Promoting Renewable Energy Through Green Energy Open Access) (Amendment) Rules, 2023 to amend the Electricity (Promoting Renewable Energy Through Green Energy Open Access) Rules, 2022 wherein, some of the provisions related to DRE Regulations have been specified, which has bearing on it.

During the course of implementation of DRE Regulations and its amendment, various comments and suggestions has been received from Stakeholders from time to time on issues related implementation of various provisions of the regulations.

In view of the specified as above developments and representations, the Commission hereby proposes following changes to amend the Principal Regulations.

1. New definition c)(a) to be added after definition c) of the CSERC DRE Regulations 2019

c)(a) "Banking Cycle" will be same as the financial year.

Reason for amendment:

To bring more clarity.

2. New definition h)(a) to be added after definition h) of the CSERC DRE Regulations 2019

h)(a) "Green energy" means the electrical energy from renewable sources of energy including hydro and storage (if the storage uses renewable energy) or any other technology as may be notified by the Government of India from time to time and shall also include any mechanism that utilises green energy to replace fossil fuels including production of green hydrogen or green ammonia as per provision of clause G of sub-rule (2) of rule 4 of Green Energy Open Access Rules, 2022.

Reason for amendment:

To align with clause (d) of sub-rule (1) of rule 2 of the Electricity (Promoting Renewable Energy Through Green Energy Open Access) Rules, 2022, notification dated 6th June 2022.

3. New sub regulation 7.3 to be added after sub regulation 7.2 of the CSERC DRE Regulations 2019

7.3 The distribution licensee shall give green certificate on yearly basis to the consumers, captive users and other distribution licensees for the green energy supplied by the licensee to consumers, captive users and other distribution licensees respectively on their request beyond the renewable purchase obligation of the respective entities.

Reason for amendment:

To align with rule 10 of the Electricity (Promoting Renewable Energy Through Green Energy Open Access) Rules, 2022, notification dated 6th June 2022.

4. New sub regulation 7.4 to be added in regulation 7 of the CSERC DRE Regulations 2019

7.4 Any consumer having contract demand or sanctioned load of 100 kW or more except for captive consumers, whether obligated or not may elect to generated, purchase and consume renewable energy as per their requirements by requisition from distribution licensee.

(a) Any consumer may elect to purchase green energy either upto a certain percentage of the consumption or its entire consumption and they may place a requisition for this with their distribution licensee, which shall procure such quantity of green energy and supply it and the consumer shall have the flexibility to give separate requisition for solar and non-solar;

(b) The consumer may purchase on a voluntary basis, more renewable energy, than he is obligated to do and for ease of implementation, this may be in steps of Twenty five per cent and going upto Hundred per cent;

(c) The tariff for the green energy shall be determined separately by the Commission, which shall comprise of the average pooled power purchase cost of the renewable energy, cross-subsidy charges if any, and service charges covering the prudent cost of the distribution licensee for providing the green energy;

(d) Any requisition for green energy from a distribution licensee shall be for a minimum period of one year;

(e) The quantum of green energy shall be pre-specified for at least one year;

(f) The green energy purchased from distribution licensee or from renewable energy sources other than distribution licensee in excess of renewable purchase obligation of obligated entity shall be counted towards renewable purchase obligation compliance of the distribution licensee;

Reason for amendment:

To align with clause (b) of sub-rule (1) of rule 2 and clause (C) of sub-rule (2) of rule 4 of the Electricity (Promoting Renewable Energy Through Green Energy Open Access) Rules, 2022, notification dated 6th June 2022 and its subsequent amendments, notification dated 27th January 2023.

5. First proviso of sub regulation a) of 18.2 of regulation 18 of CSERC DRE Regulations 2019

First proviso of DRE Regulations 2019 read as follows;

"Provided that the minimum size of distributed renewable energy system that can be set up under this arrangement shall be 500 kW."

First proviso of sub regulation a) of 18.2 of regulation 18 was substituted vide CSERC DRE Regulations (First Amendment) 2021 as:

"Provided that the minimum size of distributed renewable energy system that can be set up under this arrangement shall be 500 kW. Further, maximum size of remotely located distributed renewable energy system, seeking wheeling/transmission of energy to its captive load or open access consumers, which can be set up under this arrangement shall be two and half times (2.5 times) of the contracted demand or desired open access quantum from the licensee, as the case may be."

Now, First proviso of sub regulation a) of 18.2 of regulation 18 is further substituted vide Draft CSERC DRE Regulations (Second Amendment) 2023 as:

Provided that the minimum size of distributed renewable energy system that has been set up upto 31st August 2023 under this arrangement shall be 500 kW. Further, maximum size of such remotely located distributed renewable energy system, seeking wheeling/transmission of energy to its captive load or open access consumers, which has been set up under this arrangement shall be two and half times (2.5 times) of the contracted demand or desired open access quantum from the licensee, as the case may be.

Further, that the minimum size of distributed renewable energy system that can be set up from 1st September 2023, under this arrangement shall be 100 kW. Also, there shall not be any capacity limit for installation of distributed renewable energy system, seeking wheeling/transmission of energy for its captive use or open access consumers.

Reason for amendment:

To align with clause (A) of sub-rule (2) of rule 4 of the Electricity (Promoting Renewable Energy Through Green Energy Open Access) Rules, 2022 dated 6th June 2022.

6 Regulation 21 of CSERC DRE Regulations 2019

Regulation 21 of DRE regulations were substituted vide CSERC DRE Regulations (First Amendment) 2021 as follows:

"21. Banking and wheeling of Energy

21.1 All solar power projects shall be awarded must-run status i.e. injection from the solar power projects shall be considered as deemed to be scheduled.

21.2 Banking facility will be available for useful life period of the project.

21.3 Banking of 100% of energy injection, after netting the generation with in-house auxiliary requirement, shall be permitted for all captive and open access consumption.

21.4 Banking charges @ 2% of banked energy shall be payable in kind. The banking year shall be from April to March.

21.5 Banked units redeemed during normal period (5 am to 6 pm or as specified in the applicable Tariff Order) and off-peak load period (11 pm to 5 am next day or as specified in the applicable Tariff Order) shall not have any withdrawal charges. Banked energy redeemed during evening peak load period (6 pm to 11 pm or as specified in the applicable Tariff Order) shall attract peak withdrawal charges in kind, which shall be 30% of energy drawn during the peak load hrs.

However, quantum of redemption of such energy, for generator/captive consumer/Open Access consumer, shall be limited to sale/consumption in real time for a month.

21.6 For captive use/ third party sale, energy injected into the grid from the date of synchronization till the open access approval date will be considered as deemed energy banked. For the purpose of this provision, the date of synchronization shall be considered as date of commercial operation (COD).

21.7 The unutilized banked energy/surplus energy, if any, at the end of financial year shall be purchased by distribution licensee at lowest rooftop solar tariff discovered through competitive bidding undertaken by distribution licensee in the last financial year. If such tariff is not available, lowest tariff through competitive bidding undertaken by SECI in last financial year shall be considered.

For Sale to distribution licensee, energy injected into the grid from date of synchronization to Commercial Operation Date (COD) will be purchased by the distribution licensee at the first year tariff of the project, as per the provisions of the PPA with distribution licensee.

21.8 For the open access from IDRES, Cross Subsidy Surcharge (CSS) and SLDC charges shall not be payable for entire useful life of the IDRES projects.

These benefits shall be provided to all IDRES projects for first 500 MW which have achieved COD after notifications of the Principal Regulations or projects achieved COD within 2 years from date of notification of these regulations, whichever is earlier.

21.9 Transmission and wheeling charges shall not be applicable for entire useful life of the solar projects.

21.10 Notwithstanding anything contained in any regulation framed under the Electricity Act 2003, all IDRES projects shall not be subjected to scheduling and deviation settlement for commercial purpose. However, for grid operations scheduling shall be applicable."

<u>Regulation 21 is further substituted vide Draft CSERC DRE Regulations (Second Amendment) 2023 as:</u>

21. Banking and Charges to be levied for Open Access

Charges	**IDRES projects for first 500 MW or projects which have achieved COD by 27.12.2023, whichever is earlier.**	**Upcoming IDRES projects (other than IDRES projects for first 500 MW or projects which have achieved COD by 27.12.2023, whichever is earlier.)**
Transmission Charges	Nil for the entire useful life of the IDRES Projects.	Transmission charges shall be as specified in the tariff order applicable from time to time.
Wheeling Charges	Nil for the entire useful life of the IDRES Projects.	Wheeling charges shall be as specified in the tariff order applicable from time to time.
Cross Subsidy Surcharges	Nil for the entire useful life of the IDRES Projects.	As specified in the relevant tariff order for the year. Green energy open access consumer purchasing green energy, from a generating plant using renewable energy sources shall not be increased, during 12 years from date of operating of generating plant using renewable energy sources.
Fees and Charges of SLDC	Nil for the entire useful life of the IDRES Projects.	As specified in the tariff order applicable from time to time.
Standby Charges	As specified in the applicable tariff order.	25% of the energy charges applicable to the consumer tariff category as specified in the tariff order.
Banking and Banking Charges	i. Banking facility will be available for useful life period of the project. ii. Banking of 100% of energy injection, after netting the generation with in-house auxiliary requirement, shall be permitted for all captive and open access consumption.	i. Banking facility will be available for useful life period of the project. ii. Banking of 100% of energy injection, after netting the generation with in-house auxiliary requirement, shall be permitted for all captive and open access consumption.

Charges	**IDRES projects for first 500 MW or projects which have achieved COD by 27.12.2023, whichever is earlier.**	**Upcoming IDRES projects (other than IDRES projects for first 500 MW or projects which have achieved COD by 27.12.2023, whichever is earlier.)**
	iii. Banking charges @ 2% of banked energy shall be payable in kind. The banking year shall be from April to March. iv. Banked units redeemed during normal period (5 am to 6 pm or as specified in the applicable Tariff Order) and off-peak load period (11 pm to 5 am next day or as specified in the applicable Tariff Order) shall not have any withdrawal charges. Banked energy redeemed during evening peak load period (6 pm to 11 pm or as specified in the applicable Tariff Order) shall attract peak withdrawal charges in kind, which shall be 30% of energy drawn during the peak load hrs. v. For captive use/ third party sale, energy injected into the grid from the date of synchronization till the open access approval date will be considered as deemed energy banked. For the purpose of this provision, the date of synchronization shall be considered as date of commercial operation (COD). vi. The unutilized banked energy/surplus energy, if any, at the end of financial year shall be purchased by distribution licensee at lowest rooftop solar tariff discovered through competitive bidding undertaken by distribution licensee in the last financial year. If such tariff is not	iii. Banking charges @ 2% of banked energy shall be payable in kind. The banking year shall be from April to March. iv. Banked units redeemed during normal period (5 am to 6 pm or as specified in the applicable Tariff Order) and off-peak load period (11 pm to 5 am next day or as specified in the applicable Tariff Order) shall not have any withdrawal charges. Banked energy redeemed during evening peak load period (6 pm to 11 pm or as specified in the applicable Tariff Order) shall attract peak withdrawal charges in kind, which shall be 30% of energy drawn during the peak load hrs. v. For captive use/ third party sale, energy injected into the grid from the date of synchronization till the open access approval date will be considered as deemed energy banked. For the purpose of this provision, the date of synchronization shall be considered as date of commercial operation (COD). vi. The untilised banked energy/ surplus energy, if any, at the end of each banking cycle shall be considered lapsed and energy generating station shall be entitled to get renewable energy certificates to the extent of lapsed energy. vii. For Sale to distribution

Charges	**IDRES projects for first 500 MW or projects which have achieved COD by 27.12.2023, whichever is earlier.**	**Upcoming IDRES projects (other than IDRES projects for first 500 MW or projects which have achieved COD by 27.12.2023, whichever is earlier.)**
	available, lowest tariff through competitive bidding undertaken by SECI in last financial year shall be considered. vii. For Sale to distribution licensee, energy injected into the grid from date of synchronization to Commercial Operation Date (COD) will be purchased by the distribution licensee at the first year tariff of the project, as per the provisions of the PPA with distribution licensee.	licensee, energy injected into the grid from date of synchronization to Commercial Operation Date (COD) will be purchased by the distribution licensee at the first year tariff of the project, as per the provisions of the PPA with distribution licensee.
Deviation Settlement Charges	i. All solar power projects shall be awarded must-run status i.e., injection from the solar power projects shall be considered as deemed to be scheduled. ii. Notwithstanding anything contained in any regulation framed under the Electricity Act 2003, all IDRES projects shall not be subjected to scheduling and deviation settlement for commercial purpose. However, for grid operations scheduling shall be applicable.	i. All solar power projects shall be awarded must-run status i.e., injection from the solar power projects shall be considered as deemed to be scheduled. ii. Notwithstanding anything contained in any regulation framed under the Electricity Act 2003, all IDRES projects shall not be subjected to scheduling and deviation settlement for commercial purpose. However, for grid operations scheduling shall be applicable.
Additional Surcharge	Nil	As specified in the tariff order applicable from time to time.

<u>Reason for amendment:</u>

To align with rule 8 and sub-rule (2) and sub-rule (4) of rule 9 of the Electricity (Promoting Renewable Energy Through Green Energy Open Access) Rules, 2022 dated 6th June 2022 and its subsequent amendments.