

**GUJARAT ELECTRICITY REGULATORY COMMISSION
GANDHINAGAR**

Explanatory Memorandum

For

**Draft Gujarat Electricity Regulatory Commission (Terms and Conditions
for Green Energy Open Access) (Sixth Amendment) Regulations, 2026**

The Gujarat Electricity Regulatory Commission (GERC) has notified the GERC (Terms and Conditions for Green Energy Open Access) Regulations, 2024 vide Notification No. 08 of 2024 dated 21.02.2024 (Principal Regulations).

Regulation 1(4) of the Principal Regulations provides 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 30th September 2024 and thereafter the Banking Charges for the period starting from 1st October 2024 and onwards shall be as decided by the Commission through a separate notification of Regulation.”

Further, Regulation 17.6 (viii) of the Principal Regulations provides as under:

“(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 30th September 2024. Thereafter, the banking charge for the period starting from 1st October 2024 and onwards as decided by the Commission and separately notified by the Regulation, shall be applicable.”

Thus, the Commission has determined Banking Charge of Rs. 1.50 per unit effective till 30.09.2024. Subsequently, the Commission vide GERC (Terms and Conditions for Green Energy Open Access) (First Amendment) Regulations 2024, GERC (Terms and Conditions for Green Energy Open Access) (Second Amendment) Regulations 2025, GERC (Terms and Conditions for Green Energy Open Access) (Third Amendment) Regulations 2025, GERC (Terms and Conditions for Green Energy Open Access) (Fourth Amendment) Regulations 2026 and GERC (Terms and Conditions for Green Energy Open Access) (Fifth Amendment) Regulations 2026 has continued Banking Charge of Rs. 1.50 per unit till 31.05.2025, 30.09.2025, 31.03.2026, 30.06.2026, and 31.08.2026 respectively, due to ongoing study for determination of framework for Banking Charges.

The Commission has now completed the study and has prepared a detailed Consultation Paper consisting of the background, various factors which needs to be considered for determination of methodology for computation of Banking Charges and analysis of data collected from various Distribution Licensees, and its results. This Explanatory Memorandum to the draft GERC (Terms and Conditions for Green Energy Open Access) (Sixth Amendment) Regulations 2026 along with the Consultation Paper is published for stakeholder consultation.

Accordingly, it is proposed to amend Regulation 1(4) and Regulation 17.6(viii) of the Principal Regulations as follows:

Amendment in Regulation 1(4):

“1. Short Title, Extent and Commencement

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- 4) *The Banking Charge at a rate of Rs. 1.00 per unit shall be effective from 1st September 2026 up to 31st March 2027, and thereafter the Banking Charges for the period starting from 1st April 2027 and onwards shall be determined as per the provisions of Regulation 17.6 of these Regulations, as amended from time to time.”*

Explanation: The Banking Charges for the period from 01.09.2026 up to 31.03.2027 are proposed at Rs. 1.00 per unit. The said Banking Charge has been proposed after considering the methodology set out in Annexure - I to the draft GERC (Terms and Conditions for Green Energy Open Access) (Sixth Amendment) Regulations, 2026 and the data/information made available to the Commission for the purpose of the study. As presented in the Annexure – I, (Consultation Paper on Methodology for Determination of Banking Charges for Renewable Energy Open Access Consumers under provisions of GERC (Green Energy Open Access) Regulations, 2024), the Banking Charges come out to be Rs. 1.06 per unit, and this calculation is based on the limited data submitted by the State-owned Discoms. Considering limitations such as data availability and a smaller number of Green Energy Open Access Consumers, the Commission has considered the Banking Charges of Rs. 1.00 per unit for the period 01.09.2026 up to 31.03.2027.

As regards other Distribution Licensees, they have either not submitted information for computation of Banking Charges as sought by the Commission or conveyed that they do not have Green Energy Open Access consumers under these Regulations. Therefore, the Banking Charge computed based on available data/information is proposed to be applied for all Distribution Licensees for the initial period from 01.09.2026 to 31.03.2027.

Thereafter, from FY 2027-28 onwards, the Banking Charges shall be determined based on the detailed provisions mentioned in Regulation 17.6, as proposed to be amended, and methodology detailed in Annexure - I to the draft GERC (Terms and Conditions for Green

Energy Open Access) (Sixth Amendment) Regulations, 2026.

The proposed interim Banking Charge provides regulatory certainty to Green Energy Open Access consumers and Distribution Licensees for the period up to 31.03.2027, while enabling a more data-driven determination of Banking Charges from FY 2027-28 onwards.

Amendment in Regulation 17.6 (viii):

“17.6

“(viii) The banking charges as computed by the Commission based on the methodology/computation as provided in Annexure-I to these Regulations and data provided by the Distribution Licensees and shall remain applicable till 31st March 2027. Thereafter, the banking charge for each financial year starting from 1st April 2027, shall be determined in accordance with the provisions of these Regulations, based on the analysis of the data/information, for the immediately preceding calendar year or such period as may be specified by the Commission, to be provided by the Distribution Licensees in line with first proviso to this Regulation.”

Explanation: The banking charges for the period from 01.09.2026 to 31.03.2027 have been proposed as per the draft amendment to Regulation 1(4) as mentioned above. Thereafter, from FY 2027-28 onwards, the banking charges have been proposed to be computed based on the methodology set out in Annexure-I to the Regulations and based on the data/information to be provided to the Commission by the State Government Owned Distribution Licensees for the immediately preceding calendar year, e.g. banking charges for FY 2027-28 shall be determined based on the data provided for the calendar year 2027 or such other period as may be specified by the Commission.

As regards other Distribution Licensees, they have either not submitted information for the computation of the banking charges as sought by the Commission or conveyed that they do not Green Energy Open Access under this regulation. Therefore, the Banking Charges computed based on the data provided by the State Government Owned Distribution Licensees is proposed to be applied for all Distribution Licensees for the initial period from 01.09.2026 to 31.03.2027.

First Proviso: Mandatory Data Submission by Distribution Licensees

“Provided that all Distribution Licensees shall mandatorily maintain and provide through a duly sworn/affirmed affidavit, complete, accurate and sufficient data/information used for computation of Banking Charges, in accordance with the provisions of these Regulations, in the manner, format and timelines, as may be specified by the Commission in this regard, through issuance of separate guidelines/procedure to be adhered to by the Distribution Licensees(s). The Commission may get such data/information provided by the Distribution Licensees verified by the State Load Despatch Centre or by such other means as it may deem fit.”

Explanation: This proviso mandates all Distribution Licensees operating in the State of Gujarat to maintain and provide complete, accurate and sufficient data/information used for computation of Banking Charges in accordance with the provisions of these Regulations.

The data/information shall be provided through a duly sworn/affirmed affidavit and in the manner, format and timelines as may be specified by the Commission through separate guidelines/procedure, which is to be adhered to by the Distribution Licensee(s). The manner, format, timelines and other procedural requirements, as may be specified and to be provided separately through such guidelines/procedure.

This mandatory data submission is fundamental to the continued application and periodic revision of the Banking Charge methodology, as it ensures that reliable and up-to-date data is the basis for computation and approval of Banking Charges in subsequent periods.

The provision also enables the verification of the data submitted by the Distribution Licensee through the State Load Despatch Centre (SLDC) or by such other means as the Commission may deem appropriate. Such verification is intended to strengthen the credibility of the submitted data/information, reduce the possibility of inconsistent submissions and support transparent determination of Banking Charges.

For Distribution Licensees, this proviso creates a clear obligation to maintain proper records and submit data/information as per the procedure specified by the Commission. For Green Energy Open Access consumers and other stakeholders, it provides assurance that Banking Charges shall be determined on the basis of verifiable data/information rather than assumptions alone.

Second, Third and Fourth Proviso: Common Banking Charges for Distribution Licensees

“Provided further that, the Commission may also consider determining a common Banking Charges applicable for all State Government owned Distribution Licensees (i.e. DGVCL, PGVCL, MGVCL and UGVCL) and/or small Distribution Licensees, who are procuring power solely from abovesaid State Government owned Distribution Licensee(s).

Provided further that, the Commission may also consider determining a common Banking Charges applicable for multiple private Licensees having common power procurement.

Provided further that, in the case of existing Distribution Licensees supplying electricity in SEZs, SIRs, Ports and any new Distribution Licensees, the Commission may consider applying Banking Charges as applicable to the State Government owned Distribution Licensees, as mentioned in the earlier proviso.”

Explanation: Given that the Banking Charges computed as per proposed methodology for

individual Distribution Licensees may significantly vary on account of differences in their consumer mix, renewable energy penetration, load profiles, etc.

This proviso provides that considering the power procurement and energy settlement for the State Government owned Distribution Licensees (i.e. DGVCL, PGVCL, MGVCL and UGVCL) are managed centrally at GUVNL level, the Banking Charges for these Distribution Licensees and also those small Distribution Licensees, who are procuring power solely from abovesaid State Government owned Distribution Licensee(s), are proposed to be determined at a combined level.

Similarly, the power procurement by TPL-Ahmedabad and TPL-Surat is being managed centrally, the Banking Charges for these two Distribution Licensees are proposed to be determined at a combined level.

Further, owing to insignificant volume of banked energy on account of few RE open access banking access consumers in the Distribution Licensees in SEZ, SIRs, Ports or new Distribution Licensees, the Commission may consider applying the same Banking Charges as applicable to the abovesaid State Government owned Distribution Licensees.

A common banking charge is envisaged to promote a level playing field for all renewable energy open access consumers across the State Government owned Distribution Licensees, otherwise having the same retail tariff and also having centrally managed power procurement and energy settlement portfolio. It will not only simplify the regulatory and administrative framework but also provide greater predictability and transparency for renewable energy investors and developers.

Fifth Proviso - Ceiling and Floor Rates

“Provided further that, with a view to providing certainty to the Green Energy Open Access consumers and Distribution Licensees, the Commission may consider limiting the variation in Banking Charges computed as per above, within a floor rate of Rs. 0.50 per unit and ceiling rate of Rs. 1.50 per unit, subject to the condition that the Distribution Licensee has provided complete, accurate and sufficient data/information in the manner and timelines as specified by the Commission as per the first proviso above. In case a Distribution Licensee has not provided complete, accurate and sufficient data/information in the manner and timelines as specified by the Commission as per the first proviso above, the Banking Charges shall be considered as ‘Nil’ for such Distribution Licensee, till such data/information is provided, to the satisfaction of the Commission and the Commission shall determine the Banking Charges in accordance with these Regulations. The Banking Charges so determined by the Commission shall be applicable from the date of such determination or from such other date as may be specified by the Commission in its order.”

Explanation: Considering the sharp variations in the computed figures of Banking Charges

based on the data provided by various Distribution Licensees, it is proposed to keep a floor and ceiling rate of Banking Charges to provide reasonable certainty to the stakeholders, i.e. RE open access consumers and distribution licensees.

The ceiling and floor rates serve the following purposes:

- (a) Floor Rate: Ensures that a minimum charge is recovered from open access consumers for the banking facility, recognizing that there are inherent costs associated with grid management, balancing, and administration of banking, which should not be borne by other consumers of the distribution licensee. This also ensures adherence to the statutory principles compensating additional cost if any to the Distribution Licensee.
- (b) Ceiling Rate: Ensures that Banking Charges do not become prohibitively high, which could deter renewable energy investment and undermine the objective of promoting green energy open access in the State.

The above-said floor and ceiling rate mechanism may be regularly reviewed till methodology matures and sufficient data/information becomes available, allowing the computed Banking Charges to fully reflect actual costs.

Further, as a regulatory safeguard to ensure compliance with the mandatory data submission requirement, it is also proposed that in the event that a Distribution Licensee fails to provide complete, accurate and sufficient data/information in the manner and timelines specified by the Commission, the Banking Charges shall be considered as 'Nil' for such Distribution Licensee. Once such data/information is provided to the satisfaction of the Commission, the Commission shall approve the Banking Charges in accordance with these Regulations.

The Banking Charges so determined by the Commission shall be applicable from the date of such determination or from such other date as may be specified by the Commission in its order.

Sixth Proviso – Deemed Banking Charges Revenue

“Provided further that, in case Banking Charges are considered as 'Nil' for any of the Distribution Licensee(s) as per the previous proviso, the deemed revenue is to be considered equivalent to 1 paisa per unit per annum of the total energy handled during the year and adjusted while determining the Aggregate Revenue Requirement which ensure that the consequence of non-compliance with data submission requirements is not passed on to Green Energy Open Access consumers or other consumers.”

Explanation: In cases where Banking Charges are determined as 'Nil' for a Distribution Licensee due to non-provision of complete, accurate and sufficient data/information as required under these Regulations and the guidelines/procedure specified by the Commission, the Distribution Licensee shall bear the financial implications of such determination.

The Distribution Licensee shall be responsible for absorbing the revenue impact arising from such non-compliance and shall not derive any unintended benefit in the tariff determination exercise on account of reduction in Non-Tariff Income due to 'Nil' Banking Charges. Accordingly, the deemed revenue equivalent to 1 paisa per unit per annum of the total energy

handled during the year is proposed to be considered as deemed revenue and adjusted while determining the Aggregate Revenue Requirement.

This provision is intended to ensure that the consequence of non-compliance with data submission requirements is not passed on to Green Energy Open Access consumers or other consumers, and that Distribution Licensees remain accountable for timely and proper submission of data/information.

Annexure - I: Consultation Paper on Methodology for Determination of Banking Charges for Renewable Energy Open Access Consumers under provisions of GERC (Green Energy Open Access) Regulations, 2024