

KARNATAKA ELECTRICITY REGULATORY COMMISSION

6th& 7th Floors, Mahalaxmi Chambers,
#9/2, M.G. Road, BANMGALORE-560 001

ORDER

V/05/12

22.03.2013

1. Sri M.R. Sreenivasa Murthy -Chairman
2. Sri Vishvanath Hiremath- Member
3. Sri K. Srinivasa Rao -Member

In the matter of "Introduction of Banking Facility to Solar Power Plants"

Preamble:

The Commission on 05.10.2012 had, keeping in view the infirm nature of solar Power generation, issued a discussion paper in the matter of "Introduction of Banking Facility to Solar Power Plants", inviting comments/suggestions from interested persons latest by 25.10.2012. A Notice of the same was also issued in the following Newspapers on 09.10.2012:

- i. Indian Express- English Newspaper
- ii. Samyuktha Karnataka- Kannada Newspaper
- iii. Prajavani- Kannada Newspaper

The discussion paper was also hosted on the website of the Commission www.kerc.org.

In response to the discussion paper, the following nine companies submitted their written comments/suggestions:

- i. Karnataka Renewable Energy Development Ltd.[KREDL],
- ii. Power Company of Karnataka Limited[PCKL]
- iii. Chamundeshwari Electricity Supply Corporation Ltd.[CESC],
- iv. Mangalore Electricity Supply Company Ltd[MESCOM].
- v. Mytrah Energy(P) Ltd.,
- vi. Renew Power Ventures Pvt. Ltd.,
- vii. Moserbaer Engineering & Constructions Ltd.,
- viii. Astonfield Renewables Pvt. Ltd.,
- ix. Kiran Energy Solar Power Pvt. Ltd.

The gist of comments/suggestions received on the issues and the Commission's decision thereon is discussed in the following paragraphs:

Issue:1

Whether banking facility has to be allowed to Solar Electricity Generating sources as they are infirm in nature?

All the stake holders except MESCOM & CESC have agreed for introduction of banking facility to solar electricity generating sources. CESC has stated that it may be allowed only after CESC meets its solar RPO. MESCOM has stated that there is disparity in wheeling charges to RE sources and to others and extending banking facility in addition to free-wheeling for solar projects would increase revenue burden on ESCOMs. Further it is stated that, if banking facility is extended, the ESCOMs may not reach solar RPO as generators would opt for OA. Alternately solar projects should be mandated to sell power to ESCOMs or to obtain REC so as to transact energy in exchanges to provide opportunity to ESCOMs to reach solar RPO through PPA or through Exchange. Hence MESCOM has opined that it may not be feasible to provide banking facility.

Commission's view:

Solar energy is undisputedly an infirm source of power similar to that of Mini-hydel and wind. Therefore, the Commission is of the considered view that banking facility needs to be extended to solar power projects also to promote generation and consumption of solar power and therefore, decides to extend banking facility to solar generators on the same terms and conditions as applicable to Minihydel and Wind generators.

ISSUE-2

In case banking is allowed, whether the banking charges should be 2% of input energy, similar to that of Minihydel & Wind?

KREDL, MYTRAH and MOSEARBAER have agreed for 2% banking charges. RENEW power has requested to do away with banking charges, while ASTONFIELD has sought for waiver for plants commissioned by December 2014. KIRAN ENERGY has requested for concessional rates as 2% banking charges would increase the cost of Solar power. Banking charges of 2% is agreed to by CESC and PCKL. However, PCKL has stated that banked power should not be allowed for utilizing on same day and during peak hours and peak months, carryover of banked energy to next year should not be allowed and payment shall not be made for unused energy at the end of the year. MESCOM has not made any specific comments on this issue as it is not in favor of banking.

Commission's view:

At present, 2% of the injected energy is being levied as banking charges for wind and mini-hydel projects. Therefore, similar treatment has to be extended to solar projects also.

ISSUE-3

To account for difference in power purchase cost during the time of injection and time of drawal, whether payment of difference of UI charges between the time of injection and time drawal of the power needs to be charged or some other mechanism needs to be adopted?

KREDL has accepted the same as State is facing base load shortage, MYTRAH has stated that in tune with the Commission's order dated 21.6.2006 on ABT and order dated 11.7.2008 on W & B Agreement, UI charges for wind and mini hydel projects are not applicable. Hence, UI difference may not be made applicable to Solar. RENEW POWER has requested to keep solar power out of UI implication in tune with CERC's IEGC Regulations 2010. MOSERBAER has stated that charging UI only to the generators is not equitable and in case UI is negative, KPTCL/ESCOMs have to pay UI charges to solar generators. ASTONFIELD has requested the Commission to do away with UI charges for the plants developed till December 2014. KIRAN ENERGY has requested the Commission to move from UI mechanism to TOD mechanism for banking. UI charges for difference of cost between time of injection and drawal is agreed to by CESC & PCKL. However, CESC has requested for a methodology for implementing the same. MESCOM has not commented in the matter.

Commission's view:

The Commission in its order dated 09.06.2005, had noted that generation from wind and mini-hydel projects is infirm and is dependent on nature and therefore, scheduling and balancing will not be practicable on real time basis and thus ordered to allow banking in respect of wind and minihydel projects, subject to payment of UI charges between the time of injection and time of drawal of the power from these sources in addition to payment of banking charges at 2% of the input energy. The Hon'ble ATE in its order dated 22.01.2009 in Appeal No.17 & 18 of 2008, hasheld that if the Appellants (wind mill generators) wished to have the banking and wheeling facility, then they would be required to pay the difference between the UI charges prevalent at the time of

injection and UI charges prevalent at the time of drawal of power. In view of the above settled position, the Commission decides to extend the banking facility to solar power projects also on the same terms and conditions as applicable to wind and mini hydel generators.

Other Issues: PCKL has stated that the wheeling charges for solar should be the wheeling and transmission charges and losses as applicable to normal OA consumers within the State.

Commission's view:

The Commission is determining the wheeling charges payable in its tariff orders issued from time to time. At present the wheeling charges for solar power projects is zero. The same shall continue until further orders from the Commission.

ORDER

In exercise of the powers conferred under Section 86(1)(e) of the Electricity Act,2003, as amended from time to time and all other powers enabling the Commission on this behalf, the Commission hereby approves extension of the banking facility to solar power plants in the State on the same terms and conditions specified in the Commission's Order No.Q/01/1 dated 09.06.2005 and order No. B/01/1 dated 11.07.2008 as applicable to Wind and Mini-Hydel power plants.

Sd/-

**(M.R. SREENIVASA MURTHY)
CHAIRMAN**

Sd/-

**(VISHVANATH HIREMATH)
MEMBER**

Sd/-

**(K.SRINIVASA RAO)
MEMBER**