

KERALA STATE ELECTRICITY REGULATORY COMMISSION,

NOTIFICATION

No.442/CT/2012/KSERC

Dated, Thiruvananthapuram 01.01.2013

Kerala State Electricity Regulatory Commission (Power Procurement from Renewable Sources by Distribution Licensee) Regulations, 2013

In exercise of the powers conferred by sub section(1) of section 181 of the Electricity Act, 2003 (Central Act 36 of 2003) and all other powers enabling it in this behalf and after previous publication and in supersession of the Kerala State Electricity Regulatory Commission (Power procurement from Renewable Sources by Distribution Licensee) Regulations, 2006, the Kerala State Electricity Regulatory Commission makes the following Regulations, namely:-

1. Short title, extent and commencement. - (1) These Regulations may be called the Kerala State Electricity Regulatory Commission (Power Procurement from Renewable Sources by Distribution Licensee) Regulations, 2013

(2) These Regulations shall be applicable to the Distribution Licensees in the State of Kerala. However, till such time the STU or any licensee is engaged in the activity of bulk purchase and sale of electricity to distribution licensees, these regulations shall be applicable to STU/Licensee for the State as a whole.

(3) It shall come into force at once.

2. Definitions.- In these Regulations, unless the context otherwise requires,

(a) 'Act' means the Electricity Act, 2003 (Central Act 36 of 2003);

(b) 'Buyer' means,-

i. a Distribution Licensee

ii. STU or any other Licensee engaged in the activity of bulk purchase and sale of electricity to distribution licensee/s;

- (c) 'Commission' means Kerala State Electricity Regulatory Commission;
- (d) 'Control Period or Review Period' means the period during which the norms for determination of tariff specified in these regulations shall remain valid;
- (e) 'Distribution Licensee' means a licensee authorised to operate and maintain a distribution system for supplying electricity to the consumers in his area of supply;
- (f) 'Inter-connection Point' shall mean interface point of renewable energy generating facility with the transmission system or distribution system, as the case may be:
 - (i) In relation to wind energy projects, inter – connection point shall be line isolator on outgoing feeder on HV side of the pooling sub-station;
 - (ii) in relation to small hydro power, inter-connection point shall be line isolator on outgoing feeder on HV side of generator transformer;
- (g) 'Non-firm power' means the power generated from renewable sources, the hourly variation of which is dependent upon nature's phenomenon like sun, cloud, wind etc, that cannot be accurately predicted;
- (h) 'Licensee' means a person who has been granted licence under section 14 of the Act;
- (i) 'Renewable sources' in this context means non-conventional, renewable electricity generating sources such as small hydel, wind, solar, biomass, urban/municipal waste, or other such sources as approved by the Ministry of Non-conventional Energy Sources, Government of India or Government of Kerala;

- (j) 'State Transmission Utility (STU)' means the Board or the Government company notified as such by the State Government under sub section (1) of section 39 of the Act;
- (k) 'Tariff period' means the period for which tariff is to be determined by the Commission on the basis of norms specified under these Regulations;
- (l) 'Useful Life' in relation to a unit of a generating station including evacuation system shall mean the following duration from the date of commercial operation (COD) of such generation facility, namely:-
 - (a) Wind energy power projects 25 years
 - (b) Small Hydro Plants 35 years.

The words or expressions in these Regulations, which are not defined herein, shall have the same meaning as in the Act . In case of inconsistency, the meaning in the Act shall prevail.

3. Purchase of electricity from Renewable Sources of Energy.- (1) Each distribution licensee shall purchase a quantum of 3% from renewable energy sources from FY 2010-11 onwards expressed as a percentage of its total consumption during a year from SHP, Wind and from all other renewable sources and out of this 3%, 0.25% shall be from solar based plants:

Provided that there shall be an increase of 10% of such purchase of energy in the subsequent years till it attains a maximum of 10% of the total consumption.

(2) Till such time the STU or any licensee is engaged in the activity of bulk purchase and sale of electricity to distribution licensees in the State, the quantum of purchase from renewable sources shall be considered at the above specified percentage expressed as percentage of total consumption in the area of supply of all such Distribution Licensees considered together.

(3) The Buyer shall indicate the proposed quantum of purchase from renewable sources for the ensuing year in the ARR and ERC filing, duly indicating the sources of purchase.

(4) The Buyer shall source the proposed quantum of electricity from renewable sources within the State.

(5) While contracting power purchase from renewable sources, the priority for purchase shall be on the basis of the date of commercial operation of such generating stations.

(6) The Buyer shall provide adequate payment security mechanism for purchases mentioned above.

(7) The Commission may review the quantum of purchase from renewable sources once in every 3 years.

(8) If the Buyer defaults in payment for the purchase from any generating company, such generating company shall be at liberty to sell electricity to any other person in accordance with the Kerala State Electricity Regulatory Commission (Open Access) Regulations.

4. Promotion of renewable sources of energy .- Any person generating electricity from renewable sources of energy shall have mandatory open access to any Licensee's transmission system and/or distribution system or grid as the case may be.

5. Determination of Tariff for electricity from Renewable sources .- (1) The Commission shall determine the tariff for purchase of electricity from renewable sources by a Buyer:

Provided that, the PPAs approved by the Commission prior to the notification of these regulations shall continue to apply for such period as mentioned in those PPAs and that the tariff as per this notification shall be applicable for the projects commissioned /synchronised after the date specified in the proviso to clause (2) of Regulation 6.

(2) The Commission shall determine the tariff separately for each category of renewable source mentioned in Regulation 2(i).

(3) The Commission shall as far as possible be guided by the principles and methodologies, if any, specified by the CERC, National Electricity Policy and Tariff policy, while deciding the terms and conditions of tariff for renewable sources of energy.

(4) While determining the tariff, the Commission may, to the extent possible consider to permit an allowance based on technology, fuel, market risk, environmental benefits and social contribution etc., of each type of renewable source. The Commission shall also consider appropriate operational and financial parameters.

6. *Norms for fixation of Tariff.*- (1) Norms for fixation of Tariff for Small Hydel Projects (5 MW to 25 MW), Small Hydel Projects (Below 5 MW) and for Wind Energy Generation Plants are prescribed in Annexure A, Annexure B and Annexure C respectively to these regulations. Control Period or Review Period during which the norms for determination of tariff specified in these regulations remain valid under these Regulations shall be of five years, of which the first year shall be the financial year 2012-13.

Provided that the benchmark capital cost for Wind Projects and SHP Projects may be reviewed annually by the Commission after 1/4/2014:

Provided further that the tariff determined as per these Regulations for the projects commissioned after the date specified in sub-clause(2) of clause 6 during the Control Period, shall continue to be applicable for the entire duration of the Tariff Period (the period for which tariff is to be determined by the Commission on the basis of norms specified under these Regulations) which shall be 13 years for Wind Projects and Small Hydro Projects (5MW to 25MW). For Small Hydel Projects of capacity less than 5MW the tariff period shall be 35 years:

Provided also that the Capital Cost mentioned in the Annexures shall be inclusive of all capital work including plant and machinery civil works, erection and

commissioning financing and interest during construction and evacuation infrastructure up to in the inter connection point:

Provided also that the revision in Regulations for next Control Period shall be undertaken at least six months prior to the end of the first Control Period and in case Regulations for the next Control period are not notified until commencement of next Control Period, the tariff norms as per these Regulations shall continue to remain applicable until notification of the revised Regulations subject to adjustments as per revised Regulations.

(2) The levelised tariff for Small Hydel Projects (5MW to 25 MW), Small Hydel Projects (Below 5 MW) and Wind Energy Generation Plants are prescribed as Rs. 4.16/ Unit, Rs. 4.88/Unit and Rs. 4.77/Unit as in Annexure A, Annexure B and Annexure C respectively. Small Hydel Projects (5MW to 25MW) shall enter into PPA for a period of 13 years with tariff rate Rs. 4.16/Unit, Small Hydel Projects (Less than 5 MW) shall enter into PPA with tariff rate Rs. 4.88/Unit for 35 years and Wind Energy Generation Plants shall enter into PPA with tariff rate Rs. 4.77/Unit for 13 years with the Distribution Licensee:

Provided that the tariff given above shall be applicable for the projects commissioned / synchronized on or after 01.01.2013 only. Provided also that this Tariff shall be in force for the Financial Year 2013-14 also. The generic tariff shall be applicable for all the projects developed during the Control Period and the Developers need not obtain approval from the Commission for the tariff applicable for their individual projects.

7. Sharing of CDM Benefits:- 1) The proceeds of carbon credit from approved CDM project shall be shared between generating company and concerned beneficiaries in the following manner, namely:-

(a) 100% of the gross proceeds on account of CDM benefit to be retained by the project developer in the first year after the date of commercial operation of the generating station;

(b) In the second year, the share of the beneficiaries shall be 10% which shall be progressively increased by 10% every year till it reaches 50%, where after the

proceeds shall be shared in equal proportion, by the generating company and the beneficiaries.

8. Repeal and Savings.- (1) Kerala State Electricity Regulatory Commission (Power Procurement from Renewable Sources by Distribution Licensee) Regulations 2006, and amendments are hereby repealed.

(2) Notwithstanding such repeal, any thing done or any action taken under the said regulation shall be deemed to have been done or taken under the corresponding provisions of this regulation.

9. Power to remove difficulties:- If any difficulty arises in giving effect to any of the provisions of these regulations, the Commission may by order, do anything not inconsistent with the provisions of the Act which appears to it to be necessary for the purpose of removing the difficulties.

By Order of the Commission

Secretary

Explanatory Note

Section 86(1)(e) of the Electricity Act, 2003 mandates the Commission to promote co-generation and generation of electricity from renewable sources of energy by providing suitable measures for connectivity with the grid and sale of electricity to any person, and also specify, for purchase of electricity from such sources, a percentage of the total consumption of electricity in the area of a Distribution Licensee. Section 62(1) of the Act empowers the Commission to determine the tariff for the supply of electricity by a Generating Company to a Distribution Licensee in accordance with the provisions of the Act. Section 61 of the Act further provides that

the Appropriate Commission shall, specify the terms and conditions for the determination of tariff and in doing so shall be guided by the principles listed in clauses (a) to (i) of the said Section. Accordingly Commission had issued KSERC (Procurement from Renewable Energy Sources by Distribution Licensees) Regulation, 2006. Meanwhile Central Electricity Regulatory Commission issued Central Electricity Regulatory Commission (Terms and Conditions for Tariff Determination from Renewable Energy Sources) Regulations, 2012 on 6-02-2012 and Order on 27-03-2012 deciding generic tariff for different RE Projects. In order to provide more transparency and predictability, the Commission decided that the terms and conditions and norms for RE Tariff in the State can be aligned with the CERC norms. The terms and Conditions, norms, control period and generic tariff for RE Projects in this regulation has been prescribed generally in line with the above with appropriate state specific alterations. Commission has also decided to issue this regulation in supersession of the existing regulation on the subject.

