



Shri Mukul Dhariwal and Shri Anil Kumar Jha have been appointed as Members of Madhya Pradesh Electricity Regulatory Commission w.e.f. 2nd January, 2018 and 22nd January, 2018 respectively.

Shri Ngangom Sarat Singh has been appointed as Chairperson, Joint Electricity Regulatory Commission for Manipur & Mizoram w.e.f. 24th January, 2018.

Shri P.K. Pujari has been appointed as Chairperson, Central Electricity Regulatory Commission w.e.f. 2nd February, 2018.

Shri Subhash Chandra Das has been appointed as Chairperson, Assam Electricity Regulatory Commission w.e.f. 9th February, 2018.

Shri I.M. Bohari and Shri Mukesh Khullar have been appointed as Members of Maharashtra Electricity Regulatory Commission w.e.f. 6th June, 2018.

Shri Raj Pratap Singh has been appointed as Chairperson, Uttar Pradesh Electricity Regulatory Commission w.e.f. 2nd July, 2018.

Justice Satyendra Singh Chauhan has been appointed as Chairperson, Delhi Electricity Regulatory Commission w.e.f. 5th July, 2018.

Shri Shrimat Pandey has been appointed as Chairperson, Rajasthan Electricity Regulatory Commission w.e.f. 9th July 2018.

Chairperson's Message

This third issue of FOR Newsletter is in continuation to our pursuit to ensure seamless dissemination of information on regulatory & policy issues.



I am glad to inform you that the Technical Committee constituted by FOR has done an excellent job in bringing about harmonization on a number of regulatory issues, especially on grid integration of RE. The Committee has carried out extensive examination of issues like Intra-Day Load / Generation Management, 5-Minute Scheduling, Metering, Accounting and Settlement, Fast Response Ancillary Services (FRAS) from Hydro Generating Stations, RPO Web Tool etc. I am hopeful of further progress in these areas.

The Forum has carried out capacity building programs and commissioned studies during the past five years. A detailed analysis of the impact and effectiveness of these capacity building programs and studies was carried out, which led to encouraging results. Taking a cue from this, the Forum will continue with its capacity building programs and studies for the benefit of the Member Organizations.

We value your feedback and contributions in the form of updates on the activities of SERC / JERC, issuance of Regulations etc. We look forward to your responses.



Welcome to FOR/CERC Chairperson Shri P.K.Pujari in the 63rd FOR meeting



FOR Meetings

- **63rd FOR Meeting was held on 9.4.2018 in New Delhi.** During the meeting,
 - ✓ The Forum authorised constitution of a Working Group who will deliberate upon guidelines on principles of tariff determination for distribution assets including depreciation parameters in compliance to tariff policy 2016.
 - ✓ The Forum endorsed the recommendation of the Technical Committee for introduction of real time energy market with hourly gate closure and requested CERC to take suitable action, to take the idea forward. It was also reiterated that automation of the process, preparedness of the stakeholders, especially, Discom and the Power Exchanges were essential requisites to the success of the framework.
 - ✓ The Forum appreciated the initiative of the FOR sub-Group constituted by the Technical Committee who suggested that, on a pilot basis, 5-minute capable meters may be installed at say, 4-5 locations in each Region to gain practical experience in 5-minute metering, interfacing requirements/ file interchange formats and to develop data analytics/ tools for 5-minute metering, data validation, reporting, etc. The pilot project would help in formulation/ refinements of Technical specifications and Software Requirement Specifications for Metering Software at RLDCs and Accounting Software at RPCs for 5-minute metering.
 - ✓ The Forum endorsed the recommendation of the Technical Committee for pilot studies on FRAS for Hydro (along with pilot studies on 5-Minute Scheduling, Metering, Accounting and Settlement) in the States of Andhra Pradesh, Rajasthan, Telangana, Uttar Pradesh and West Bengal.

- **62nd FOR Meeting was held on 15.12.2017 in New Delhi.** During the meeting,
 - ✓ The Forum discussed and endorsed the FoR Study on “Impact Assessment of FoR Studies and Capacity Building Programs” which covered a detailed analysis on the relevance, efficiency, effectiveness and impact of the studies and capacity building programs of FoR.
 - ✓ Volume I & II of the Report of the FoR Standing Technical Committee on Implementation of Framework on Renewables at the State-Level was released
 - ✓ The Forum endorsed the report of the "Working Group on Open Access". The report made recommendations on scheduling power for certain time slots to prevent frequent shifting, uniform methodology for determination of various OA charges etc.
 - ✓ Presentation on the generic software of E-Court for the State Electricity Regulatory Commissions, Reference from Ministry of New and Renewable Energy (MNRE) on RPO Trajectory and RPO Compliance, Report of the FOR Working Group on Issues Related to Open Access etc.

- **61st FOR Meeting was held on 22.9.2017 in Chennai.** During the meeting,
 - ✓ The Forum discussed the progress achieved by the FoR Technical Committee on RE Integration which included the need to implement SAMAST across all States , preparation of model DPR, preparation of Model Regulations for facilitating State level DSM, Generic RPO Webtool, national level framework for optimum resource utilization etc.
 - ✓ The Forum considered submission of merging solar and non-solar RPOs into one single RPO target for compliance by obligated entities in the light of emerging market realities.
 - ✓ The Forum noted that the IEGC notified by CERC recognized must run status for the RE plants and several States have also accorded the similar status to RE plants in their regulations. Hence, the Forum resolved that this principle should be adopted universally across States
 - ✓ The Forum observed that in order to encourage transparency and efficiency in project costs, threshold limit for intra-State transmission projects is required to be determined by the SERCs as provided for in the Tariff Policy. Therefore, the Forum urged the Members to determine the threshold limit for their respective State-level transmission projects, while taking all relevant parameters of their State into consideration.



SERC Regulations/Developments

• DERC's approach paper for Tariff rationalization

In February 2018, the Delhi Electricity Regulatory Commission (DERC) came out with an approach paper for tariff rationalization. The objective of the approach paper is to examine the existing regulatory framework in electricity retail tariff and develop a strategy for creating competition in the market within the present legal framework of the Electricity Act, 2003. The paper identified challenges such as frequent shifting of Open Access consumers, insufficient Cross subsidy surcharge, Additional surcharge and Standby charges, redesign of tariff structure and rationalisation. As a way forward, some of the recommendations of the paper are:

- ✓ Retail tariff to be reflective of actual Fixed costs so as to minimise Cross subsidy surcharge between fixed and energy charges
- ✓ Competition to be introduced in retail supply business
- ✓ Identify retail supply licensees along existing distribution licensees for purpose of Universal Service Obligation and ensure electricity at regulated rate to every consumer as per provisions of Electricity Act

• MERC Order on Rooftop under Net Metering

Maharashtra Electricity Regulatory Commission (MERC) has passed a ruling stating that the benefits of net metering are limited to rooftop solar installations of upto 1 MW.

MERC was responding to a petition filed by Bharat Electronics Limited (BEL), a Government of India Enterprise under the Ministry of Defence (MoD), requesting clearance for the implementation of 3 MW solar power project with a net metering facility on the Ordnance Ammunition Factory in Khadki (AFK), Pune. The project did not qualify because of its size.

In the case of the BEL project, the 3 MW captive solar system falls under the provisions for open access. Power generated under open access attracts additional charges such as wheeling charges, a cross-subsidy surcharge. All these factors including fees payable to MSLDC impact the viability of the project. MERC has also observed that AFK Pune cannot claim exemption from the provisions of Net Metering Regulations, 2015. When a consumer of electricity also becomes a consumer of a particular distribution licensee, it comes under the Commission's regulation and no special treatment can be granted.

Regulations at a Glance

CERC Regulations

• CERC approved procedures for grant of connectivity to use ISTS.

CERC approved the procedure for grant of connectivity to Renewable Energy projects proposing to use Inter-State transmission system (ISTS). The guidelines provide for procedure, eligibility, and timelines for approval of connectivity by the CTU. Previously, the connectivity approval was granted on first come first serve basis based on the capacity of the sub-stations, resulting in late comers having to wait for augmentation of new sub-stations. SECI stipulates 18 months for commissioning of Wind power plant from the date of issuance of letter of award. However, it takes 2-3 years to construct new substation or evacuation infrastructure.

• National APPC for 2018-19 and beyond at Rs 3.53/kWh

Central Electricity Regulatory Commission (CERC) has set the national average power purchase cost (APPC) at ₹ 3.53/kWh for regional renewable energy generators. This APPC will apply during the financial year (FY) 2018-19 and until further orders for deviation settlement with respect to open access and captive wind and solar generators fulfilling the requirement of regional entities are put in place.

The new APPC is ₹ 0.05/kWh more than the previous APPC of ₹ 3.48/kWh for FY 2017-18.



Ministry Of Power News

- **Thermal generating Stations to upgrade emission control systems in larger public interest**

MoP issued directions to CERC to facilitate smooth implementation of revised emission standards of Environment (Protection) Amendment Rules, 2015 for Thermal Power Plants (TPPs). The respective TPPs may approach appropriate Commission for approval of additional capital expenditure on account of upgradation or installation of new emission control systems on account of change in law event in respect of PPA entered under the section 62 & 63 of Electricity Act, 2003. The additional cost shall consider for being made pass through in tariff by the Appropriate Commission in accordance with the law.

- **Mechanism for Implementation of New Environmental Norms for Thermal Power Plants(TPP) supplying power to distribution licensees under concluded long term and medium term Power Purchase Agreement(PPA)**

Ministry of Power has issued directions to the Central Electricity Regulatory Commission under Section 107 of the Electricity Act recognizing the compliance of Environment Protection (Amendment) Rules, 2015 by Thermal Power Plants as Change of Law.



FOR's interaction with Hon'ble Minister of State (IC), Power and New & Renewable Energy, Shri R.K.Singh



CEA Related

Annual Generation Programme 2018-19 issued by Central Electricity Authority (CEA)

Generation Programme is prepared by CEA based on the actual generation by the Stations during previous years, maintenance schedules furnished by the Stations for the year 2018-19 and anticipated new capacity additions during the year. However, there could be substantial variations in generation from individual Stations due to change in actual maintenance schedules of Stations (vis-à-vis proposed schedules) & sudden outages of units, actual commissioning of new capacities and change in overall generation mix due to constraints in availability of specific sources like hydro or gas etc.

MNRE Related

- **MNRE to support 2.5 GW wind-solar hybrid projects**

The objective of the Scheme is to facilitate installation of new wind-solar hybrid projects at a price discovered through the transparent process of reverse bidding through Solar Energy Corporation of India (SECI), the Scheme's nodal agency. The Scheme will be implemented for setting up of 2500 MW hybrid projects on a build, own, and operate (BOO) basis. The eligible bid capacity for bidding will be minimum 200 MW and 500 MW by a bidder with a project capacity of at least 50 MW at one project site.

- **India moves to auction its first offshore wind power project**

In a move that would help boost its clean energy commitments, India has called for expression of interest (EoI) for the first offshore wind energy project in the country being set up in the Gulf of Khambhat, off the coast of Gujarat, according to a government statement. The development assumes significance given the 1,000 megawatts (MW) size of the project, with the government's plan to set up at least 5 gigawatts (GW) of offshore wind capacity by 2022. India plans to leverage scale to bring down offshore energy tariffs by harnessing the enormous wind power potential along its 7,600 km coastline. "The National Institute of Wind Energy (NIWE), an autonomous body under the Ministry of New and Renewable Energy (MNRE), has called for 'Expression of Interest' (EoI) for the first offshore wind energy project of India".

- **Revised Schedule of "Quality Control Order of Solar Photo Voltaic Systems, Devices and Components Goods 2017"**

Central Government had issued "Solar Photovoltaics, Systems, Devices and Components Goods (Requirements for Compulsory Registration) Order, 2017" vide S.O. 2920 (E) dated 5 September, 2017 for six products included in the Schedule with effect from 5th September 2018. After having discussions with various stakeholders including the Bureau of Indian Standards (BIS), the date of coming into force of the said Order was advanced to 16th April, 2018. The Schedule has been issued for components of solar photovoltaic system with the date of implementation indicated against each product in the Schedule.



FOR Related

- **Forum of Regulators Report on Open Access**

Forum of Regulators released a report on issues impacting the open access and recommended way forward for its better implementation. The recommendations of the Forum include:

- Leverage technology solutions and automate processes for issue of No-Objection Certificates (NOC), energy scheduling, and energy settlement
- Conduct impact assessment for DISCOMS as well as open access users
- Open access consumers must schedule minimum continuous eight hours of supply through open access
- Cross Subsidy Surcharge (CSS) must be calculated on the basis of average cost of supply and must not be based on category-wise or voltage-wise cost of supply
- There must be three components of additional surcharge to fully recover the losses due to stranded capacity and regulatory assets
- Tariff structure is not uniform across all SERCs and the concept of standby charge can be only for long-term open access consumers
- SERCs must revise fixed charges gradually

- **First Report of FOR Technical Committee on Implementation of Framework for Renewables at the State Level**

Technical Committee for Implementation of Framework on Renewables at the State Level was formed under the Chairmanship of Member CERC, Shri A.S. Bakshi, and comprising Technical Members of State Commissions of renewable rich States viz. Tamil Nadu, Gujarat, Rajasthan, Maharashtra, Andhra Pradesh, Karnataka and Madhya Pradesh.

Major initiatives of the Committee are listed below and detailed as individual chapters in the first volume:

- Implementation of Scheduling, Accounting, Metering and Settlement of Transactions in Electricity (SAMAST) Report
- Implementation of State Level Forecasting & Scheduling Framework
- Model Deviation Settlement Mechanism (DSM) Regulations:
- RPO Web-Tool and related matters
- Regional Co-operation for Optimum Utilization of Generation Resources
- Introduction of 5 Minute Time Block
- Smart Meters
- Model Regulations for tariff Determination & other related matters for intra-State hydro Generating Stations



Members of FOR



FOR Study Reports

The Forum of Regulators (FOR) carried out an independent Impact Assessment of the Studies and Capacity building workshops undertaken during the past 5 years and analyzed whether these activities are in line with the functions and objectives of the Forum. The execution of this assignment was divided under five main stages: **Inception - Design and Planning, Finalization of Key Impact Parameters, Data Collection and Analysis, Framing Recommendations and Roadmap and Stakeholder Consultation.**

On the basis of derived insights, three major focus areas have been identified:

- i. Making the process of carrying out Studies and CBPs uniform, robust and inclusive of all critical requirements - **Focus on Process**
- ii. Ensuring the involvement of suitable personnel from SERCs from planning to application stages of a Study or CBP – **Focus on People**
- iii. Developing in-depth, all-rounded and referable content for Studies and CBPs that can readily be adopted by SERCs – **Focus on Content**

The exercise of assessing impact of such Studies and CBPs has revealed that while SERCs have valued the quality of study reports, CBP presentations and related content, they seek a parallel mechanism wherein they are duly involved and motivated to contribute in a meaningful manner. Such a mechanism will also make it easier for States to embrace and adopt Study and CBP outcomes, initiating a healthy cycle of feedback-driven Studies and CBPs.

The following *areas of improvement* have been brought forth in the study :

- Greater inclusion and involvement of SERCs across lifecycle of Studies and CBPs
- Allowing more interaction of SERCs for communication of best practices
- Ensuring coverage of parameters as perceived significant by SERCs by all Studies and CBPs
- Greater focus on adoption of recommendations by SERCs for the purpose of fulfilling their functions and resolution of pertinent issues

The following *areas of strength* have been discovered in this assignment which can be further capitalized upon:

- Enhancement of knowledge and awareness regarding complex issues with the help of Studies and CBPs
- Incorporation of national case studies and best practices employed in various States
- Sustainability of recommendations and ability to withstand future trends



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Shri Gireesh B Pradhan, Chairpeson FOR/CERC felicitated by Justice Bhavani Prasad, Chairperson, APERC on the eve of demitting office of CERC

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