

⚡ POWER SECTOR



POWER PURCHASE

» POWER DEMAND RECORDS NEW HIGH IN AUGUST 2023

- » The electricity demand reached an all-time high on 17th August 2023 recording a peak of 234 GW.
- » The new peak recorded was mainly due to hot weather, lower rainfall in some regions and increase in demand for irrigation.
- » The new peak has surpassed the expected demand of 229 GW predicted by the Planning Cell of Power Ministry for the summer.
- » Major contributors for increase in peak demand were dry spell and humid weather which ultimately lead to increase in usage of cooling appliances, coupled with increase in irrigation demand.

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RENEWABLES

- » Uttarakhand extends generic solar tariff for MSSY Projects by three more years.
- » Maharashtra Proposes Amendments to RPO Compliance Regulations



Policy And Regulatory

- » Maharashtra Proposes Net Metering Cap of 1 MW for Rooftop Solar Projects



RENEWABLES

» UTTARAKHAND EXTENDS GENERIC SOLAR TARIFF FOR MSSY PROJECTS BY THREE MORE YEARS

- ▶ Uttarakhand Electricity Regulatory Commission (UERC) has extended the existing tariff of Rs. 4.64/kWh for solar projects under the Mukhyamantri Saur Swarojgar Yojna (MSSY) Program until March 31, 2026.
- ▶ The MSSY initiative aims to allocate 10,000 small solar projects (20/25 kW capacity) for self-employment, with 150 projects (around 3.5 MW) successfully installed by March 2023.
- ▶ The program empowers small and marginal farmers to create self-employment opportunities through solar farming, selling generated electricity to Uttarakhand Power Corporation (UPCL).
- ▶ Uttarakhand Renewable Energy Development Agency (UREDA) petitioned UERC for a fixed tariff of Rs. 4.49/kWh or higher for 246.5 MW of solar projects under MSSY for FY 2023-24.



- ▶ UREDA requested UPCL to conduct feasibility reports and establish Power Purchase Agreements (PPAs) after successful installation, expressing concerns about GST and customs duty affecting costs.
- ▶ The Commission decided on a tariff of Rs. 4.64/kWh for MSSY solar projects, valid until March 31, 2026, to ensure consistency and avoid unequal treatment.
- ▶ The tariff for solar projects commissioned after this period would align with the year of commissioning; UREDA was also advised to support timely project commissioning.



RENEWABLES

» MAHARASHTRA PROPOSES AMENDMENTS TO RPO COMPLIANCE REGULATIONS

- » The Maharashtra Electricity Regulatory Commission (MERC) has proposed amendments to the Renewable Purchase Obligation (RPO) regulations, including introduction of Wind RPO, Hydro Purchase Obligation (HPO), Energy Storage Obligation (ESO), and Other RPO.
- » **Wind RPO:**
 - » New provision allows Wind RPO fulfilment through post-March 2022 wind projects and surplus energy beyond 7% from projects before that date; Shortfall in Wind RPO can be offset by surplus hydropower beyond 'HPO', and vice versa.
- » **Hydro Purchase Obligation**
 - » HPO requirement must be fulfilled solely with energy from hydro projects (including pumped storage and small hydro) commissioned between March 8, 2019, and March 31, 2030.
 - » If the granted free power falls short of meeting HPO, DISCOM must buy additional hydropower or equivalent REC's; Energy from older hydropower projects can be categorized as 'Other RPO'.
 - » Free power from Large Hydro Projects can fulfil DISCOM's HPO if commissioned after March 8, 2019.
 - » Deficit in 'Other RPO' can be compensated by surplus energy from post-March 2022 wind projects exceeding 'Wind RPO', or surplus from eligible large hydro projects surpassing 'HPO'; Combination of sources is also acceptable.






RENEWABLES

› Other RPO

Other RPO can be met through all balance Renewable Energy Sources including solar, bagasse biomass etc. which are accepted by MNRE.

› Energy Storage Obligation

- › ESO shall be measured as a percentage of total electricity consumption; Minimum of 85% annual energy storage shall be from renewables for compliance.
 - › ESO met via renewable energy storage shall contribute to overall RPO fulfilment.
 - › DISCOM shall be rewarded Rs. 0.25/kWh for exceeding Central Government's RPO target; Shortfall in minimum renewable energy percentage can be carried forward within specified timelines.
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- › DISCOM shall face Rs. 0.10/kWh reduction in ARR for cumulative shortfall in total RE procurement target for each year; Any cumulative shortfall in RE procurement as on 31 March 2023 and/or 31 March 2025 and/or 31 March 2028 and/or 31 March 2030 shall not be carried forward for next year.
 - › Penalties shall be levied on un-met renewable targets on obligated entities based on REC floor price as on that date; Shortfalls shall be resolved by ARR reduction and penalties.



POLICY AND REGULATORY

» MAHARASHTRA PROPOSES NET METERING CAP OF 1 MW FOR ROOFTOP SOLAR PROJECTS

- ▶ Maharashtra Electricity Regulatory Commission (MERC) has proposed changes to net and gross metering Regulations, focusing on the State's Grid Interactive Rooftop Renewable Energy Generating Systems Regulations, 2019.
- ▶ A notable amendment in net metering involves capping the renewable energy system capacity at 1 MW or the consumer's contract demand/sanctioned load, whichever is lower.
- ▶ Ownership of generating systems can belong to consumers, distribution companies (DISCOMs), or thirdparty leasing such system to consumers;
- ▶ The proposed amendments define eligible consumers as those within DISCOM service areas using renewable energy systems, including a consumer catering to common load like housing societies.





POLICY AND REGULATORY

- ▶ Amendments suggest net metering or net billing arrangements shall include single phase or three-phase net meters at the interconnection point, as determined by DISCOMs;
- ▶ For gross metering setups, DISCOMs must add a check meter of appropriate class to verify readings of renewable energy generation meters.
- ▶ Proposed amendments stipulate that accounting for exported / imported electricity becomes effective upon connectivity of renewable energy systems to the distribution network; DISCOMs to read both renewable energy generation meter and net meter regularly.
- ▶ In case the amount of credit provided by Distribution Licensee to eligible consumer increases continuously for three consecutive years, then at the end of third year, 50% of the credit amount shall be paid in cash to the consumer and balance 50% shall be credited in electricity bill.
- ▶ Energy generated from renewable energy system shall be used for self-consumption and surplus energy into or out of the grid incurs shall be billed as per proposed equation.
- ▶ DISCOMs shall accept power based on renewable energy system's useful life, unless the consumer disconnects or abandons the system before completion of useful life.

