

**KARNATAKA ELECTRICITY REGULATORY COMMISSION**  
**16 C-1, Millers Tank Bed Area, Vasanthanagar, Bengaluru-560 052.**

**DISCUSSION PAPER ON 'WHEELING CHARGES AND BANKING FACILITY' FOR**  
**RENEWABLE ENERGY POWER PROJECTS**

**I. Preamble**

1. The Commission, under the provisions of the Electricity Act, 2003, has issued the KERC (Terms and Conditions for Open Access) Regulations, 2004. Clause 11 of the said Regulations specifies the Open Access Charges which, include Transmission charge, Wheeling charge and Cross subsidy surcharge. Accordingly, the Commission had determined the Transmission charge, Wheeling charge and Cross subsidy surcharge for Open Access transactions vide its Order dated 9<sup>th</sup> June 2005. In the said Order, the Commission had observed that the Renewable Energy based power projects cannot compete with conventional sources of energy and therefore, decided to continue the concessional wheeling charges being levied earlier by the Licensees. Thus, the Commission determined the Wheeling charges for renewable energy sources at 5% and Banking charges [only for Wind and Mini-hydel projects] at 2% of the energy injected and decided that other than these charges, RE Projects shall not be liable to pay any transmission charges or wheeling charges either in cash or kind. The Order also specified that annual banking facility in respect of Wind and Mini-hydel projects is to be allowed subject to payment of difference of unscheduled interchange [UI] charges between the time of injection and the time of drawal of power.
2. The Commission, in its subsequent orders continued the wheeling charges of 5% in kind until the order dated 14.05.2018. Further, the Annual banking facility for Non-REC route projects were continued until the order dated 09.01.2018.
3. The Commission in its order dated 14.05.2018 has ordered as follows:

"(1) Subject to the terms stated in Paragraph-2 below of this Order, all Renewable Energy Projects [other than the Captive Generators availing of the benefit of the Renewable Energy Certificate (REC)], which have not yet completed 10 (ten) years from the date of commercial operation, as on 31.03.2018, shall be:

(a) liable to pay 25% (twenty five percent) of the normal Transmission Charges and/or Wheeling Charges, payable in cash, as determined by the Commission in its Tariff Orders, issued from time-to-time, transmitting / wheeling electricity using the network of the Transmission Licensee / Distribution Licensee, as the case may be; and,

(b) in addition, liable to bear the applicable line losses, as approved by the Commission from time-to-time, by deducting from out of the net injected energy;

(c) in addition, liable to the other applicable charges, including Banking Charges of 2% (two percent), in kind;

(2)(a) The Solar Power Projects commissioned on or earlier to 31.03.2017 shall be continued with the existing concessional Charges;

(b) For the Wind Power Projects commissioned during the period between 10.10.2013 and 03.09.2017, 25% (twenty-five percent) of the normal Transmission Charges and/or Wheeling Charges, in cash, alone shall be levied, exempting the levy of the line loss, in kind;

(c) For the Mini Hydel Power Projects commissioned during the period between 01.01.2015 and 31.03.2018, 25% (twenty five percent) of the normal Transmission Charges and/or the Wheeling Charges, in cash and only 50% (fifty percent) of the applicable line loss, in kind, shall be levied;

- (d) For the Wind Power Projects and the Mini-Hydel Power Projects referred in (b) and (c) above, Banking Charges at 2% (two percent), in kind, and other applicable charges shall be levied; and,
- (e) The Biomass and Cogeneration Power Projects shall not be liable for the proposed Transmission Charges and/or Wheeling Charges, in cash, and the applicable line losses, in kind, and the said Projects shall be liable to pay only 5% (five percent), in kind, of the net energy injected as Transmission charges and/or Wheeling Charges;
- (3) The Renewable Energy Projects, which have completed the 10-year period from the date of commercial operation, as on 31.03.2018, shall be liable for normal Transmission Charges and/or Wheeling Charges, in cash, and the applicable line losses and banking charge, in kind, as determined by the Commission in its Tariff Orders, from time-to-time, in addition to the other applicable charges;
- (4) The Renewable Energy Projects, commissioned on or after 01.04.2018, shall be liable for 25% (twenty five percent) of the normal Transmission Charges and/or the Wheeling Charges, in cash, and the applicable line losses and banking charge, in kind, as determined by the Commission in its Tariff Orders, from time-to-time, in addition to the other applicable charges;
- (5) The Solar Power Projects, commissioned on or after 01.04.2018, shall be liable for the applicable Transmission Charges and/or Wheeling Charges, Cross-Subsidy Surcharge and the Banking Charges, for availing of the Open Access transactions, in addition to the other applicable charges;
- (6) The Captive Generators, availing of the benefit of the Renewable Energy Certificate (REC) mechanism, shall be liable to pay the

*normal Transmission, Wheeling and other charges, as specified in the Commission's Order dated 09.10.2013; and,*

*(7) This Order shall come into effect from 01.04.2018 and shall be in force till 31.03.2020 or until further Orders in this regard, whichever is later;"*

4. Further, on 18.08.2014, the Commission passed Order specifying the following for the Solar power projects:
  1. All the solar power generators in the State achieving commercial operation date (CoD) between 1st April 2013 and 31st March 2018 and selling power to consumers within the State on open access or wheeling shall be exempted from payment of wheeling and banking charges and cross subsidy surcharge for a period of ten years from the date of commissioning. This is also applicable for captive solar power plants for self-consumption within the State.
  2. The Captive solar power plants opting for Renewable Energy Certificates, shall pay the normal wheeling, banking and other charges as specified in the Commission's Order dated 9<sup>th</sup> October 2013.
5. **As the order date 14.05.2018, was applicable till 31.03.2020 or until further orders, whichever is later, the Commission is of the view that there is need to revise the transmission/wheeling charges applicable to Non-REC route based Renewable power projects and also on the banking facility extended to such projects, keeping in view the present Demand-Supply situation , the RPO met by ESCOMs, cost of RE generation and large scale integration of Renewable Power Projects to the Grid.**
6. The present situation has changed considerably as discussed below:
  - (a) **Demand -supply Position:**

As per the 2019-20 Load Generation Balance Report[LGBR] issued by the CEA, the actual demand-supply position during the FY19, indicates no

peak deficit and marginal energy shortfall of 0.10% for the Karnataka and peak shortfall of 0.2% and energy shortfall of 0.1% for Southern region and peak shortfall of 0.80% and energy shortfall of 0.60% for the Country. Further, the estimates for the FY20 as per the above report indicates a Peak surplus of 0.10% and energy surplus of 9.8% for the Karnataka, Peak surplus of 3.2% and energy surplus of 3.7% for the Southern region and peak surplus of 8.4% and energy surplus of 5.8% for the Country. Thus, as far as demand-supply position is concerned, the Country as well as the State is power surplus now, from the earlier deficit regime when concessions were extended to RE sources.

It is worthwhile here to note that, the State's installed capacity of solar which was 41 MW, during August, 2014, has increased to 7300 MW as on April, 2020 and the total installed capacity of RE sources is 14892 MW. Thus, the share of Renewables is about 50% of the total installed capacity of 30065 MW, indicating considerable RE capacity addition in the past few years in the State.

**(b) RPO Compliance by ESCOMs:**

The provisional data for FY19, regarding RPO compliance by ESCOMs, indicate that the ESCOMs together have met Non- Solar RPO of 18.76% against target of 11.00% and Solar RPO of 11.85% against the target of 6.00%, indicating that ESCOMs have surpassed the targets considerably.

**(c) Cost of generation from RE Sources:**

The cost of the RE sources, especially that of the wind and the solar, has reduced considerably. The bid cost for solar and wind, are less than Rs.3.00/unit and are below the cost of new conventional thermal power plants that cost more than Rs.5.00/unit. Thus, in the changed scenario, the wind and the solar power projects can compete with the conventional sources of energy, in terms of cost per unit. Further, with HT consumers of the ESCOMs being required to cross-subsidize other category of consumers, more and more HT consumers are opting for Open Access (OA)/wheeling, as it would be financially beneficial to such consumers considering the

prevailing tariff in the State. Thus, as there is sufficient demand from HT consumers under OA/wheeling, the RE investments would not get hampered, as long as, the total cost of supplying electricity under OA/wheeling is less than the HT-tariff. Thus, a reasonable increase in wheeling charges would not affect RE investments. On the other hand, with the increased volume of OA/wheeling transactions, the losses incurred due to concessional W&B charges would also increase, which has to be passed on to the consumers of the ESCOMs, thereby, further increasing their tariffs.

7. It is observed that most of the RE rich States have moved from concessional charges to normal wheeling & banking charges. The prevailing W& B charges in some of the RE-rich States are discussed in the following paragraphs:

**A. Tamil Nadu:**

**(a) TNERC Order No. 5 /2019, dated 29-03-2019 in the matter of generic tariff for Solar power and related issues**

TNERC, as a promotional measure, under section 86(1) (e) of the Act, has decided to levy:

- i. 50% of the transmission, wheeling and scheduling and system operation charges as applicable to the conventional power projects.
- ii. In respect of the plants availing Renewable Energy Certificates (REC), 100% of the respective charges as specified in the relevant orders.
- iii. The actual line losses in kind as specified in the respective orders of the Commission and as amended from time to time.
- iv. Banking:  
If a solar power generator utilizes power for captive use or if he sells it to a third party, slot wise adjustment has to be done for the billing period. Peak hour generation can be adjusted to normal hour or off-peak hour consumption of the billing period and

normal hour generation can be adjusted to off peak hour consumption of the billing period. Excess consumption will be charged at the tariff applicable to the consumer subject to the terms and conditions of supply. **After the billing period, the balance energy may be sold at the rate of 75% of the respective solar tariff fixed by the Commission in the respective orders to the generators.**

**(b) TNERC Order No. 6 /2018, dated 13-04-2018 in the matter of generic tariff for Wind power and related issues**

The TNERC has decided to levy:

- i. 50% of the transmission, wheeling and scheduling and system operation charges as applicable to the conventional power.
- ii. The actual line losses in kind as specified in the respective orders of the Commission issued from time to time.
- iii. In respect of the WEGs availing Renewable Energy Certificates (REC), 100% of the respective charges as specified in the relevant orders are applicable.

**iv. Banking**

**a. For projects Commissioned prior to 01.04.2018**

The energy generated during a month is adjusted against consumption of that month and the balance if any is reckoned as the banked energy. If the consumption exceeds the generation during a month, the energy available in the banking is drawn to the required extent.

Unutilized energy as on 31st March every year may be encashed at the rate of 75% of the applicable wind energy tariff rate fixed by the Commission for existing normal wind energy captive users and 75% of Pooled cost of power

purchase as notified in the orders of the Commission from time to time for existing captive generators under REC scheme.

The banking charges shall be 14% in kind.

**b. Projects Commissioned from 01.04.2018**

Any new WEG machines commissioned from the date of applicability of the order in the normal category or REC scheme shall have facility of banking of energy for a period of one month. There shall be no banking charges. The purchase of excess generation/ unutilized banked energy shall be at 75% of respective wind energy tariff for normal wind energy captive users and 75% of Pooled cost of power purchase as notified in the orders of the Commission from time to time for captive generators under REC scheme at the end of the month.

**c. Banking for third party sale:**

There is no facility of banking of energy for third party power purchase.

**(c) Andhra Pradesh:**

**Tariff Order on wheeling tariffs for distribution business dated 09.05.2014 and 15.04.2019**

- i. While the wheeling tariff for distribution business Order dated 09.05.2014 specified that there are no wheeling charges for wind, mini-hydel and solar during the control period FY15 to FY19, the latest order dated 15.04.2019 specifies that all the distribution system users have to pay wheeling charges and bear losses in kind.
- ii. As per Amendment to APERC (interim balancing and settlement code) Regulation, 2006 dated 08.01.2016, banking is allowed during all the 12 months of the financial year, with banking charge of 2% of energy delivered at drawal point in kind. Drawals from banked energy is not be permitted during the five (5) month period



from 1<sup>st</sup> April to 30<sup>th</sup> June and 1<sup>st</sup> February to 31<sup>st</sup> March of each financial year. In addition, Drawal of banked energy during the Time of the Day (TOD) applicable during peak hours, as specified in the respective Retail Supply Tariff Order, is also not permitted throughout the year. The energy banked between the period from 1<sup>st</sup> April to end of 31<sup>st</sup> January of each financial year which remains unutilized as on 31<sup>st</sup> January, shall be deemed to have been purchased by DISCOMs as per the wheeling schedule. The energy credited in to bank during the month of February and March of each financial year will be carried forward to the month of April of the next financial year for the credit of the banking account for the next year. The purchase price payable by the Discoms for unutilized banked energy will be equivalent to 50% of the Pooled Cost of Power Purchase, applicable for that financial year, as determined by the Commission under RPPO / REC Regulation (1 of 2012).

Provided the unutilized banked energy from such Solar and Wind Power Projects and for such operative periods as mentioned in G.O.Ms.No.8, dated 12-02-2015 and G.O.Ms.No.9, dated 13-02-2015 shall be considered as deemed purchase by Discom(s) at the Pooled Power Purchase cost, applicable for that financial year, as determined by the Commission under RPPO/REC Regulation (Regulation No.1 of 2012). Discom(s) shall settle such purchase transactions with the generators by 31<sup>st</sup> March of each year.

**(d) Telangana:**

**Order dated 29.04.2020 on Aggregate Revenue Requirement (ARR) and Wheeling Tariffs for distribution business for 4th control period (FY 2019-20 to FY 2023-24)**

- i. In the Tariff Order dated 29.04.2020, TSERC has determined the wheeling charges and the applicable losses for the control period FY20 to FY24, which are payable for contracted demand of the open access user at the entry point of the consumers. Further, in the said order TSERC has

stated that the exemption from payment of Wheeling Tariffs for the eligible Users of the Distribution Network shall be as per the Government policy in force and that the DISCOMs may take up the issue of making good of revenue loss due to such exemption with the State Government for proper relief.

- ii. As per the 3<sup>rd</sup> Amendment to interim balancing and settlement code for OA transaction - Regulation, dated 22.03.2017, banking charges is to be adjusted in kind @ 2% of the energy delivered at the point of drawl and the banking year shall be from April to March. Banked units cannot be consumed / redeemed in the peak months (i.e., from 1<sup>st</sup> April to 30<sup>th</sup> June and 1<sup>st</sup> February to the 31<sup>st</sup> March of the banking year under consideration) and also in the peak hours as ordered by the Commission in the Retail Supply Tariff Order of the relevant year. The unutilized banked energy shall be considered as deemed purchase by DISCOM(s) at the average pooled power purchase cost as determined by TSERC for the relevant year.

**(e) Gujarat**

1. **Order No. 5 of 2016 dated 14/12/2016 on Determination of tariff and other terms and conditions for Procurement of Power by the Distribution Licensees from Small, Mini and Micro Hydro power Projects**
  - a. Wheeling of power for third party sale: Payment of transmission charges, wheeling charges and losses of energy fed into the grid, as applicable to normal open access consumers.
  - b. The following norms are specified for captive transaction of power generated by small, mini and micro hydro projects for control period specified in the order:

Particulars	charges
Wheeling of power to consumption site at 66 kV voltage level and above	transmission charges and transmission losses as applicable to normal open access consumer.
Wheeling of Power to consumption site below 66 kV voltage level	transmission charges and transmission losses applicable to normal open access consumers and 50% of wheeling charges and 50% of distribution losses of the energy fed into the grid as applicable to normal open access consumers.
Injection at 11 kV and drawal at 11 kV and below voltage level within the same distribution area	50% of wheeling charges and 50% of wheeling losses of the energy fed into the grid as applicable to normal open access consumers. No other charges shall be levied on such transaction.
Injection at 11 kV and drawal at 11 kV and below voltage level in different distribution area	be 50% of wheeling charges and 50% of wheeling losses of the energy fed in to the grid as applicable to normal open access consumers. In addition, transmission charges and transmission losses as applicable to normal open access consumer shall be payable.

**Note:**

- i. For captive use and third-party sale, wheeling of electricity below 100 KW will be allowed only within the same distribution licensee area where plant is located.
- ii. Small, mini, micro hydro power projects availing open access for captive use/third-party sale and willing to register under REC mechanism shall be governed as per CERC REC Regulations in force.

**c. Banking:**

Particulars	charges
If the consumer does not take renewable attribute for meeting its RPO	energy generated by SHP power project shall be set off against the consumption during the consumers billing cycle. Surplus power after giving set off shall be purchased by DISCOM at Average Pooled Power Purchase Cost (APPC) of the year of commissioning of project and entire generation shall be credited to DISCOM's account for meeting RPO.
If the consumer takes renewable attribute of SHP energy for meeting its RPO	energy accounting shall be based on 15 minutes' time block basis. Surplus power after giving set off shall be purchased by DISCOM at APPC of the year of commissioning of project and shall be considered for meeting RPO of DISCOM

**2. Order No. 02 of 2020 dated 30<sup>th</sup> April, 2020 on Tariff Framework for Procurement of Power by Distribution Licensees from WTG and other commercial issues**

**a. For Captive Consumption:**

Particulars	charges
Wheeling of power to consumption site at 66 kV voltage level and above	transmission charges and transmission losses as applicable to normal open access consumer.
Wheeling of Power to consumption site below 66 kV voltage level	transmission charges and transmission losses applicable to normal open access consumers and 50% of wheeling charges and 50% of distribution losses of the energy fed into the grid as applicable to normal open access consumers.

**b. For Third-Party Sale:**

Wheeling of power for third party from Wind Power Project shall be allowed on payment of Transmission Charges, Wheeling Charges and Losses of energy fed to the grid, as applicable to normal Open Access consumers. Set off of wheeled energy at

recipient unit(s) shall be carried out in the same 15-minute time block.

**Banking:**

Captive WEGs not registered under REC are eligible for one-month banking for the electricity generated during the same calendar month. Settlement shall be on the basis of peak and normal hours. Generators are eligible to utilize the same during the billing cycle (1 month) in proportion to the energy generated during peak and normal hours. Banking facility is not to be available for third-party sale of wind energy and set off will be done in the 15-minute time block with Open Access consumers' consumption.

**3. Order no. 03 of 2020: 8<sup>th</sup> May, 2020 on Tariff Framework for Procurement of Power by Distribution Licensees and others from solar energy projects and other commercial issues**

**(a) Wheeling Charges and Losses**

- i. Solar Power Projects for captive consumption and not registered under REC Mechanism, 50% of Wheeling charges and losses as applicable to normal Open Access Consumers shall be applicable.
- ii. For Solar Power Projects set up for third-party sale/National Solar Mission and registered under REC Mechanism, 100% of the Wheeling Charges & Losses as applicable to normal Open-Access Consumers shall be applicable.

**Wheeling at Two or More Locations**

If a Solar Power Generator owner desires to wheel electricity to more than two locations, he shall pay INR 0.05 per unit on energy fed into the grid to distribution licensee in whose area power is consumed in addition to the abovementioned transmission charges and losses, as applicable.

**(b) Banking:**

**i) Solar projects not registered under REC Mechanism and the consumer does not take benefit of the renewable attribute**

Particulars	charges
If the consumer does not take renewable attribute for meeting its RPO	The entire Solar energy generation of such consumer is utilized for meeting the RPO of that Distribution Licensee. Banking of energy is allowed within one billing cycle of the consumer, wherein set off may be given against energy consumed at any time of the billing cycle. However, peak charges shall be applicable for consumption during peak hours. In the event of any surplus Solar energy not consumed as per energy accounting, such excess electricity shall be compensated by the concerned Distribution Licensee at the rate Rs. 1.75 per unit or the rate, if any, specified by the Commission, for whole life of the Solar power projects.

For the Solar power projects set up by MSME (Manufacturing) Enterprise above 50% of its contracted demand, energy account settlement shall be carried out on 15-minute time block basis.

**ii. Solar projects not registered under REC Mechanism and the consumer takes the benefit of the renewable attribute to meet their own RPO.**

The energy accounting shall be carried out on 15 minutes time block basis. In the event of any surplus solar energy not consumed as per energy accounting based on 15-minute time block, such excess electricity shall be compensated by the concerned Distribution Licensee at the rate Rs.1.75 per unit or the rate, if any, specified by the Commission for whole life of the Solar power projects. Such surplus energy compensated by the Distribution Licensee shall be utilized for meeting the RPO of that Distribution Licensee.

**iii. Solar projects registered under REC Mechanism and the Solar projects not registered under REC Mechanism but benefit of the renewable attribute is not given to distribution licensee.**

The energy accounting shall be carried out on 15 minutes time block basis. In the event of any surplus Solar energy not consumed as per energy accounting based on 15-minute time block, such excess electricity shall be compensated by the concerned Distribution Licensee at the rate Rs.1.50 per unit or the rate, if any, specified by the Commission for whole life of the Solar power projects.

8. Meanwhile, the Order of this Commission dated, 14.05.2018 revising the Wheeling Charges for Renewable Power Projects, which was effective from 01.04.2018, was challenged by various Renewable energy Generators before the Hon'ble High Court of Karnataka in various Writ petitions. The Hon'ble High Court of Karnataka vide its order dated 13.03.2019 has quashed the order dated 14.05.2018 and has observed as follows:

*" 37. The Hon'ble Apex Court in Gujarath Urja Vikas Nigam Limited, supra, has held that under regulations 80 to 82, the inherent powers of the State Commission which is akin to Section 151 of CPC, the power of the State Commission to regulate the conduct of the Commission i.e., to regulate its own procedure, the power cannot travel so as to alter the terms and conditions of the agreement entered into between the parties to grant substantive relief to the company by extending the control period of tariff order. In terms of Regulation 80, the inherent powers of the State Commission are saved to make such orders as may be necessary: - (i) to secure the ends of justice; and (ii) to prevent abuse of process of the Commission. The inherent powers under Section 151 CPC are procedural in nature and cannot affect the substantive right of the parties. Hence inherent powers preserved under regulation 80 cannot affect a substantive right of the parties. This dictum with all force applies to the proceedings at hand.*

*It is the contention of the Commission and the State that the Commission has been conferred with the power to determine the tariff from time to time and it cannot be said that the Commission is functus officio once it has*

determined the price. The phrase 'time to time' emphasized would only mean that the KERC can determine wheeling and banking charges prospectively. Sections 62 and 64 conferred the power on the Commission to determine the tariff and once settled contracts have been entered into, based on the tariff orders, sans any request made by the either of the parties to the PPA, the KERC has not been conferred with the power to determine tariff from time to time.

38. Thus, the power of KERC to revisit the tariff at the request of the regulated entities though is traceable to Section 21 of the General Clauses Act, 1897 in terms of the judgment of the Hon'ble Apex Court in the case of **Shree Sidhabali Steel Vs. State of Uttar Pradesh**<sup>10</sup> as well as **Tarini Infrastructure Limited and Others**, supra, considering the wider impact of withdrawing the exemption / concession by the KERC suo moto as observed by the Hon'ble Apex Court in **PTC India Limited**, supra and **Gujarat Urja Vikas Nigam Limited**, supra, inasmuch as exercising the inherent powers in terms of Regulation No. 11 of OA Regulations, Regulation under Section 181 would have been appropriate which has a general application to the entire trading activity."

The above Order issued by the Hon'ble High Court is challenged by ESCOMs before the division bench of the Hon'ble High Court in WA No. 1061/2019. The Commission has also filed a separate writ appeal before the Hon'ble High Court of Karnataka in WA No: 1176/19 and the matter is pending before the Court.

9. Regarding the banking facility, the GoK vide letter dated 28.02.2020 has requested the Commission to take appropriate action to remove banking facilities to RE generators, stating that there is no provision regarding banking charges in the Electricity Act, 2003. However, to encourage RE sources, banking facility had been extended to Mini-hydel, wind and solar power projects and such encouragement extended to independent power generators is impacting the finances of ESCOMs. Further, GoK has stated that the present provision under banking, allowing use of energy generated during off-peak periods at peak periods, forces ESCOMs to buy costly power and payment for the banked energy at 85% of the Generic tariff as determined by the Commission will further have impact on finances of



ESCOMs. Hence, Government has requested the Commission to remove the banking facility and amend the Wheeling and Banking Agreement, accordingly. It is learnt that the GoK at present as a policy is not allowing banking facility to RE generators.

10. It is worthwhile to note that, the Commission vide Order dated 09.01.2018 in OP Nos. 90,100,104 of 2016 and 47,130 of 2017, had reduced the banking period from one year to six-months and further ordered that the energy banked by the Non-REC route based RE projects, during the peak Time of Day (ToD) hours (as specified by the Commission in its Tarff Orders), alone can be drawn during the peak ToD hours, and not otherwise. The above order was challenged by the generators before the Hon'ble Appellate Tribunal for Electricity (ATE). The ATE passed an Order 29.03.2019, setting aside the Order of the Commission and remitted back the case to the Commission, directing to pass appropriate orders, keeping in view the observations made in the said order of the ATE. Subsequently, the generators filed an interim appeal before the Hon'ble ATE against the ATE order dated 29.03.2019 and ATE passed an Order on 13.05.2019 in IA No: 962 of 2018 in appeal No. 42 of 2018 & Ors., directing the Commission not to proceed with the hearing in terms of remand order till the next date of hearing. The Hon'ble ATE vide its Order dated, 5<sup>th</sup> August, 2019, has deleted the Paragraph in the Order portion remanding the matter to the Commission for fresh consideration, stating that, the modification to the Terms & Conditions of Banking arrangement in the concluded contracts is bad in law and such modifications could be applied to future contracts, as decided in the Order dated, 09.01.2018. The Order passed by Hon'ble ATE is challenged before the Hon'ble Supreme Court of India by BESCO in DFR – 26531/2019 and the matter is pending before the Court.
11. Thus, from the above observations of the Hon'ble High Court of Karnataka and the Hon'ble ATE, it can be inferred that any revision of wheeling charges and modification of banking facility could be imposed prospectively to those renewable generators who enter into WBA in the future.

12. Considering the above facts, the Commission proposes the following:

**i. Wheeling charges:**

- a. The Commission proposes to levy 50% of the Normal Transmission charges and/or wheeling charges payable in cash, as determined by the Commission in its Tariff Orders issued from time to time, for all the RE sources transmitting/wheeling electricity using the network of the transmission licensee and/or of the distribution licensee, as the case maybe.
- b. In addition to the above, applicable losses, as approved by the Commission from time to time, shall be deducted from the net energy injected to arrive at the quantum of wheeled energy.

**[Note: The Wheeling charges and losses is dynamic and varies from year to year.]**

**ii. Banking Facility:**

The Commission proposes to discontinue the banking facility extended to Solar, Min-Hydel and Wind Power projects, henceforth, for both REC and Non-REC route-based projects. Any energy banked and remaining unutilized at the end of each month shall be deemed to have been supplied to the concerned ESCOM, where the RE generator is situated, free of cost.

**iii. Applicability:**

- a. The above proposal is applicable to all those renewable energy generators who enter into WBA from the date of issue of the order in the matter by the Commission and excludes those projects which have got commissioned on or before 31.03.2018 and have not completed 10-years' period from the date of Commercial operation Date[CoD].
- b. The applicability of the above proposal to the existing WBAs which have not completed the initial term of the WBA, is subject to the outcome of the decisions in the cases mentioned, supra.

- c. The above proposal shall also be applicable to those projects that have completed the initial term of the WBA and desires to renew the same, in terms of the provisions of the WBA executed
- d. The control period for wheeling charges shall be from the date of the Order upto 31.03.2022. The Commission may review the above wheeling charges for the subsequent control period.
- e. The removal of banking facility shall be effective from the date of issue of the order in the matter by the Commission or any Government Order issued in the matter, whichever is earlier.

Interested persons may submit their written comments/suggestions/views to the Secretary, Karnataka Electricity Regulatory Commission, 16 C-1, Millers Tank Bed Area, Vasanthanagar, Bengaluru-560 052, in writing so as to reach him on or before 23.09.2020.

Dated 24.08.2020

Approved by the Commission



Secretary