

JAMMU AND KASHMIR
STATE ELECTRICITY REGULATORY COMMISSION



**(Mini Grid Renewable Energy Generation and Supply)
Regulations, 2016.**

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**JAMMU & KASHMIR
STATE ELECTRICITY REGULATORY COMMISSION, SRINAGAR**

***(Mini-Grid Renewable Energy Generation and Supply)
Regulations 2016***

Notification

No.: 53-JKSERC of 2016

Dated: 19th December, 2016

In exercise of powers conferred by section 138 read with sections 55, 56, and 71 of the J&K Electricity Act 2010 (Act XIII of 2010) and all other powers enabling it in this behalf, the J&K State Electricity Regulatory Commission hereby makes the following Regulations, namely:

Jammu and Kashmir State Electricity Regulatory Commission (Mini Grid Renewable Energy Generation and Supply) Regulations, 2016.

UNIT-I

PRELIMINARY

1. SHORT TITLE AND COMMENCEMENT

- 1.1 These regulations shall be called the J&K State Electricity Regulatory Commission (Mini Grid Renewable Energy Generation and Supply) Regulations, 2016.
- 1.2 These regulations shall come into force from the date of their notification in the Govt. Gazette.
- 1.3 Words and expressions used in these Regulations and not defined herein but defined in the J& K Electricity Act, 2010 (hereinafter referred to as 'the Act') shall have the meaning as assigned to them under the Act.
- 1.4 These Regulations shall extend to the State of Jammu & Kashmir.

2 DEFINITIONS AND INTERPRETATIONS

2.1 In these regulations, unless the context otherwise requires,

- i. **"Act"** means the J&K Electricity Act, 2010 (Act XIII of 2010);

- ii. **"Billing Cycle"** means the billing frequency agreed between the concerned Mini Grid Operator with the consumers.
- iii. **"Commission"** means the J&K State Electricity Regulatory Commission;
- iv. **"Company"** means a company formed and registered under the Companies Act, 1956 and includes anybody corporate under a Central or State Act ;
- v. **"Compulsory Supply Hours"** means the supply during 17:00 hrs to 23:00 hrs each day or as amended by the Commission from time to time through an order.
- vi. **"Conduct of Business Regulations"** means the J&K State Electricity Regulatory Commission (Conduct of Business)Regulations, 2005 as amended from time to time;
- vii. **"Consumer"** means any person who is supplied with electricity for his own use by a licensee or by the Government or by any other person engaged in the business of supplying electricity to the public under the Act or any other law for the time being in force and includes any person whose premises are for the time being connected for the purpose of receiving electricity with the works of a licensee, the Government or such other person, as the case may be ;
- viii. **"Distribution Franchisee (DF)"** means a person authorized by the Distribution Licensee to perform requisite duties on its behalf in a particular area within the area of supply of the Distribution Licensee as per the Distribution Franchisee Agreement.
- ix. **"Distribution Franchisee Agreement (DFA)"** means an Agreement between the Distribution Licensee and the Mini Grid Operator for the purposes of services to be rendered by them, as a Distribution Franchisee.
- x. **"Distribution Franchisee Fee"** means the payment of amount made by the Distribution Licensee to the Mini Grid Operator for services rendered under the Distribution Franchisee Agreement.

- xi. **"Distribution Licensee"** means a licensee authorized by the Commission to operate and maintain a Distribution System for supply of electricity to the consumers in its area of supply.
- xii. **"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 and also include electric line, sub-station and electrical plant that are primarily maintained for the purpose of distributing electricity in the area of supply of such the Distribution Licensee notwithstanding that such line, sub-station or electrical plant are high pressure cables or overhead lines or associated with such high pressure cables or overhead lines, or used incidentally for the purposes of transmitting electricity for others.
- xiii. **"Feed-in-Tariff (FIT)"** means the tariff determined by the Commission for renewable energy generating plants under JKSERC (Terms and Conditions for Tariff determination from Renewable Energy Sources) Regulations, 2013 as amended from time to time which shall be the ceiling limit for procurement of green power by Distribution Licensee from the Mini Grid Renewable Energy System.
- xiv. **"Grid Arrival"** means extension of the Distribution Licensee's system within 100 meters of operation of the Mini-Grid Projects.
- xv. **"Inter-connection Point"** means the interface point for supply of electricity from the Mini-Grid Renewable Energy System to the Distribution Licensee's System.
- xvi. **"kW"** means kilo Watt.
- xvii. **"Mini-Grid Area"** means the rural areas and areas having inadequate supply of electricity during peak hours and/or compulsory supply hours in the State of Jammu & Kashmir.
- xviii. **"Mini Grid Operator (MGO)/ Rural Energy Service Provider (RESP)"** means Local Authority, Panchayat Institutions, Users' Association, Co-operative Societies, Non-Governmental Organizations, or Franchisees, that builds, commissions, operates and maintains the Mini Grid Project within the State of Jammu & Kashmir for generation and

supply of electricity to consumers and/or sale to the Distribution Licensee in the Mini-Grid Area under these Regulations.

- xix. **“Mini-Grid/ Mini-Grid Project”** means the project comprising of renewable energy based electricity generation system up to a capacity of 500 kW and supplying electricity to the consumers (including but not limited to households small and medium scale enterprises, telecom towers, etc.) through the Mini Grid Operator and/or selling electricity to the Distribution Licensee in the Mini-Grid Areas as per the provisions laid out in these Regulations.
- xx. **“Mini Grid Renewable Energy System (MRES)”** means the stand alone or grid interactive power plant generating electricity using renewable energy source in the mini grid Area for supply to the consumers through the Project Distribution System including associated appliances and/or to the Distribution Licensee at the inter-connection point.
- xxi. **“MNRE”** means the Ministry of New and Renewable Energy, Government of India;
- xxii. **“Obligated Entity (OE)”** means the distribution licensees, users owning captive power plant, and open access consumers in the State of Jammu & Kashmir, who have to mandatorily comply with renewable purchase obligation under these Regulations subject to fulfillment of conditions outlined under Regulation 5 of J&KSERC (Renewable Power Purchase obligation, its compliance and REC framework implementation) Regulations, 2011.
- xxiii. **“Power Purchase Agreement (PPA)”** means an Agreement between the Distribution Licensee and the MGO for the purchase of electricity generated from the MRES at interconnection with grid of the Distribution Licensee.
- xxiv. **“Power Distribution Network (PDN)”** means the distribution infrastructure owned by the MGO for supplying electricity generated from the MRES to the consumers in the Mini-Grid Area as per the Technical Standards and Safety measures defined in these Regulations.
- xxv. **“Renewable Energy Certificate (REC)”** means the Certificate issued in accordance with the procedures specified by the Central Electricity

Regulatory Commission under Central Electricity Regulatory Commission (Terms and Conditions for Recognition and Issuance of Renewable Energy Certificate for Renewable Energy Generation) Regulations, 2010 and amendments thereof.

- xxvi. **“Renewable Energy Sources”** means renewable sources such as small hydro, wind, solar, biomass, cogeneration, urban or municipal waste and other such sources as approved by the Ministry of New and Renewable Energy from time to time for generation of electricity.
- xxvii. **“Renewable Purchase Obligation (RPO)”** means minimum percentage as specified under Regulation 7.1 of J&KSERC (Renewable Power Purchase obligation, its compliance and REC frame work implementation) Regulations,2011 .shall be applicable to all Distribution Licensees in the State of Jammu & Kashmir as well as to open access consumers and captive users within the State of Jammu & Kashmir.
- xxviii. **“Standard of Performance (SOP)”** or Standard Operating Procedure means to supply electricity to all willing domestic consumers within 40 meters of Project Distribution Network, to deploy minimum 10% of the project capacity to cater to domestic consumers in the areas if there is a demand and to supply electricity continuously or intermittently for a minimum period of 5 hours, between compulsory supply hours each day to all the connected consumers. This service has to be provided by the Mini Grid Operator within Six (6) months from the date of commencement of supply of electricity by it.
- xxix. **“State Agency”** means the agency in the State of Jammu and Kashmir to be designated by the State Commission from time to time to act as the agency for accreditation and recommending the renewable energy projects for registration and to undertake functions under J&KSERC (Renewable Power Purchase obligation, its compliance and REC frame work implementation) Regulations,2011 as amended thereof;
- xxx. **“State Nodal Agency (SNA)”** means the agency designated as such by Sate Government for Development of New and Renewable Energy.
- xxxi. **“Year”** means a financial year commencing on 1st April and ending on 31st March.

UNIT-II

SCOPE AND APPLICATION

3. SCOPE OF REGULATIONS AND EXTENT OF APPLICATION:

- 3.1 These Regulations shall apply to new and existing Mini Grid Projects for generation and supply of electricity to consumers and/or sale to the Distribution Licensee in the Mini Grid Areas in the State of Jammu & Kashmir. The existing Mini 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 notification of these Regulations.
- 3.2 The Mini Grid Projects with an installed capacity up to 500 kW shall be governed by these Regulations.
- 3.3 The Mini Grid Operator shall supply electricity in the rural areas and areas having inadequate supply of electricity during peak hours and/or compulsory supply hours in the State of Jammu & Kashmir.
- 3.4 Types of consumer categories and potential service applications are listed below:
 - a. Households-lighting, mobile charging, TVs, fan and other appliances etc.
 - b. Agriculture-irrigation pumps
 - c. Commercial-shops, telecom towers, ice-makers, battery/ lantern charging and renting etc.
 - d. Productive-milling, rice de-husking, wood/metal workshops, foundry, small & micro industry, village industry, atta chakki.
 - e. Social institution- schools, medical centers, public buildings, community buildings.
 - f. Government or Panchayat Offices
 - g. Municipal Functions-Street Lights

4. ELIGIBILITY CRITERIA

- 4.1 The Mini Grid Operator/ Rural Energy Service Provider should be a local authority, Panchayat Institutions, Users' Association, Co-operative Societies, Non-Governmental Organizations, or Franchisees.

UNIT-III

GENERAL PRINCIPLES

5. MODELS FOR BUSINESS OPERATIONS:

- 5.1 The Mini Grid Operator may implement the Mini Grid Projects for supply of electricity in the Mini Grid Areas under following operational models or any subsequent model(s) as approved by the Commission in future:

5.1.1 Model A: No existence of Grid

- i. The Mini Grid Operator shall build, commission, operate and maintain the Mini Grid Project for generation and supply of electricity through the Project Distribution Network in areas where the Distribution Licensee's System doesn't exist.
- ii. The Mini Grid Operator shall be entitled to supply entire quantum of electricity generated from the Mini Grid Projects to the consumers at mutually agreed tariff or the tariff for the Mini Grid Projects with the subsidy as may be approved by the State Govt. Upon the grid arrival, the Mini Grid Operator may opt for one of the following options for electricity supply:
 - a. Continue to supply entire quantum of electricity generated to the consumers through the Project Distribution Network as per the Standard Operating Procedure. The Mini Grid Operator shall supply to the consumers at mutually agreed tariff or tariff for the Mini-Grid Projects with subsidy as may be approved by the State Govt.
 - b. Generate and supply electricity to the consumers as per the Standard Operating Procedure. The Mini Grid Operator shall supply to the consumers at mutually agreed tariff or the tariff for the Mini-Grid Projects with the subsidy as may be approved by

the State Govt. and sell excess/surplus electricity to the Distribution Licensee at the inter connection point at the applicable FIT, or

- c. Generate and supply entire electricity generated to the Distribution Licensee at the inter-connection point at the applicable FIT.
- iii. The Mini Grid Operator shall have the option to transfer the ownership of the Project Distribution Network, provided the Project Distribution Network conforms to the standards of the Distribution Licensee's system, to the Distribution Licensee with mutual consent on depreciated value of assets. The depreciated value shall be determined by applying the Straight Line Method on the book value of the Project Distribution Network as per Cost Data Book of the Distribution Licensee for the year of commissioning of the Mini Grid Project.
- iv. Provided the Distribution Licensee purchases the Project Distribution Network from the Mini Grid Operator at an amount less than the depreciated value of the assets, the differential amount shall be paid by the Distribution Licensee to the Mini Grid Operator against the RPO availed, if applicable, from the Mini-Grid Project. The differential amount shall be computed based on the applicable floor price of REC, as per the applicable technology of the MRES.
- v. The Mini Grid Operator may migrate to any of the options in this model after completing the due process in accordance with clause 19 of these Regulations.
- vi. If the Distribution Licensee refuses to enter into the PPA with the Mini Grid Operator, the Distribution Licensee shall pay the Mini Grid Operator an amount based on the renewable energy technology specific applicable floor price of REC equivalent to the RPO quantum availed by the Distribution Licensee against the Mini-Grid Project capacity intimated by the Mini Grid Operator.
- vii. In the event of Mini Grid Operator intending to exit from the Mini-Grid Area upon the Grid Arrival, it may opt to sell the Project Distribution Network to the Distribution Licensee, conforming to their existing standards and shall intimate the Distribution Licensee regarding the sale of the Project Distribution Network. If the Distribution Licensee

refuses to purchase the Project Distribution Network, the RPO availed of by the Distribution Licensee against the Mini-Grid Project capacity intimated by the Mini Grid Operator to the Distribution Licensee till the date of receipt of intimation from the Mini Grid Operator to exit from Mini-Grid Area shall stand withdrawn.

- viii. The Distribution Licensee may allow the Mini Grid Operator to undertake role of the distribution franchisee in the Mini-Grid Area.

5.1.2 Model B: Grid Pre-exists

- i. The Mini Grid Operator shall build, commission, operate and maintain the Mini-Grid Projects for generation and supply of electricity through the Project Distribution Network in the Mini-Grid Areas where the Distribution Licensee's System pre-exists. Capacity of the MRES shall be based on capacity declared and intimated to the Commission, the State Nodal Agency and the concerned Distribution Licensee by the Mini Grid Operator.
- ii. The Mini Grid Operator shall be entitled to supply entire quantum of electricity generated from the Mini-Grid Project to the consumers through the Project Distribution Network at mutually agreed tariff or tariff for the Mini-Grid Projects with the subsidy as may be approved by the State Govt. After supplying electricity to the consumers for a minimum term period of six (6) months, which may be reviewed further by the Commission, the Mini Grid Operator may opt for one of the following electricity supply options:
 - a. Continue to supply entire electricity generated to the consumers through the Project Distribution Network as per the Standard Operating Procedure. The Mini Grid Operator shall supply to the consumers at mutually agreed tariff or tariff for the mini grid projects with subsidy as may be approved by the State Govt.
 - b. Generate and supply electricity to the consumers as per the Standard Operating Procedure. The Mini Grid Operator shall supply to the consumers at mutually agreed tariff or tariff for the Commission projects with subsidy as may be approved by the State Govt. and sell excess/surplus electricity to the Distribution Licensee at the inter connection point at the applicable FIT, or

- c. After supplying electricity based on either of the above options for at least three (3) years, the Mini Grid Operator may opt to generate and supply entire electricity to the Distribution Licensee at the inter-connection point at the applicable FIT. The Mini Grid Operator may utilize the existing Project Distribution Network for its own use or the same may be taken over by the Distribution Licensee at mutually agreed price, provided the Distribution Licensee so desires.
- iii. The Mini Grid Operator shall be allowed to migrate to any of the options in a model upon intimating the Commission, as per clause 19 of these regulations.
- iv. If the Distribution Licensee refuses to enter into the PPA with the Mini Grid Operator, the Distribution Licensee shall pay the Mini Grid Operator an amount based on the Renewable Energy technology specific applicable floor price of REC equivalent to the RPO quantum availed by the Distribution Licensee against the Mini-Grid Project capacity intimated by the Mini Grid Operator.

UNIT-IV

TECHNICAL FRAMEWORK

6. TECHNICAL STANDARDS FOR CONSTRUCTION OF THE PROJECT DISTRIBUTION NETWORK:

- 6.1 The Mini Grid Operator shall be responsible for safe Operation and Maintenance of the Project Distribution Network.
- 6.2 The Mini-Grid Projects with installed capacity above 50kW shall ensure that the Technical Standards for construction of Project Distribution Network conforms to the following:
 - i. Construction manual for design and construction of lines as adopted and used by Jammu & Kashmir Power Development Department (JKPDD), or
 - ii. The Central Electricity Authority (CEA) (Measures relating to Safety and Electric Supply) Regulations, 2010 and amended thereof.

- 6.3 To incentivize electrification, the Mini-Grid Projects with installed capacity up to 50kW shall be allowed to construct distribution network for supply of electricity to its consumers, conforming to at least the following materials:
- i. Poles made of Portland Cement Concrete i.e. P.C.C.,
 - ii. Polyvinyl Chloride i.e. PVC covered aluminum cable supported by Galvanized Iron i.e. G.I. wire,
 - iii. The Service connection to be provided only through the junction boxes mounted on the pole.
- 6.4 The Mini Grid Operator shall ensure that the distribution network adheres to the Safety Measures as per these Regulations.
- 6.5 The Mini Grid can be powered by RE sources such as solar, biomass, wind, small hydro or other notified sources and can be diesel-based generator as a backup only. Hybrid systems using a combination of resources like those of solar-wind, solar-biomass, solar-hydro etc. can also be deployed to improve system reliability and for backup. The use of conventional fuels like diesel may be allowed only to enhance the reliability of RE mini grids towards 24x7 but otherwise strongly discouraged.
- 6.6** The Public Distribution Network of a mini grid can be designed to carry either Alternating Current (high power application) or Direct Current (low power application & closely located loads) or a combination of AC & DC in the mini grid. The recommended levels are as follows:
- a. DC Mini grids:**
 - i. 24 V DC upto 1 kW
 - ii. 72 V DC above 1 kW to 10 kW
 - b. AC Mini grids:**
 - i. 220 V single phase up to 10 kW
 - ii. 440 V three phase beyond 10 kW

7. Technical Standards for Inter-connection with the Grid

- 7.1 The inter-connection of the MRES with the Distribution Licensee's system shall comply with the CEA (Technical Standards for connectivity of the Distributed Generation Resources) Regulations, 2013 and amendments thereof.

7.2 The cost for inter-connection network from the MRES to inter-connection point shall be borne by the Mini Grid Operator.

8. Safety Measures for the Mini-Grid Projects

8.1 The installations of electrical equipment shall comply with the CEA (Measures of Safety and Electricity Supply) Regulations, 2010 and amendments thereof.

9. Metering Arrangement

9.1 All the meters shall adhere to the standards and provisions specified in the CEA (installation and operation of meters), Regulations 2006 and amendments thereof.

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

9.3 The Distribution Licensee shall install meter(s) at the inter-connection point of the MRES and the Distribution Licensee's system.

9.4 The cost for installation of meter(s) at inter-connection point shall be borne by the Distribution Licensee.

9.5 The Mini Grid Operator shall install meter(s) as provided here-in-below:

- i. Generation meter at the Mini-Grid Project to record the generation of electricity. This will also serve the purpose of the fulfillment of RPO for the obligated entity/entities,
- ii. Meter(s) at each of the outgoing feeder(s) from the Mini-Grid Project.

UNIT-V

OPERATIONAL FRAMEWORK

10. TYPES OF TARIFF AND REVENUES:

The Jammu and Kashmir Electricity Act, 2010 exempts MGO from mandatory licensing requirement for generation and distribution of electricity in a rural area to be notified by the Government.

10.1 Costs, Revenues and Pricing Mechanism:

The cost structure of mini grid project and tariff has to be market driven and is to be mutually agreed by the Consumer and Mini Grid Operator. It will have the following elements

- a. **Fixed costs** include cost of project development, generation plant, storage systems (batteries), inverters, distribution network, cost of availing debt including interest charges, fixed taxes and fees. Further fixed cost may also include management cost, overhead and transaction costs.
- b. **Variable costs** is the running charges for operation, maintenance and management as under:
 - i. Operating cost include charges for operating the plant, billing and collecting money from consumers, maintenance and cleaning, guarding the plant, fixed technical losses like self consumption of inverters, storage devices, and losses in transformers etc.
 - ii. Customer relationship costs are allocated to resolve customer grievances etc.

10.2 Revenue Sources

Long term sustainable operation will require that the mini grid projects recover fixed and variable costs and the mini grid operators are able to earn a reasonable return on investment. The possible revenue resources for mini grids are fee for connections, sale of electricity, and through grants/subsidies if applicable. As most communities in rural areas are very sensitive to price strategies for ensuring affordability of the service, certain possible strategies are given below:

- a. **Aligning Demand with Supply:** Accurately assess demand of varied type of consumers and match it with supply efficiently. This will help lower the tariffs, stabilize the revenue flow and ensure project viability.
- b. **Setting Tariff for Sale of Electricity:** Tariff should maintain a balance between financial viability and rural household's ability and willingness to pay. Two categories are:

- i. Energy tariffs or pay-as-you-go model depends on actual energy consumed and works with a pre-payment or post payment mechanism provides an accurate record of energy consumption with flexibility on use depending on their income, usage with time of consumption but main concern is additional cost of meters and operational costs of meter reading, billing etc which would need to be considered.
- ii. Power or Fixed tariff depends on the anticipated power use on watt basis by offering certain fixed number of lights, a mobile charging point, a fan, TV etc. consumption being regulated through timer, load limiter etc. with fixed tariff package to be collected at regular intervals.
- c. Charges for Connection: To recover cost of providing the connection and induce commitment from consumers but should be made affordable by reducing the upfront and allowing balance through installments.
- d. Grants and Subsidies: Grants and subsidy support as may be approved by central/state government have bearings on affordability and scalability of the projects. The benefits of such subsidies shall be passed on to the consumers through affordable tariff.

10.3 Determination of Feed in Tariff for MGOs:

The tariff determined by the Commission for renewable energy generating plants through the JKSERC (Terms and Conditions for Tariff determination from Renewable Energy Sources) Regulations, 2013 and amendments thereof, shall be the upper limit for procurement of green power by the Distribution Licensee from the MGOs.

10.4 Power Purchase Agreement:

The Distribution Licensee shall enter into the Power Purchase Agreement (PPA) with the Mini Grid Operator one month from receipt of notice, for purchase of electricity from the Mini Grid Renewable Energy System (MRES).

11. Distribution Franchisee Framework:

- 11.1 The Distribution Licensee may appoint the Mini Grid Operator as the Distribution Franchisee (DF) in the Mini-Grid Areas.
- 11.2 The Mini Grid Operator may undertake role of the DF provided the Mini Grid Operator fulfils the modalities to be specified in the implementation guidelines for the appointment of the DF by the Distribution Licensee. In such case, the Mini Grid Operator shall enter into the Distribution Franchisee Agreement (DFA) with the Distribution Licensee for undertaking operations on behalf of the Licensee and shall be compensated through the Distribution Franchisee Fee mechanism.
- 11.3 The Distribution Franchisee Fee and other terms and conditions shall be covered in the DFA.

UNIT-VI

COMMERCIAL FRAMEWORK

12. ENERGY ACCOUNTING AND SETTLEMENT FOR SUPPLY TO CONSUMERS:

- 12.1 The Mini Grid Operator shall submit the projects details to the State Nodal Agencies on monthly basis as per the format attached under Annexure-1.
- 12.2 The Mini Grid Operator and the consumer shall mutually decide on the billing cycle for the purpose of raising invoices.
- 12.3 The billing cycle shall be on monthly/bi-monthly basis between the Mini Grid Operator and the consumers for post-paid electricity connections.

13. Energy Accounting and Settlement for supply to the Distribution Licensee:

- 13.1 The Mini Grid Operator shall raise invoice against the electricity injected into the Distribution Licensee's System at the inter-connection point based on the billing period of the Distribution Licensee and shall be paid by the Distribution Licensee at the applicable FIT as per the terms of PPA.

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

14. Energy Accounting and Settlement for the activities of Distribution Franchisee:

14.1 The Mini Grid Operator shall raise invoice to the Distribution Licensee with respect to the activities of the Distribution Franchisee in compliance of the DFA.

14.2 The terms and conditions with respect to the payments and the performance of the Distribution Franchisee shall be specified in the Distribution Franchisee Agreement.

15. Renewable Purchase Obligation:

15.1 The Mini Grid Operator shall submit generation report(s) to the Commission, State agency and JKPDD on quarterly basis.

15.2 The quantum of electricity generated from the MRES interconnected with the Distribution Licensee's system, shall qualify as having complied with the RPO for the Distribution Licensee in whose area of supply the Mini-Grid Project is located.

15.3 Distribution Licensee purchases the Project Distribution Network from the Mini Grid Operator at an amount less than the depreciated value of the assets, the differential amount shall be paid by the Distribution Licensee to the Mini Grid Operator against the RPO availed, if applicable, from the Mini-Grid Project. The differential amount shall be computed based on the applicable floor price of REC declared by CERC, on year to year basis, for the applicable technology of the MRES.

15.4 The RPO availed by the Distribution Licensee against the Mini-Grid Project capacity intimated by the Mini Grid Operator to the Distribution Licensee till the date of intimation by the Mini Grid Operator to the Distribution Licensee for entering into the PPA shall stand withdrawn, if the Distribution Licensee refuses to enter into the PPA with the Mini Grid Operator, upon receiving such intimation.

16. Renewable Energy Certificate mechanism:

- 16.1 The Applicability of the REC shall be regulated in accordance with the J&KSERC (Renewable Power Purchase obligation, its compliance and REC frame work implementation) Regulations, 2011 and amendments thereof.
- 16.2 The REC benefits, if applicable to the Mini-Grid Project as per the J&KSERC (Renewable Power Purchase obligation, its compliance and REC frame work implementation) Regulations, 2011 and amendments thereof, inter-connected with Distribution Licensee's system, shall be passed on to the concerned Distribution Licensee.

UNIT-VII

CONTRACTUAL FRAMEWORK

17. POWER PURCHASE AGREEMENT:

- 17.1 The capacity intimated by the Mini Grid Operator to the Commission, the State Nodal Agency and the Distribution Licensee shall qualify for the PPA.
- 17.2 For partial or entire sale of electricity generated from the MRES, the Mini Grid Operator shall enter into the PPA with the Distribution Licensee.

18. Revocation of Agreements:

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

19. Migration Options:

- 19.1 The Mini Grid Operator intending to migrate shall inform the Commission, the State Nodal Agency and the concerned Distribution Licensee for migration to another option with a proposed model.

19.2 The State Nodal Agency upon receiving intimation shall facilitate the migration process.

20. Exit Options:

20.1 The Mini Grid Operator shall be allowed to exit the Mini-Grid Area after providing ninety (90) days prior intimation to the Commission, the State Nodal Agency and the concerned Distribution Licensee (if applicable).

20.2 The exit options will be governed by the Agreement(s) signed by the Mini Grid Operator.

UNIT-VIII

DUTIES OF THE STAKEHOLDERS

21. DUTIES OF THE STATE NODAL AGENCY:

21.1 State Nodal Agency shall keep records of all mini grids in the state with status. SNA will be the supervisor organization for all mini grids. SNA will step in will step in if any mini grid is abandoned and revive it by getting another organization to take over. It may also facilitate injection of funds to revive defunct mini grids. Categorization based on installed capacity should be as under:

- a. Less than 10 kW- Category A
- b. From 10KW to 100 kW- Category B
- c. From 100 kW to 250 kW- Category C
- d. From 250 kW and above –Category D

21.2 SNA to prepare mini grid plan in the state building necessary confidence amongst MGOs and investors classifying regions/areas based on their priority for electrification.

21.3 Single window clearance for all mini grid projects which includes land procurement involving Panchayats, the tasks related to issuance and facilitation of Government orders, necessary certification and

authorization, clearance and right of way, other approvals, provide information on taxes and exemptions etc. in a time bound manner.

- 21.4 Facilitate the Mini Grid Operator in migration within an applicable model to operate the Mini-Grid Project.
- 21.5 Support the Commission and furnish information sought from time to time in order to effectively implement the Regulations.
- 21.6 Administer exit and migration requests of the Mini Grid Operator.

22. Duties of the Distribution Licensee:

- 22.1 The Distribution Licensee shall enter into the PPA with the Mini Grid Operator within one (1) month of receiving information in regard to execution of PPA from the Mini Grid Operator.
- 22.2 The Distribution Licensee may enter into the DFA with Mini Grid Operator with mutual consent, upon receiving information from the Mini Grid Operator.
- 22.3 The Distribution Licensee in the area of the Mini Grid Operator shall take over the Project Distribution Network based on the depreciated value of assets determined through the Straight Line Method on mutually agreed terms and conditions.

23. Duties of the Mini Grid Operator:

- 23.1 The Mini Grid Operator shall implement the Mini-Grid Project after due intimation of the details related to the Mini-Grid Project to the Commission, the State Nodal Agency and the concerned Distribution Licensee, through registered post and on-line submission.
- 23.2 The details shall include location of the Mini-Grid project, capacity, circuit length of the Project Distribution Network, number and type of consumers, etc. as per Annexure 1 of these Regulations.
- 23.3 The Mini Grid Operator shall generate and supply electricity to consumers in the Mini-Grid Area, conforming to technical standards and safety measures specified in these Regulations.

- 23.4 Execute the functions as outlined under the PPA and the DFA (as applicable) with the Distribution Licensee of the area on inter-connection with grid.
- 23.5 In case of any default and breach of conditions by the consumer, including but not limited to non-payment, theft, misuse, misrepresentation, fraud, the Mini Grid Operator shall be entitled to take an appropriate action as per the Act or Regulations of the Commission.
- 23.6 MGO will register the mini grid project in a project Information System preferably hosted by the designated agency.
- 23.7 The Mini Grid Operator shall promote use of energy efficient appliances.

24. Duties of the Consumers in the Mini-Grid Area:

- 24.1 Consumers in the identified Mini-Grid Area shall regularly pay the electricity charges to the Mini Grid Operator, based on the mutually agreed tariff.
- 24.2 Consumers shall adopt Energy Efficient measures by using Energy Efficient appliances and reduce the overall electricity consumption.

UNIT-IX

PAYMENT AND DISPUTE RESOLUTION

25. PAYMENT SECURITY:

- 25.1 The Distribution Licensee shall prioritize making payments to the Mini Grid Operator.

26. Formation of Technical Committee:

- 26.1 The Technical Committee will facilitate the implementation of the Mini Grid Projects in the State of Jammu & Kashmir.
- 26.2 The Committee will be constituted at the State level and will be headed by a member of the Commission with the representatives of the State Nodal Agency, the Distribution Licensee, not below the rank of the Chief Engineer. The representative of Mini Grid Operators shall be invited in the meeting.
- 26.3 The Committee meeting shall be held as and when required.

26.4 The Committee will supervise the overall progress of the activities for effective implementation of these Regulations.

27. Grievance Redressal Mechanism:

27.1 The Committee comprising of nominees of MGO and the distribution licensee shall resolve and/or facilitate resolution of dispute arising between the Mini Grid Operator and the Distribution Licensee.

27.2 If dispute is not resolved within a period of three (3) months, the aggrieved party may approach the Commission.

27.3 Grievance of any consumer shall be redressed in accordance with the provisions of the JKSERC (CGRF & Electricity Ombudsman) Regulations, 2012.

UNIT-X

MISCELLANEOUS

28. POWER TO GIVE DIRECTIONS:

28.1 The Commission may from time to time issue such directions and orders as considered appropriate for the implementation of these regulations and for the development of market in power for mini-grid Renewable Energy System;

28.2 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.

29. Power of Relaxation:

29.1 The Commission may by general or special order, 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.

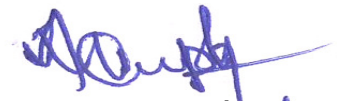
30. Power to remove difficulties:

- 30.1 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 Mini-Grid Renewable Energy Generation and Supply Regulations, 2016 not inconsistent with the provisions of the Act as may appear to it to be necessary for removing such difficulty.

31. Power to amend:

- 31.1 The Commission may, from time to time, amend, modify or repeal any of the provisions of these Regulations.

By order of the Commission.



(Anil Kumar Gupta) KAS,
Secretary,
J&K State Electricity Regulatory Commission
Jammu

Annexure-1

Format for details to be submitted by MGO to the Commission/ JAKEDA/ Distribution Licensee

Name of MGO	
MRES Details	
Village	
Tehsil	
District	
Revenue Village (name)	
Capacity of MRES (KW)	
Network length of the PDN (ckt km)	
Number of units generated (monthly)	
Consumer Details	
Domestic households	
Commercial consumers	
Consumers with load more than 5 KW	
Total number of consumers	