

**JOINT ELECTRICITY REGULATORY COMMISSION
(FOR THE UT OF J&K AND THE UT OF LADAKH)
To be published in Extra-Ordinary Part III, Section 4
DRAFT NOTIFICATION**

Jammu, the _____ 2023

No. JERC-JKL/Reg/2023/..... In exercise of the powers conferred under section 181(1); read with Sections 14, sub-Section (h) of Section 61, Section 66, clause (e) and (k) of Sub-section (1) of Section 86 of the Electricity Act, 2003 (36 of 2003), the Rural Electrification Policy, the National Tariff Policy notified on 28 th January, 2016 and all other powers enabling it in this behalf, the Joint Electricity Regulatory Commission for the UT of Jammu & Kashmir and the UT of Ladakh hereby makes the following Regulations:

Chapter I: General

1. Short Title, Commencement

- i.** These Regulations shall be called the Joint Electricity Regulatory Commission for the UT of Jammu & Kashmir and the UT of Ladakh (Micro -Grid Renewable Energy Generation and Supply) Regulations, 2023.
- ii.** These Regulations shall be applicable to whole of the Union Territory (UT) of Jammu & Kashmir and the UT of Ladakh.
- iii.** These Regulations shall come into force from the date of their publication in the Official Gazette.
- iv.** The objective of the Regulations is to promote and facilitate the development, management of Renewable Energy Generation and Supply through Micro-Grid projects in the UT of Jammu & Kashmir and the UT of Ladakh.

2. Definitions

In these Regulations, unless the context otherwise requires:

- 1. “Act”** means the Electricity Act, 2003 (36 of 2003);
- 2. “Authority”** means the Central Electricity Authority referred to in sub-section (1) of Section 70 of the Act;
- 3. “Billing Cycle”** means the billing interval agreed between Micro-Grid Operator (MGO) and the consumer;
- 4. “Commission”** means the Joint Electricity Regulatory Commission for the UT of Jammu & Kashmir and the UT of Ladakh constituted under the Act;
- 5. “Critical Supply Hours”** means Supply of electricity in the morning during 6.00 Hrs to 10.00 Hrs and during 17.00 Hrs to 22.00 Hrs in the evening each day or as amended by the Commission from time to time through an order;
- 6. “Detailed Project Report (DPR)”** means a detailed report consisting of technical, financial and environmental aspects, etc. related to the Micro-Grid project;
- 7. “Distribution Franchisee (DF)”** means a person authorized by a Distribution Licensee to Perform requisite duties on its behalf in a particular area of supply of the Distribution Licensee as per the terms and conditions in the Distribution Franchisee Agreement;
- 8. “Distribution Franchisee Agreement (DFA)”** means the Agreement between the Distribution Licensee and the Micro-Grid Operator as a Distribution Franchisee;
- 9. “Distribution Franchisee Fees”** means the payment of amount made by the Distribution Licensee to the Micro-Grid Operator for services rendered under the Distribution Franchisee Agreement;
- 10. “Distribution Licensee’s System”** means the system of wires and associated facilities between the delivery points on the transmission lines or the generating station connection and the point of connection to the installation of the consumers;
- 11. “Feed-in-Tariff or FIT”** means the tariff determined by the Commission as per Section 62of the act for procurement of electricity by the Distribution Licensee from the Micro-Grid based renewable energy system;
- 12. “Grid Arrival”** means extension of Distribution Licensee’s system in the Micro-Grid area;
- 13. “Interconnection Point”** means the interface point for supply of electricity from the Micro-Grid Renewable Energy System to the Distribution Licensee’s System;
- 14. “kW”** means kilo Watt;
- 15. “Micro-Grid Area”** means the areas where electricity would be supplied through Micro Grid projects by the Micro-Grid Operator under these Regulations; Such area can be an un-electrified area or un-electrified padas/bastis of electrified area.
- 16. “Mini-Grid/Micro-Grid Project”** means the project comprising of renewable energy based electricity generation system with capacity of more than 10 kW and up to a capacity of 1000 kW and supplying electricity to the consumers in the Micro-Grid areas through the Power Distribution Network and /or selling electricity to the distribution Licensee as per the provisions laid out in these Regulations. Such type of projects some time also referred as Renewables Energy Generation and Supply Projects(REGSP);
- 17. “Micro-Grid Operator (MGO)”** means a person, a group of persons, local authority, Panchayat Institution, users’ association, co-operative societies, non-governmental organizations, a company that constructs,

commissions, operates and maintains Micro-Grid Renewable Energy System within the UT of J&K and UT of Ladakh for generation and supply of electricity in the Micro-Grid areas and has agreed to operate under these Regulations;

18. **“Micro-Grid Project”** means the Micro-Grid Renewable Energy System generating and supplying electricity to consumers or selling electricity to Distribution Licensee;
19. **“Micro-Grid Renewable Energy System (MRES)”** means the stand alone power plant generating electricity using renewable energy source in the Micro-Grid area for supply to consumers and/or to Distribution Licensee;
20. **“MNRE”** means the Ministry of New and Renewable Energy of the Government of India or its successor entity;
21. **“Obligated Entity”** means the entity mandated under Clause (e) of Sub-Section (1) of Section 86 of the Act to fulfil the Renewable Purchase obligation and identified under Joint Electricity Regulatory Commission for Union Territories Jammu & Kashmir and Ladakh (Renewable Purchase Obligation, its Compliance and REC framework Implementation) Regulations, 2022 as amended from time to time;
22. **“Power Purchase Agreement (PPA)”** is an Agreement between Distribution Licensee and MGO for the purchase of electricity generated from the Micro-Grid Project upon interconnection with grid;
23. **“Primary Distribution Network (PDN)”** means the distribution infrastructure owned by MGO for supplying electricity generated from the Micro- Grid Area to the consumers in the Micro-Grid area as per safety measures specified under Section 53 of the Act and technical standards in the implementation guidelines specified by CEA;
24. **“Renewable Energy Certificates (REC)”** means the Certificates issued in accordance with the procedures specified by the Central Electricity Regulatory Commission through Central Electricity Regulatory Commission (Terms and Conditions for recognition and issuance of Renewable Energy Certificate for Renewable Energy Generation) Regulations, 2010 as amended from time to time;
25. **“Renewable Energy Sources”** means renewable sources such as small hydro, wind, solar, biomass, bio fuel, urban or municipal waste, Micro hydro/mini hydro, traditional water mill / Gharat and thereof and other such sources as approved by the Ministry of New and Renewable Energy from time to time for generation of electricity;
26. **“Renewable Purchase Obligation (RPO)”** means the requirement as specified under clause (e) of sub-section (1) of Section 86 of the Act, and specified in Joint Electricity Regulatory Commission for Union Territories Jammu & Kashmir and Ladakh (Renewable Purchase Obligation, its Compliance and REC framework Implementation) Regulations, 2022 or it’s subsequent amendment, for the obligated entity to purchase electricity generated from renewable energy sources;
27. **“Standard of Performance or SoP”** means to supply grid quality electricity to all willing domestic consumers connected with Public Distribution Network for at least 6 hours during the critical supply hours on daily basis in 24 hours’ day format;
28. **“State Nodal Agency”** means the nodal agency at the state level for promotion of grid connected and off-grid renewable energy in the state of UT of Jammu & Kashmir and the UT of Ladakh as notified by the Commission;
29. **“Tariff Period”** means the period for which FiT is to be determined by the Commission for the electricity generated from MRES;
30. **“Wheeling Agreement”** means the agreement signed by Distribution Licensee with MGO for supply of electricity through PDN;
31. **“Year”** means the financial year;

Chapter II: Scope and Applicability

3. Scope of Regulations and Extent of Application

- 3.1 These Regulations shall apply to new and existing Micro-Grid Projects, if any, having capacity above 10 kW up to 1000 kW set up for generation and supply of electricity to consumers in the Micro-Grid served area and/or sale to the Distribution Licensee in the UT of Jammu & Kashmir and the UT of Ladakh. The existing Micro-Grid Projects shall ensure the compliance of these Regulations and shall meet the Technical Standards and Safety measures as per these Regulations within Six months of notifications.

Chapter III: General Principles

4. Models for Business Operations

- 4.1 The MGO may implement the Micro-Grid Projects for supply of electricity in the areas served by Micro-Grid areas, where grid is not in existence, under following operational model or any subsequent model(s) as approved by the Commission.
 - a) MGO shall construct, commission, operate and maintain Micro-Grid projects for generation and supply of electricity through PDN in areas where Distribution Licensee’s System doesn’t exist.

- b) MGO shall be entitled to supply entire quantum of electricity generated from the Micro-Grid projects to the consumers at mutually agreed tariff or at the tariff decided by the UT Government under any Government sponsored scheme.
- c) Upon grid arrival, MGO shall generate and supply entire electricity generated to the Distribution Licensee at the interconnection point at FiT determined by the Commission.
- d) MGO shall transfer ownership of PDN conforming to the standards of Distribution Licensee's system to Distribution Licensee with mutual consent based on book value of assets on the date of transfer. The MGO shall rectify the shortcomings as per CEA Standards, if pointed out by the Discom while taking over the PDN. The book value of the asset on the date of transfer shall be determined by applying the depreciation method, as JERC regulations in practice, on the book value of asset recorded during the commissioning of the Micro-grid project.
- e) Further, the Distribution Licensee may allow the MGO to undertake role of Distribution Franchisee (DF) in the Micro-grid area.

Chapter-IV Technical Standards and Connectivity Norms

5. Technical Standards for Construction of PDN

5.1 The MGO shall be responsible for safe Operation and Maintenance of the PDN as per the relevant Rules and Regulations. The safety measures and technical standards for construction of PDN shall conform to Central Electricity Authority (CEA) (Measures relating to Safety and Electric Supply) Regulations, 2010 and as per manual for design and Construction of lines issued by Rural Electrification Corporation and followed by the distribution licensees in the UT of Jammu & Kashmir and the UT of Ladakh

6. Technical Standards for Interconnection with the Grid

6.1. Technical Standards for Interconnection with the Grid shall be issued in the implementation guidelines by the State Nodal Agency in consultation with Distribution Licensee and approved by the Commission. State Nodal Agency can also follow the standards issued by the Authority for Micro-Grid projects in future.

6.2. Central Electricity Authority (Technical Standards for connectivity of the Distributed Generation Resources) Regulations, 2012 shall be applicable for interconnection of the Micro-Grid project with the Grid till the proposed technical standards for Interconnection are approved by the Commission.

6.3. The cost for interconnection network from the MRES to the Interconnection point shall be borne by the MGO.

7. Safety Measures for Micro-Grid Projects The installations of electrical equipment must comply with Central Electricity Authority (Measures of Safety and Electric Supply) Regulations,2010.

8. Metering Arrangement

8.1. The metering shall be provided at the generation end, interconnection point with the Distribution Licensee's system, and the consumer end, as the case may be.

8.2. All the meters shall adhere to the standards and provisions specified in the CEA (installation and operation of meters), regulations 2006 and amendments there to.

8.3. The installation and operation of meters shall be in conformity with the relevant Regulations notified by the CEA from time to time.

8.4. Generation meter readings at Micro-Grid project shall be considered for the purpose of the fulfillment of RPO for the obligated entity/entities.

8.5. At the generation end, main meter and standby metering arrangement are to be provided by the MGO as per terms of the Power Purchase Agreement.

8.6. The Distribution Licensee shall install meters(s) at the interconnection point of the Micro-grid.

8.7. All the meters shall be periodically calibrated; consumer meters should be calibrated at an interval of the least five years.

9. Power Purchase Agreement

9.1. In case of sale of electricity generated from the Micro-grid project, the MGO shall enter into the PPA with the Jammu and Kashmir Power Corporation Ltd/Distribution Licensee.

9.2. The quantum of energy sale to the Distribution Licensee shall be determined on the basis of Joint Meter Reading (JMR), recorded by the MGO along with representative of Distribution Licensee.

9.3. MGO shall submit the invoice to Jammu and Kashmir Power Corporation Ltd /Distribution Licensee on the basis of JMR; and after verifying the claim, Jammu and Kashmir Power Corporation Ltd /Distribution Licensee, as the case may be, shall pay the bill according to the provisions given in the PPA.

9.4. Jammu and Kashmir Power Corporation Ltd /Distribution Licensee shall ensure that power purchase related payments to MGO's take precedence over all third party payments including other power purchases, and provisions of Letter of Credit (LC) be maintained as provided in the PPA for payment security to the MGO.

9.5. The PPA shall be approved by the Commission.

10. Distribution Franchisee Framework

10.1. A DFA shall be executed between the MGO and concerned Distribution Licensee.

10.2. MGO may undertake role of DF provided MGO fulfils the modalities to be specified in the implementation guidelines for the appointment of DF by the Distribution Licensee. In such case, MGO shall enter into DFA with Distribution Licensee for undertaking operations on behalf of the Licensee and shall be compensated through a distribution franchisee fee mechanism.

10.3. Distribution Franchisee Fee and other terms and conditions shall be covered in the DFA.

11. Revocation of Agreements

In case of termination of Agreement(s), the Distribution Licensee and MGO shall follow the process specified in the PPA and DFA (as may be applicable).

12. Exit Options

12.1. MGO shall be allowed to exit the Micro Grid area upon obtaining requisite clearance from the State Nodal Agency.

12.2. The MGO shall be allowed to transfer the ownership either of the generating assets and /or distribution asset to the distribution licensee or any other MGO, as the case may be, as per mutually agreed terms and conditions provided that the existing agreement and Feed-in-tariff determined by the Commission shall remain unchanged.

12.3. The Exit Options will be governed by the Agreement (s) applicable to the MGO and Distribution Licensee.

Chapter V: Commercial Framework

13. Tariff for the Micro-Grid Projects

13.1. The Commission shall determine the Tariff for sale of electricity from Micro-grid project to the distribution licensee as per provision under Section 62 of the Act on the application filed by the MGO.

Provided that MGO in its tariff application shall clearly provide details of capital cost, operating cost and performance parameters of Micro-grid project. While determining the tariff the Commission shall, as far as possible, be guided by the principles and methodologies specified by the National Electricity Policy, Tariff Policy and Rural Electrification Policy notified by the Government of India.

13.2. The Jammu and Kashmir Power Corporation Ltd / Distribution Licensee shall enter into the Power Purchase Agreement (PPA) with the MGO within the one month of receipt of notice from MGO for purchase of electricity from the Micro-Grid project as per the tariff determined by the Commission.

14. Energy Accounting and Settlement for supply to consumers

14.1. The MGO shall submit the Micro-grid project details to the Commission with a copy to State Nodal Agency, on yearly basis as per the format attached under Annexure-1.

14.2. The MGO and the consumer shall mutually decide on the billing cycle for the purpose of raising invoices and payment cycle for payment of bill.

14.3. The billing cycle shall be on monthly/bi-monthly basis as mutually decided by the MGO and the consumers served by the Micro-Grid project developed by the MGO

14.4. The tariff charged to the consumers shall be as per mutual agreement, while fixing tariff any financial assistance/subsidy with direction (if any) from the Govt. shall be taken into consideration.

15. Energy Accounting and Settlement for supply to the Distribution Licensee

15.1. MGO shall raise bill against the electricity injected to the Distribution Licensee's system at the interconnection point based on the billing period of the Distribution Licensee and shall be reimbursed by the Distribution Licensee based on the FiT determined by the Commission.

15.2. The other terms and conditions of payment and contract shall be covered in the PPA.

16. Energy Accounting and Settlement for Distribution Franchisee activities

16.1. MGO shall raise bill to Distribution Licensee for Distribution Franchisee activities as per the DFA.

16.2. The other terms and conditions of payment and contract shall be covered in the DFA.

17. Renewable Purchase Obligation

- 17.1.** The MGO shall submit generation report(s) to the Commission, the State Nodal Agency, Jammu and Kashmir Power Corporation Ltd and to the concerned Distribution Licensee in whose area the Micro-grid project is located, on quarterly basis.
- 17.2.** The quantum of electricity generated from the Micro-grid as recorded in generation meter shall qualify as having complied with the RPO for the Distribution Licensee.

Chapter VI: Roles and Responsibilities of Stakeholders

18. State Nodal Agency

- 18.1.** State Nodal Agency (SNA) shall keep records of all Micro-Grid plants operating under these Regulation in the UTs. SNA shall support and furnish necessary information to the Commission, time to time, in order to effectively implement these Regulations.
- 18.2.** State Nodal Agency shall prepare the implementation guidelines for smooth implementation of the Micro-grid projects under these Regulations in the State within six months from the date of notification of these Regulations.
- 18.3.** State Nodal Agency shall scrutinize the Detailed Project Report (DPR) submitted by MGO to check its consistency in alignment with the provisions given in these Regulations and implementation guidelines to be developed for this purpose.
- 18.4.** SNA shall support the Commission for determining the tariff for Micro-Grid Projects.
- 18.5.** SNA shall administer exit requests of the MGO.

19. Distribution Licensee

- 19.1.** The Distribution Licensee, while planning for network expansion in rural areas, shall take into consideration the Micro-Grid project(s) under operation, if any, or under advance stage of execution.
- 19.2.** The Distribution Licensee should provide inputs to the concerned agencies for development of the technical standard for the PDN and interconnectivity norms of Micro-grid Renewable Energy Sources for interconnection with the Distribution Licensee's system.
- 19.3.** The Distribution Licensee may enter into the PPA with MGO, if applicable, and shall pay the bills as submitted by MGO.
- 19.4.** The Distribution Licensee may enter into the DFA with MGO with mutual consent.
- 19.5.** The Distribution Licensee on extension of the grid to the micro-grid project area, on request of MGO shall take over the PDN based on the depreciated value of assets on mutually agreed terms and conditions.

20. Micro-Grid Operator

- 20.1.** The MGO shall implement the Micro-Grid Project after due intimation of information as specified in Annexure 1 of these Regulations to the Commission, the State Nodal Agency, Jammu and Kashmir Power Corporation Ltd and the concerned Distribution Licensee.
- 20.2.** The MGO shall develop, construct and commission the project and generate and supply electricity to consumers in the Micro-Grid Area as per SoP provided in the regulations. The MGO shall look after the operation and maintenance of Micro-Grid projects.
- 20.3.** Execute the functions as outlined under PPA and DFA (as applicable) with the Distribution Licensee of the area upon interconnection with grid.
- 20.4.** In case of any default and breach of supply conditions by the consumer, including but not limited to non-payment, theft misuse, misrepresentation, fraud, the MGO shall be entitled to take an appropriate action as per the Act or Regulations of the Commission.

21. Jammu and Kashmir Power Corporation Ltd (JKPCL)

- 21.1.** JKPCL shall enter into the PPA with the MGO, if applicable, within one (1) month of receiving such request from the MGO.
- 21.2.** JKPCL will pay the MGO at the tariff specified for the Micro-Grid project by the Commission as per the provisions given in the PPA.
- 21.3.** JKPCL shall make certain that power purchase related payments to MGO's take precedence over all third party payments including other power purchases. Letter of Credit (LC) and Escrow Account arrangement must be maintained as provided in the PPA for payment security to the MGO.

22. The consumers in the Micro-Grid Area

- 22.1.** Consumers in the identified Micro-Grid area shall regularly pay the electricity charges to the MGO, based on the mutually agreed tariff.
- 22.2.** The Delayed payment surcharges, if any, for payment made after the due date, may be applicable as per mutual terms and Conditions.
- 22.3.** Consumers shall adopt Energy Efficient measures by using Energy Efficient appliances and reduce the overall electricity consumption.

Chapter VII: Dispute Resolution

23. Formation of Technical Committee

- 23.1.** The State Nodal Agency shall set up a Technical Committee (Committee) to facilitate implementation of the Micro-grid Projects in the UTs. The objective of the Committee will be to safeguard the interests of the MGO supplying electricity as well as to protect the interest of the consumers connected with the Micro-Grid project(s) developed under those Regulations in the UTs. Separate Technical Committee shall be set up to facilitate implementation of Micro-grid Projects in UT of J&K and UT of Ladakh.
- 23.2.** The Committee will be headed by Chairperson of the SNA with its Secretariat at office of the respective State Nodal Agency. The Committee will consist of the representatives of the Commission, State Nodal Agency, JKPCCL, the Distribution Licensees, LPDD as the case may be not below the rank of the Superintendent Engineer and any other officers. The representative of MGO shall also be invited in the meeting.
- 23.3.** The Committee will supervise the overall progress of the activities for effective implementation of these Regulations.

24. Dispute Redressal Mechanism

- 24.1.** Grievance of consumers served by MGO shall be redressed by the State Nodal Agency. In case any consumer is aggrieved with the decision of SNA, the concerned consumer can approach the Technical Committee. The Committee shall have the liberty to authorize any of its Member(s), other than SNA to resolve the grievance of consumers.
- 24.2.** The Committee shall resolve and/or facilitate in resolution of dispute arising between the MGO and the Distribution Licensee
- 24.3.** If dispute is not resolved in a period of three (3) months, the aggrieved party may approach the Commission.

Chapter VIII: Miscellaneous

25. Payment Security

- 25.1.** The Distribution Licensee /JKPCCL shall prioritize making payments to MGO.
- 25.2.** Compensation against FiT for purchase of green electricity from the Micro- Grid project, Asset fee (if payable) and the Distribution Franchisee Fee shall form part of ARR for the Distribution Licensee.

26. Implementation Guidelines

- 26.1.** Within three months of official notification of these Regulations, the Distribution Licensee shall develop Implementation guidelines governing the Micro-Grid project framework with following considerations:
 - a. Technical standards for construction of PDN;
 - b. Technical standards for interconnectivity of the Micro-Grid project with the grid;
 - c. Principles of Distribution Franchisee agreement; and
 - d. Any other relevant matter for implementation of the Regulations
- 26.2.** The Implementation Guidelines shall be approved by the Commission.

27. Power to give directions

- 27.1.** The Commission may, from time to time issue such directions and orders as considered appropriate for implementation of these Regulations and for development of the market for Micro-Grid projects in the UTs.
- 27.2.** The Commission may, if necessary, devise additional mechanism for compliance of the provisions of these Regulations in consultation with the stakeholders, through an order of the Commission.

28. Power to Relax

The Commission may by general or special order(s), for reasons to be recorded in writing, and after giving an opportunity of hearing to the parties likely to be affected, may relax any of the provisions of these Regulations on its own motion or on an application made before it by an interested person.

29. Power to remove difficulties

If any difficulty arises in giving effect to the provisions of these Regulations, the Commission may, by general or specific order(s), make such provisions not inconsistent with the provisions of the Act as may appear it to be necessary for removing such difficulty.

30. Power to amend

The Commission may from time to time add, vary, alter, suspend, modify, amend or repeal any provisions of these Regulations.

By Order of the Commission.

**V.K. Dhar, (JKAS)
Secretary, JERC
J&K and Ladakh**

Annexure —1

Format for details to be submitted by the MGO to the Commission

Name of the MGO					
Unique ID number if any					
Mini-grid Project Details					
Village					
Tehsil					
District					
Capacity of Mini-Grid(kW)					
Year of Operation					
Types of Renewable Energy based system used and their respective capacity (in kW)					
Network length of the PDN (Circuit kilometers)					
Monthly units generated (kWh) during previous financial year	April	May	June	--	March
Consumer Details (number of consumers)					
Domestic Households					
Commercial Consumers					
Any other type of consumers(please Specify)					
Consumers with connected load more than 5 kW					
Total number of Consumers					