

**BEFORE THE KARNATAKA ELECTRICITY REGULATORY COMMISSION,
BENGALURU**

Dated : 3rd April, 2018

Present:

Shri M.K. Shankaralinge Gowda	..	Chairman
Shri H.D. Arun Kumar	..	Member
Shri D.B. Manival Raju	..	Member

OP No. 86/2016

BETWEEN:

Renewable Energy Developers Association Karnataka,
Hitananda II,
48, Lavelle Road,
Bengaluru – 560 001
[Represented by Navayana Law Offices, Advocates]

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PETITIONER

AND:

- 1) Bangalore Electricity Supply Company Limited,
K.R. Circle,
Bengaluru – 560 001.
- 2) Chamundershwari Electricity Supply Corporation Limited,
No.29, Kaveri Grameena Bank Road,
Vijayanagar, 2nd Stage,
Mysuru – 570 019.
- 3) Gulbarga Electricity Supply Company Limited,
Station Road,
Kalaburagi – 585 101.
- 4) Hubli Electricity Supply Company Limited,
P.B. Road, Navanagar,
Hubballi – 580 025.

- 5) Mangalore Electricity Supply Company Limited,
MESCOM Bhavana,
Kavoor Cross Road,
Bejai,
Mangaluru – 575 004. ..

RESPONDENTS

[Respondents 1 to 5 are represented by Justlaw, Advocates]

ORDERS

- 1) The Petitioner - Renewable Energy Developers Association Karnataka, (REDAK), a Society registered under the provisions of the Societies Registration Act, has filed the present Petition, praying for exempting the Solar and Wind Power Generators, commissioned prior to the publication of the Karnataka Electricity Regulatory Commission (Forecasting, Scheduling, Deviation Settlement and Related Matters for Wind and Solar Generation Sources) Regulations, 2015 (hereinafter referred to as the 'Regulations, 2015'), from the applicability of the said Regulations, 2015.
- 2) In substance, the Petitioner has urged the following grounds in support of its prayer:
- (a) The Wind and Solar Power Generators have to incur certain financial liabilities for complying with the requirements of the Regulations, 2015, for which there is no provisions in the said Regulations or in the Power Purchase Agreement (PPA) for reimbursement of such financial liabilities.

- (b) The implementation of the Regulations, 2015 would lead to applicability of the Merit Order Despatch (MOD) principle and taking away of the Must Run Status (MRS) provided to the Solar Power Projects.
- 3) Upon Notice, the Respondents have appeared through their learned counsel and filed the Statement Objections, denying the grounds stated by the Petitioner and contending that the said grounds are incorrect and not tenable for giving exemption to the existing Wind and Solar Power Projects from the applicability of the Regulations, 2015.
- 4) We have heard the learned counsel for the parties. The following Issues would arise for our consideration:
- (1) Whether the Petitioner has made out any ground for claiming exemption from the applicability of the Regulations, 2015, for the existing Wind and Solar Power Projects, as on the date of publication of the said Regulations?
- (2) What Order?
- 5) After considering the oral submissions of the parties and perusing the material placed on record, our findings on the above Issues are as follows:

6) **ISSUE No.(1)**: *Whether the Petitioner has made out any ground for claiming exemption from the applicability of the Regulations, 2015, for the existing Wind and Solar Power Projects, as on the date of publication of the said Regulations?*

(a) The Regulations, 2015 have been published on 01.06.2016 in the Karnataka Gazette. The said Regulations, 2015 are made applicable after six months from the date of publication, and again it was extended by another six months, by issuing separate Orders. Therefore, the said Regulations, 2015 are in force from 01.06.2017.

(b) Before finalizing the Regulations, 2015, this Commission had called for objections/suggestions from the stakeholders and also held a public hearing. Some stakeholders had requested to exempt the existing Units from the applicability of these Regulations. The Commission had considered their objections and rejected the same. The main reasons for the rejection of the said request are stated thus:

The existing Units cannot be exempted from these Regulations for forecasting, scheduling and deviation settlement, in view of preventing / avoiding backing down of the Units to the extent possible during the high Wind and Solar generation and low state loads under the principle that Renewable Energy Sources shall be given priority for scheduling and despatching, by facilitating the grid operator the visibility into how much renewable energy is expected to be injected into the Grid. This is

especially critical for variable and uncertain sources, such as Wind and Solar generators. Forecasting and scheduling of these generators is critical to anticipate balancing requirements and procure the requisite reserves to maintain load generation balance and Grid reliability in view of the high variable nature of generation by Wind and Solar Plants. At the same time, considering the intermittent nature of these sources, special provisions, like 16 revisions during a day, have been made, so that the Generators are not unduly penalized.

- (c) The stakeholders had contended that they had to incur extra financial burden to comply with the provisions of the Regulations, 2015. That aspect was also considered by this Commission and it was found that the extra cost, at best, would be about 0.82 paise (₹0.0082) per KWh and 1.08 paise (₹0.0108) per KWh for Wind and Solar Power Generators, respectively, towards forecasting and scheduling. The Commission has also taken proper care for reducing the percentage error to the bare minimum, within the permissible limits, by incorporating suitable provisions in Clause Nos.4.1, 4.8, 7.1 and 7.3 of the Regulations, 2015. The Commission also noted that the benefit that these Generators would derive from preventing / reducing their backing down of the generation, would be more than the probable extra cost they have to incur.
- (d) The contention of the Petitioner that, the Regulations, 2015 would lead to applicability of the MOD principle and taking away of the MRS of the

Wind and Solar Projects, in injecting the energy to the State Grid, is incorrect. By way of implementing the Regulations, 2015, the MRS of the Wind and Solar Power Projects is in no way affected. On the other hand, again it is emphasized in Clause 4.10 of the said Regulations, 2015 that the Wind and Solar power and other Renewable Energy sources would be given the first priority in scheduling the generation and despatching under normal power system operating conditions.

- (e) The Regulations, 2015 do not specify in any of its Clauses that the MOD principle is made applicable to the Wind and Solar Power Projects. It is made clear in Clause 8.5.8 of the Karnataka Electricity Grid Code, 2015 that, the Renewable Energy Power Plants, like the Wind and Solar Power Projects, shall not be subjected to the MOD principle. Therefore, such an apprehension of the Petitioner is unfounded. As already noted, the financial implication, if any, for complying with the provisions of the Regulations, 2015 is very minimal and on the other hand, the said Regulations, 2015 would benefit the Wind and Solar Power Generators. Assuming that the financial implications for complying with the said Regulations, 2015 is not negligible, but it is considerable, even then, the Wind and Solar Generators are not entitled to claim exemption from the applicability of the Regulations, 2015. The object of the Regulations, 2015 is to prevent / avoid / reduce the backing down of the Wind and Solar Generators, to the extent possible, during the period of high generation of Wind and Solar power and low demand of loads. The total capacity of the Wind Power Plants, as on the date of publication of

the Regulations, 2015, was almost 85% of the present capacity. Therefore, if any exemption is given for the existing Wind Power Projects, the very purpose and object of the Regulations, 2015 would be defeated. Therefore, such Generators will have to take recourse for getting reimbursement of the financial losses, if any, as may be allowed under law. In the present Petition, the Petitioner has not given any facts and figures to estimate the quantum of the financial burden, which the Wind and Solar Power Generators would incur, in the event of implementing the Regulations, 2015. The averments made in the Petition, in this regard, are very vague and bald.

- (f) The Petitioner cannot challenge before this Commission, the legality or otherwise of any Regulations framed by it. The Regulations, 2015 are made applicable to all the Wind Power Projects having a combined installed capacity of 10 MW and above at a Pooling Station and all Solar Generators with a combined installed capacity of 5 MW and above at a Pooling Station, as stated in Clause 3.2 of the said Regulations, 2015. Therefore, any person, claiming exemption from the applicability of the said Regulations, 2015, cannot file a Petition on the same grounds, which have already been considered and rejected by this Commission earlier.

7) **ISSUE No.(2):** *What Order?*

For the foregoing reasons, we pass the following:

ORDER

The Petition is dismissed. The Petitioner is not entitled to the relief sought for in the Petition.

OP No.86/2016

Sd/-
(M.K. SHANKARALINGE GOWDA)
CHAIRMAN

Sd/-
(H.D. ARUN KUMAR)
MEMBER

Sd/-
(D.B. MANIVAL RAJU)
MEMBER