

DERC (Net Metering for Renewable Energy) (First Amendment) Regulations, 2023 [Draft]

Summary:

DERC notified draft DERC (Net Metering for Renewable Energy) (First Amendment) Regulations, 2023.

In these proposed Regulations, following definitions have been introduced---

Blockchain: means a special technology for peer-to-peer transaction platforms that uses decentralized storage to record all transaction data.

Peer to Peer Transaction: means a transaction, based on interconnected platform that serves as marketplace wherein Consumers and Prosumers meet to trade electricity through Blockchain or any other technology.

Prosumer: means a person who consumes Electricity from the Grid and can also inject Renewable Energy into the Grid using the same network.

The objective of this regulations is to provide flexibility to the prosumer and consumer to use renewable energy using distribution network of distribution licensee. This peer to peer mode of transaction billing and accounting will be done by distribution licensee. Further that Delhi discoms shall file petition under this regulation for determination of transaction charge/fee, if required, for enabling peer to peer transactions.

The document can be accessed [here](#).

CER Comments

- 1. Definition of Peer to Peer transaction:** The definition of 'Peer to Peer Transaction' in the proposed draft Clause 2(22) states, "*Peer to Peer Transaction*" means a transaction, based on interconnected platform that serves as marketplace wherein Consumers and Prosumers meet to trade electricity through Blockchain or any other technology." (Emphasis added).
Trading, as defined in the Electricity Act 2003, refers to the act of buying for sale thereof. The peer-to-peer transactions are for consumption needs of a consumer and hence shouldn't be called trading. The Clause may thus be rephrased as ".....Consumers and Prosumers meet to transact electricity through Blockchain or any other technology."
In Clause 4(3) of the proposed amendment, "mutually sell" may be replaced with "mutually agreed transaction".
- 2. Definition of Prosumer:** Clause 2(23) of the proposed draft states that "*Prosumer*" means a person who consumes Electricity from the Grid and can also inject Renewable Energy into the Grid using the same network."
Current definition subsumes the case of an Open Access consumer who may also have a Renewable Energy based captive power plant through which it can inject electricity into the grid as well and may not have any contracted demand with the discom. Hence, the Clause may be rephrased as "*Prosumer*" means a consumer who consumes Electricity from the Distribution Licensee and also inject Renewable Energy into the distribution network using the same network."
- 3. Definition of 'Eligible Consumer':** The term "Eligible Consumer" in the proposed Clause 4(3) need to be defined in Clause 2 of the regulations and may be included in the current amendment as well.
- 4. Levy of transaction charges/ fee by the discom:** The proviso to the proposed Clause 4(3) states, "*Provided further that Delhi DISCOMs shall file Petition under this Regulation for determination of Transaction charges/ fee, if required, for enabling Peer to Peer Transactions.*" Considering a scenario of net-metering arrangement as illustrated in Figure 1, out of 100 kWh generated by the prosumer, 90 kWh is self-consumption of the prosumer and other 10 kWh is injected in distribution network. Total consumption of Consumer A is 50 kWh, out of which 45 kWh is supplied by the discom and the rest 5

kWh may be supplied from the energy injected by the prosumer in the distribution network. In case of peer to peer transaction, the same 5 kWh is procured by Consumer A from the prosumer (Figure 2). Thus, similar to the net metering arrangement, the transmission and distribution losses and charges for the 5 kWh of electricity consumed by the Consumer A are not borne by the discom. Therefore, as there are no separate transaction charges/ fee for the energy injected by the prosumer according to the prevailing Regulations, the rationale for the transaction charges/ fee to be levied by the discoms for such peer to peer transactions between a prosumer and its consumer need further clarification.

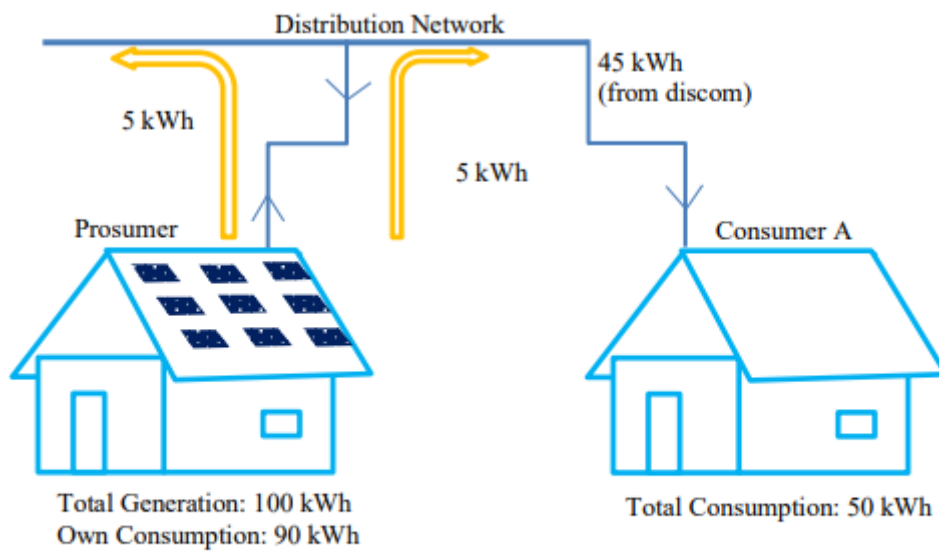


Figure 1: Net-Metering Arrangement

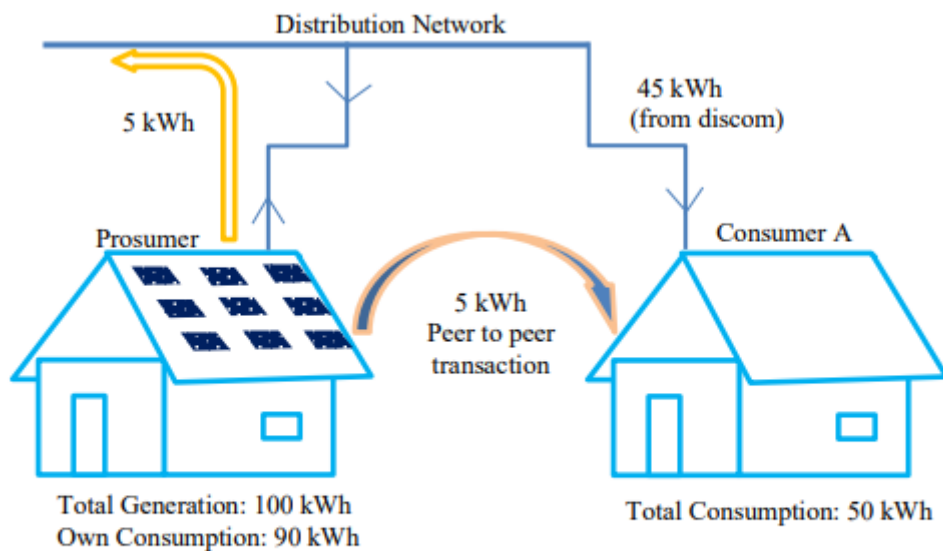


Figure 2: Peer to Peer Transaction

- 5. Billing of Peer to Peer transaction to be done by discom?:** As per the proposed amendment, the billing and accounting is to be done by discom and it seem that the peer to peer platform would be owned and operated by the discom. This creates a barrier for the third party to own and operate peer to



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peer platform and perform the billing. In such cases, billing is to be managed by the respective platform rather than the discom. It is thus suggested that, while the energy accounting should be done by the discom, billing should be done by the peer to peer platform (which may also include a platform owned by the discom).

- 6. Definition and Registration for Peer to Peer Platform:** A definition for a peer to peer platform may be included in Clause 2 of the Regulation.

The Regulations should ensure the appropriate registration of the peer to peer platform with the Commission with certain information disclosure, on a quarterly basis, about the transactions including quantity of transactions and financial aspects thereof. a. The format the submission of peer to peer transaction reports to the discoms and DERC should be part of these regulations. This would enable DERC to review the progress and impact of P2P transaction in the state and would also provide an opportunity for other states to understand its impact.

- 7. Billing Format of Discom:** The proposed amendment to the Regulation corresponding to the billing of the peer to peer transaction definition seems inadequate. The existing billing format of the discoms would also need change to provide separate accounting and billing information for energy sale by discom and that transacted through P2P platform.