

Submission on RVPNL's Petition for Approval of Draft Procedure for Grant of Green Energy Open Access



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1. Introduction

The Rajasthan Rajya Vidyut Prasaran Nigam Limited's (RVPNL's) has filed a Petition before the Rajasthan Electricity Regulatory Commission (the Commission) proposing a Draft Procedure for Grant of Green Energy Open Access in terms of the Regulation 6 (iii) of the Rajasthan Electricity Regulatory Commission (Terms and Conditions for Green Energy Open Access) Regulations, 2025 for approval of the Commission. The Commission has invited comments from the public and stakeholders before making the amendments to the Regulations. This submission from Centre for Energy, Environment and People, Jaipur is in response to the Commission's invitation for comments. We request the Commission to take note of our written submissions and further request an opportunity to submit our comments in person during the hearing.

The submissions are categorised into following sections:

- 1) Concerns of Financial Impact of Banking Cycles on Discoms
- 2) Comments on the Renewal Options to Applicants

2. Comments on Financial Impact of Annual Banking Cycles on Discoms

The notified RERC GEOA Regulations, 2025 establish a dual banking framework: (i) annual accounting for captive users with renewable energy capacity not exceeding 100% of contract demand/sanctioned load, and (ii) billing cycle-based accounting for users with capacity between 100-200% of contract demand. The Regulations, and the Commission's Order approving the same, however, provide insufficient justification for differentiated treatment, particularly given the absence of reasoned analysis in either the Commission's approval order or the Regulations themselves. This bifurcation of different approaches for allowing monthly carrying over poses the following challenges:

2.1. Absence of Reasoned Distinction Between Consumer Categories

The Regulations establish different banking accounting periods for captive users based solely on plant capacity relative to contract demand, without providing technical or economic justification for this differentiation. Both categories utilize identical distribution infrastructure and impose similar grid management challenges. The absence of reasoned distinction violates principles of regulatory fairness and equal treatment under similar circumstances.

2.2. Accounting and grid management challenges

The banking provisions across leading RE states like Gujarat, Maharashtra and Andhra Pradesh reveal a clear trend favouring monthly accounting frameworks. Under their respective GEOA Regulations, the state regulatory commissions of Gujarat, Maharashtra and Andhra Pradesh have adopted monthly banking cycles, recognising the operational challenges posed by longer accounting periods. This supports that shorter accounting cycles are feasible even in states with substantial renewable energy penetration. These adoption of monthly accounting also acknowledges the grid management complexities arising from extended banking periods.

2.3. Temporal Pricing Disparities

The Commission, in its FY24 Discoms' true-up Order, has highlighted that discoms have been forced to purchase high-cost short-term power from exchanges to meet the demand during peak hours. Submissions of various discoms from Tamil Nadu, Karnataka and Maharashtra before the Appellate Tribunal for Electricity (APTEL) has shown that annual banking mechanism effectively allows consumers to bank low-cost daytime energy and withdraw during high-cost evening periods, transferring the price risk to distribution licensees and, ultimately, to non-open access consumers.

In light of these submissions, and in order to ensure uniform treatment of the captive consumers and ensure alleviating financial and accounting hardships of the discoms, the Commission may modify both the notified GEOA Regulations and draft Procedures to establish monthly or quarterly banking accounting for all captive users, ensuring uniform treatment and operational efficiency. The Commission may additionally direct the Petitioner and/or the distribution licensees to conduct a detailed financial impact assessment comparing annual versus monthly/quarterly banking, utilising actual operational data and modelling exercises. The study should quantify costs associated with extended credit periods, grid management complexities and accounting complexities. Alternatively, the Commission may itself undertake an independent study examining banking impacts on distribution system operations, consistent with APTEL's guidance in *Tamil Nadu Spinning Mills Association vs TNERC & Ors [Appeal No 191 of 2018]* regarding the need for data-driven regulatory decisions.

Until such a study is conducted, the Commission may implement the proposed banking accounting procedures as a provisional arrangement whereby existing annual banking procedures remain effective for a period till such a study is submitted before the Commission for consideration (preferable within three to six months). Upon completion of the study, the Commission may adopt suitable accounting mechanism based on the findings of the study.

3. Comments on the Renewal Options to Applicants

3.1. Renewal of Existing Open Access

The Draft Procedures comprehensively address initial application processes for Long Term/Medium Term/Short Term Green Energy Open Access across Procedure numbers 7 through 11. These sections detail application requirements, processing timelines, technical prerequisites, and approval mechanisms for new open access arrangements. Sections 14 and 15 establish clear frameworks for cancellation of open access due to non-compliance or non-payment, and voluntary relinquishment of long-term/medium-term access rights with appropriate compensation mechanisms. These provisions ensure orderly termination of access arrangements while protecting stakeholder interests.

Despite comprehensive coverage of application, grant, and termination procedures, the Draft Procedures contain no provisions addressing extension of existing open access rights beyond their original validity periods. This creates a significant procedural gap that may result in:

- a) Operational Discontinuity: Open access consumers facing expiry of existing arrangements without streamlined renewal mechanisms;
- b) Administrative Inefficiency: Requirement to undergo complete fresh application processes for continuation of established arrangements;
- c) Regulatory Uncertainty: Absence of clear guidelines for managing transition between existing and renewed access periods; and
- d) Commercial Disruption: Potential interruption of ongoing commercial arrangements due to procedural gaps.

In contrast to approach of the Petitioner, the Delhi Electricity Regulatory Commission has established progressive procedures addressing this gap through comprehensive extension provisions. Procedure 13 of the DERC Procedures for Short-Term Green Energy Open Access specifically provides for conditional consent to extend the existing open access arrangements.

It is therefore submitted that the draft Procedures should include a new “Extension of Access” section that allows existing GEOA consumers to renew their access without a full re-application. They may be allowed to file extension applications before a defined time-period from the date of expiry of access. They may be required to demonstrate continued eligibility. A technical feasibility review may be required to be completed after the receipt of such an application and any material change such as capacity increase, meter relocation must trigger a reassessment. Commercial terms for the extended period such as fees, security deposits, tariffs should be set out in the Procedures. Approval timelines may mirror new applications, with deemed approval if no decision is issued in a defined time-period. Pending the feasibility review, a conditional interim extension may be allowed so as to permit uninterrupted access.

The Commission is respectfully urged to incorporate extension provisions in the final procedures, ensuring comprehensive coverage of the entire lifecycle of Green Energy Open Access arrangements from initial application through extension and ultimate termination.

3.2. Renewal Upon Cancellation of Long-/Medium-/Short-Term Open Access Applications

As per Procedure 14.1, access to open access consumers is to be cancelled in the event of non-compliance with RERC Regulations and the STU procedure. Furthermore, Section 14.5 of the draft states: *“In case of cancellation of the access or application, the applicant may apply afresh, which shall be processed in accordance with the provisions of the Regulations.”*

In this regard, we respectfully submit that the Commission may consider incorporating a provision for reconnection in the case of first-time defaulters, particularly for Long-Term and Medium-Term Open Access users. This reconnection could be allowed upon the payment of an appropriate reconnection fee and penalty. Such a mechanism would reduce the administrative burden on both the STU and the user, and the associated costs and efforts could be reasonably compensated through the imposed fee and penalty.