{ PROMOTING GREEN ENERGY }

UPERC's draft regulations set new rules for captive, renewable plants

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LUCKNOW: The Uttar Pradesh Electricity Regulatory Commission (UPERC) has released the draft UPERC (Captive and Renewable Generating Plants) Regulations, 2024, outlining key provisions to promote renewable energy generation and streamline captive power policies in line with the Electricity Act, 2003.

The draft regulation, which will replace the existing 2019 regulations, includes several significant changes, particularly in areas of energy banking, tariff determination and fuel pricing.

The draft available on the Commission's website proposes differentiated banking provisions for renewable energy (RE) and non-RE captive plants, aligning them with the Green Energy Open Access Rules of the Ministry of Power. Captive plants are power plants set up by a company (like sugar mills) to meet its own energy requirements before selling the surplus to an external source.

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Banking charges have been proposed to be set at 8% for wind, solar and hybrid RE projects and 12% for other captive generating plants, payable at the time of withdrawal.

Non-RE captive plants will no longer have banking facilities, with a one-year transition window provided for adaptation. For RE plants, 100% banking of energy is allowed in 15-minute time blocks, with conditions for peak and off-peak withdrawals.

THE DRAFT REGULATION INCLUDES SEVERAL SIGNIFICANT CHANGES, PARTICULARLY IN AREAS OF ENERGY BANKING, TARIFF DETERMINATION AND FUEL PRICING.

Banking in the context of electricity refers to the practice of storing surplus power generated by a power plant (especially renewable energy sources like solar, wind, and bagasse) with the grid and withdrawing it later when needed.

For instance, a solar power plant generates more power during the daytime than its own consumption needs. The excess power is fed into the grid, effectively 'banked'. Later, when the plant's generation is low (e.g. at night or during cloudy weather), it can withdraw the banked power.

The 2019 regulations provided uniform banking provisions for all RE sources, with no distinction based on the type of RE source. Commission has also standardised the pricing of bagasse (a byproduct of sugarcane used as fuel) based on its energy equivalence to coal. For FY 2024-25, they have set its price at Rs 1,729 per tonne, with a provision to increase it by 3% annually.

The Commission has separately determined tariff for rice-husk based RE generation. Bagasse is used as fuel in the boiler. However, various other fuels such as biomass, firewood, coal, briquettes, rice husk etc can also be used in boiler as a substitute of bagasse.

For new RE projects, the regulation provides an option for pilot projects to opt for the Average Power Purchase Cost (APPC) of the distribution licensee as the tariff or approach the Commission for tariff determination.

Moreover, power procurement by distribution licensees from all RE and captive plants established after April 1, 2024, will be conducted through competitive bidding, except for government-owned generating companies. Stakeholders have been invited to submit their feedback on the draft regulations before the by May 30.