

# **The Draft Gujarat Electricity Regulatory Commission (Procurement of Energy from Renewable Sources) (Third Amendment) Regulations, 2022.**

## **Explanatory Memorandum**

1. Commission, in exercise of its power conferred under the Sections 61, 86(1)(e) read with Section 181 of the Electricity Act, 2003 framed the Gujarat Electricity Regulatory Commission (Procurement of Energy from Renewable Sources) Regulations, 2010 vide Notification No. 01 of 2010. Subsequently, the Commission has also notified the Gujarat Electricity Regulatory Commission (Procurement of Energy from Renewable Sources) (First Amendment) Regulations, 2014 vide Notification No. 2 of 2014 and the Gujarat Electricity Regulatory Commission (Procurement of Energy from Renewable Sources) (Second Amendment) Regulations, 2018 vide Notification No. 1 of 2018.
2. The Gujarat Electricity Regulatory Commission (Procurement of Energy from Renewable Sources) (Second Amendment) Regulations, 2018 specifies the Renewable Purchase Obligation trajectory till FY 2021-22. Accordingly, the Commission proposes to further amend the above RPO Regulations for specifying the RPO trajectory of different renewable energy sources for FY 2022-23 and FY 2023-24.
3. In exercise of power conferred under sub-section (3) of Section 3 of the Electricity Act, 2003, the Central Government notified the revised Tariff Policy dated 28.01.2016.
4. Para 6.4 (1) of the Tariff Policy provides that pursuant to provisions of Section 86(1)(e) of the Act, the Appropriate Commission shall fix a minimum percentage of the total consumption of electricity in the area of a distribution licensee for purchase of energy from renewable energy sources, taking into account availability of such resources and its impact on retail tariffs. Cost of purchase of renewable energy shall be taken into account while determining tariff by SERCs. Long-term growth trajectory of Renewable Purchase

Obligations (RPOs) will be prescribed by the Ministry of Power in consultation with MNRE.

5. Ministry of Power (MoP), Government of India vide office memorandum No. 15/02/2016-H-1(Pt) dated 08.03.2019 has issued various policy measures to promote hydro power sector in India, intra-alia, declared Large Hydropower Projects [(LHPs) (i.e., > 25 MW projects) as Renewable Energy Sources. As per the aforesaid office memorandum, the Hydropower Purchase Obligation (HPO) is notified as a separate entity within Non-Solar Renewable Purchase Obligation (RPO). The HPO shall cover the LHPs commissioned after issue of the aforesaid office memorandum dated 08.03.2019 as well as the untied capacity (i.e., without PPA) of the commissioned projects.
6. In addition, the following Tariff rationalization measures for bringing down hydropower tariff which include providing flexibility to the developers to determine tariff by back loading of tariff after increasing project life to 40 years, increasing debt repayment period to 18 years, and introducing escalating tariff of 2% for bringing down hydropower tariff. In addition, the budgetary support for funding flood moderation component for storage HEPs to be set up in future on a case-to-case basis. In principle approval is also accorded for providing budgetary support for funding enabling infrastructure for hydropower projects, i.e., roads/bridges limited to Rs 1.5 Crore per MW for projects upto 200 MW and Rs 1.0 Crore per MW for projects above 200 MW.
7. Subsequently, MOP vide Order 23/ 03/2016-R&R dated 29.01.2021 has issued the RPO trajectory including HPO mentioning that the SERCs may consider to notify the said RPO trajectory for their respective States. MOP vide its aforesaid Order has also declared Large Hydro Power Projects (LHPs) including pump storage projects having capacity of more than 25 MW which comes into commercial operation after 08.03.2019, as Renewable Energy source and has prescribed the Hydropower Purchase

Obligation (HPO) within the Non-Solar RPO in table at para 6 which is as under:

“6. In super-session of orders dated .....

Year	Solar RPO	Non-Solar RPO			Total RPO
		HPO	Other Non-Solar RPO	Total Non-Solar RPO	
(1)	(2)	(3)	(4)	(5)	(6)
2019-20	7.25%		10.25%	10.25%	17.50%
2020-21	8.75%		10.25%	10.25%	19.00%
2021-22	10.50%	0.18%	10.50%	10.68%	21.18%
2022-23	To be specified later	0.35%	To be specified later	To be specified later	To be specified later
2023-24		0.66%			
2024-25		1.08%			
2025-26		1.48%			
2026-27		1.80%			
2027-28		2.15%			
2028-29		2.51%			
2029-30		2.82%			

.....”

8. Ministry of Power in the said letter has requested that SERCs may consider notifying RPO trajectory including HPO in line with the above-mentioned trajectory.
9. Commission observed that several other SERCs such as Uttar Pradesh SERC, Punjab SERC, Haryana SERC, Himachal Pradesh SERC, Chhattisgarh SERC, Delhi SERC, Odhisa SERC and Rajasthan SERC have also incorporated HPO in their RPO Regulations where most of the SERCs have adopted the HPO trajectory prescribed by MoP.
10. In view of the above, to encourage the hydropower, the Commission considers it appropriate to specify HPO as a separate entity within Renewable Purchase Obligation (RPO). Accordingly, the Commission proposes to further amend the existing Gujarat Electricity Regulatory Commission (Procurement of Energy from Renewable Sources) Regulations, 2010 readwith its amendment by way of Gujarat Electricity Regulatory Commission (Procurement of Energy from Renewable

Sources) (Third Amendment) Regulations, 2022 by also specifying HPO trajectory with consideration of MoP Order dated 29.01.2021 upto FY 2023-24 alongwith RPO trajectory of Wind, Solar and Others category. Accordingly, the Draft Amendment Regulations have been prepared.

11. The Draft Gujarat Electricity Regulatory Commission (Procurement of Energy from Renewable Sources) (Third Amendment) Regulations, 2022 incorporating the proposed Amendment are enclosed herewith.
12. Comments/suggestions are invited from the stakeholders/interested persons on the proposed Draft Amendment Regulations.

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