

NEWSLETTER | WEEK 47 | Dec 23



**POWER PURCHASE**

**>> MERC APPROVES COMPENSATION FOR TATA POWER FOR HIKE IN GST**

- > MERC (Maharashtra Electricity Regulatory Commission) has directed Tata Power Company Limited – Distribution (TPC-D) to compensate Tata Power Green Energy (TPGEL) with Rs. 49.12 Cr. due to increased Goods and Service Tax (GST) rates for its wind-solar hybrid and wind projects.
- > TPGEL, the successful bidder for a 225 MW solar-wind hybrid project in Rajasthan and a 98.05 MW wind project in Maharashtra, filed a petition for compensation following a Ministry of Finance-initiated change in GST rates from 8.9% to 13.8% as of September 30, 2021.
- > MERC accepted TPGEL's petition, noting the absence of objections from TPC-D, and emphasized the flexibility for compensation options, either lump-sum payment or per-unit basis, over the power purchase agreement (PPA) period.
- > The Commission encouraged generators to consider voluntary discounts on lump-sum payments and highlighted the need to determine total compensation and carrying costs at 1.25% above the Marginal Cost of Funds Based Lending Rate (MCLR) per annum.



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**RENEWABLES**



**CEA INITIATES PLANS FOR TRANSMISSION INFRASTRUCTURE TO FACILITATE GREEN HYDROGEN PLANT INFRASTRUCTURE**



**POLICY & REGULATORY**



**UPERC HAS AMENDED THE ROOFTOP SOLAR GRID-INTERACTIVE SYSTEM GROSS/NET METERING REGULATION OF 2019**





**POWER PURCHASE**

- **MERC outlined the compensation process over the PPA period, involving an annual per-unit rate calculation, computing carrying costs for deferred payment, and factoring in energy supply based on the Capacity Utilization Factor (CUF) for transparent and systematic distribution.**
- **TPC-D was directed to communicate its choice of compensation payment—lump-sum or per unit—within two weeks, and TPGEL and TPC-D were instructed to reconcile the per-unit charge against the recoverable amount at the end of the financial year.**
- **Over-recovery would be adjusted in March, while any under-recovery due to lower generation would carry forward without additional carrying costs, payable from excess generation above the declared CUF.**
- **Unrecovered compensation at the end of the PPA tenure will be reconciled and paid in the last month without additional carrying costs, and the effective date of the GST rate change will guide the implementation of compensation and adjustments within the PPA, as directed by MERC.**







**RENEWABLES**

## >> CEA INITIATES PLANS FOR TRANSMISSION INFRASTRUCTURE TO FACILITATE GREEN HYDROGEN PLANT INFRASTRUCTURE

> Central Electricity Authority (CEA) is planning transmission infrastructure for upcoming green hydrogen and green ammonia plants across seven coastal states and three inland states in consultation with the Central Transmission Utility (CTU).



> An estimated 40 GW of power is required for green hydrogen, ammonia, and methanol production sites by 2032, including a substantial 22 GW for Adani New Industries' green ammonia plant in Mundra, Gujarat, by 2030.

> The CEA conducted a meeting earlier this year with transmission utilities in states with major ports, where potential green hydrogen and green ammonia manufacturing is planned, including Gujarat, Maharashtra, Karnataka, Tamil Nadu, Andhra Pradesh, Kerala, and Odisha.

- > Production of green hydrogen/ammonia is also expected in inland states like Uttar Pradesh, Madhya Pradesh, and Rajasthan.
- > The Adani Group indicated a potential for 16 GW of green hydrogen production in Mundra, Gujarat, by 2030, with the CEA estimating a 1.5 GW electricity demand from green hydrogen manufacturing in Mundra.





**RENEWABLES**

- > In the first phase, CEA plans to establish a 4×1,500 MVA, 765/400 kV Navinal (Mundra) through Line in Line out (LILO) of Bhuj-II – Lakadia 765 kV D/C line.
- > The Odisha government proposed a new 765 kV substation in Gopalpur to meet the cumulative demand of about 3 GW from upcoming green hydrogen and green ammonia plants by 2025-26.
- > In a meeting chaired by Hon'ble Power Minister, green hydrogen industry stakeholders were asked to share year-wise planned capacities at different locations, and CTU was directed to plan substation capacity at these locations.
- > Deendayal Port Authority in Kandla, Gujarat, received 13 expressions of interest for a global call to set up a 7 million metric tons per annum green ammonia plant.



**POLICY & REGULATORY**

**>> UPERC HAS AMENDED THE ROOFTOP SOLAR GRID-INTERACTIVE SYSTEM GROSS/NET METERING REGULATION OF 2019**

- > Uttar Pradesh Electricity Regulatory Commission (UPERC) has amended the 2019 rooftop solar grid-interactive system gross/net metering regulation.
- > The amendment expands the net metering facility to include government and private educational institutions in addition to existing options for private tube wells and metered domestic consumers.







- > Previously, net metering was limited to specific categories, but this change broadens coverage, benefitting approximately 200,000 consumers falling under LMV-4A, LMV-4B, and HV-1 categories.
- > The eligible consumers collectively have a sanctioned load of about 2,800 MW, signifying the significant impact of the amendment.
- > Distribution companies are expected to benefit as solar electricity generated through net metering contributes towards fulfilling the Renewable Purchase Obligation (RPO).
- > This move aligns with the goals outlined in the Uttar Pradesh Solar Policy 2022, which seeks to promote rooftop solar power generation.
- > Under the previous regulation, net metering was restricted to specific consumer categories, prompting the need for inclusivity in promoting solar power adoption.
- > The amendment addresses this by extending net metering benefits to educational institutions, both government and non-government, as well as central government and provincial institutions/offices.
- > UPERC initiated a consultation process, proposing amendments to the net metering arrangement, and invited comments and suggestions from stakeholders.
- > A public hearing held on November 8, 2023, marked a key step in the amendment process, reflecting the regulatory commitment to fostering solar energy adoption in Uttar Pradesh.

