Comments and Suggestions on Green Open Access Regulations, 2023

Prayas (Energy Group) 4th August 2023

At the onset, we welcome the initiative of the Gujarat Electricity Regulatory Commission in adopting the Green Open Access Rules, 2022. This initiative will benefit consumers across the state by ensuring access to competitive sources of power and help enterprises, especially exporting industries with avenues for green energy procurement.

The provision of green open access especially for consumers with sanctioned loads of 100 kW and even for multiple connections aggregating to 100 kW will have substantial impacts on sector operations and would require a coordinated, phased approach. Several implementation aspects especially related to metering, scheduling, energy accounting, verification of captive status, and network availability are yet to be developed. For example:

- Provision of open access to captive consumers below 100 kW poses several implementation challenges, especially with respect to metering and safety-related aspects which need to be addressed. Eligibility for such systems should be defined based on technical and practical constraints.
- The process for verification of captive status especially for consumers aggregating demand is not clear.
- Whether eligibility for green open access is based on the type of application or based on the source of power utilized. For example, would all consumers using green energy have to file for open access separately? Alternately if power is procured from exchanges to meet some of the demand of the consumer, would green status be revoked?
- Whether the cap on CSS under Rule 9(2) of the Green Open Access Rules, 2022, will be applicable on consumers in case the consumer avails green energy from multiple or different renewable generators.

Further, the state of Gujarat has been one of the early implementors of open access and facilitating captive consumption. Several procedures and practices have evolved based on consumer requirements and DISCOM constraints in the state. It is crucial that the development of green open access is harmonized with existing provisions and developments to ensure smooth deployment and reduce the risk of litigation. For example:

- Treatment of consumers who have availed net metering, open access and captive facilities to meet their demand along with reconciliation of existing procedures and regulations.
- Standby provisions should be common for the consumer rather than having separate provisions for green and non-green as consumers may use multiple energy sources to

meet their power supply but the cost to the DISCOMs to provide standby services would be similar.

— Whether levy of higher transmission charges for short-term open access is applicable on green open access.
— Existing open access regulations (Regulation 18) on Special Energy Meters[1] are stringent, require check meters and stipulate capture of data on a block-wise basis. The specifications in the green open access regulations are not clear in this regard.

In this context our submissions are as follows:

— Harmonise open access regulations and operational guidelines: The provisions towards green open access should be as amendments to the existing open access regulations. Alternatively, the Commission can revise the open access regulations with green open access provisions to ensure there is clarity on applicable provisions. Further operational guidelines should be issued with comprehensive details for the application process, captive verification, banking and metering procedures etc.
— Variation in procedures for consumers based on connected load: The procedures for metering, connectivity, scheduling, captive status verification, demand aggregation should be different for consumers with connected load:
    - greater than 1 MW
    - between 500 kW and 1 MW,
    - between 500 kW and 100 kW
    - below 100 kW.

  Separate procedures are also required for open access consumers who aggregate demand from multiple connections which are below 100 kW.
— Clarity and equitable levy of Charges: There should be clarity on the principle and applicability of levy of charges. They should promote long-term open access, discourage opportunistic switching behaviour and compensate DISCOMs adequately for services provided such that DISCOM consumers are not cross-subsidising open access and captive consumption. Some suggestions in this regard are shared:
    - Cross subsidy surcharge: The second proviso of the Draft Regulation 17.3.2 proposes a cap on CSS (at 50% of the CSS fixed when OA was granted) for the first 12 years of the operation of the RE generating plant. It is not clear. Since the levy is on consumers, it is not clear how the mapping will take place for energy supplied by the RE generator. It might be more practical to award this concession to consumers applying for green LTOA.
    - Discourage short-term open access: As short term open access makes planning and procurement of power a challenge for DISCOMs, it is suggested that

[11] https://www.gercin.org/wp-content/uploads/2019/08/Open-Access-Regulation-1.pdf

consumers who opt for short-term open access more than once a year are charged wheeling charges 25% higher than the commissioned approved rate and with every additional application, the wheeling charges are 25% higher than in the last application (till a cap of 300% of the commission approved wheeling charges).

- Additional Surcharge: Draft Regulation 17.4 specifies additional surcharge on quantum of RE capacity contracted in excess of contracted demand. Consumers thus can choose to pay for the additional surcharge or increase their contracted demand. This is a good provision to ensure DISCOMs are compensated adequately. However, additional surcharge should be stipulated on a MVA or MW basis to operationalize this levy. This should also be accompanied by realistic banking charges and recalibrated time of day charges which reflect the demand-supply mismatches and system costs incurred by DISCOM consumers.
- Banking: Banking is permitted on a monthly basis (without carry forward) with a banking charge of 8% in kind of energy banked. However, unlike the FoR model regulations (which have restrictions), the GERC draft regulations allow for energy banked in off-peak periods to be drawn in peak periods. Given the stress of DISCOM procurement, it is also suggested that there are restrictions on drawal of banked power during peak slots. Currently, banking charge levied on captive is at Rs.1.5 per unit of energy consumed. The proposed charges are much lower than the existing charges. It is crucial that an equitable charge, which compensates the DISCOMs cost of procurement of power at various times due to banking is evolved. Prayas (Energy Group)'s study in Karnataka estimated the charge at 8% to 10% of energy wheeled (not banked)[2]. A similar study can be conducted by Gujarat DISCOMs to specific the banking charge.
- Standby charges: Draft regulation 17.5 suggest levy of charges at 25% of the energy charges and that the charges are not applicable if requirement of standby power is intimated on a day ahead basis. It is suggested that standby services are charged based on services provided. For example, a monthly demand charge is levied when no standby is availed and separate demand and energy charges are levied for planned and unplanned standby services. Standby charges for captive projects in Maharashtra have a similar three tier structure based on services provided.

— Information availability: The provisions in the draft regulations (24 and 25) are welcome and support Commissions proposal for public availability of this information. In addition, we submit that information on status of long-term. medium-term and short-term consumers be supplemented with contracted capacity, connected load (> 1 MW,

[2] https://energy.prayaspune.org/images/pdf/Estimating_impact_of_RE_wheeling_and_banking_arrngmnt_on_Karnataka_ESCOMs.pdf

500 to 100 kW etc.) energy procured, revenue from charges etc. Data should also be separately reported for captive consumers. The number of pending applications and age-wise analysis (less than 1 month, 1 month to 3 months etc) of pending applications should also be provided.

— Tracking rejection of applications: Even with the centralised portal for open access, the state nodal agency and the DISCOM can delay processing applications. In addition, there could be systemic issues that need to be addressed to facilitate open access. In this regard, there should be a process stipulated in the regulations where the state nodal agency compiles the number of applications denied and also notes the reasons for denying applications. The reasons should be examined by the open access review committee and systemic issues which require additional capital expenditure, procedural clarity, changes in regulations should be addressed.

To take a comprehensive look at the Gujarat open access and captive deployment, services provided by the DISCOM and future outlook of green procurement, it is suggested that Commission set up a Committee. The committee, headed by the GERC should have representatives from the distribution licensees, STU, LDC and also have consumer/industry representation to develop draft for aligning the Gujarat Open Access Regulations with the Green Open Access Rules, 2022. The draft can be issued in a three month time-frame for public consultation. Such a process would allow through discussion at the regulations stage itself and would pave the way for a balanced consideration of all stakeholder's perspectives and constraints. This will avoid unnecessary confusion, delays, litigation and resultant non-implementation of GEOA on the ground.

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