Uttar Pradesh Electricity Regulatory Commission
Lucknow

In the matter of Uttar Pradesh Electricity Regulatory Commission (Rooftop Solar PV Grid Interactive Systems Gross / Net Metering) Regulations, 2019 (Second Amendment)

Date: 17.11.2023

STATEMENT OF REASONS

Background

1.1 The UPERC (Rooftop Solar PV Grid Interactive System Gross/ Net Metering) Regulation, 2019 was notified on 04.01.2019. The said Regulations provided framework for Net Metering and Gross Metering arrangements. As per the Regulations, the Net Metering facility was made available only to metered agriculture consumers under LMV-5 category or metered residential/ domestic consumer under LMV-1 category.

1.2 Subsequently, UPERC (Rooftop Solar PV Grid Interactive System Gross/ Net Metering) Regulation, 2019 (First Amendment / Addendum), notified on 01.06.2022, provided for Net billing / Net feed-in arrangement. Accordingly, at the time of bringing this amendment there were three different arrangements under which Rooftop Solar Photo Voltaic (RSPV) plants could be installed. These are as below:

RSPV Arrangement	Eligibility
Net Metering	metered agriculture consumers under LMV-5 category or metered residential/ domestic consumer under LMV-1 category
Gross Metering	All consumer categories
Net billing / Net feed-in	All consumer categories

1.3 The Government of Uttar Pradesh framed UP Solar Policy 2022, which is to remain in operation for a period of five (5) years or till the Government notifies the new policy. The para 7 of the Solar Policy provides details of the consumer types that will be covered by the policy for net metering arrangement, which is quoted below:

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7.1 Non Residential Institutions.

The Government of Uttar Pradesh shall promote deployment of rooftop solar photovoltaic plants for captive/self-consumption under Net metering arrangement on the office buildings of institutions as follows: -

a) State Government buildings/office buildings or premises under the control of the State Government/office buildings of the Government of India or other Provincial Government located in the State.

b) Government and non-government educational institutions of all categories, which are regulated by the regulatory bodies of the Central Government / State Government.

c) Net metering will not be allowed, in case above category institutions are operating in private rented building.

d) Example: - State government schools, colleges, technical institutions and universities, all public institutions hostels, training institutions, libraries and establishments of Indian Railways located in the state, research and development institutions, holiday homes, guest houses, Inspection buildings etc. which come under the purview of the government. Government Schools, Colleges, Government Hospitals, Jails, Private Educational Institutions like Schools, Colleges, Universities, Nursing colleges etc .

e) Installation of Rooftop solar photovoltaic plants through third party (RESCO mode) {Renewable Energy Supply Company} will be encouraged in these Institutes. In this arrangement power purchase agreement between consumer and Third Party (RESCO) will be executed and Net-Metering interconnection agreement between consumer and electricity Distribution Company will be executed.

f) Institutions can install rooftop solar plants in RESCO mode by themselves or in consultation with UPNEDA. Consultancy fee 3% cost of the plant and applicable GST/other tax will be payable to UPNEDA.

g) A revenue model will be developed for installation of systems whereby Nodal Agency, UPNEDA will play an active role in collection of demand for installation of Grid connected Solar Rooftop Power Plants. UPNEDA will develop model contracts, Standard PPA's and will carry out competitive bidding for discovery of tariff and selection of RESCO's for implementation of Grid connected Solar Rooftop Projects.

h) As per RSPV Regulation -2019, issued by UPERC and amended from time-to-time, Net billing facility will be provided to industrial and commercial consumers. UPERC will determine the tariff for power purchase by Discom.

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1.4 Accordingly, the Commission issued a Consultation Paper which contained proposed amendment on Provisions for Net Metering Arrangement in view of Uttar Pradesh Solar Policy 2022. The Consultation Paper along with public notice was hosted on the Commission's website and Public Notice in this regard was issued vide Notification No. UPERC/VCA/23-24/1031 dated 11th October, 2023 for inviting comments and suggestions from the stakeholders. The Public Hearing was conducted on 08th November 2023, which was attended by the following Stakeholders:

- Shri D C Verma, SE (RAU), UPPCL
- Shri Avadhesh Kumar Verma, consumer representative
- Shri Raghauv Agarwal, Solar Consultant, SMP

The Commission has considered all the comments and suggestions received in writing along with the submissions made by the stakeholders during the public hearing and thereafter, it proposes a second amendment of UPERC (Rooftop Solar PV Grid Interactive System Gross/ Net Metering) Regulation, 2019. Statement of Reasons that captures the comments received from Stakeholders along with analysis and decision of the Commission on the same are as follows:

VIEWS OF THE STAKEHOLDERS AND ANALYSIS AND DECISION OF THE COMMISSION ON IMPORTANT ISSUES

Stakeholder Comments	Commission's View
Subsidy from State Government for loss of revenue **UPPCL** – The potential loss of revenue to the Discoms resulting from allowing Net Metering for LMV-4 and HV-1 should be allowed as recoverable from the State Government. **Shri Avadesh Verma** – The benefit that will occur to cross subsidizing category of consumers will lead to loss	The revenue loss to Discoms will depend on percentage of conversion of eligible consumers to net metering arrangement as highlighted in the consultation paper. A holistic picture will emerge when this impact is properly analysed at the time of carrying out the true-up exercise. Depending on variations in the trend of billing determinants only a view can be taken as to whether the impact on revenue is to be met from cross subsidy or will it

for Discoms. Such loss should not affect subsidized category of consumers.	necessitate a subsidy arrangement from the State Government as the proposed amendments are being carried out to uphold the spirit of Uttar Pradesh Solar Policy 2022. **Accordingly, the recommendation will be viewed at the time of true up exercise based on actual data.**
Restriction on Net metering – **UPPCL** - Adequate provisions may be inserted restricting the adjustment of self-consumption to 80% of the solar generation and sale of balance 20% solar generation may be allowed to be sold to Discoms at the Tariff approved under net metering settlement.	The Commission is of the view that the Regulations cannot be framed to treat unique conditions as it not only becomes parochial in its outlook, but it also becomes restrictive and colourable. Moreover, such a customized arrangement will lead to complexity, which isn't desirable. As far as commercial loss for Discoms is concerned, the same has been discussed in the above point. **Accordingly, the recommendation is rejected.**
Inclusion of other consumer categories **Jaganlite** – It is suggested to include all metered consumers of LMV-1 consumer category including places of worship for net metering arrangement. **Associated Chambers of Commerce & Industry of UP** – Consumers under LMV-6 and HV-2 category may also be included in the proposed amendment. **Indian Industries Association** - net metering scheme should be allowed to LMV-6 consumer category having load upto 500KVA as well as proposed for government buildings and institutions.	The amendment to Net Metering Regulations has been proposed to include the consumers that are covered by the Solar Policy 2022 of the State Government, so that the contours of regulation remain aligned to policy framework. The consumer categories that are requested to be included under net metering arrangement in the amendment are not covered by the Solar Policy. Hence, the Commission does not find any justification in accepting these comments. **Accordingly, the recommendations are rejected.**