

PUNJAB STATE ELECTRICITY REGULATORY COMMISSION

“Punjab State Electricity Regulatory Commission (Harnessing of Captive Power Generation) Regulations, 2022

EXPLANATORY MEMORANDUM

The clause (b) of sub-section (1) to Section 86 of the Act provides that the State Commission shall regulate electricity purchase and procurement process of distribution licensees including the price at which electricity shall be procured from the generating companies or licensees or from other sources through agreements for purchase of power for distribution and supply within the State;

Further clause (e) of sub-section (1) to Section 86 of the Act provides that the Commission in discharge of its functions shall promote co-generation and generation of electricity from renewable sources of energy by providing suitable measures for connectivity with the grid and sale of electricity to any person, and also specify, for purchase of electricity from such sources, a percentage of the total consumption of electricity in the area of a distribution licensee;

Sub-section (4) of section 86 mandates that in discharge of its functions, the State Commission shall be guided by the National Electricity Policy, National Electricity Plan and tariff policy published under section 3.

Article 5.2.24 & 5.2.25 of the National Electricity Policy 2005, explains the establishment of CGPs not only as a means of securing reliable, quality and cost-effective power but also to facilitate creation of employment opportunities through speedy and efficient growth of industry. Article 6.3 of the National Tariff Policy, 2016 envisages that Appropriate Commission shall be required to create an enabling environment which promotes captive generation.

On perusal of the scheme of the Act, the Rules and the Policy notified under the Act, it is clear that impetus is upon encouraging the captive industry in India, specifically to cater to the dynamic and dedicated power requirement by the industries.

Accordingly, in exercise of powers conferred under Section 181 of the Electricity Act, 2003 (36 of 2003) and all other powers enabling the Commission in this behalf, and after previous publication, Punjab State Electricity Regulatory Commission issued "PSERC (Harnessing of Captive Power Generation) Regulations, 2009 vide notification PSERC/Secy/Regulation/45 dated 16.12.2009. Thereafter, one amendment has been issued vide notification PSERC/Secy/Reg/139 dated 15.05.2019.

In the past few years, particularly in view of the ambitious target fixed by Government of India to achieve large scale integration of Renewable Energy (RE) in to the grid, various measures have been taken by CERC and SERCs to frame various regulations and procedures to promote renewable power. The captive generating plants, particularly RE based plants needs to be further encouraged by removing certain bottlenecks and creating an enabling regulatory regime. However at the same time it has to be ensured that the commercial interests of distribution licensee are protected otherwise the burden will pass on to other consumers. Ministry of Power, Government of India has recently notified Electricity (Promoting Renewable Energy through Green Energy Open Access) Rules, 2022 to further promote the green energy.

In view of the above, the Commission now intends to frame Punjab State Electricity Regulatory Commission (Harnessing of Captive Power Generation) Regulations, 2022 by repealing the existing Punjab State Electricity Regulatory Commission (Harnessing of Captive Power Generation) Regulations, 2009 along with its amendments.

Draft PSERC (Harnessing of Captive Power Generation) Regulations, 2022 are enclosed as Annexure-A. The comments/suggestions/objections from all the stakeholders are solicited under Sub-section (3) of Section 181 of the Electricity Act, 2003 read with Rule 3 of the Electricity (Procedure for Previous Publication) Rules, 2005 on the draft regulations.