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MERC (Grid Interactive Rooftop Renewable Energy Generating Systems) (Second Amendment) Regulations, 2024

Introduction

The Maharashtra Electricity Regulatory Commission ("**MERC**") has introduced the Maharashtra Electricity Regulatory Commission (Grid Interactive Rooftop Renewable Energy Generating Systems) (Second Amendment) Regulations, 2024 ("**Second Amendment Regulations**"), marking a pivotal update to the Maharashtra Electricity Regulatory Commission (Grid Interactive Rooftop Renewable Energy Generating Systems) Regulations, 2019 ("**Principal Regulations**"). Effective from August 29, 2024, these amendments, enacted under Sections 61, 86(3), and 181 of the Electricity Act, 2003and Clause 5.3 of the Tariff Policy, 2016, aim to streamline processes, enhance benefits, and encourage broader participation in rooftop solar installations across Maharashtra. By fostering flexibility and accessibility, particularly for residential consumers in multi-storied buildings, MERC seeks to accelerate the state's transition to sustainable energy.

The Amended Rooftop Regulations, 2024

Regulation 2: Expanded Options for Residential Consumers

The Second Amendment Regulations introduce two provisos to Regulation 2.1(j) of the Principal Regulations, significantly expanding options for residential consumers in multi-storied buildings. The first proviso permits such consumers to establish renewable energy generating systems (e.g., rooftop solar photovoltaic systems) at any location within the same distribution licensee's area of supply, with energy credited through virtual net metering arrangements. The second proviso enables multiple residential consumers within a housing society or apartment owners' association to collectively install a renewable energy system, provided the total capacity does not exceed the aggregate of each participant's eligible capacity. Additionally, Regulation 2.1(m)(a) defines the "Lead Person" as a participating consumer nominated to handle all correspondence with the distribution licensee, simplifying administrative coordination. Regulation 2.1(z)(a) formalizes "virtual net metering" as a mechanism to credit energy to multiple service connections, including provisions for microgrids, enhancing resilience. These amendments promote wider adoption by offering flexibility, though clear guidelines on capacity allocation may be needed to prevent disputes.

Part A – General: New Operational Clarity:

The Second Amendment Regulations introduce Regulations 4.4 and 4.5 under Part A – General. Regulation 4.4 stipulates that grid connectivity and scheduling for systems under virtual net metering will adhere to existing MERC regulations, ensuring consistency with grid management frameworks. Regulation 4.5 outlines the Lead Person's responsibilities: signing the net metering agreement on behalf of participants, serving as the primary contact with the licensee, and notifying changes with approval from all participating consumers. These provisions clarify operational roles, though a contingency mechanism for Lead Person unavailability could further strengthen implementation.

Part B – Technical Arrangements: Streamlined Infrastructure

Amendments to Regulations 8 and 9 enhance technical arrangements. Regulation 8.11 mandates an additional check meter for systems under gross metering or virtual net metering, ensuring accurate energy measurement. Regulation 9.7 requires licensees to issue a 15-day notice (extendable if necessary) for defect rectification before rejecting applications, processed chronologically, while Regulation 9.7(a) obligates licensees to upgrade infrastructure (e.g., service lines, transformers) per the MERC (Electricity Supply Code and Standards of Performance for Distribution Licensees, including Power Quality) Regulations, 2021. Costs are included in the licensee's annual revenue requirement, relieving consumers of financial burdens and incentivizing adoption, though licensee funding mechanisms must be robust to avoid delays.

Part C – Commercial Arrangements: Energy Accounting Framework

New Regulations 11.10 and 11.11 under Part C address commercial aspects of virtual net metering. Regulation 11.10 governs energy accounting: energy credits are allocated based on agreed procurement ratios (capped at eligible capacity), adjustable annually with two months' notice via the Lead Person; consumption is offset in matching time blocks, with surplus credited as off-peak for Time of Day (ToD) consumers or normal for non-ToD consumers; surplus units carry forward, with year-end unadjusted credits subject to Clause.

11.4(c); and open access charges and losses are exempted until rooftop solar capacity reaches 5,000 MW. Regulation 11.11 settles non-ToD consumers' energy monthly. The exemption is a key incentive, but its temporary nature requires long-term planning clarity, and ToD consumers may need additional support for off-peak surpluses.

Annexure-1 and Annexure-3: Procedural Enhancements:

Clause C of Annexure-1 reduces the technical feasibility study timeline to 15 days, deeming proposals feasible if not communicated, and exempts systems up to 10 kW, with licensees managing load enhancements—easing adoption but requiring diligent enforcement. Clause i mandates model connection agreements on licensees' web portals, enhancing transparency. Clause 8.7 of Annexure-3 details the Lead Person's role, ratio-based crediting, and surplus handling, reinforcing commercial consistency. These changes streamline processes, though digital access assumptions may limit reach for some consumers.

Conclusion :

The Second Amendment Regulations, 2024 streamline and promote rooftop solar adoption through innovative frameworks like virtual net metering, empowering consumers to share renewable energy benefits and ensuring efficient credit management. Financial incentives, such as the exemption from open access charges until 5,000 MW capacity, bolster affordability, though its expiration may necessitate future adjustments. By fostering collaboration among residents and enabling equitable energy distribution, these amendments significantly advance Maharashtra's commitment to sustainable energy development and its renewable energy targets. Effective implementation will depend on licensee capacity and potential supplementary guidelines to address coordination and post-exemption scenarios.

Central Electricity Regulatory Commission, Deviation Settlement Mechanism Regulations, 2024

Introduction :

On August 5, 2024, the Central Electricity Regulatory Commission ("**CERC**") notified the Deviation Settlement Mechanism and Related Matters Regulations, 2024 ("**DSM Regulations**") which aim to maintain grid stability by ensuring users stick to their electricity drawal or injection schedules. The DSM Regulations apply to all entities involved in inter-state power transactions and will take effect on a date CERC will announce under Regulation 1(2).

Key Provisions:

The DSM Regulations update the Deviation Settlement Mechanism to promote efficient grid operations. The main provisions are:

1. Infirm Power Charges: Under Regulation 8(8), no charges apply to infirm power—electricity injected before a unit's commercial operation—unless it is scheduled after trial runs as per the Grid Code. If scheduled, charges follow rules for general or wind/solar sellers.

2. Ancillary Services: Regulation 5(2) allows grid operators to use Ancillary Services, as defined in the CERC Ancillary Services Regulations, 2022, to manage deviations, ensuring stability during power fluctuations.

3. Deviation Calculation and Charges:

- Regulation 6 defines deviation as the difference between actual and scheduled electricity injection (for sellers) or drawal (for buyers) in a time block.

- Regulation 8 sets charges: general sellers (e.g., coal, gas) face rates tied to grid frequency (49.90–50.05 Hz), while wind/solar and municipal solid waste sellers have frequency-independent charges.

- For wind/solar sellers, Regulation 8(4) sets deviation limits at 10–15% (solar/hybrid) or 15–20% (wind) until March 31, 2026, reducing to 5–10% (solar/hybrid) or 10–15% (wind) thereafter.

- Buyers purchasing electricity through a transaction scheduled in accordance with the Grid Code, under Regulation 8(7), face charges based on deviation limits (e.g., up to 10% or 100 MW) and grid frequency.

4. Settlement Process: Regulation 9 requires Regional Load Despatch Centres to manage a Deviation and Ancillary Service Pool Account for collecting and distributing charges. Regional Power Committees issue weekly statements for transparency.

5. Payment Rules: Regulation 10 mandates payment within 10 days of receiving statements. Late payments incur a 0.04% daily surcharge. Entities with prior defaults must maintain a Letter of Credit equal to 110% of their average weekly liability.

Impact on Inter-State Transmission

The DSM Regulations strengthen inter-state power systems by:

- Ensuring smooth coordination across states through clear deviation rules, supporting a unified grid under Regulation 2.

- Maintaining grid frequency with Ancillary Services and frequency-based charges for general sellers, as per Regulation 8.

- Providing clear guidelines for renewable energy producers, aiding their integration into inter-state networks under Regulation 8(4).

Stakeholder Impacts:

Under Regulation 4, the regulations apply to all grid-connected entities in inter-state transactions. Impacts include:

- **Transmission Utilities:** Regulation 5 promotes schedule adherence, reducing infrastructure strain and improving reliability.

- **Generators:**

  - General sellers face frequency-linked charges for deviations up to 10% or 100 MW under Regulation 8(1).

  - Wind/solar sellers need accurate forecasting to stay within volume limits, especially after March 2026, per Regulation 8(4).

  - Run-of-river and municipal solid waste stations have simpler, frequency-independent charges under Regulations 8(2) and 8(3).

- **Distribution Companies and Buyers**: Regulation 8(7) requires precise scheduling to avoid charges, emphasizing accurate demand forecasting

- **Traders:** Regulation 7 ties charges to market rates (e.g., Area Clearing Price), requiring careful transaction planning.

- **Load Despatch Centres:** Regulation 9 tasks Regional and State Load Despatch Centres with accounting, charge enforcement, and pool account management.

Conclusion:

The CERC DSM Regulations promote grid reliability and transparency in inter-state power transactions. By setting clear rules for deviations and payments, they support a stable electricity market for all stakeholders.

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Warm Regards,

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