September 23rd, 2024

Legal Updates

MoPNG issues draft scheme for promotion of LNG based mobility

The Ministry of Petroleum and Natural Gas (**MoPNG**), vide notification dated 02.09.2024, has introduced a draft scheme aimed at promoting LNG-based mobility, particularly in the heavy-duty vehicle (**HDV**) sector, as part of India's broader strategy to achieve net zero emissions by 2070. Key highlights of the scheme include:

1. **Emission Reduction Goals:** The scheme focuses on converting approximately one-third of existing long-haul HDVs and newly produced trucks to LNG fuel over the next 5-7 years. This shift is expected to reduce vehicular emissions in the HDV sector by one-third.

2. **Infrastructure Development:**
   - Oil and gas marketing companies have been tasked with establishing 49 LNG stations in the first phase. The number of stations will be increased based on market demand and the growth of the LNG sector.

   - The scheme also aims at setting up LNG stations in closed-loop systems, such as in the mining and cement industries, where refuelling can be more efficiently managed.

3. **Price Stabilization:** To ensure price predictability of LNG, the scheme proposes allocating 0.5 MMSCMD of domestic natural gas for HDV usage for an initial period of three (3) years. This allocation is expected to serve approximately 50,000 LNG trucks.

4. **Incentives for Conversion:** The scheme encourages fleet owners to convert their diesel trucks to LNG fuel trucks. Additionally, LNG-fuelled vehicles may receive preferential treatment in transportation contracts.

5. **Pilot LNG Highway:** The Delhi-Mumbai expressway has been identified as a potential pilot project for LNG-based mobility, with proposed toll-tax exemptions for LNG HDVs to promote adoption.

GERC issues Tariff Framework for Procurement of Power by Distribution Licensees and Others from Wind Power Projects

1. The Gujarat Electricity Regulatory Commission **("GERC")** vide Order No. 05 of 2024 issued the tariff framework for procurement of power by distribution licensees and others from wind power projects in the state of Gujarat. This order lays out the mechanisms for determining tariff rates for wind power, including methods for calculation and adjustments over time. The order also covers various financial terms, including payment processes, incentives, and penalties, along with guidelines for entering into Power Purchase Agreements **("PPAs").** This tariff framework aims to ensure regulatory compliance, fostering a fair and transparent process, and supporting Gujarat's renewable energy objectives.

2. This framework aligns with the National Electricity Policy of 2005 and the Tariff Policy of 2016 and applies to wind power projects commissioned after 06.06.2022. Under the framework, distribution licensees are mandated to purchase electricity from eligible wind power projects through competitive bidding as per Section 63 of the Electricity Act, 2003, following the guidelines issued by the Ministry of Power **("MoP")** or the Ministry of New and Renewable Energy **("MNRE").**

3. For projects exceeding a certain capacity threshold, competitive bidding is required for electricity procurement. For smaller wind projects, below the 10 MW threshold that are ineligible for competitive bidding, the GERC has introduced a generic tariff under Section 62, which simplifies pricing for smaller projects and facilitates easier power procurement for distribution licensees.

4. The control period for this tariff framework extends from 06.06.2022, to 31.03.2027. GERC observed that this framework was essential since there was no applicable tariff order post 06.06.2022. During the consultation process, Gujarat Energy Development Agency **("GEDA"),** requested for limited role for smaller projects due to staff limitations. However, GERC maintained GEDA's role in the commissioning verification process to ensure third-party oversight.

5. Clauses 3.3 and 3.8 of the order address the issues of Cross Subsidy Surcharge, Additional Surcharge, and banking of energy and state that these issues will be governed by MoP's Green Energy Open Access Rules, 2022, and GERC's (Terms and Conditions for Green Energy Open Access) Regulations, 2024. Notably, wind power projects engaged in third-party sales that utilize renewable energy for Renewable Purchase Obligation **("RPO")** compliance will not be eligible for Cross Subsidy Surcharge concessions.

6. Clause 4 provides the generic tariff for wind power projects below the 10 MW threshold for the control period. GERC has also addressed numerous technical and commercial matters, such as metering and interconnection points, transmission and wheeling charges, and integration of wind power projects with the grid, ensuring a smooth transition for wind energy development.

1. The Madhya Pradesh Electricity Regulatory Commission **("MPERC")** vide its Daily Order dated 06.09.2024 passed in **SMP No. 45 of 2024** has issued directions to various obligated

MPERC issues notice for non-compliance of RPO Obligation as per the provisions of MPERC (Cogeneration and Generation of Electricity from Renewable Sources of Energy) Regulations, 2010 (Revision-I) as amended and directions issued by MPERC from time to time during the period 10.11.2010 to 31.03.2024.	entities for non-compliance of Renewable Purchase Obligation **("RPO")** as per the MPERC (Cogeneration and Generation of Electricity from Renewable Sources of Energy) Regulations, 2010 (Revision-I) and the directions issued by MPERC from time to time during the period from 10.11.2010 to 31.03.2024. 2. MPERC has noted that some obligated entities have furnished consolidated information of energy sourced from thermal captive power plants, open access (other than from renewable sources) and co-generation plants, while some entities have not submitted data regarding co-generation plants. 3. Accordingly, MPERC has directed all the obligated entities, listed in Annexure-I to the order, to submit separate information on each distinct connection such as captive use from non-RE captive power plants, co-generation plants (including Waste Heat Recovery Systems) and open access, along with supporting documents like Form-G, Power Purchase & Wheeling Agreements, electricity bills, SLDC schedules, REC procurement records, and commissioning certificates. 4. MPERC has granted one last opportunity of physical hearing on 10.09.2024, to the parties, absent during the hearings dated 04-06.09.2024. It was clarified that in case the parties fail to appear, MPERC will proceed ex-parte.
GERC issues Tariff Framework for Procurement of Power by Distribution Licensees and Others from Solar Energy Projects	1. The Gujarat Electricity Regulatory Commission **("GERC")** vide Order No. 06 of 2024 issued tariff framework for procurement of power by distribution licensees and others from solar energy projects. The order outlines how tariff rates for solar power will be set, including the methods for calculating these rates and how they may change over time. It also details the financial terms, such as payment processes, incentives, and penalties, and provides guidelines for negotiating Power Purchase Agreements **("PPAs").** The framework will ensure compliance with regulatory standards to promote a fair and transparent process and supports Gujarat's goals for increasing renewable energy. 2. It is intended to encourage the use of solar energy in Gujarat, in accordance with the National Electricity Policy of 2005 and the Tariff Policy of 2016. It will apply to the solar power projects that start operations after 31.03.2023. Under the framework, distribution licensees are required to buy electricity from qualified solar power projects through competitive bidding, as mandated by Section 63 of the Electricity Act, 2003. This bidding process will need to follow the guidelines set by Solar Energy Corporation of India **("SECI")** or the Ministry of New and Renewable Energy **("MNRE").** 3. For smaller solar projects below the 5 MW threshold, which are not eligible for competitive bidding, GERC has determined a generic tariff under Section 62 of the Electricity Act, 2003. This generic tariff is intended to support smaller projects by providing a straightforward pricing structure for power procurement. 4. The order sets a control period for the new tariff framework from 01.04.2023 to 31.03.2027, aligning with the Ministry of Power's Electricity (Promoting Renewable Energy Through Green Energy Open Access) Rules, 2022, which aim to boost renewable energy use through open access. GERC also noted that this new order is necessary since there is no past tariff order effective after 01.04.2023. During the consultation process, Gujarat Energy Development Agency **("GEDA")** requested exemption from joint certification duties for small projects with power outputs below 66 kV due to limited staff. GERC, however, decided to retain GEDA's role in verifying the commissioning of renewable energy projects, given its essential function as a third-party government agency.

5. Clauses 3 of the order states that the issues of Cross Subsidy Surcharge, Additional Surcharge and Banking shall be governed as per the Ministry of Power **("MoP")** Green Energy Open Access Rules, 2022 and GERC (Terms and Conditions for Green Energy OpenAccess) Regulations, 2024. However, no concession on Cross Subsidy Surcharge shall be allowed to the Solar generator who are selling power under third party sale and utilizing Renewable Energy attribute for RPO compliance of the consumer, or the projects are registered under Renewable Energy Certificates mechanism.

6. Further, Clause 4 of order provides for determination of generic tariff for Solar power projects below the threshold limit of eligibility to participate in bidding process for the control period of the order. GERC has also addressed a range of technical and commercial matters, including transmission and wheeling charges, metering points, interconnection points, and the process for integrating solar power projects with the grid at length in this order.

APERC issues Suo Moto Order 1 of 2024 in the matter of determination of Variable Cost for the period from 01.04.2024 to 31.03.2029 in respect of the existing Biomass Industrial Waste and Bagasse based plants

The Andhra Pradesh Electricity Regulatory Commission ("**APERC**") has issued order dated 05.9.2024 in SMP 1 of 2024, regarding the determination of Variable Cost (VC) for Biomass Industrial Waste and Bagasse-based plants for the period of 01.04.2024 to 31.03.2029. APERC adopted the CERC Tariff Regulations, 2024, aligning with national standards while allowing state-specific customization, to ensure consistency in regulatory practices. Following stakeholder input and the CERC's guidelines, APERC calculated final VC for FY 2024-25, applying CERC's 3.45% annual escalation rate, reflecting inflation and fuel market trends, ensuring transparency and fair pricing.

Approved Variable Cost for the Control Period FY 2024-29

Financial Year	Biomass/ Industrial Waste (Rs./Unit)	Bagasse (Rs./Unit)
FY 2024-25	6.00	3.93
FY 2025-26	6.20	4.07
FY 2026-27	6.42	4 .21
FY 2027-28	6.64	4.35
FY 2028-29	6.87	4.50

The variable costs will undergo annual adjustments at a fixed escalation rate throughout the control period, i.e., 01.04.2024 to 31.03.2029, ensuring consistency for all stakeholders. Power producers and distribution companies have been directed to comply with these rates. APERC stressed upon the need for balance between the interests of power producers and consumers, aiming for sustainability and fairness in the energy sector.

APERC issues draft Andhra Pradesh State Electricity Regulatory Commission (Demand Side Management) Regulation, 2024.

The Andhra Pradesh Electricity Regulatory Commission ("**APERC**") has issued the **Draft Demand Side Management (DSM) Regulation, 2024** ("**DSM Regulation**") to encourage efficient electricity usage across the state. The DSM Regulations outline strategies to optimize electricity consumption, reduce costs, and enhance system reliability while considering environmental benefits. Key Provisions have been summarised as under:

1. **Objective of DSM:**

   The DSM regulation aims to reduce electricity consumption during peak demand, defer investments in infrastructure, and support environmentally friendly practices. By making DSM an integral part of utility operations, the goal is to reduce the overall cost of electricity for both consumers and distribution licensees.

2. **Assessment and Targets:**
Each distribution licensee is required to assess the technical potential for DSM in their service area and establish annual DSM targets. The targets include reductions in load growth and energy savings in kW and kWh.

3. **DSM Cell and Its Role:**
Every distribution licensee must set up a DSM Cell within one month of the regulation's notification. The DSM Cell will be responsible for conducting load research, developing baseline data, and formulating and implementing DSM plans.

4. **Implementation Process:**
Licensees must design and implement DSM programs, including cost-benefit analysis and monitoring. These programs aim to reduce peak demand and shift energy usage to off-peak times.

5. **Cost Recovery Mechanism:**
Costs associated with DSM program planning and implementation will be included in the Annual Revenue Requirement (ARR) of the distribution licensee, ensuring financial sustainability.

6. **Monitoring and Verification:**
The DSM Regulation mandates the evaluation, measurement, and verification (EM&V) of DSM programs to ensure effective implementation and compliance. Licensees are required to submit reports every six months detailing progress and expenses.

7. **Incentives and Penalties:**
The DSM Regulation allows for performance incentives for distribution licensees who meet or exceed DSM targets. Failure to meet targets could result in the disallowance of program expenses by the Commission.

The aforementioned Draft DSM Regulations, 2024 will be finalised after the expiry of 30 days from 06.09.2024. The comments/suggestions/objections on the draft regulation, if any, may be sent by email or by post to APERC's office on or before 07.10.2024.

TSERC issues draft Procedure for Verification of Captive Generating Plant (CGP)

The Telangana State Electricity Regulatory Commission ("**TSERC**") has issued the Draft Procedure for Verification of Captive Generating Plant **("CGP")**. This draft provides a framework to verify the captive status of power plants and their users, ensuring compliance with the Electricity Act, 2003 and the Electricity Rules, 2005 as amended upto date. Key Provisions have been summarised as under:

1. **Objective:**
The procedure aims to verify whether power plants and their users meet the criteria to qualify as captive generating plants (CGP) in Telangana, as per Clause 7 of the Open Access Regulation, 2024.

2. **Applicability:**
The procedure applies to all CGPs and captive users in Telangana and requires submission of verification reports by distribution licensees annually, till June, 2030.

3. **Verification Process:**
CGPs and their captive users must submit data on electricity consumption and ownership, as outlined in specific formats, to the distribution licensee, who shall submit consolidated

reports to the Commission for verification.The Commission will review ownership and consumption criteria to confirm whether the CGP qualifies for captive status.

4. **Ownership Criteria:** To qualify as a CGP:
   - At least 26% of the ownership must be held by captive users.
   - At least 51% of the electricity generated must be consumed by captive users on an annual basis.

5. **Verification of Consumption:** Captive consumption must meet the 51% rule and can be verified based on energy drawn through open access and actual energy generated. Technical losses in transmission are included in the consumption data.

6. **Consequences of Non-Compliance:** If a CGP or its users fail to meet the ownership or consumption criteria in any given year, the plant will lose its captive status, and cross-subsidy surcharges will apply.

All the stakeholders and interested parties, including general public may send their comments/suggestions/objections on the Secretary of the Ld. TSERC on or before 21.09.2024 for consideration by the Ld. TSERC.

GERC issues Explanatory Note on Draft Gujarat Electricity Regulatory Commission (Terms and Conditions for Green Energy Open Access) (First Amendment) Regulations, 2024

The Gujarat Electricity Regulatory Commission ("**GERC**") had notified the Gujarat Electricity Regulatory Commission (Terms and Conditions for Green Energy Open Access) Regulations, 2024 on February 21, 2024.The Banking Charge provided for under Regulation 17.6 of the abovementioned regulations are effective from the date of notification until September 30, 2024. After that, new charges will be determined by the Commission through a separate notification.

1. **<u>Banking Charge Rate</u>**:
   The charge is set at Rs. 1.50 per unit until September 30, 2024. The GERC is currently studying the framework for banking charges. To ensure continuity, it is proposed to extend the existing Banking Charge of Rs. 1.50 per unit until March 31, 2025, or until a new charge is notified.

2. **<u>Proposed Amendments</u>:**
   The Banking Charge will be effective until March 31, 2025, with the same rate of Rs. 1.50 per unit, after which new charges will be determined.

GERC issues draft Gujarat Electricity Regulatory Commission (Electricity Supply Code and Related Matters) (Fourth Amendment) Regulations, 2024

1. GERC has amended the Gujarat Electricity Regulatory Commission (Electricity Supply Code and Related Matters) Regulations, 2015, referred to as "**the Principal Code**"

2. Vide the Gujarat Electricity Regulatory Commission (Electricity Supply Code and Related Matters) (Fourth Amendment) Regulations, 2024, an amendment has been made under Section-3 of the Principal Code. The rated voltage of the AC supply has been revised as under:

Category	**System of Supply**
For all installations up to and inclusive of 6 kW of Connected Load, subject to motive power load other than irrigation pump not exceeding 2 HP in the aggregate.	230 V- Single Phase
For all installations exceeding 6 kW of Connected Load and up to 100 kVA/kW of Contracted Demand /	400 V - Three Phase

up to 150 kVA/kW of Contracted Demand if opted by the applicant / consumer.	
For all installation with Contract Demand exceeding 100 / 150 kVA/kW and up to 4000 kVA/kW. However, for the existing 22 kV consumer, the Contact Demand limit shall be extended up to 8000 kVA/kW subject to undertaking from consumer for reverting back to 4000 kVA/kW limit in case of change of system to 11 kV under system conversion scheme.	11 kV and 22 kV - Three Phase
All installation with Contract Demand exceeding 4000 kVA/kW.	At 33 kV and above- Three Phase

3. Consumers may choose a higher profile of supply even if their contracted load is below the specified limit for that profile. For existing consumers using lower voltage, if their load exceeds the threshold due to increased demand, the licensee should, as feasible, provide a commercially viable offer for upgrading to the next higher voltage of supply. This offer should consider the potential reduction in Transmission and Distribution losses and the load relief on the licensee's transformers.

4. Supply to existing consumers at a voltage lower than the specified limit will continue, and if their load increases, the aforementioned load limit will apply. Additionally, in Annexure I of the Principal Code, Point No. 7 (Form A-1) under 'Load Detail (kW/HP)' will be updated to reflect that "Three Phase (above 6 kW to 100 kW)" will now also include "150 kW if opted by the applicant/consumer."

GERC issues Explanatory Note on Draft GERC (Electricity Supply Code and Related Matters) (Fourth Amendment) Regulations, 2024

1. The Gujarat Electricity Regulatory Commission had issued the GERC (Electricity Supply Code and Related Matters) Regulations, 2015. The Electricity Supply Code Review Panel **("ESCRP")** was established to review requests for amendments to the Supply Code and provide recommendations to the Commission.

2. Various consumer organizations have requested an increase in the threshold limit for Low Tension **("LT")** connections from 100 kVA/kW to 150 kVA/kW, which was forwarded to the ESCRP. Additionally, the Ministry of Power has communicated the need for reforms to facilitate new connections, aligning with initiatives for improving the business environment. Specifically, the Electricity (Rights of Consumer) Rules, 2020, allow for new connections up to 150 kW without individual site inspections, with demand charges payable at the application stage. To support ease of doing business, DISCOMs have been encouraged to provide LT connections for loads up to 150 kW.

3. In light of these considerations, the ESCRP recommended amending Clause 3.2 of the Supply Code in its 26th Meeting, allowing LT consumers to opt for an increased threshold limit of 150 kVA/kW. The Commission has deliberated on these proposed amendments and intends to proceed with the changes to the principal regulations.

GERC has issued an Explanatory Note on the Draft Gujarat Electricity Regulatory Commission (Licensee's Power to Recover Expenditure incurred in providing Supply and other Miscellaneous Charges) (Fourth Amendment) Regulations, 2024. This amendment is in response to various requests and aligns with national initiatives to improve the ease of doing business in the electricity sector.

GERC issues Explanatory Note on Draft GERC (Licensee's Power to Recover Expenditure incurred in providing Supply and other Miscellaneous Charges) (Fourth Amendment) Regulations, 2024

1. The key points of the proposed amendment are:

    a) An increase in the threshold limit for Low Tension ("LT") connections from 100 kVA/kW to 150 kVA/kW.

    b) Alignment with the Ministry of Power's directives on facilitating new electricity connections under the Ease of Doing Business and Ease of Living initiatives.

    c) Compliance with the Electricity (Rights of Consumer) Rules, 2020, which allows for simplified procedures for new connections up to 150 kW.

2. The amendment process involved several stages:

    a) Consumer organizations submitted requests to enhance the LT connection threshold.

    b) The Electricity Supply Code Review Panel ("ESCRP") reviewed these proposals.

    c) The Ministry of Power communicated guidelines for reforms in new connection releases.

    d) The ESCRP, in its 26th Meeting, recommended amending Clause 3.2 of the Supply Code, 2015.

3. The Ministry of Power's communication highlighted that:

    a) The Electricity (Rights of Consumer) Rules, 2020 covers provisions for new electricity connections.

    b) For electrified areas up to 150 kW, connection charges should be fixed based on load and category to avoid individual site inspections.

    c) Demand charges for such connections may be paid at the application stage.

4. To implement these changes, amendments are required in two sets of regulations:

    a) The GERC (Electricity Supply Code and Related Matters) Regulations, 2015.

    b) The GERC (Licensee's Power to Recover Expenditure incurred in providing Supply and other Miscellaneous Charges) Regulations, 2005.

The Commission has deliberated on the proposed amendments and intends to proceed with changes to both sets of regulations to ensure consistency and effective implementation of the new threshold limits for LT connections.

GERC issues Draft Gujarat Electricity Regulatory Commission

GERC has issued the Draft Gujarat Electricity Regulatory Commission (Licensee's Power to Recover Expenditure incurred in providing Supply and other Miscellaneous Charges) (Fourth Amendment) Regulations, 2024. This amendment aims to modify the Principal Regulations of 2005 as under:

1. The primary amendment is in CHAPTER - IV of the Principal Regulations:
   Clause 4.2 (ii) of the Principal Regulations has been substituted as follows:

(Licensee's Power to Recover Expenditure incurred in providing Supply and other Miscellaneous Charges) (Fourth Amendment) Regulations, 2024	a) For applications requiring erection of electrical plant (such as DTR and switchgear) and laying or extension of HT lines, the cost estimate for the HT line section shall be made on a per kilometre basis using the latest cost data published by the Distribution Licensee b) The Distribution Licensee shall recover the costs mentioned in sub-clauses 4.2(i) and 4.2(ii) from all applicants, except for the following categories: i. Agricultural consumers (excluding those under special schemes like "Tatkal Scheme" which may be introduced in the future) ii. Water Works and Sewerage Pumps operated by/for any local authority other than Municipal Corporation iii. Domestic consumers iv. LT Commercial consumers 2. This amendment aims to streamline the process of cost recovery for the Distribution Licensee while providing exemptions to certain consumer categories. It aligns with the broader objective of improving the ease of obtaining electrical connections and supports the development of infrastructure in the power sector.
MoP issues Guidelines for Installation and Operation of Electric Vehicle Charging Infrastructure- 2024	In terms of Notification No. 12/2/2018-EV (Comp No. 241852) dated 17.09.2024, the Ministry of Power(“**MoP**”) has issued the Guidelines for Installation and Operation of Electric Vehicle Charging Infrastructure- 2024 (“**Guidelines**”). Salient features include: 1. The objective of the Guidelines is to enable faster adoption of electric vehicles, provide rationality in the service charges, support creation of a charging infrastructure and to facilitate the distribution system to adopt the infrastructure. 2. The Guidelines are applicable to manufacturers, owners, and operators of electric vehicle charging infrastructure (“**EVCI**”) located in private as well as public spaces. The Guidelines also apply to power utilities and Central and State agencies. 3. Setting up and operating of EVCS is a delicensed activity and anyone can establish the same in adherence of the 2024 Guidelines. 4. The distribution licensees are required to provide connection to Charge Point Operators (“**CPO**”) under strict timelines prescribed under the Electricity (Rights of Consumers) Rules, 2020. Distribution licensees to establish a customer friendly online single window clearance system for EVCI. Further, the distribution licensee must provide Low Tension (“**LT**”) connection up to 150 kW for charging stations. 5. The EVCI shall comply with the standards set out by Bureau of Indian Standards and Central Electricity Authority from time to time. 6. Charging stations may also integrate solar energy for their stations. 7. Given the anticipated low usage in the near future, the Guidelines also envisage revenue sharing arrangement with the land owning agency. 8. The charging fee to be charged by CPOs shall comprise of- ▪ Electricity supply tariff (pass through) ▪ Service charge (ceiling limit prescribed under Guidelines) ▪ Land cost (pass through) ▪ GST

9. The power tariff for charging stations shall be single part and shall not exceed Average Cost of Supply ("**ACoS**") till 31.03.2028. The Distribution licensees shall charge 0.7 times of the ACoS during solar hours (9.00 AM to 4 PM) and 1.3 time ACoS during non-solar hours (remaining hours of the day).

10. For power connectivity to the charging stations, Discom supply, open access and integration of renewable power are allowed.

11. CPOs are advised to adopt open communication standards/protocols for data sharing like Unified Energy Interface (UEI), Open Charge Point Protocol (OCPP), Open Charge Point Interface (OCPI) & Open Automated Demand Response (Open ADR).

12. The guidelines also envisage installation of Solar carport, which is a dual purpose, stand-alone structure that provides shelter for vehicles, whilst generating clean, renewable energy from the sun for use on-site including electric vehicle charging. Solar carports can be installed independently or integrated with grid.

13. For implementation of the Guidelines, the Bureau of Energy Efficiency is designated as the Central Nodal Agency and at the state level, the state government have the flexibility to choose their own State Nodal Agencies.

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