KARNATAKA ELECTRICITY REGULATORY COMMISSION

No.9/2, 6th & 7th Floors, Mahalaxmi Chambers,
M.G. Road, Bangalore-560001

NOTIFICATION
Y/04/10/, Dated: 28.07.2015

Karnataka Electricity Regulatory Commission [Demand Side Management] Regulations, 2015

Preamble:
The Commission had issued a draft KERC [Demand Side Management] Regulations, 2015 inviting comments from stakeholders. The Commission also held a hearing in the matter on 19.02.2015. After considering the views/comments/suggestions of the Stakeholders in the matter, the Commission, in exercise of the powers conferred by clause (zp) of sub-section (2) of Section 181 of the Electricity Act, 2003 (Central Act 36 of 2003), hereby makes the following Regulations:

Karnataka Electricity Regulatory Commission [Demand Side Management] Regulations, 2015

1. Short Title, extent and Commencement.-
   (1) These Regulations may be called the "KERC [Demand Side Management] Regulations, 2015."
   (2) These Regulations shall be applicable to all the Distribution Licensees or their successor entities in the State of Karnataka.
   (3) These Regulations shall come into effect from the date of their notification in the Karnataka gazette.

2. Definitions.-
In these Regulations, unless the context otherwise requires,—
   (i) "Act" means the Electricity Act, 2003 (Central Act 36 of 2003);
   (ii) "Baseline data" means the data relating to the consumption and/or demand for electricity from any specified class or category of consumers or any distribution area, before a DSM programme is started to provide a starting point for comparison for assessing the program impact;
   (iii) "Bureau" means the Bureau of Energy Efficiency [BEE] established under sub-section (1) of Section 3 of the Energy Conservation Act, 2001 (Central Act 52 of 2001);
   (iv) "Commission" means the Karnataka Electricity Regulatory Commission;
   (v) "DSM" means Demand Side Management;
   (vi) "ESCOM" means an Electricity Supply Company licensed for distributing electricity in the State of Karnataka in the area specified in its licence;
(vii) "Evaluation, Measurement and Verification" means activities, which evaluate, measure and verify performance or other aspects of DSM or Energy Efficiency (EE) programmes or their market environment;
(viii) "Monitoring and Reporting" means activities, which monitor and evaluate the progress of DSM or Energy Efficiency programmes of the Distribution Licensee;
(ix) "MYT" means Multi-Year Tariff
(x) The words and phrases not defined here but in the Electricity Act, 2003 (Central Act 36 of 2003) will carry the meaning(s) as in the Electricity Act, 2003.

3. DSM Objectives.-
The objectives of DSM for the State of Karnataka shall be to:
(i) Mitigate peak and energy shortages by conservation and more efficient use of electricity;
(ii) Reduce greenhouse gas emissions; and
(iii) Conserve scarce conventional energy resources.

4. DSM Targets.-
In order to achieve the objectives set out in Regulation 3 above, the Commission shall by order, specify the year-wise targets for energy and peak savings for any or each of the distribution licensees, based on the DSM plan furnished by it.

5. DSM Cell, its roles & responsibilities.-
(1) Within two months of the effective date of these Regulations, every Distribution Licensee shall constitute a DSM Cell, for implementation of the DSM or EE programmes and to achieve the targets.
(2) The DSM Cell so constituted shall be provided with necessary authority with previous approval of the Commission and resources, so as to execute the functions assigned to it under these Regulations.
(3) The DSM Cell shall be responsible for:
(i) Assessment of Technical and economic potential of DSM or EE Programmes in the operational area of the distribution licensee;

Explanation:
(c) Within three months of the effective date of these Regulations, each Distribution Licensee shall develop a common methodology for assessing the technical potential for DSM in the operational area of such licensee and submit a copy of it to the Commission for approval.
(b) Every Distribution Licensee in the State shall carry out assessment of potential for DSM in its distribution area, one year before the start of every MYT Control Period and the first assessment of technical potential for DSM shall be carried out within six months of the effective date of these Regulations.
(ii) Carrying out load research to identify the target consumer segment or segments and end-uses for DSM programmes and to build the necessary database;
(iii) Carrying out consumer and market surveys to estimate the market potential for specific energy efficiency technologies and applications, establish key performance indicators, and determine existing baseline market conditions;
(iv) Development of baseline data on the basis of the results of load and market research;

Explanation: Every Distribution Licensee shall design, develop and implement the initial DSM programmes on the basis of available data, till the complete baseline data is prepared for its area of supply. Establishment of baseline data shall not be a pre-requisite for design of such initial DSM programmes by the Distribution Licensees.
(v) Capacity building in DSM for the employees of distribution licensee;
(vi) Providing inputs for Integrated Resource Planning that includes DSM as a key resource;
(vii) Formulation of DSM Plans;
(viii) Design and development of DSM projects including cost-benefit analysis, plans for implementation, monitoring and reporting and for measurement and verification;
(ix) Seeking necessary approvals to DSM plans and individual programmes;
(x) Implementation of DSM programmes;
(xi) Fulfilling the requirements of reporting as directed by the Commission;
(xii) Performing DSM programme level Evaluation, Measurement and Verification;
(xiii) Promoting consumer awareness and education; and
(xiv) Any other additional function that may be assigned by the Commission from time to time

4. The Distribution Licensees may include any relevant DSM programme (including multi-State programme) developed by the Bureau of Energy Efficiency in its perspective plan as and when such programmes are announced by the Bureau.

5. The DSM Programme shall include measures for efficient use of electricity in Village and Panchayat level drinking water schemes, street-lighting retrofits/automation, agriculture energy use researchor development, demonstration of projects promoting waterorenergy conservation, LED lighting and ceiling fans replacement schemes for households, energy sector research and development, capacity building initiatives, awareness campaigns, energy access-related solar-PV systems at end-uses, solar pumping and solar-street-lighting systems and any other programme that is approved by the Commission.

6. The DSM programme shall be implemented by the distribution licensee on its own or through BEE empaneled Energy Service Companies (ESCOs).

7. Every Distribution Licensee shall submit to the Commission on a rolling basis, an annual DSM plan with quarterly targets (both physical and financial), not inconsistent with its perspective plan, for the forthcoming financial year, not later than 30th day of November of the previous financial year.

6. Mechanism for Cost Recovery of DSM expenses by distribution licensees.-

(1) Every Distribution Licensee shall identify the costs, if any, associated with planning, design and implementation of DSM programmes and propose recovery of such costs by adding these costs to the Annual Revenue Requirement to enable funding through tariff structure.

(2) In order to qualify for cost recovery, each programme shall be:
   (i) Approved by the Commission prior to implementation;
   (ii) Implemented according to the approved programme plan; and
   (iii) Implemented cost effectively.

7. Monitoring and reporting of DSM Programs.-

(1) Every Distribution Licensee shall prepare a plan to implement DSM or EE programmes and undertake monitoring and reporting of such programmes as directed by the Commission from time to time.

(2) The Distribution Licensee shall report to the Commission on the progress in implementing the DSM Plan and expenses incurred on its implementation, every six months.

(3) The Distribution Licensee will submit a detailed Programme Completion Report to the Commission within one month of completion of every DSM programme, covering the programme expenses, achievements, outcomes and outputs, constraints and difficulties faced, conclusions, recommendations, lessons learnt and the way forward.

8. Evaluation, Measurement and Verification of DSM Programmes.-

(1) The Distribution Licensee shall be responsible for evaluation, measurement and verification of the savings from DSM programmes in the manner approved by the Commission.

(2) The Distribution Licensee shall make available necessary information and data to the Commission or any third party designated by the Commission to measure and verify the savings from DSM programmes.

9. Non-achievement of targets.-
The Commission shall disallow any expenditure incurred by any Distribution Licensee for non-achievement of DSM targets as specified by the Commission and the savings envisaged thereof or for failure to implement the programme according to the approved plan.

10. Power to amend.-
The Commission, either suo-moto, or on an application by a Licensee or by any consumer, may at any time add, vary, alter, modify or amend any of the provisions of these Regulations, following due process of giving an opportunity of being heard to all the affected persons.

11. Savings.-

(1) Nothing in these Regulations shall be deemed to limit or otherwise affect the inherent power of the Commission to make such orders as may be necessary
to meet the ends of justice or to prevent abuse of the process of the Commission.

(2) Nothing in these Regulations shall bar the Commission from adopting, in conformity with the provisions of the Act, a procedure, which is at variance with any of the provisions of these Regulations, if the Commission, in view of the special circumstances of a matter or class of matters and for reasons to be recorded in writing, deems it necessary or expedient for dealing with such a matter or class of matters.

(3) Nothing in these Regulations shall, expressly or impliedly, bar the Commission from dealing with any matter of exercising any power under the Act for which no Regulations have been framed, and the Commission may deal with such matters, powers and functions in a manner it deems fit.

Approved by the Commission

Secretary
Karnataka Electricity Regulatory Commission