BEFORE THE KARNATAKA ELECTRICITY REGULATORY COMMISSION

No. 16 C-1, Miller Tank Bed Area, Vasanth Nagar, Bengaluru- 560 052

Dated: 09th December, 2019

Present:

Shri Shambhu Dayal Meena	..	Chairman
Shri H.M. Manjunatha	..	Member
Shri M.D. Ravi	..	Member

In the matter of:

Decision on Various Models and Guidelines for Solar Rooftop Photovoltaic Plants allowed to be installed on rooftops of the consumers' buildings.

O R D E R

Preamble:

1. In exercise of the powers conferred under Sections 3 (1), 61 (h), 62 (1) (a), and 86 (1) (e) of The Electricity Act, 2003 and provisions of the National Electricity Policy and all other powers enabling it in this behalf, a discussion paper was issued by the Karnataka Electricity Regulatory Commission, for determination of tariff and finalization of related issues for solar photovoltaic Plants allowed to be

installed on rooftops of consumers, by persons other than consumers under different business models.

2. Section 86 (1)(e) of the Electricity Act, 2003 contemplates that the SERCs have to promote generation of electricity from renewable sources of energy. Accordingly, this Commission has been promoting generation of electricity from Renewable Energy Sources, by determining the feed-in-tariff periodically, based on the normative financial and operational parameters, for the stipulated control period, from time to time to enable the Distribution Licensee to procure power from renewable energy sources. This approach has enabled creation of favourable environment for investment in RE projects and the State has been able to achieve significant capacity addition of Solar and Wind Power generation.

3. The Government of India has set a target of 40,000 MW of grid connected rooftop Solar Power Generation Capacity by 2022 under the Revised National Solar Missions in the country. The Government of Karnataka, under its Solar Policy 2014-21, has set a target of 2400 MW for grid connected roof top generation projects to be achieved by March 2021. The Commission notes that only 205 MW capacity of SRTPV has been installed till July 2019 and the target reached is far behind. This is largely due to inability of the consumers to make large upfront investments in the SRTPV plants.

4. In order to accelerate the capacity addition in the solar roof top generation, the Commission decided to encourage third party investments in SRTPV projects on consumers' rooftops, under business models. Under the third-party

investor/Developer model, the consumer buys energy from the Developer who installs, owns and operates rooftop solar plant on the consumer's roof. The key driver for the adoption of third-party investment model is to remove the difficulty of incurring the high upfront installation cost by the consumers and to provide other benefits.

5. The Commission, while exploring the regulatory path to create an enabling environment to support the growth of SRTPV projects in Karnataka and to achieve the target fixed by the Government by 2021, issued a discussion paper, proposing various models and the stakeholders were requested to submit their views / suggestions/ comments on the proposed models.

6. The Commission also felt that there is a need for more proactive and constructive role by the Distribution Licensee to facilitate smaller consumers to install efficient SRTPV plants at an optimal cost, either with investment from the consumers or through third party investments under Third Party Investment Model or investments by the Distribution Licensees themselves.

7. However, the Commission has so far, not recognised the SRTPV plants installed on consumers' premises for which the investment is made by the third party, where the consumer is not the owner of the SRTPV plant for sale of energy to the distribution licensee through Power Purchase Agreement. As a result, it is seen that the investment in the SRTPV projects and the capacity addition thereon has not been encouraging.

8. The Commission, in the discussion paper has broadly categorised the different Models such as Utility Centric Business Model and Consumer Centric /Third Party Investment Model.
9. In this Order, the Consumer Centric/ Third Party owned (RESCO Model) is renamed as Third Party Investment Model.

10. While considering investment on the SRTPV by the third parties, the Commission has also examined as to whether the supply of energy by the owner of the SRTPV plant (under third party investment) who is not the consumer or distribution licensee, under these models, would amount to supply of energy under open access to the consumers, essentially making such supply liable for Cross Subsidy Surcharge and Additional Surcharge, under the provisions of the Electricity Act, 2003.

11. In response to the said Discussion Paper, various stakeholders, including some of the Distribution Licensee, have submitted their written comments / suggestions.

12. The Officers of the Commission and Distribution Licensee have visited other States in India namely, Gujarat, Delhi, Andhra Pradesh, Kerala, Tamil Nadu and Madhya Pradesh to study the prevailing arrangements in respect of models being implemented to accelerate the capacity addition in respect of Solar Rooftop installations.

13. The Commission has held a public hearing in the matter on 13.09.2019, in the Court Hall of the Commission.

14. Till this date, in terms of KERC (Implementation of Solar Rooftop Photovoltaic Power Plants) Regulations, 2016, the Commission had recognised investments by the consumers themselves for installing the rooftop solar plants for entering into a Power Purchase Agreement (PPA) to sell energy under Gross/ Net Metering arrangement to the respective Distribution Licensee, but had not recognised investment by any third party investor.

15. With a view to recognise third party investments for installing the SRTPV plants on the rooftop of consumers, the Commission has issued this order under the provisions of Regulation 13 of "Power to remove difficulties, of KERC (Implementation of Solar Rooftop Photovoltaic Power Plants) Regulations, 2016".

16. After careful consideration of the views and submissions made by the stakeholders and in exercise of powers conferred under Section 62(1)(a), read with Sections 64 and 86(1) (e), Regulation 13 of the KERC (Implementation of Solar Rooftop Photovoltaic Power Plants) Regulations 2016, as indicated in para-15 above and other enabling provisions of the Electricity Act, 2003, the Commission hereby orders as follows:

ORDER

1. After considering the views/comments / suggestions from the stakeholders on the various models proposed in the Discussion Paper, the Commission recognises the following models for the purpose of implementation of SRTPV projects in the State of Karnataka:

    a. Utility –Centric business model.
        i. Consumer owned Model (Utility as aggregator)
        ii. Consumer Owned Model (Utility as an aggregator and EPC)

iii. Utility owned Model (Utility as aggregator and investor)

iv. Third party owned Model (Utility acts as an aggregator and trader)

b. Third Party Investment Model.

The Stakeholders/Distribution Licensees have submitted their views/comments /suggestions to the Commission on the above models. The same are discussed briefly as follows:

a. Azure Power has suggested that the RESCO/Third Party model is a preferred model where a PPA is typically signed for a period of 25 years between off taker and developer.

b. Think Energy has suggested that this business model may be implemented on a pilot basis.

c. U-SOLAR has suggested that the Private financing arrangement to a consumer with a financier should be of no concern to utility.

d. Renewable Energy Developers Association of Karnataka has suggested that the agreement with Consumer and RESCO may be with a mutually agreed tariff per unit fixed for tenure of PPA. For surplus energy the PPA will be in between jurisdiction Distribution Licensee and the RESCO and not with the consumer.

e. CEEW THE COUNCIL has suggested to implement i)the Community Solar (Utility as aggregator, which are similar to Consumer owned (Utility as an aggregator) model and facilitator and ii) On-bill financing (Utility as aggregator and lender) model, which is similar to the consumer owned (Utility as aggregator and facilitator) model described in the discussion paper,

except that the system will be jointly owned by multiple consumers and also suggested that, the utility plays the additional role of facilitating financing for the consumers along with a variation of the Third party owned (Utility as aggregator and trader) model. The same model could be applied with the rooftop solar system located within the consumer's premises or located elsewhere.

f. WRI INDIA has suggested that the utility may invest in the assets themselves or tie up with third party investors. Decentralized Solar PV systems for the agricultural sector, has the advantage of reducing the subsidy burden on the State Government and also the cross subsidy in the long-run. It has also recommended installing rooftop on Micro, Small & Medium Enterprises (MSMEs), Large C&I (Commercial and Industrial) Consumers with own premises and all consumers residing in rented/leased premises.

g. Power Gate Energy (Mysore) Pvt Ltd. has suggested to allow the use of a consumer's neighbours roof and also in the vicinity and to allow installation on car parking roofs.

h. Amplus Solar, Di SPA and ReNEW have suggested that the RESCO/Third Party model both the third party and the utility as investor model are preferred models and Utility as aggregator and EPC Model is not so much supportive to ESCOMs.

i. BESCOM and KREDL have suggested to have gross metering in all models.

j. Sri. B.R. Umakanth, JSS MOVP, Mysuru has proposed to revise the Model either under BOOT model/Supplier's credit/deferred payment /deferred ownership.

k. Sri. Basavarju G Patil, Raviwire Energy, Belgaum, Sri. Naganatha, Think Energy Bangalore, Sri. Abhijith Marve, Green Fuel Supplies Pvt Ltd, Sri. Ranganatha, Atria Power & NAIMISHA, Atria Power have suggested to issue proper guidelines for different models/metering for avoiding confusion.

l. Sri. Harikrishna Purohith, Trend Hyper Market, Bengaluru has suggested that Solar Rooftop projects may be allowed on the roof of tenant also who are willing to invest in the project.

m. Sri. Jaymin Gajjar, C-STEP has suggested that Utility-centric aggregator models, offer more financial benefits to BESCOM as compared to consumer-centric model. Consumer owned models also have potential where utility acts as aggregator and EPC. BESCOM can gain more benefits by targeting the domestic categories of consumers, LT commercial, LT industrial and LT institutional.

n. Sri. Harinaryan K.R., U-Solar has suggested that reverse bidding is not advisable as it favour large players and will end up in Monopoly situations.

o. Sri. Siddarath, ReNew Power has suggested that the investor should be protected against default in payment by the consumers by way of guarantee by ESCOMs to disconnect the power in case of non-payment of dues.

p. Sri. Shesha Prasanna, EPC Contractor has suggested to give Income Tax rebate in the form of subsidy and facilitation fees of 20 paisa per kW needs to be collected by the ESCOMs and same incorporated in the Power Purchase Agreement.

The List of stakeholders who have submitted their comments/suggestions is annexed to this Order.

2. Commission's Analysis and decision:

The Commission notes that the third party investments in SRTPV projects on consumers' rooftops is desirable with a view to accelerate the capacity addition in the solar roof top generation. Being aware of the limited financing capacity of the domestic consumers and other categories of consumers, the Commission feels that third party investments in all the categories of consumers, needs to be recognised and encouraged. The Commission has examined all the inputs from the stakeholders and wherever found feasible, the same are incorporated in implementation of the Models proposed in the discussion paper. The Commission hereby decides to approve the following Models:

a. Utility –Centric business model.

i. Consumer owned Model (Utility as aggregator)

ii. Consumer Owned Model (Utility as aggregator and EPC)

iii. Utility owned Model (Utility as aggregator and investor)

iv. Third party owned Model (Utility acts as an aggregator and trader)

i. Consumer owned Model (Utility as aggregator):

This model shall be applicable to all the categories of consumers under net/ gross metering arrangement, as per the KERC (Implementation of Solar Rooftop Photovoltaic Power Plants) Regulations, 2016 and Generic Tariff Orders issued by the Commission from time to time. Under this model, the Distribution Licensee shall facilitate the consumers to install SRTPV plants out of consumer owned fund/borrowed fund, by selecting Engineering, Procurement & Construction (EPC) contractor, as a Service Provider,

through reverse bidding process. The successful bidder shall carry out the work of installation of SRTPV plants on the rooftops of the consumers who have opted for the scheme, for the aggregated capacity in the area identified by the Distribution licensee. The Service provider shall enter into necessary agreement with the consumers for EPC purposes.

The Distribution Licensee shall monitor the project implementation, duly collecting a reasonable facilitation fee from the successful bidder/ service provider.

The Distribution Licensee shall host the details of the successful bidder, details of facilitation fee collected, on their website in order to maintain transparency.

The Consumer and the Distribution Licensee shall enter into a PPA in the Commission approved standard format in respect of net / gross energy injected into the distribution network.

Under Net Metering, for the un-utilized/ surplus energy fed into the distribution network, the Distribution Licensee shall pay to the consumer for the number of units recorded in the bi-directional meter, as per the terms of the PPA, generic tariff determined by the Commission, from time to time.

Under the Gross Metering, for the entire energy fed into the distribution network, the Distribution Licensee shall pay for the energy recorded in the gross meter, at the generic tariff determined by the Commission from time to time, as per the terms of the PPA. The energy consumed by the consumer

shall be billed as per retail supply tariff approved by the Commission from time to time.

ii. Consumer Owned Model (Utility as aggregator and EPC):

This model is similar to the model explained at (i) above, except that the EPC contract shall be between the consumer and the Distribution Licensee. The Distribution Licensee shall enter into a back to back agreement with a EPC service provider, selected through competitive bidding. The successful bidder shall pay a facilitation fee to the Distribution Licensee as agreed to between them. Any contract/ bill settlement between the EPC service provider and the Distribution Licensee shall be as per terms of the agreement.

The Distribution Licensee shall host the details of the successful bidder, details of facilitation fee collected, on their website in order to maintain transparency.

Under this model, a PPA for net/ gross metering arrangements, shall be executed between the Distribution Licensee and the Consumer for injecting surplus/gross energy into the grid.

Under Net Metering, for the un-utilized/ surplus energy fed into the distribution network, the Distribution Licensee shall pay to the consumer for the number of units recorded in the bi-directional meter, as per the terms of the PPA, generic tariff determined by the Commission, from time to time.

Under the Gross Metering, for the entire energy fed into the distribution network, the Distribution Licensee shall pay for the energy recorded in the gross meter, at the generic tariff determined by the Commission from time to time, as per the terms of the PPA. The energy consumed by the consumer shall be billed as per retail supply tariff approved by the Commission from time to time.

iii. Utility owned Model (Utility as aggregator and investor):

The Distribution Licensee shall set up, own and operate SRTPV plants on the rooftop of the interested consumers, using its own/borrowed funds after signing PPA with the consumers on Gross metering basis.

The Distribution Licensee may have separate agreement with sub-contractors for EPC and O&M works.

The Distribution Licensee shall pay the consumer a rent for the roof space utilized as per the agreement executed between the consumer (rooftop owner) and the Distribution Licensee.

The energy consumed by the consumer, shall be billed as per retail supply tariff as approved by the Commission.

iv. Third party owned Model (Utility acts as an aggregator and trader):

Under this model, the third party investor/Developer who is selected based on lowest quoted per unit rate discovered through reverse bidding process, by the Distribution Licensee, shall set up, own and operate the SRTPV plants for the interested consumers for the aggregated capacity as approved by the Distribution Licensee.

The Distribution Licensee shall enter into a PPA with the Third Party Investor/Developer for the gross metered energy, to be paid at the lowest rate discovered through reverse bidding or the generic tariff determined by the Commission from time to time, whichever is lower. To reduce load on the system, the energy generated may be routed through the load of the consumer through net metering.

The Distribution Licensee shall collect a facilitation fee from the third party investor/Developer at the agreed rates, for facilitating the investment on the consumer premises.

The Distribution Licensee shall host the details of the successful bidder, details of facilitation fee collected, on their website in order to maintain transparency.

The Distribution Licensee shall bill the consumer as per the retail supply tariff for the entire energy consumed.

The Third party investor/Developer shall pay the consumer necessary rent for utilizing the rooftop space, by executing suitable agreement.

b. Third Party Investment Model:

Under this Model, third party investor/Developer invests capital to install a rooftop solar plant on the rooftop of a consumer and owns and operates the plant, for a mutually agreed period. The following metering schemes are approved by the Commission for implementing the third party investment scheme:

i) Net metering or Gross metering shall be allowed for all the Low Tension (LT) Domestic(residential) consumers.

ii) For all the other Low Tension (LT) & High Tension (HT) categories of consumers, only gross metering shall be allowed.

In respect of Net metering applicable to the LT Domestic installations, the consumer pays to the third party investor/Developer, for the entire energy generated from the rooftop solar installation at an agreed rate per unit. In case the consumer does not use the entire energy generated from the SRTPV plants, the surplus energy shall be allowed to be injected into the distribution network for which, the consumer and the Distribution Licensees shall enter into a Power Purchase Agreement(PPA) in the standard format approved by the Commission, at the generic tariff, prevailing at the time of commissioning of the project. In case the consumer consumes energy in excess of the energy generated from the SRTPV plants. the net energy consumed over and above the energy generated from SRTPV plants shall be billed by the Distribution Licensee and shall be paid by the consumer to the Distribution Licensee, as per the prevailing retail supply tariff.

In respect of gross metering arrangements applicable to all installations other than LT Domestic installations, the third party investor/Developer shall enter into a power purchase agreement with Distribution Licensees, for injecting the entire energy from the solar plant to the distribution network. For the energy injected, the Distribution Licensee shall pay to the third party investor, the generic tariff prevailing at the time of commissioning of the

project. For use of rooftop space, the third party investor/Developer may pay necessary rent to the consumer on mutually agreed terms, through execution of a separate agreement.

The capacity of SRTPV plants to be installed under net/ gross metering schemes, shall be restricted to the sanctioned load of the installation of the consumer, as per the prevailing Orders of the Commission.

As regards the suggestion that the Distribution Licensees shall stand guaranty for non-payment of dues by consumers and disconnect the installations for non-payment of dues, the same is not permissible under the rules governing supply of electricity to the consumers. The consumer may provide bank guaranty or investments (Fixed Deposit Receipts etc.) or any other suitable document as a security towards their investments/ safety of equipment in the consumers' premises.

3. Stakeholders' Comments on Parameters and other issues:

The Commission had requested the stakeholders to furnish their comments on the parameters such as Capital Cost, Tenure of PPA, Cross Subsidy Surcharge(CSS), Additional Surcharge, Tariff applicability, Responsibility for safety of the equipment owned by the third party investor/Developer, Security for investment by the third party investor/Developer etc. The ESCOMs and other stakeholders have submitted their feedback to the Commission. The same is discussed briefly as follows:

a. Power gate Energy (Mysore) Pvt. Ltd has suggested that the Solar Power Generation Sector should not be burdened by additional charges and duties.

b. Think Energy has suggested to phase out the levy of Surcharge and Additional Surcharge over a period of time as open Access Projects is not tenable as most of these SRTPV projects are going to be less than 1 MW and within the boundary walls of the consumer.

c. U-SOLAR has suggested that additional fees such as open access and cross-subsidy charges will further dampen the growth of this industry.

d. Renewable Energy Developers Association of Karnataka has suggested that CSS and additional surcharge shall not be charged to third party / RESCO. Responsibility of safety of the SRTPV equipment shall be with the RESCO, in case of RESCO business model and Distribution Licensee in case of any other business model.

e. Azure Power has suggested that the tariff payable to the consumers should be only for excess energy generated and fed back to DISCOMs.

f. CEEW THE COUNCIL has suggested about capital cost, metering, the tenure of the PPAs for each of the models. (should be for the life of the systems-25 year).

g. Clean Max Solar has stated that since the life of the SRTPV plant is being considered as 25 years, it is proposed that the tenure of the PPA shall also be a maximum 25 years. Further, considering the normative tenure of long-term debts as 13 years, minimum tenure of the PPA should be locked as 13 years. It has also suggested to drop levy of Cross subsidy and other charges.

h. WRI INDIA has suggested to drop the levy of CSS and additional surcharge.

i. Amplus Solar, Di SPA, ReNEW has suggested to adopt all parameters as per the existing norms and requested to exempt charging of cross subsidy surcharge and additional surcharges.

j. BESCOM and KREDL have requested the Commission to levy Cross Subsidy Charges and Additional surcharges for third party investments as determined by the Commission.

k. Sri. Dinesh J Kagathi, PRDC Pvt Ltd has suggested that any Open Access charges if any, should be limited to the energy exported to the grid and not on the generated energy and should be given effect from prospective date. For the net-exported energy, billing settlement should be made on Annual/Half yearly basis.

l. Sri. Abhijith Marve, Green Fuel Supplies Pvt Ltd has suggested that the metering should be allowed at LT panel irrespective of the voltage under which the power is availed; Wavier on Wheeling & Banking and Cross Subsidy Surcharge.

m. Sri. Ranganatha, Atria Power & NAIMISHA, Atria Power, Sri. Harinaryan K.R., U-Solar: Vidisha, Amplus Energy, Sri. Prashant. B, TATA Power have suggested to allow multiple injection of the Solar energy from different buildings in a premises. Additional Surcharge/Cross Subsidy Surcharge should be waived. It is stated that there are no different parameters for tariff determination for SRTPV project under Capex model and RESCO model and also suggested to allow ground mounted solar panels along with the SRTPV plants up to the sanctioned load, on Net-metering basis.

The List of stakeholders who have submitted their comments/suggestions is annexed to this Order.

4. Commission's Analysis and decision:

a) The Commission has taken note of the suggestions and views of the stakeholder. The Commission also notes that, from the operational point of view, there is no change in SRTPV project developed under Consumer owned SRTPV plants and Third Party Investment Model. The various parameters applicable in development of the project such as capital cost, borrowing costs, O&M expenses and capacity utilisation factor etc., are dependent on the market conditions and will not vary depending upon the type of model adopted. Similar views have been expressed by the Hon'ble Appellate Tribunal for Electricity(ATE), in the Appeal No. 31 of 2015 dated: 10th April, 2015 between Amplus Infrastructure Developers & Avant Grade Power Solutions Pvt. Ltd Versus Uttarakhand Electricity Regulatory Commission and others, the extract of para 41 (a) which is reproduced below:

> *"The tariff as specified in the RE Regulations for grid interactive roof-top and small solar PV plants shall be applicable to such projects developed under both Ownership Model and Third Party Model as there is no difference in projects developed under the two models from the operational stand-point, capital cost, O&M expenses and capacity utilisation. As long as the commercial relationship for metering, billing and settlement of dues remains between the consumer in whose premises the roof-top/small solar PV plant has been installed and the Distribution Licensee, such projects can be developed in Third Party Model under the existing Regulations. However, if the third Party developing the solar PV project wants a direct commercial relationship with the Distribution Licensee, a Tripartite Agreement between the Consumer, the Third-Party Developer and Distribution Licensee will have to be entered into. The existing Regulations do not have any provisions for such arrangements. Therefore, we direct the State Commission to frame necessary procedure by suitably amending the Regulations within three months after issuance of this judgment in order to promote such solar plants"*

Therefore, for regulating the tariff under different models as recognised by the Commission, in this Order, the Commission decides to follow the above judgement for adoption of the normative parameters and other issues for kW projects, as per the Generic Tariff Order dated 01.08.2019, issued by the Commission for the year FY20.

The Commission, in its Order dated 01.08.2019 has determined the Generic Tariff for Solar power plants Projects for the year FY20 as detailed below:

i. for grid connected megawatt scale solar power projects of less than 5MW capacity at Rs.3.08 per unit;

ii. subject to para(c) below, for grid connected Solar Rooftop Photovoltaic projects of 1kW to 2000kW at Rs. 3.07 per unit (without capital subsidy) and at Rs.2.32 only per unit (with capital subsidy); and

iii. for grid connected Solar Rooftop Photovoltaic projects of 1kW to 10 kW for domestic consumers at Rs.3.99 per unit (without capital subsidy) and at Rs.2.97 per unit (with capital subsidy);

b) The Generic Tariff from 01.04.2020 onwards shall be as determined by the Commission from time to time.

c) The Commission has issued the Generic Tariff Order for Solar Power Projects for the year FY20 with Levelized tariff for a periods of 25 years, in order to ensure certainty of revenue streams to the investors and decided to adopt the useful life of the Solar Power Plants as 25 years, from the date of commissioning. Hence, the tenure of the PPA to be executed between the Distribution

Licensee and the Consumer/ third party investor/Developer for purchasing the surplus energy under net metering/ gross metering schemes, shall be for a period of 25 years. However, the tenure of agreement between the consumer and the third party investor/Developer, under Third Party Investor Model, shall be as per the terms agreed to between them.

d) The stakeholders including BESCOM/KREDL have not disputed the liability of the consumers to pay Cross Subsidy Surcharge and Additional Surcharge on the energy supplied by the Third party investor to the consumer for his self-consumption. The Commission is also of the view that the sale of energy by the third party investor to the consumer attracts the payment of Cross Subsidy Surcharge and Additional Surcharge. The definition of Open Access as per as per Section 2(47) of the Electricity Act, 2003, is as under:

> "Open Access" means the non-discriminatory provision for the use of transmission lines or distribution system or associated facilities with such lines or system by any licensee or consumer or a person engaged in generation in accordance with the regulations specified by the Appropriate Commission.

The definition of "Open Access Customer" as per Regulation 2 (j) of the Karnataka Electricity Regulatory Commission (Terms and Conditions for Open Access) Regulations, 2004 is as under:

> "Open Access Customer" means a consumer permitted by the Commission to receive supply of electricity from a person other than Distribution Licensee of his area of supply, and the expression includes a generating

company and licensee, who has availed of or intends to avail of open access.

From the above definitions, the supply of energy by a third party other than the Distribution Licensee, amounts to supply of energy under open access. Hence the levy of Cross Subsidy Surcharge and Additional Surcharge on the consumer for the energy received from third party or the third party investor/Developer for the sale of energy to the consumer shall be applicable.

e) The Commission notes that the levy of Cross Subsidy Surcharge and Additional Surcharge on the supply of energy to the consumer would discourage the attraction of investment by the third party for implementing the SRTPV projects to be installed on the roof of the consumers' buildings. While the BESCOM/KREDL have insisted for levy of Cross Subsidy Surcharge and Additional Surcharge for such transactions, the other stakeholders have insisted on complete exemption of such charges. The Commission is of the view that exemption from levying such charges for a limited period may be granted in case of all the LT Domestic consumers. However, in respect of other consumers, to whom gross metering is allowed, the levy of cross subsidy surcharge and additional surcharge does not arise.

f) Therefore, the Commission is of the considered view that, there is a need to promote solar rooftop power plants of LT Domestic consumers, in order to achieve the targeted capacity addition and also to enable usage of maximum rooftops space available, in respect of SRTPV units in the State, as per the Solar Policy. Hence, the Commission hereby decides to exempt

payment of Cross Subsidy Surcharge and Additional Surcharge, if any, in respect of all the SRTPV projects of LT Domestic consumers, under third party investment schemes, for a period of three years from the Commercial operation Date (CoD) for such projects which are commissioned within 31.03.2021 as a promotional measure.

5. As regards the safety aspects, the Commission notes that the Distribution Licensees, while proposing suitable format of the PPA, may include the required safety aspects therein.

6. All other issues not covered under this Order, shall be governed as per the relevant Regulations/ Orders of the Commission issued from time to time.

7. This Order shall become effective from the date of this Order.

This Order is signed and issued by the Karnataka Electricity Regulatory Commission on this 09th day of December, 2019.

Sd/-	Sd/-	Sd/-
(SHAMBHU DAYAL MEENA)	**(H.M. MANJUNATHA)**	**(M.D.RAVI)**
CHAIRMAN	**MEMBER**	**MEMBER**

Annexure

LIST OF STAKEHOLDERS WHO HAVE SUBMITTED COMMENTS / SUGGESTIONS ON THE DISCUSSION PAPER DATED 19TH FEBRUARY, 2019 FOR DETERMINATION OF TARIFF FOR SOLAR PV POWER PLANTS

Sl.No.	Name and Address
1	Vineeti Technologies, Bangalore
2	Power gate Energy (Mysore) Pvt. Ltd.Mysore
3	Think Energy,Hydrabad
4	U-SOLAR,Bangalore
5	Renewable Energy Developers Association of Karnataka,Bangalore
6	Shogeo Power Technique Private Limited,Bangalore
7	Azure Power,New Delhi
8	CEEW THE COUNCIL,New Delhi
9	Clean Max Solar,Bangalore
10	WRI INDIA,Bangalore
11	HESCOM,Hubli
12	CESC,Mysore
13	Amplus Solar,New Delhi
14	Di SPA,New Delhi
15	ReNEW,Hariyana
16	BESCOM,Bangalore
17	KREDL ,Bangalore

List of persons participated in Public Hearing on 13.09.2019:

Sl.No.	Name and Address
1	B.R.Umakanth, JSS MOVP, Mysuru
2	Basavarju G Patil, Raviwire Energy, Belgaum
3	M.T. Kesari Power Gate Energy Mysore:
4	Naganatha, Think Energy Bangalore
5	Harikrishna Purohith, Trend Hyper Market, Bengaluru)
6	Dinesh J Kagathi, PRDC Pvt Ltd
7	Abhijith Marve, Green Fuel Supplies Pvt Ltd
8	Jaymin Gajjar, C-STEP
9	Ranganatha, Atria Power & NAIMISHA, Atria Power
10	Harinaryan K.R., U-Solar
11	Vidisha, Amplus Energy
12	Prashanth. B, TATA Power
13	Siddarath, ReNew Power
14	Shesha Prasanna, EPC Contractor
15	Rajeshwari, AGM, BESCOM