

1.1.1 Parallel operation charges/Grid Support Charges proposal

The licensees in the tariff filings for FY 2022-23 have proposed to levy Grid Support Charges on the Captive consumers in their area, for the benefits they are availing during their parallel operation with the licensees' grid network. The licensees had requested the Hon'ble Commission to consider the methodology adopted in the APERC Order dated 08.02.2002 and subsequently upheld by Supreme Court via judgment dated 29.11.2019 as below:

“Persons operating Captive Power Plants (CPPs) in parallel with T.S. Grid have to pay ‘Grid Support Charges’ for FY 2022-23 on the difference between the capacity of CPP in kVA and the contracted Maximum Demand in kVA with Licensee and all other sources of supply, at a rate equal to 50% of the prevailing demand charge for HT Consumers. In case of CPPs exporting firm power to TSTRANSCO, the capacity, which is dedicated to such export, will also be additionally subtracted from the CPP capacity”.

Regarding the above proposal, the Hon'ble Commission, in the Tariff Order for FY 2022-23 has referred the matter to the Grid Coordination Committee (constituted in accordance with Clause 5.1 of the Regulation No. 4 of 2018). The relevant extracts of the Hon'ble Commission's ruling in FY 2022-23 Order is as follows:

“6.25.6 In accordance with Clause 5.1 of the Regulation No.4 of 2018, a Grid Coordination Committee has been constituted with representation from wide spectrum of generating companies, transmission licensees, distribution licensees, electricity traders, OA consumers etc. Clause 5.2(v) of the Regulation No. 4 of 2018 specifies that “the Grid Coordination Committee shall be responsible for such matters as may be directed by the Commission from time to time”. The Commission finds it appropriate to

refer the matter to the Grid Coordination Committee for a detailed study on the issue of parallel operation of CPPs and consequent levy of GSC.”

In line with the Hon'ble Commission's ruling, the Grid Coordination Committee has initiated the detailed study on the matter of parallel operation of CPPs and consequent levy of GSC. It is submitted that the proposal for levy of GSC for FY 2022-23 has not attained finality as on date.

The licensee proposes to levy Grid Support Charges for FY 2023-24 on all the generators (Captive Generating Plants, Cogeneration Plants, Third party Generation units, Merchant Power Generation units, Rooftop Power Plants etc.) who are not having PPA/having PPA for partial capacity with the licensees as follows:

Grid Support Charges = Total Installed Capacity X Rate of GSC (Rs./kW/month)

Rate of GSC:

- i. The parallel operation/grid support charges are to be applied to the total installed capacity of the generators connected to the Grid.
- ii. Conventional generators shall pay Rs. 50 per kW per month.
- iii. Renewable energy plants including waste heat recovery plants, the plants based on municipal solid waste, and the co-gen plants shall pay Rs.25 kW per month.
- iv. Rooftop solar plants under net metering/gross metering policy shall pay Rs.15 per kW per month.
- v. Co-gen sugar mills shall pay charges of Rs. 25 per kW per month, for a period of 4 months or actual operation period, whichever is higher.
- vi. These charges shall not be applicable when the plants are under shutdown for any reason and when such shutdown period exceeds two months.

- vii. To the extent of PPA capacities of the generators with the TSDISCOMs shall be exempted from payment of these charges.