

## RERC (Terms and Conditions for Green Energy Open Access) Regulations, 2024 [Draft]

RERC (Terms and Conditions for Green Energy Open Access) Regulations, 2024 [Draft] issued on October, 2024.

**Objective:** The draft regulations is to promote renewable energy adoption by enabling non-discriminatory open access to green energy for consumer with a demand of 100 kW or above. It aims to facilitate the regulations, reduce dependency on fossil fuels, ensure fair pricing, and align with India's clean energy goals. The framework defines charges, energy banking, compliance norms, and approval processes, making green energy more accessible and efficient for businesses and consumers in Rajasthan.

The documents can be accessed [here](#)

- 1. Variable Green Energy Open Access (VGEOA):** Due to seasonal nature of some of the RE resources like solar and wind, GEOA would neither be utilized uniformly across months, not across the hours of the day. A provision for variable GEOA, especially across hours of the day should be considered. For example, supply from a solar energy based plants would not use the GEOA during non-solar hours. Such time blocks should be available for allocation to other users. For example, an Energy Storage System (with or without the a RE capacity) may be able to utilize the GEOA during non-solar hours. Provision of time specific or variable GEOA (VGEOA) would help better utilization of the network capacity and would also reduce transmission cost burden for the system.
- 2. Open Access Utilization Factor (OAUF) and Underutilization of GEOA:** Clause No. 9 (iii) *“The State Nodal Agency may cancel or reduce the capacity allocated to a short-term open access consumer to the extent it is underutilized, when such a short-term open access consumer under-utilizes the allocated capacity more than 2 times in a month with duration of underutilization exceeding 2 hours each time or fails to inform the distribution licensee of his inability to utilize the allocated capacity. Such cancellation shall be resorted to after giving due notice”*.

**Underutilization of GEOA should be objectively defined with respect to a target or normative utilization factor as per the granted GEOA.** Open Access utilization Factor (OAUF) be defined may be defined as

$$\text{OAUF} = \text{Sum}(t, \text{OA\_DS}(t)) / \text{GEOA} * 24 * d$$

Where,

t – Time block of the day

d – Number of days in a month

OA\_DS(t) – Drawal schedule of the GEOA consumer for time block t (MW)

GEOA – Green Energy Open Access granted (MW)

(In case of variable GEOA, the above equation may be modified appropriately)

**underutilizations of GEOA should be defined with respect to monthly varying target for OAUF.** Monthly variation is important to account for seasonality in RE generation, particularly that from solar and wind energy sources.

- 3. Relinquishment of Open Access and Compensation thereof:** Clause No. 9 (ii) “A

*medium-term/long-term consumer shall not relinquish or transfer his rights and obligations specified in the open access agreement without prior approval of the state nodal agency. The relinquishment or transfer of such rights and obligations by a long-term/medium term consumer shall be subject to payment of **compensation**, as provided in the procedure to be approved by the Commission.*”

**Rights to unused/excess open access should be mandatorily relinquished back to the state nodal agency. Provision for its transfers to a third party could harbor transmission capacity withholding with an objective to either earn rent from it or influence economic outcomes for the sector. Compensation for such transfer of rights should be high enough to discourage squatting on transmission network capacity.**

The broad framework for the surrender or compensation process should be clearly specified in the regulations. The detailed process to be subsequent outlined by the nodal agency for approval of the Commission.

- 4. Cross Subsidy Surcharge:** Clause No. 11. 3 (a) “Provided further that the Commission may not increase cross-subsidy surcharge for Green Energy Open Access Consumer purchasing green energy, from a generating plant using green energy (renewable energy) sources, during twelve years from the date of operating of the generating plant using renewable energy sources, by more than fifty percent of the surcharge fixed for the year in which open access is granted”

The cross-subsidy surcharge may increase due to general increase in costs including those on account of increase in power purchase. Therefore, limiting the CS surcharge in absolute terms be reviewed to allow for limited increase to account for such changes in costs across the years. To provide regulatory certainty to the RE project developer, the annual increase in CS surcharge may be capped. However, any decrease in CS surcharge should be passed on.

Alternatively, the regulation may also specify that the surcharge does not increase in real<sup>1</sup> terms i.e. in terms of constant prices) compared to the year of first grant of GEOA. Such a condition in term of real prices can help safeguard impact of change in general price level, which are likely to increase across majority of cost components including power purchase, O & M cost etc.

- 5. Quantum of Green Energy:** Clause No. 21 (iv) *Any requisition for green energy from a distribution licensee shall be for a minimum period of one year*  
*v. The quantum of green energy shall be pre-specified for at least one year”.*

The above provision would demotivate a consumer to opt for the green energy supply from the distribution licensee. The option for a consumer to seek green energy from a distribution licensee should be in line with the existing conditions for electricity supply to the consumers. To ensure greater acceptability of green energy by final consumers,

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<sup>1</sup> The changes reported from year to year in terms of ARR and its components, and tariffs are expressed in nominal terms i.e. in current prices. These can be converted to real prices (with a base year) using change in the Wholesale Price Index (WPI) for all commodities across the base year and the target year.

such limitations should be avoided at the very outset and may be reviewed later, if required.

Given that the RE sources like solar and wind are subject to variation in generation across months, it may not be possible to pre-specify a quantum for the same for a year. No such quantum is to be specified for the consumers under the prevailing supply conditions. Furthermore, it is not easy for a consumer to ‘forecast’ its consumption for a year. Once the consumer has specified its requirement for, say, partial or full green energy, in terms of green energy embedded in the electricity supplied to it (say, 50% or 100 % green energy), the need for specifying quantum of electricity to be consumed for a year should be dispensed with.

If the objective of the above provision is to specify percentage of green energy embedded in the electricity supplied to it, the above clause should be reworded appropriately.

Furthermore, the regulation should provide reduction in quantum of green power in case of part surrender of the load by the consumers.<sup>2</sup>

#### 6. Standby Charges: Clause No 11.5

*“In case the green energy open access consumer is unable to procure/schedule power from the generating sources with whom they have the agreements to procure power due to **outages of generator, transmission systems and the like**, standby arrangement shall be provided to Green Energy Open Access consumer by the distribution licensee of the area and the licensee shall be entitled to collect Standby charges as specified by the Commission.*

*Provided further that the standby charges shall not be applicable, if the green energy open access consumer has given notice, in advance, at least a day in advance before closure time of Day Ahead Market (DAM) on “D – (minus) 1” day, ‘D’ being the day of delivery of power for standby arrangement to the distribution licensee.*

*Provided also that Green Energy Open Access consumers would have the option to arrange standby power from any other source”. (Emphasis added)*

It is not possible for the nodal agency to verify the “outages of generator, transmission systems and the like” for all GEOA consumers. This provision may be misused, especially during the periods with expected high market prices, when it would be lucrative to sell the green energy on the power exchanges and seek standby power. The nodal agency should monitor all cases of such ‘prior information’ for unavailability of green energy and request for standby power thereof. A proviso may be added specifying penal action for misuse of the standby provision. **Another alternative would be to link the standby charges to market prices, thus providing correct economic signals and avert any misuse of the provision.**

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<sup>2</sup> See also Singh, A. (Ed.). (2024). Opinion on JERC (Terms and Conditions for Green Energy Open-Access) Regulations, 2024 [Draft], In Regulatory Insights (Vol. 06, Issue 04, pp. 22-24), Centre for Energy Regulation (CER), Indian Institute of Technology Kanpur.  
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