

**BEFORE THE GUJARAT ELECTRICITY REGULATORY COMMISSION  
GANDHINAGAR**

**In the matter of:**

**Gujarat Electricity Regulatory Commission (Terms and Conditions for Green Energy Open Access) (Second Amendment) Regulations, 2025.**

**CORAM:**

**Anil Mukim, Chairman  
Mehul M. Gandhi, Member  
S. R. Pandey, Member**

**STATEMENT OF REASONS (SOR)**

**1. Background:**

The Gujarat Electricity Regulatory Commission (GERC) has notified the Gujarat Electricity Regulatory Commission (Terms and Conditions for Green Energy Open Access) Regulations, 2024 through Notification No. 08 of 2024 dated 21.02.2024. Thereafter, the GERC has made an amendment thereto vide Gujarat Electricity Regulatory Commission (Terms and Conditions for Green Energy Open Access) (First Amendment) Regulations, 2024 through Notification No. 16 of 2024 dated 23.09.2024.

In connection with the Banking Charges, these Regulations specified that-

*“1. Short Title, Extent and Commencement*

*....*

*4) The Banking Charge specified in the Regulation 17.6 shall be effective from the date of notification of these Regulations up to 31<sup>st</sup> March 2025 or earlier date on which the Commission notifies such charges through a separate notification of Regulation”.*

*....*

17.6. *Banking facility and charges*

....

*(viii). The Banking Charge at rate of Rs. 1.50 per unit shall be effective from the date of notification of these Regulations up to 31<sup>st</sup> March 2025. Thereafter the banking charge for the period starting from the separate notification by Regulations notified by the Commission shall be applicable.”*

The GERC has initiated study for determination of framework for banking charges, which is under progress, however, in the meantime, it is expeditious to issue necessary modification in the Regulations for continuing existing Banking Charge of Rs. 1.50 per unit for further period of six months, i.e., effective from 01<sup>st</sup> April 2025.

Accordingly, it is proposed to amend the existing GERC Regulations and through Draft Second Amendment Regulations, providing that-

The Clause 1 (4) shall be substituted as under:

*“1. Short Title, Extent and Commencement*

*.....*

*4) The Banking Charge specified in the Regulation 17.6 shall be effective from the date of notification of these Regulations up to 30<sup>th</sup> September 2025 or earlier date on which the Commission notifies such charges through a separate notification of Regulation”.*

The Clause 17.6 (viii) shall be substituted as under:

*“17.6 Banking facility and Charges*

*.....*

*(viii) The banking charge at the rate of Rs. 1.50 per unit shall be effective from the date of this Regulations up to 30<sup>th</sup> September 2025 or earlier date on which the Commission notifies such charges. Thereafter the banking charge for the period starting from the separate notification by Regulations notified by the Commission shall be applicable”.*

## **2. Consultation Process:**

The Draft GERC (Terms and Conditions for Green Energy Open Access) (Second Amendment) Regulations, 2025 dated 23.01.2025 for amendment in Principal Regulations read with its First Amendment Regulations, 2024 were published and also issued Public Notices on 23.01.2025 inviting comments/suggestions/objections from the stakeholders in the matter.

Thereafter, the Commission conducted a public hearing on the Draft GERC (Terms and Conditions for Green Energy Open Access) (Second Amendment) Regulations, 2025 on 25.02.2025. List of stakeholders who have submitted written comments are provided in 'Annexure-I' and the stakeholders who have made representation during public hearing is provided in 'Annexure-II' to this SOR.

## **3. Views of the Stakeholders, Analysis and Findings of the Commission thereon:**

- i. Some of the Stakeholders have requested that banking charges be fixed at 8% of banked energy i.e. banking charges in kind as advised by Committee of Forum of Regulators (FOR) and adopted by most of States in India. The present banking charges of Rs. 1.50 per unit is not justified with consideration of different level of CUF for different RE technologies based projects.
- ii. Some of the Stakeholders have submitted that there is no study/simulation/background calculations for levy of banking charges of Rs. 1.50 per unit and therefore the same needs to be discontinued and the Commission may provide for banking charge at rate of 8% in kind during the interim period as determined by the Ministry of Power/Forum of Regulators.
- iii. Some of the Stakeholders have submitted that the Commission may give the directions to the concerned Discoms/consultant to complete the study in a time bound manner and publish the report for public consultation immediately upon submission and the

banking charge of Rs 1.50 per unit must be abolished in the interest of the consumers.

- iv. Some of the objectors have stated that the banking charge of Rs. 1.50 per unit also considers the backing down cost of conventional power plant, the said cost is already part of additional surcharge levied from Open Access consumers and therefore, the same cannot be part of Banking Charge. Further, the CUF of Wind Solar Hybrid project is much higher than the standalone Solar project and even higher than the average PLF of the Thermal Power Plants of the State of Gujarat. Therefore, the open access consumers cannot be forced to bear the additional burden of part of power purchase costs of the utilities through banking charges.
- v. Some of the objectors have requested the Commission to consider the following aspects:
  - (i) Can Banking charges be adopted without any technical study or without any backup data or without following the regulatory process?
  - (ii) Can an interim tariff determined by the Commission be considered for so long?
  - (iii) In the condition when there is no formal tariff determined / no provision of the banking charges exist as to why the provisions of the banking charges at 8% in kind as recommended by the Committee of Forum of Regulator (FOR) should not be made applicable till such time the Commission decides for the banking charges with due process of public consultation and study conducted?

### **Commission's Analysis and Decision-**

We have noted the above submissions of the stakeholders. We also note that while finalizing the Principal Regulations, it was decided to continue the Banking Charges at Rs. 1.50 per kWh, which was in practice and in line with the 'Gujarat Solar Power Policy 2021'. Further

it was also decided to initiate the detailed study for determining the Banking Framework on the basis of actual cost for providing banking facility and accordingly in Principal Regulations, it was provided that the new banking charges shall be effective from 1<sup>st</sup> October 2024, and vide Notification of First Amendment in the Regulation, the same was provided upto 31<sup>st</sup> March 2025 or earlier date on which the Commission notifies such charges through a separate notification of Regulations. It is to be borne in mind that the determination of the framework for computation of banking charges involves voluminous data to be collected from the utilities, and its collation, analysis and study for deriving the framework for computation of banking charge with public consultation requires time. Thus, considering the current status of ongoing study, it becomes necessary to continue with the existing banking charges for the further period of six months i.e. upto 30<sup>th</sup> September 2025 in the overall interest of all stakeholders.

- vi. One of the stakeholders has suggested that the banking facility should be provided upon payment of marginal cost power purchase to avoid socializing the cost of banking on other consumers. It is argued that any other arrangement would unfairly burden smaller consumers who are not in a position to install solar panel/ generation. The non-recovery or under recovery of cost would result into allowing such Green OA consumers to privatize the gains of cheaper RE generation by loading their cost on other consumers.
- vii. Section 49 of the Electricity Act, 2003 provides that where the Appropriate Commission has allowed open access to certain consumers under Section 42, such consumers, may enter into an agreement with any person for supply or purchase of electricity on such terms and conditions (including tariff) as may be agreed upon by them. Hence, if consumer does not have subsisting contract demand commensurate with the open access, Distribution Licensee may be allowed to offer power at a mutually agreed rate.

- viii. It is suggested to determine banking charges reflective of actual costs so as to protect the interest of all stakeholders. The stakeholder has suggested to consider the following methodology for determination of Banking Charges:
- (a) The Commission should determine the methodology for determination of banking charges based on marginal cost method so as to protect the interest of all the stakeholders.
  - (b) As marginal cost of each licensee would be different, it will be difficult to track and monitor the actual avoided margin cost for each block for each licensee.
  - (c) GEOA consumers have been given option to source power from market/third party. Therefore, the rate identified in the power exchange should be considered as rate reflective of prevailing market scenario.
- ix. It is suggested to simplify the process of identifying the replacement cost, for determining the banking charges based on market clearing price and should be computed on block wise basis. Banking Charges shall be equal to the difference between Average Market Clearing Price for a block and Simple Average Rate of Solar Power identified through bidding in previous 6 months in the year of commissioning of the solar plant i.e.

$$\text{Banking Charges}_n = \text{Avg. MCP}_n - \text{Avg. Solar Rate}_{\text{COD}}$$

Wherein,

$N = n^{\text{th}}$  block,  $\text{Avg. MCP}_n = \text{Average Market Clearing Price}$   
for  $n^{\text{th}}$  block

$\text{Avg. Solar Rate}_{\text{COD}} = \text{Simple Average Rate of Solar Power}$   
identified through bidding in previous 6 months in the  
State.

As actual MCP will not be available at the time of billing, it is proposed that provisionally, the banking charges of previous month should be considered, and necessary adjustment should be in next billing cycle by replacing provisional rate with actual rate for the actual banking units.

### **Commission's Analysis and Decision-**

We have noted the above suggestions of stakeholders. We note that the aforesaid suggestions of the stakeholders are subject matter of determination for framework for computation of banking charges. We would like to clarify that a draft paper will be published for stakeholder' consultation based on the collected data and analysis. In the meantime it is required to continue existing mechanism for further period of six months i.e. 30<sup>th</sup> September 2025 or the date on which the Commission notifies such charges through a separate notification of Regulation.

Thus, the above comments are not subject matter of the present proceedings and accordingly, not considered at this stage.

4. The Commission decide and directs the Office of the Commission that the Gujarat Electricity Regulatory Commission (Terms and Conditions for Green Energy Open Access) (Second Amendment) Regulations, 2025 be published in the Official Gazette as decided in the foregoing paragraph of this Statement of Reasons.

**Sd/-**  
**S. R. Pandey**  
**(Member)**

**Sd/-**  
**Mehul M. Gandhi**  
**(Member)**

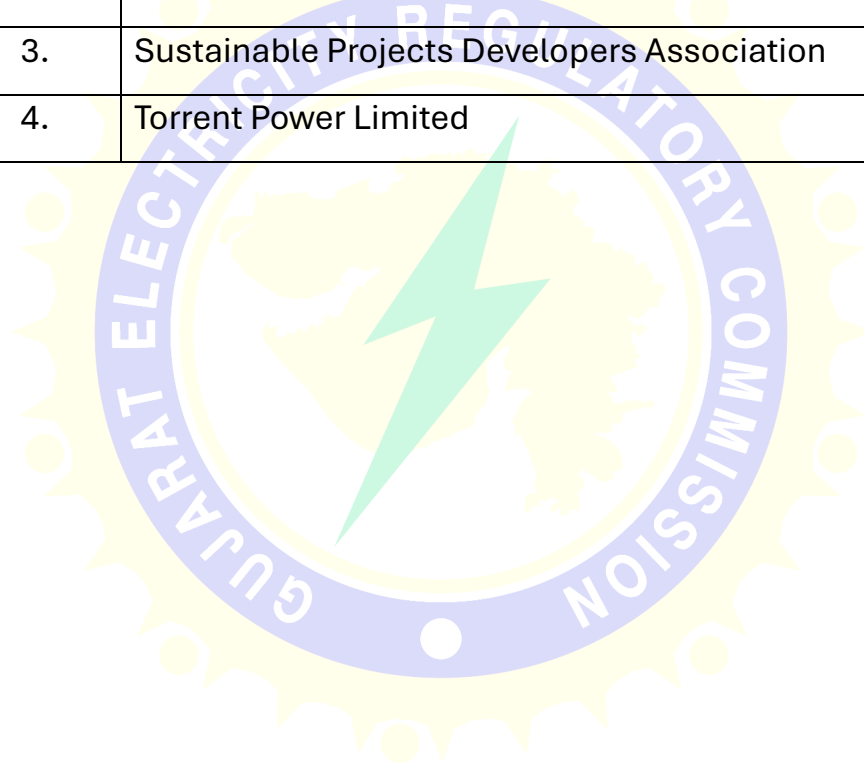
**Sd/-**  
**Anil Mukim**  
**(Chairman)**

**Place: Gandhinagar**  
**Date: 28/03/2025.**

## Annexure – I

The Commission has received comments/suggestions from the following stakeholders pursuant to public notices dated 23.01.2025, in the matter of Draft Gujarat Electricity Regulatory Commission (Terms and Conditions for Green Energy Open Access) (Second Amendment) Regulations, 2025:

<b>Sr. No.</b>	<b>Name of the Stakeholder</b>
1.	M/s KPI Green Energy Limited
2.	Distributed Solar Power Association
3.	Sustainable Projects Developers Association
4.	Torrent Power Limited





## Annexure II

The following stakeholders were present during the hearing on 25.02.2025 in the matter of Draft Gujarat Electricity Regulatory Commission (Terms and Conditions for Green Energy Open Access) (Second Amendment) Regulations, 2025:

Sr. No.	Name of the Stakeholder
1.	Gujarat Urja Vikas Nigam Limited
2.	Torrent Power Limited
3.	M/s KPI Green Energy Limited
4.	Distributed Solar Power Association
5.	Sustainable Projects Developers Association

