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**POSOCO
REGULATORY
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HEADLINES

1. MoP issues Draft Electricity (Change in Law, Must-run status, and other matters) Rules 2020.....	2
2. MoP issues Draft Electricity (Late Payment Surcharge) Rules, 2020.....	3
3. MoP Issues Amendment to the Guidelines for Tariff Based Competitive Bidding Process for Procurement of Round-The Clock Power from Grid Connected Renewable Energy Power Projects.....	4
4. Regulatory Updates from Northern Region.....	5
• Joint Electricity Regulatory Commission for the State of Goa and Union Territories (Connectivity and Open Access in Intra-State Transmission and Distribution) (First Amendment) Regulations, 2020.....	5
5. Regulatory Updates from North Eastern Region.....	6
• Draft Assam Electricity Regulatory Commission (Power Quality for Distribution System) Regulations, 2020.....	6
• Assam Electricity Regulatory Commission (Electricity Supply Code) (Third Amendment) Regulations, 2020.....	6
6. Regulatory Updates from Western Region.....	7
• Draft CSERC (Terms and Conditions for determination of tariff according to Multi-Year Tariff principles and Methodology and Procedure for determination of Expected revenue from Tariff and Charges) Regulations, 2020.....	7
• Draft Maharashtra Electricity Regulatory Commission (Electricity Supply Code and Standards of Performance of Distribution Licensees including Power Quality) Regulations, 2020.....	8
7. Regulatory Updates from Eastern Region.....	9
• Draft West Bengal Electricity Regulatory Commission (Balancing and Settlement Code) Regulations, 2020.....	9
• West Bengal Electricity Regulatory Commission (Cogeneration and Generation of Electricity from Renewable Sources of Energy) (First Amendment) Regulations 2020.....	10
8. Regulatory Updates from Southern Region.....	11
• Draft Telangana SERC (Smart Grid) Regulation, 2020.....	11
• Telangana SERC (Demand Side Management) Regulation, 2020.....	11



MoP issues Draft Electricity (Change in Law, Must-run status, and other matters) Rules 2020

The Ministry of Power has published the Draft Electricity (Change in Law, Must-run status, and other matters) Rules 2020 on 1st October 2020.

The draft provide the provisions related to:-

- Tariff adjustment on change in law, to avoid any loss of the affected party- As per the proposed rules, parties affected by a change in law event must be restored to the same economic position as before the event by way of adjustments to the monthly tariff. The pass-through mechanism will allow power project developers to modify tariffs to compensate for any change in law events within 30 days without the need to file petitions with regulatory bodies.
- Compensation to renewable energy generators for losses due to power not being scheduled by procurers - The Must run projects will include wind, solar, wind-solar hybrid power plant, hydropower project, or any other renewable energy-based power project. These must-run projects should not be subjected to power curtailment or regulations on account of merit order dispatch or other commercial considerations except in the event of any technical constraints or grid security reasons. In these cases, the power procurer is expected to compensate the generator for any losses as per the rates prescribed in the PPA. The rules added that if a notice of curtailment is provided 24 hours before the scheduled supply, the generator is mandatorily required to sell the unscheduled power to the power exchange.
- The trading licensee to procure power for distribution licensees.
- The Formula for determination of impact of an event of change in law.

For further details visit

https://powermin.nic.in/sites/default/files/webform/notices/Draft_Electricity_Change_in_Law_Must_run_status_and_other_Matters_Rules_2020.pdf



MoP issues Draft Electricity (Late Payment Surcharge) Rules, 2020

The Ministry of Power vide its notification dated 8th October 2020 has issued the Draft Electricity (Late Payment Surcharge) Rules, 2020, to reduce the extremely high rates of late payment surcharge prevailing in the sector in order to reflect the current cost of borrowing.

Late payment surcharge will be applicable on the payments outstanding after the due date at the applicable bank rate or at the rate provided in the agreement for the supply of power (whichever is lower) for supply or transmission of power. The rate at which late payment surcharge is applicable payable on outstanding amount shall increase by 50 basis points each month after the expiry of the first month, subject to a maximum of applicable bank rate plus 200 basis points.

However, the rate shall not be higher than the rate provided in the agreement for transmission of power. All payments by a distribution company to a transmission company will be adjusted first towards late payment surcharge and then monthly charge.

For further details visit

<https://powermin.nic.in/sites/default/files/webform/notices/Draft%20Electricity%20%28Late%20Payment%20Surcharge%29%20Rules%2C%202020.pdf>

A jurisdictional battle is likely to ensue with the notification of Electricity (Change in Law, Must-run status, and other matters) Rules 2020 and Electricity (Late Payment Surcharge) Rules, 2020 by MoP. The question is whether the Central Government is empowered to implement these rules under the Electricity Act, 2003 on such substantive issues. The statutory advice from CERC to MoP on these rules opines that the ERCs have jurisdiction in these matters and clearly advise the MoP 'not to proceed with the framing of rules on these subjects'.

For further details visit

http://www.cercind.gov.in/2020/Advice_Gov/statutory_advice_15-10-2020.pdf



MoP Issues Amendment to the Guidelines for Tariff Based Competitive Bidding Process for Procurement of Round-The Clock Power from Grid Connected Renewable Energy Power Projects

The Ministry of Power (MoP) has issued amendments to guidelines for the procurement of RTC power from renewable projects, complemented with other sources on 03.11.2020

The key change that has been made to the guidelines is the formal introduction of “power from any other source or storage” into the guidelines to replace the unidirectional approach of bundling renewable energy with only thermal power. The guidelines have thus been renamed to “Guidelines for the tariff-based competitive bidding process for procurement of Round-The Clock power from grid-connected renewable energy power projects, complemented with power from any other source or storage.”

As per the Amendment, now firm power from thermal/ hydro or other sources or storage can be utilized to balance renewable energy and provide round the clock (RTC) power to the DISCOM thereby obviating the need for DISCOMs to balance power.

Another key amendment is the shift from composite tariff to weighted average levelised tariff as the bidding parameter. It has been decided that the bidding evaluation parameter shall be the weighted average levelised tariff per unit supply of RTC power.

For further details visit

https://powermin.nic.in/sites/default/files/webform/notices/Resolution_on_Amendments_to_the_Guidelines_for_procurement_of_RTC_power_from_Grid_Connected_RE_Power_complemented_by_coal_based_thermal_power.pdf



Regulatory Updates from Northern Region

Joint Electricity Regulatory Commission for the State of Goa and Union Territories (Connectivity and Open Access in Intra-State Transmission and Distribution) (First Amendment) Regulations, 2020

Salient points of the Amendment notified on 25.11.2020 are mentioned below:

- New chapter on “Banking of Energy” has been introduced.
- Banking of Energy up to 20% of the total energy generated by Renewable Generating Station on monthly basis shall be allowed.
- Banking facility shall only be allowed to Renewable Energy Generating Stations supplying power for captive consumption or third-party sale within the State/Union Territory (Intra-State supply of power)

For further details visit

http://jercuts.gov.in/writereaddata/UploadFile/First%20Amendment_1511.pdf

Other Regulations notified by SERCs of Northern Region

Notification	Date	Link
Himachal Pradesh Electricity Regulatory Commission (Promotion of Generation from the Renewable Energy Sources and Terms and Conditions for Tariff Determination) (Fifth Amendment) Regulations, 2020.	06.10.2020	http://new1.hperc.org/File1/dre5-20.pdf
Draft Delhi Electricity Regulatory Commission (Renewable Purchase Obligation and Renewable Energy Certificate Framework Implementation) Regulations, 2020	19.10.2020	https://herc.gov.in/WriteReadData/Pdf/D20200901.pdf



Regulatory Updates from North Eastern Region

Draft Assam Electricity Regulatory Commission (Power Quality for Distribution System) Regulations, 2020

The Assam Electricity Regulatory Commission (AERC) has notified draft AERC (Power Quality for Distribution System) Regulations, 2020 on 07.12.2020. The objective of standards specified in these Regulations is to ensure the quality and reliability of electricity supplied by the distribution licensee to the end consumers and by the designated customers.

The Draft lays down the standards of power quality and the distribution licensees have been made responsible to their consumers for supplying electricity with adequate power quality levels. Any failure by the Distribution Licensee or Designated Customer to achieve and maintain the power quality parameters specified in these Regulations shall render the Distribution Licensee or Designated Customer liable to payment of compensation under the Electricity Act 2003 to an affected entity.

For further details visit

http://www.aerc.nic.in/AERC_Power_Quality_2020.pdf

Assam Electricity Regulatory Commission (Electricity Supply Code) (Third Amendment) Regulations, 2020

The amendment proposes to continue with the system of supply voltage for different connected loads as laid down in the Principal Regulations that was to continue only till 31st December 2020. The amendment further seeks to modify the mechanism for computation of load security amount to be deposited by the consumer as follows:

A sum equal to 1.5 times of the months charges (energy charge based on consumption + fixed/demand charge) calculated in prevailing tariff.

For further details visit

[http://www.aerc.nic.in/Order%20dated%209.11.2017\(2\).pdf](http://www.aerc.nic.in/Order%20dated%209.11.2017(2).pdf)



Regulatory Updates from Western Region

Draft CSERC (Terms and Conditions for determination of tariff according to Multi-Year Tariff principles and Methodology and Procedure for determination of Expected revenue from Tariff and Charges) Regulations, 2020

CSERC notified Draft CSERC (Terms and Conditions for determination of tariff according to Multi-Year Tariff principles and Methodology and Procedure for determination of Expected revenue from Tariff and Charges) Regulations, 2020 on 16.10.2020

The key highlights of this Regulation are:

- Present MYT regulation provides determination of separate retail tariff for each financial year of the control period. Now it is proposed to fixed retail tariff of entire control period at the beginning of control period. This will facilitate the consumers to plan their business activities in advance.
- Income tax liability on the income other than RoE shall now be borne by the licensee/utility.
- In case of a generating Company, it is proposed that working capital requirement equivalent to cost of 10 days coal stock for pithead power station and 20 days coal stock for non-pithead power station will be allowed. Further the secondary fuel stock for 30 days is proposed for computing the working capital requirement.
- To facilitate determination of tariff of RE power, new provision is proposed for bundling of RE Power to conventional generator.
- Wheeling loss for using 33 KV and below voltage lines of distribution system is proposed at 3% from 6%.

For further details visit

http://www.cserc.gov.in/upload/upload_regulation/16-10-2020_16028483441.pdf



Draft Maharashtra Electricity Regulatory Commission (Electricity Supply Code and Standards of Performance of Distribution Licensees including Power Quality) Regulations, 2020

The Maharashtra Electricity Regulatory Commission (MERC) has notified draft MERC (Electricity Supply Code and Standards of Performance of Distribution Licensees including Power Quality) Regulations, 2020 on 08.12.2020.

The proposed regulations would supersede the existing MERC (Electricity Supply Code and Other Conditions of Supply) Regulations, 2005 and MERC (Standards of Performance of Distribution Licensees, Period for Giving Supply and Determination of Compensation) Regulations, 2014. The key highlights of Draft Regulations are:

- From the cost of poles and cables for getting new connection to meter (whether new one or replacement after damage due to high voltage fluctuations in MSEDCL supply, everything will have to be borne by the consumer as per the draft Regulations.
- As per present laws, if a power transformer is installed at the place of a consumer for common use, then the power supply company had to pay rent as per market rates. MERC has proposed that now the Discom will pay only Re. 1 per year as token rent.
- MERC has proposed that if a consumer takes over a property where dues are owed to the power company by the previous owner, then the new consumer will have to pay the entire amount even if it is under litigation.
- The security deposit for consumers paying monthly bills is proposed to be doubled while the deposit of those paying trimonthly bills will be hiked by 50%.
- There is provision in present rules which prohibit the discom from issuing average bill for more than two months. However, as per the draft code, the discoms will not be penalized if this provision is violated.
- If the Discom fails to provide a new connection within stipulated time, there is provision of penalty in present rules. However, MERC proposes to impose a cap on such penalty.

For further details visit

<https://www.merc.gov.in/mercweb/faces/merc/common/outputClient.xhtml>

**Other Regulations notified by SERCs of Northern Region**

Notification	Date	Link
Chhattisgarh State Electricity Regulatory Commission (Redressal of grievances of consumers) (second amendment), Regulations, 2020	06.11.2020	http://www.cserec.gov.in/upload/upload_regulation/12-11-2020_16051674811.pdf
MPERC (Terms and Conditions for Determination of Tariff for Supply and Wheeling of Electricity and Methods and Principles for Fixation of Charges) (Third Amendment) Regulations 2015	27.11.2020	http://www.mperc.in/MPERC-Tariff%20for%20Supply%20and%20C2%A0Wheeling%20Third%20Amendment)%20Regulations.pdf
Draft Joint Electricity Regulatory Commission for the State of Goa and Union Territories (Transmission and Distribution Licensing) Regulations, 2020	December, 2020	http://jercuts.gov.in/writereaddata/UploadFile/DRAFT%20241220.pdf
Joint Electricity Regulatory Commission for the State of Goa and Union Territories (Connectivity and Open Access in Intra-State Transmission and Distribution) (First Amendment) Regulations, 2020	25.11.2020	http://jercuts.gov.in/writereaddata/UploadFile/First%20Amendment_1511.pdf

Regulatory Updates from Eastern Region**Draft West Bengal Electricity Regulatory Commission (Balancing and Settlement Code) Regulations, 2020**

The new Balancing and Settlement Code notified by WBSERC on 13.10.2020 lays down provisions relating to State Level Accounts for Energy Charge, Capacity Charge and Incentives, State Level Accounts for Deviation Settlement (DS) Charge and Opening of Letter of Credit (LC) for an amount of Rs. 10 Lakhs by all entities under the purview of DS mechanism.

For further details visit

<https://wberc.gov.in/sites/default/files/Notice%20for%20date%20Extn-merged.pdf>



West Bengal Electricity Regulatory Commission (Cogeneration and Generation of Electricity from Renewable Sources of Energy) (First Amendment) Regulations 2020

WBSERC has notified the Cogeneration and Generation of Electricity from Renewable Sources of Energy (First Amendment) Regulations 2020 on 21.12.2020. The Amendment proposes that the following shall be considered for meeting the RPO of the distribution licensee in whose area of supply such user is located-

- The renewable energy drawal by any open access customer or a person using power from own captive power plant based on conventional fossil fuel with installed capacity 1MW and above, in the area of distribution licensee in excess of its own RPO.
- Energy generated by consumer from roof top solar system under net metering or net billing arrangement, in excess of its own RPO.
- Renewable energy drawal by a user of renewable based captive power plant.

For further details visit

<https://wberc.gov.in/sites/default/files/REGU71.pdf>

Other Regulations notified by SERCs of Eastern Region

Notification	Date	Link
Draft West Bengal Electricity Regulatory Commission (Deviation Settlement Mechanism & related matters) Regulation, 2020	23.11.2020	https://wberc.gov.in/sites/default/files/ilovepdf_merged.pdf
JSERC (Levy and Collection of Fees and Charges by State Load Despatch Centre) Regulations, 2020	12.11.2020	http://jserc.org/pdf/regulations/571_2_2020.pdf
JSERC (Terms and Conditions for Determination of Distribution Tariff) Regulations, 2020	12.11.2020	http://jserc.org/pdf/regulations/570_2_2020.pdf
JSERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2020	12.11.2020	http://jserc.org/pdf/regulations/569_2_2020.pdf
JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2020	12.11.2020	http://jserc.org/pdf/regulations/568_2_2020.pdf



Regulatory Updates from Southern Region

Draft Telangana SERC (Smart Grid) Regulation, 2020

The TSERC Smart Grid Regulations, 2020 notified on 24.11.2020 aim to aid the integration of smart-grid technology to augment network visibility and access, enable optimal asset utilization, improve consumer service levels, and increase participation from transmission and distribution licensees across the electricity sector's value chain.

As per the regulations, every transmission and distribution licensee is required to establish a smart grid cell within three months of the release of the current notification. The purpose of the smart grid cell will be to carry out baseline studies, build a database, formulate smart grid programs, design and developing smart grid projects, acquiring necessary approvals, and implementing programs.

Transmission and distribution agencies in each area of the state must submit an integrated multi-year smart grid plan, multi-year tariff petition and, an annual revenue requirement petition. The TSERC also made provisions for the formation of an R&D team. The transmission and distribution licensees are also expected to identify net incremental costs in various stages of development, establish key performance indicators to evaluate the functioning of the grid, and reserve 1 per cent of the project cost for consumer awareness and capacity building.

For further details visit

https://www.tserc.gov.in/file_upload/uploads/Regulations/Draft/2020/Draft%20regulation%20on%20Smart%20grid.pdf

Telangana SERC (Demand Side Management) Regulation, 2020

The Telangana State Electricity Regulatory Commission (TSERC) has released the final regulations for the demand-side management (DSM) initiatives of distribution licensees (DISCOMS) on 24.11.2020. The DSM initiative is designed to encourage consumers to change their electricity consumption patterns with respect to the timing and level of electricity demand to help consumers use electricity more efficiently. DSM is expected to help grid operators improve the power grid's efficiency and stability by flattening the electricity load curve.



Another significant benefit of the DSM is that the DISCOMs can plan their costs and ways of recovering it through tariffs or any other method.

According to the framework, the TSERC would establish DSM targets for each DISCOM in the state based on the percentage reductions in load growth, savings in kW, kWh, and savings as a percent of total resources to meet the load.

The Distribution Licensee shall undertake/implement DSM related policy/activity/programs with an objective to lower the overall cost of electricity to the consumers as well as the Distribution Licensee, by economical and efficient use of resources.

For further details visit

https://www.tserc.gov.in/file_upload/uploads/Regulations/Final/tserc/2020/DSM%20Final%20Regulation%201of2020.pdf

Other Regulations notified by SERCs of Southern Region

Notification	Date	Link
Draft COS of Electricity of Distribution Licensees in the State of Karnataka (Ninth Amendment), 2020, The KERC (Recovery of Expenditure for supply of Electricity) 11th Amendment, Regulation 2020 and The KERC (Security Deposit) (Second Amendment) Regulations, 2020	11.11.2020	https://karunadu.karnataka.gov.in/kerc/Documents/Draft%20COS%209th%20Amendment%202020%20.pdf
Draft Amendment to the Tamil Nadu Electricity Supply Code	09.10.2020	http://www.tnecr.gov.in/regulation/draft%20regulations/2020/Draft-SC-09_10_2020.pdf
Draft Amendment to the Tamil Nadu Electricity Distribution Code	09.10.2020	http://www.tnecr.gov.in/regulation/draft%20regulations/2020/Draft-DC-09-10-2020.pdf
Draft TSERC (Deviation Settlement Mechanism and related matters) regulation, 2020	28.12.2020	https://www.tserc.gov.in/file_upload/uploads/Regulations/Draft/2020/Draft%20DevSM%20Regulation.pdf
Draft TSERC (Net Metering Rooftop solar PV Grid Interactive systems) First Amendment regulation, 2020	24.11.2020	https://www.tserc.gov.in/file_upload/uploads/Regulations/Draft/2020/Draft%20Reg%20on%20Net%20Metering.pdf

Regulatory Quiz Competition

The NERLDC Regulatory Cell conducted Monthly Regulatory Quiz Competition for NERLDC employees under the guidance of ED, NERLDC as part of its initiative to give employees the opportunity to expand their knowledge horizons on different regulatory affairs pertinent to our organisation and be well updated on all recent regulatory developments. The CERC (Sharing of Inter-State Transmission Charges and Losses) Regulations was declared as “Regulation of the Month” for January and the Regulatory Quiz Competition was held on the Regulation of the Month on 08.01.2021.

Winners:

1st Position- Shri Ratul Sharma

2nd Position- Shri Suvrah Das

3rd Position- Shri Sheikh Shadrudin



Disclaimer: The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation. We request the readers' valuable inputs on the newsletter.

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