

# UTTARAKHAND ELECTRICITY REGULATORY COMMISSION

‘Vidyut Niyamak Bhawan’, Near I.S.B.T., P.O.-Majra, Dehradun-248171

## Coram

Shri D.P. Gairola	Member (Law)-Chairman (I/c)
Shri M.K. Jain	Member (Technical)

**UERC (Tariff and Other Terms for Supply of Electricity from Renewable Energy Sources and non-fossil fuel based Co-generating Stations) (First Amendment) Regulations, 2023.**

## Statement of Reasons

1. The Commission had issued UERC (Tariff and Other Terms for Supply of Electricity from Renewable Energy Sources and non-fossil fuel based Co-generating Stations) Regulations, 2018 (hereinafter referred to as “Principal Regulations” or “RE Regulations, 2018”) vide notification dated September 6<sup>th</sup>, 2018.
2. The State discom, i.e. Uttarakhand Power Corporation Limited., had filed a Petition before the Commission seeking relaxation in balance quantum of Renewable Purchase Obligation of FY 2021-22 not met to the tune of 25.61 MUs (Non-Solar) and 350.49 MUs (Solar) as per the provisions of UERC (Compliance of Renewable Purchase Obligation) Regulations, 2010 and application seeking amendment in the said Regulation in the light of new order of Ministry of Power (MoP), GoI issued on dated 22.07.2022 read with its Corrigendum dated 19.09.2022. The Commission vide its Order dated 13.02.2023 rejected the request of UPCL for amendment of RE Regulations, 2018 on the grounds that amendment of Regulations is done by following procedure laid down under Section 181 of the Electricity Act, 2003 and cannot be carried out through an Order. The Commission through the aforesaid Order also directed the staff of the Commission through the Secretary to examine the request made by UPCL and put up a proposal for amendment of the Regulations before the Commission, if so required.
3. In view of the above, the Commission’s staff analysed the relevant provision of the RE Regulations, 2018 and various notifications issued by MoP, GoI regarding renewable purchase obligation. Accordingly, based on the request of UPCL and various notifications

of MoP, GoI, the Commission proposed the draft first amendment Regulation, 2023 to amend Regulation 9 of the Principal Regulations. Last date of the submission of the comments/suggestions/objections was kept as 10.03.2023. The list of stakeholders who submitted comments is enclosed as **Annexure-I**.

The draft amendment proposed by the Commission in Regulation 9 of the Principal Regulation is as follows:

***“9. Minimum Quantum of electricity to be purchased by distribution licensees from ‘non-fossil fuel based co-generation and generation of electricity from renewable energy sources’***

*(1) In line with the provisions of the Act, National Electricity Policy, the Tariff Policy to promote development of renewable and non-conventional sources of energy, all existing and future distribution licensees, captive users and open access customers, hereinafter referred to as “Obligated Entity”, in the State shall be obliged to procure minimum percentage of their total electricity requirement for own consumption, as indicated below, from eligible renewable energy sources as defined under Regulation 4. The same shall be called the Renewable Purchase Obligation (RPO) of the Obligated Entities.*

<b>Year</b>	<b>Wind RPO</b>	<b>Hydro Purchase Obligation (HPO)</b>	<b>Other RPO</b>
2022-23	0.81%	0.35%	23.44%
2023-24	1.60%	0.66%	24.81%
2024-25	2.46%	1.08%	26.37%
2025-26	3.36%	1.48%	28.17%
2026-27	4.29%	1.80%	29.86%
2027-28	5.23%	2.15%	31.43%
2028-29	6.16%	2.51%	32.69%
2029-30	6.94%	2.82%	33.57%

- Wind RPO shall be met only by energy produced from Wind Power Projects (WPPs), commissioned after 31<sup>st</sup> March 2022.*
- HPO shall be met only by energy purchased from Hydro Power Plants (including PSPs and Small Hydro Projects (SHPs)), commissioned after 8<sup>th</sup> March 2019.*
- Other RPO shall be met by energy produced from any RE power project not mentioned in (a) and (b) above.*

*Percentage RPO as stipulated above denotes Minimum Quantum of purchase from non-fossil fuel based co-generation and generation of electricity from renewable energy sources’ as a percentage of total energy purchased from all sources/generated by the Obligated Entity during the year for own consumption.*

*Where, total energy purchased for different obligated entities shall be as under:*

- For Discoms, total energy purchased from all sources during the year for own consumption; and*

- b. For Open Access consumers, total energy purchase through Open Access shall be metered consumption recorded at drawl/consumption point during the year for own consumption.
- c. For Captive users, total energy purchased shall be metered consumption recorded at drawl/consumption point during the year for own consumption.

*Provided that HPO obligation of the Distribution licensee may be met out of the free power being provided to the State from HPPs (including PSPs and SHPs), commissioned after 8th March 2019 as per agreement at that point of time excluding the contribution towards LADE, if consumed within the Discom. Free Power (not that contributed for Local Area Development) shall be eligible for HPO benefit.*

*Provided that any shortfall remaining in achievement of 'Other RPO' category in a particular year can be met with either the excess energy consumed from Wind Power Plants, commissioned after 31st March 2022 beyond 'Wind RPO' for that year or with excess energy consumed from eligible HPPs (including PSPs and SHPs), commissioned after 8th March 2019 beyond 'HPO' for that year or partly from both. Further, any shortfall in achievement of 'Wind RPO' in a particular year can be met with excess energy consumed from Hydro Power Plants, which is in excess of 'HPO' for that year and vice versa.*

- (2) *For the purpose of this RPO framework, for every obligated entity, own consumption would mean gross energy consumed or purchased by the obligated entity from all sources for its own use or for the purpose of supply to its consumers within its area of supply, excluding any inter-se sale of electricity amongst the Licensees or outside consumers.*
- (3) *Distribution licensee shall be eligible to utilise the gross Solar energy generated from the rooftop or small solar power plants of non-obligated entities for meeting its 'Other RPO' compliance based on the gross energy generated meter reading of such rooftop or small solar power plant.*
- (4) *The following percentage of total energy consumed shall be solar/wind energy alongwith/through storage.*

<b>Financial Year</b>	<b>Storage (on Energy basis)</b>
2023-24	1.0%
2024-25	1.5%
2025-26	2.0%
2026-27	2.5%
2027-28	3.0%
2028-29	3.5%
2029-30	4.0%

- (5) *The Energy Storage Obligation shall be calculated in energy terms as a percentage of total consumption of electricity and shall be treated as fulfilled only when and at least 85% of the total energy storage in the Energy Storage System (ESS), on an annual basis, is procured from renewable energy sources.*
- (6) *The Energy Storage Obligation to the extent of energy stored from RE sources shall be considered as a part of fulfilment of the total RPO as mentioned under sub-regulation (1) of this regulation.*
- (7) *SLDC will maintain a data related to compliance of RPO Obligation."*

The comments/suggestions/objections received from the stakeholders in respect of draft amendment and the views of the Commission on the same are discussed in subsequent paragraphs.

## **Comments / Suggestions / Objections of the stakeholders and Analysis & Decision of the Commission:**

### **1. Comments received:**

#### **1.1. SLDC submission**

With regard to proposed draft Regulation 9 of the Principal Regulation, SLDC submitted that as per RPO Compliance Regulations, 2010, UREDA is the Nodal Agency for registration of projects with Central Agency and all the obligated entities are required to submit the quarterly and annual status report in respect of RPO to UREDA.

#### **1.2. UREDA submission**

UREDA submitted that energy from Solar power plants has been kept upper 'Other RPO' category and Uttarakhand State has big setup of Hydro Power Plants so it is very likely that UPCL may fulfil the obligated criteria of 'Other RPO' category from Large Hydro Power plants commissioned before 08.03.2019. The growth of renewable energy from solar power projects may get a severe blow in Uttarakhand because of not having a separate category of 'Solar RPO'. Further, UREDA also submitted that the Government of India has presented five nectar elements of India's climate action in the recent COP 26 meet held in United Kingdom. One of the above stated elements is to reach 500 GW non-fossil energy capacity by 2030. In line with GoI's commitment towards renewable energy in the global platform, the State Government of

Uttarakhand is coming up with Solar Policy which intends to accelerate solar energy deployment by harnessing the potential of solar. In order to meet the target set by Government of Uttarakhand, a dedicated Solar RPO is a must for the State.

### **1.3. UJVNL Submission**

UJVNL submitted that the proposed amendment does not have any separate RPO category for solar energy which was present in the principal regulations. UJVNL submitted that UPCL is already in energy surplus position under 'Other RPO' category as UPCL is expected to draw hydro energy over 50% of the total energy requirement of Uttarakhand for FY 2023-24 against which "Other RPO" target is now proposed to be near 25% in draft regulation.

UJVNL also submitted that the Commission has proposed separate Wind RPO whereas there is hardly wind potential in the State. Further, the Regulations shall be into force for five year, however, RPO has been defined upto FY 2029-30.

UJVNL submitted that keeping in view the draft Solar Policy of Uttarakhand, a separate 'Solar RPO' should be created for new Solar Plants to be commissioned in Uttarakhand.

### **1.4. Akshay Urja Association submission**

Akshay Urja Association submitted that the geography and demography of the hilly regions of Uttarakhand are different from other States of India, therefore, implementation of national RPO framework shall not be directly implemented to the Uttarakhand. Further, Solar is the only industry in Hills that is becoming more viable to the remote areas of the State and have potential to overcome the lower socio-economic development in the Hills. Akshay Urja Association submitted that discom has to rely on the wind generators to meet its Wind RPO requirement which are majorly in the western part of India and UPCL has to bear higher cost than Solar for purchasing wind energy.

Akshay Urja Association also submitted that proposed amendment is against the Uttarakhand Solar Policy which targets 2500 MW by 2028 which is totally RPO based target. The stakeholder also requested the Commission to allow a mechanism to sign

PPA with UPCL at the UERC benchmark tariff or mutual agreed basis with UPCL just like Hydro Projects in the State.

### **1.5. UPCL Submission**

UPCL has submitted its comments on Regulation 2(3), Regulation 41(2) and Regulation 49(1) of Principal Regulation vide its submission dated 06.03.2023.

### **1.6. IEX Submission**

The Stakeholder submitted that UERC RPO Compliance Regulations needs to be amended in line with the proposed amendment. Further, CERC REC Regulations, 2022 has done away with the floor or forbearance price of RECs, however, UERC RPO Regulations provides mechanism linked to forbearance price. Further, as per CERC REC Regulations, 2022 REC can be issued to RE generating stations if the electricity generated is not sold directly or through a trader or in PX, for RPO compliance. However, no such provision in the UERC RPO Regulations.

## **2. Commission's view and decision**

With regard to comments of UPCL, it is pertinent to mention that the present amendment in Regulation 9 of RE Regulations, 2018 is w.r.t adoption of RPO trajectory in accordance with the various Orders of MoP, GoI. However, UPCL has submitted its comments on Regulation 2 (*Definitions*), Regulation 41 (*Evacuation of Power*) and Regulation 49 (*Deemed Generation*) of RE Regulations, 2018. The present amendment is restricted to the amendment in Regulation 9 (*Minimum Quantum of electricity to be purchased by distribution licensees from 'non-fossil fuel based co-generation and generation of electricity from renewable energy sources'*). Accordingly, the requests made by UPCL has been rejected by the Commission and the stakeholder is directed to submit its comments separately during the proceedings of formation of RE Regulations for next Control Period.

Further, IEX vide its letter dated 10.03.2023 requested the Commission to amend UERC RPO Compliance Regulations in line with the CERC REC Regulations and proposed amendment w.r.t RPO trajectory. In this matter, the Commission is of the view that the matter shall be taken up separately by the Commission.

SLDC submitted that as per as per UERC RPO Compliance Regulations, 2010, UREDA is the Nodal Agency for accreditation and recommending the renewable energy projects for registration with Central Agency. Further, all the obligated entities are required to submit quarterly as well as annual status report in respect of in respect of compliance of renewable purchase obligation to UREDA. The Commission observed that the Commission while specifying the role and functions of various stakeholders in the implementation of web-tool had specified that UREDA shall update yearly RPO percentage and other terms & conditions as specified by the Commission from time to time. Accordingly, the Commission accepts the proposal of SLDC of making UREDA responsible for maintaining data related to compliance of RPO.

With regard to the concern of UJVNL w.r.t specifying RPO Trajectory till FY 2029-30, it is to clarify that there will not be a time where there will be a situation of vacuum or absence of Regulations or time lag between two control period regulations. Either the Commission comes up with a new regulation after the end of a control period or extends the control period of the prevailing regulations.

With regard to issues raised by UREDA, UJVNL and Akshay Urja Association, it is to be noted that the RPO trajectory in RE Regulations, 2013 and RE Regulations, 2018 was incorporated in accordance with the various Orders of MoP, GoI. Further, it is to be noted that the MoP vide its Order dated 29.01.2021 specified the obligation towards HPO upto FY 2029-30 and regarding other renewable sources stated that the same shall be specified in due course of time. Subsequently, MoP, GoI vide its Order dated 22.07.2022 read with its corrigendum dated 19.09.2022 specified the trajectory for RPO and Energy Storage Obligations (ESO) trajectory. In this regard, it is to elaborate that in the various meetings of Forum of Regulators and Meeting of Electricity Regulatory Commissions with Union Power Minister, ERCs have been directed to make necessary amendment in the existing regulations to incorporate the trajectory specified by MoP, GoI. Accordingly, the Commission is hereby adopting the same.

Further, considering the development of solar power in the State, the Commission at this stage does not feel prudent to separately specify the solar RPO as UREDA has not been proactive to get the projects commissioned on time because of which UPCL always has been found to be unable to meet the solar RPO leading to huge shortfalls which will

have financial implications on UPCL and in turn the consumers of the State. Accordingly, in future if the need arises the Commission may review the RPO trajectory so specified.

Based on the above discussion, the Commission hereby modifies Regulation 9 of the Principal Regulations, 2018 which shall now be read as follows:

***“9. Minimum Quantum of electricity to be purchased by distribution licensees from ‘non-fossil fuel based co-generation and generation of electricity from renewable energy sources’***

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- (6) *The Energy Storage Obligation to the extent of energy stored from RE sources shall be considered as a part of fulfilment of the total RPO as mentioned under sub-regulation (1) of this regulation.*
- (7) *UREDA will maintain a data related to compliance of RPO Obligation."*

By the Order of the Commission

(Neeraj Sati)  
Secretary

**List of Stakeholders**

<b>Sr. No.</b>	<b>Name</b>	<b>Designation</b>	<b>Organisation</b>	<b>Address</b>
1.	Sh. Anupam Singh	Chief Engineer	State Load Despatch Centre	132 kV Sub-station, H/Q Bldg., Marja, Dehradun
2.	Sh. Manoj Kumar	Chief Project Officer (Incharge)	Uttarakhand Renewable Energy Development Agency	Urja Park Campus, Industrial Area, Patel Nagar, Dehradun
3.	Sh. Naresh Kumar	Chief Engineer (Commercial)	Uttarakhand Power Corporation Ltd.	Victoria Cross Vijeta Gabar Singh Bhawan, Kanwali Road, Dehradun.
4.	Sh. Purushottam Singh	Director (Operations)	UJVN Ltd.	“Ujjwal”, Maharani Bagh, GMS Road, Dehradun - 248006
5.	Sh. Kshitij Dhingra	Regulatory Affairs Division	Indian Energy Exchange (IEX)	IEX Ltd., Plot No. C-001/A/1/9 <sup>th</sup> Floor, Max Towers, Sector-16B, Noida, Gautam Buddha Nagar, Uttar Pradesh-201301
6.	Sh. Manish Kathait	Secretary	M/s Akshay Urja Association	47/1, Chakrata Road, Vasant Vihar, Dehradun-248006