

GUJARAT ELECTRICITY REGULATORY COMMISSION GANDHIAGAR

Explanatory Memorandum to Draft Gujarat Electricity Regulatory Commission (Procurement of Energy from Renewable Sources) (Third Amendment) Regulations, 2020

1. Background

- 1.1** In exercise of the powers conferred under sections 61, 66, 86 and 181 of the Electricity Act 2003 (Act No.36 of 2003) and all powers enabling it in that behalf, and after previous publication, the Gujarat Electricity Regulatory Commission has notified Gujarat Electricity Regulatory Commission (Procurement of Energy from Renewable Sources) Regulations, 2010, and its First and Second Amendment vide Notification dated 17th April, 2010, 4th March, 2014 and 24th April, 2018 respectively.
- 1.2** Ministry of New and Renewable Energy vide Order dated 22nd July, 2016 had notified the Long term growth trajectory of Renewable Purchase Obligations (RPOs) for Non-solar as well solar, wherein at Clause no.4 it is mentioned that the obligations will be on total consumption of electricity by an obligated entity, excluding consumption met from hydro sources of power.
- 1.3** Ministry of Power vide letter dated 1st February, 2019, issued clarification regarding capping of RPO for Captive Power Plants (CPP) and clarified that RPO of the CPP may be pegged at the RPO level applicable in the year in which the CPP was commissioned. As and when the company adds to the capacity of the CPP, it will have to provide for additional RPO as obligated in the year in which new capacity is commissioned. There should not be an increase in RPO of CPP without any additional fossil fuel capacity being added. It is further clarified by Ministry of Power vide letter dated 1st October, 2019 based on representations of various stakeholders.
- 1.4** The Commission, while disposing of various Petitions- Petition No. 1725 of 2018, 1726 of 2018 and 1727 of 2018, noted need of revisiting the compensation rate for surplus energy injected into grid and directed staff of the Commission to initiate the process in this regard.
- 1.5** Looking to the above, the Commission proposes the Third Amendments in the GERC (Procurement of Energy from Renewable Sources) Regulations, 2010 to be read with First and Second Amendment.

2. Amendment in Regulation 2.1 of the Principal Regulations to be read with First Amendment:

1. Regulation 2.1(aa) shall be deleted

While disposing of various Petitions- Petition No. 1725 of 2018, 1726 of 2018 and 1727 of 2018, the Commission noted need of revisiting the compensation rate for surplus energy injected into grid and directed staff of the Commission to initiate the process in this regard. Hence the Commission proposes to delete Regulation 2.1(aa)

2. Regulation 2.1(p) of the Principal Regulations shall be substituted as under:

(p) 'Renewable energy sources' in this context means non- conventional, renewable electricity generating sources such as mini/ micro hydel, wind, solar, biomass, *Biogas* and bagasse based co-generation, urban/municipal waste, or such other sources, (which are generally inexhaustible and can be replenished in a short period of time) as approved by the Ministry of New and Renewable Energy, Government of India or by the State of Gujarat;

Biogas being the sources of Renewable Energy is included in the Regulation 2.1(p)

3. Amendment in Regulation 4.1 of the Principal Regulations to be read with First and Second Amendments:

1. Para 1 and 2 of Principal Regulation 4.1 read with First and Second Amendments shall be substituted as under:

Para: 1

Each distribution licensee shall purchase electricity (in kWh) from renewable energy sources, at a defined minimum percentage of the total consumption of its consumers including T&D losses, *excluding consumption met from hydro sources of power other than mini hydel sources of power* during the year. Similarly, Captive and Open Access user(s) / consumer(s) shall purchase electricity (in kWh) from renewable energy sources, at a defined minimum percentage of his/her total consumption, *excluding consumption met from hydro sources of power other than mini hydel sources of power* during the year.

Provided that in case of Captive User of a Captive Generating Plant commissioned before 1st April, 2016, the composite RPO target with respect to the energy procured from such Captive Generating Plant shall be RPO as may be decided by the Commission for the Year 2015-16;

Provided further that in case of Captive Generating Plant commissioned on or after 1st April, 2016, the composite RPO target shall be equal to the target applicable for the year in which project is commissioned;

Provided further that in case of any augmentation of the Captive Generating Plant, the RPO target for augmented capacity shall be equal to the RPO target applicable for the year in which such augmented capacity has been commissioned;

The Commission proposes to include the Provisions of Order/Guideline/Clarifications issued by Ministry of Power and Ministry of New and Renewable Energy into the State RPO Regulations.

Para: 2

If the above mentioned minimum quantum of power purchase either from Solar or Wind or Others (including Biomass, Bagasse, *Biogas*, Hydro and MSW) is not available in a particular year of FY 2017-18 to 2021-22, then in such cases, additional renewable energy available either from Solar or Wind or Others shall be utilised for fulfilment of RPO in accordance with Column 5.

Biogas being the sources of Renewable Energy is included in the para 2 of Regulation 4.1

4. Amendment in Proviso of the Regulation 5.1 of the Principal Regulations to be read with First and Second Amendments:

1. Proviso of the Regulation 5.1 of the Principal Regulations read with First and Second Amendments shall be substituted as under:

Provided that in the event of the obligated entity fulfilling the renewable purchase obligation by purchase of certificates, the obligation to purchase electricity from generation based on renewable energy other than solar can be fulfilled by purchase of non-solar certificates and the obligation to purchase electricity from generation based on solar as renewable energy source can be fulfilled by purchase of solar certificates only. If solar certificates are not available in a particular year, then in such cases, additional non-solar certificates shall be purchased for fulfilment of the RPO in accordance with *the Regulation 4*.

The Commission proposes to replace word “Table-1” by word “Regulation 4” for more clarity.

5. Amendment in Regulation 5.4 of the Principal Regulations to be read with First Amendment :

1. Regulation 5.4 of the First Amendment of the Principal Regulation shall be deleted.

While disposing of various Petitions- Petition No. 1725 of 2018, 1726 of 2018 and 1727 of 2018, the Commission noted need of revisiting the compensation rate for surplus energy injected into grid and directed staff of the Commission to initiate the process in this regard. Hence the Commission proposes to delete Regulation 5.4.

6. Amendment in Regulation 5.5 of the Principal Regulations to be read with First Amendment:

1. Regulation 5.5 of the First Amendment of the Principal Regulations shall be renumbered as Regulation 5.4 and shall be substituted as under:

“5.4 In case of renewable energy generator set up under the REC scheme notified by the Central Electricity Regulatory Commission supplying power for captive use or sale to third party, the distribution licensee shall compensate to such RE generator at the rate as determined by the Commission from time to time for the surplus energy available after giving set off for the consumption by such captive consumer or the third party.”

The Commission proposes to renumber the Regulation 5.5 as Regulation 5.4 and redrafted it for more clarity.

7. Amendment in Regulation 8.3 of the Principal Regulations to be read with First and Second Amendments:

1. Regulation 8.3 of the Principal Regulations to be read with First and Second Amendments shall be substituted as under:

“8.3 Captive and Open Access Consumer(s)/ User(s) shall purchase renewable energy as stated in the *Regulation 4* as above. If the Captive user(s) and Open Access consumer(s) are unable to fulfil the criteria, the shortfall of the targeted quantum would attract payment of regulatory charge as per Regulation 9.”

The Commission proposes to replace words “Table-1 of these Regulations” by words “the Regulation 4 as above” for more clarity.

8. Amendment in Regulation 11 of the Principal Regulations:

1. Regulation 11 of the Principal Regulations shall be deleted.

The Commission decides the applicability of Cross Subsidy Surcharge and other commercial terms shall be as decided by the Commission in its relevant tariff orders for different sources of Renewable energy from time to time.