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ODISHA ELECTRICITY REGULATORY COMMISSION (GRID SUPPORT CHARGES FOR CAPTIVE GENERATING PLANTS) REGULATIONS, 2026

STATEMENT OF REASONS

Dated: 07.10.2026

1. Background:

An application was filed before the Odisha Electricity Regulatory Commission (the Commission) on 23.09.2020 seeking determination and approval for the levy of Grid Support Charges (GSC) on industries having Captive Generating Plants (CGPs) operating in parallel with the transmission system of the Odisha Power Transmission Corporation Limited (OPTCL). The application was registered as OERC Case No. 52 of 2020.

M/s Vedanta Limited, M/s Confederation of Captive Power Plants of Odisha (CCPPO) and M/s Tata Steel Limited challenged the proceedings before the Hon'ble High Court of Orissa in W.P.(C) No. 2220 of 2021, W.P.(C) No. 16513 of 2021 and W.P.(C) No. 38361 of 2021, respectively. The Hon'ble High Court of Orissa, by its common final order dated 06.07.2023, set aside the proceedings in OERC Case No. 52 of 2020 with the following observation:

> *"35. As the cumulative effect of all these observations as made above, we set aside the proceeding being the OERC Case No. 52 of 2020 by declaring that the orders passed in that proceeding as ultra vires, void ab initio and without any effect whatsoever on the charges. It is our duty to observe that if the Opposite Party No.2 filed a separate application urging the Opposite Party No.1 for examining whether the levy of GSC/POC is justifiable and if found justifiable, to frame the appropriate regulation in exercise of the powers conferred upon the Opposite Party No.1, in that event, the Opposite Party No.1 shall examine the matter, not initiating a proceeding, but by invoking its powers as provided under Section 181 of the Electricity Act."*

In compliance of the aforesaid directions of the Hon'ble High Court, the Commission, vide its order dated 19.10.2023 in Case No. 52 of 2020, closed the proceedings in the matter in view of the directions of the Hon'ble High Court.

M/s OPTCL filed an application along with a study report, which was registered as Case No. 44 of 2024**.** While disposing of the said case, the Commission, vide its order dated 09.07.2024**,** directed OPTCL to submit a consolidated study report covering, inter alia, the analysis of the impact of inertia, harmonics and reactive power at the Point of Common Coupling (PCC) and generator output terminals, both in isolated and grid-connected modes, along with an appropriate methodology for the determination of Grid Support Charges**.**

2. Technical basis for Grid Support Charges:

Pursuant to the above direction, OPTCL filed a separate application before the Commission along with a detailed study report titled *"Study on Reliability Support System for CGPs and Additional Burden Borne by OPTCL"*, seeking approval for the levy of Grid Support Charges in accordance with the directions of the Hon'ble High Court. The technical study submitted by OPTCL includes the following:

- Analysis of existing procedures adopted by stakeholders with regard to availability, usage and reliability of the transmission system.
- Detailed system studies such as load flow studies, short-circuit studies, transient stability studies and real-time measurements to assess grid support provided to CGPs.
- Examination of operational characteristics of industries having CGPs in relation to production processes and energy consumption;
- Review of Grid Support Charges / Parallel Operation Charges prevailing in other States of India;
- Examination of relevant provisions of the Electricity Act, 2003; and
- Evaluation of various methodologies for quantification of reliability support provided by the grid.

OPTCL, in justification of the levy of Grid Support Charges, submitted that the operation of CGPs in parallel with the grid confers substantial technical and economic benefits, including:

1. Mitigation of the adverse effects of harmonics and reduction of overheating of generator terminals, thereby enhancing equipment life and reliability.
2. Reduction in fault current impact on CGP equipment, minimising the risk of equipment failure.

3. Improved Plant Load Factor (PLF) leading to enhanced revenue or reduced cost of production.

4. Minimal voltage and frequency dip during the starting of large HT motors as the grid acts as an infinite bus.

5. Absorption of shock arising from sudden load throw-off and prevention of generator overspeed tripping.

6. Significant capital cost savings due to the installation of lower-capacity equipment compared to isolated operation.

7. Absorption of transient surges by the grid, reducing the risk of equipment damage or failure.

8. Availability of uninterrupted supply in case of tripping of captive generators. and

Despite availing the above benefits, CGPs (including co-located loads) inject harmonics, unbalanced current and sudden load variations, deteriorating power quality and imposing additional stress on the transmission system and grid assets. The grid acts as the supporting system for the CGPs for their successful operation in terms of electrical performance. Submitting that while CGPs derive continuous and substantial benefits from parallel operation with the grid, there exists no mechanism for recovery of the cost incurred by the transmission system towards providing such reliability, stability and power-quality support, M/s OPTCL has requested for the levy of Grid Support Charges to ensure equitable recovery by the transmission licensee.

The levy of Grid Support Charges under these Regulations is intended only for co-located Captive Generating Plants (CGPs) operating in synchronous/parallel mode with the grid and supplying power to captive load situated within the same electrical system or industrial premises. In such arrangements, the captive generation and captive load operate as an integrated electrical system having continuous operational interaction with the grid at the Point of Common Coupling (PCC). The study indicates that the transmission system is required to maintain adequate system strength and operational readiness to support such parallel operation and associated industrial load characteristics. Operation of certain industrial loads and captive generation systems in parallel with the grid may result in harmonics, load fluctuations and reactive power variations, requiring maintenance of adequate transmission system capacity and network readiness for reliable system operation.

The Independent Power Producers (IPPs), non-co-located captive users and consumers availing power through Open Access primarily utilise the transmission system for the conveyance of electricity and are separately governed under the applicable framework relating to transmission charges, wheeling charges, scheduling charges and Open Access regulations.

The Commission notes that renewable energy generation is being promoted under the policy and regulatory framework of the Central Government and the State Government to encourage clean energy transition and reduction of carbon emissions. Considering the prevailing renewable energy promotion framework, the Commission considers it appropriate, at present, to exclude such Renewable Energy-based Captive Generating Plants from the purview of Grid Support Charges under these Regulations. However, the Commission reserves the right to review the applicability of such charges to Renewable Energy-based CGPs in future based on system studies, technological developments and grid conditions.

The concept of Grid Support Charges / Parallel Operation Charges is not new and has been implemented in several States such as Tamil Nadu, Andhra Pradesh, Telangana, Gujarat, Rajasthan, Chhattisgarh and Madhya Pradesh, among others.

The study report examined various methodologies for the determination of Grid Support Charges, including:

- Base MVA Method;
- Spinning Reserve Method;
- Peak Instantaneous Demand-based Method;
- Specific Energy Consumption-based Method; and
- Adaptation of reliability concepts from the Central Electricity Regulatory Commission’s Point of Connection framework.

After examining the methodologies considered in the study, the Commission considers the Base MVA Support Method to be the most appropriate methodology for the present purpose. The methodology provides an objective basis for determination of the grid support attributable to a CGP operating in parallel with the grid. It takes into consideration the minimum dependable grid support capacity, the installed capacity, Contract Demand and scheduled export of the CGP, as well as the electrical interaction at the Point of Common Coupling through the fault-level parameters. The methodology

accordingly recognises the contribution to and benefits derived from the system by the CGP due to parallel operation.

The Hon'ble Supreme Court of India, in *Transmission Corporation of Andhra Pradesh Limited v. M/s Rain Calcining Limited & Others*, Civil Appeal No. 4569 of 2003 and connected matters, by judgment dated 29.11.2019, upheld the levy of Grid Support Charges under the regulatory framework applicable in the erstwhile State of Andhra Pradesh. The judgment is relevant to the regulatory treatment of Grid Support Charges for captive generating plants operating in parallel with the grid. The present Regulations, however, are being framed independently under the Electricity Act, 2003 and pursuant to the specific directions of the Hon'ble High Court of Orissa.

Based on the study report and being satisfied that the levy of Grid Support Charges is justified for recovery of costs incurred towards providing grid support services to Captive Generating Plants operating in parallel with the grid, the Commission, in compliance of the directions of the Hon'ble High Court of Orissa, framed the draft Odisha Electricity Regulatory Commission (Grid Support Charges for Captive Generating Plants) Regulations, 2026 under Section 181(2)(zp) of the Electricity Act, 2003.

3. Publication of Draft Regulations and Stakeholder Comments:

Accordingly, the draft Odisha Electricity Regulatory Commission (Grid Support Charges for Captive Generating Plants) Regulations, 2026 along with the Statement of Reasons (SOR) was published on the Commission's website, www.orierc.org, in downloadable format on 22.01.2026. A Public Notice was also published on 23.01.2026 in the Odia daily *"The Dharitri"* and the English daily *"The New Indian Express",* inviting comments, objections and suggestions from stakeholders by 23.02.2026, which was subsequently extended up to 25.03.2026 on requests received from stakeholders. Further, on the request of stakeholders, the study report titled *"Study on Reliability Support System for CGPs and Additional Burden Borne by OPTCL"*, submitted by OPTCL, was uploaded in the Commission's website.

In response thereto, comments and suggestions were received from 17 stakeholders. The list of stakeholders is placed at **Annexure-I**. Broad categories of entities that have given comments:

i. CPPs including Associations.
ii. DISCOMs

iii. OPTCL

iv. GRIDCO

The comments broadly covered the following issues:

1. legality and statutory competence to levy GSC;
2. applicability of GSC only to co-located CGPs;
3. distinction between CGPs and IPPs/non-CGP generating stations;
4. technical recognition of reciprocal support provided by CGPs;
5. Base MVA methodology and site-specific assessment;
6. applicability to renewable energy-based CGPs;
7. treatment of GSC as Non-Tariff Income;
8. billing and collection through Distribution Licensees;
9. collection/administrative charges; and
10. other procedural and technical suggestions.

The Commission has considered the submissions issue-wise, as discussed below.

4. Commission's Views on the Comments/Suggestions:

4.1 Statutory competence and legality of levy of GSC

Several stakeholders have questioned the legal basis for levy of GSC, contending that the Electricity Act, 2003 does not expressly provide for such a charge and that Sections 61 and 62 deal with tariff determination. It has also been contended that the levy would amount to an additional revenue stream for OPTCL outside the approved transmission tariff.

Commission's View

The Commission has considered the objections regarding the statutory competence to prescribe Grid Support Charges. The present Regulations are not being framed in continuation of OERC Case No. 52 of 2020, which was set aside by the Hon'ble High Court of Orissa. The present exercise has been undertaken pursuant to the liberty granted by the Hon'ble High Court to examine the justifiability of GSC and, if found justified, to frame an appropriate regulation by invoking the Commission's powers under Section 181 of the Electricity Act, 2003.

Section 181(1) of the Electricity Act, 2003 empowers the State Commission, by notification, to make regulations consistent with the Act and the Rules for carrying out the provisions of the Act. Section 181(2)(zp) further includes, amongst the matters

which may be specified by regulations, “any other matter which is to be, or may be, specified.” The regulation-making power under Section 181 is to be exercised consistently with the substantive provisions and scheme of the Act. The Act also entrusts the State Commission with functions relating to intra-State transmission and tariff regulation, including determination of transmission tariff under Section 86(1)(a), while Section 86(1)(h) provides for specifying the State Grid Code.

The present Regulations are therefore framed under Section 181 of the Electricity Act, 2003, read with the relevant provisions relating to transmission and the functions of the State Commission. The Commission has also examined, through the technical study undertaken pursuant to the directions of the Hon’ble High Court, whether the grid-support requirements arising from parallel operation of eligible CGPs require a separate regulatory mechanism.

The Commission has also considered the judgment dated 29.11.2019 of the Hon’ble Supreme Court in *Transmission Corporation of Andhra Pradesh Limited v. M/s Rain Calcining Limited & Others*, Civil Appeal No. 4569 of 2003 and connected matters. In that case, the Hon’ble Supreme Court upheld the levy of Grid Support Charges under the regulatory framework applicable in the erstwhile State of Andhra Pradesh, where the Grid Code constituted the basis for the levy and the Commission’s power was examined under the Andhra Pradesh Electricity Reforms Act, 1998. The said judgment is therefore relevant to the regulatory treatment of grid-support charges for captive generating plants operating in parallel with the grid. However, the judgment does not by itself constitute the statutory source of power for the present levy, which is being framed independently under the Electricity Act, 2003 and pursuant to the specific directions of the Hon’ble High Court of Orissa.

The Commission does not accept the contention that merely because the Electricity Act, 2003 does not expressly use the expression “Grid Support Charges”, the Commission is precluded from framing regulations under Section 181. The legality of the present Regulations has to be examined with reference to the regulation-making power under Section 181 read with the substantive scheme and functions assigned to the State Commission under the Act, and the nature and purpose of the charge prescribed under the Regulations.

The Commission further clarifies that GSC is not a charge for sale of electricity, wheeling of electricity or open access as such, nor is it being introduced as an additional component of the approved Aggregate Revenue Requirement of OPTCL. It is a separate

normative charge prescribed under the Regulations in respect of eligible CGPs operating in parallel with the intra-State transmission system, having regard to the grid-support requirements and electrical interaction associated with such parallel operation. The treatment of GSC revenue under the applicable tariff framework is separately provided in the Regulations.

In view of the above, and having examined the technical justification and regulatory framework for the proposed levy, the Commission does not accept the objection regarding lack of statutory competence to frame the present Regulations.

4.2 Applicability to co-located CGPs and distinction from IPPs/non-co-located generating stations:

Several stakeholders have contended that GSC should not be imposed only on CGPs when IPPs and other generating stations are also connected to the transmission system. They have relied on Sections 39 and 40 of the Act and the principle of non-discriminatory treatment of users of the transmission system.

It has also been contended that Section 9 of the Electricity Act, 2003 requires electricity supplied through the grid from a CGP to be regulated in the same manner as electricity from a generating company and, therefore, there cannot be a distinction between CGPs and IPPs for the purpose of grid support.

Commission's View

The Commission has considered the objection carefully. The applicability of these Regulations is based on the electrical configuration and nature of grid interaction associated with the parallel operation of co-located CGPs and their captive load.

A co-located CGP is established primarily to meet the electricity requirements of its associated captive load. The generation and captive consumption are located within the same industrial premises or electrical configuration, while the plant remains connected and operates in parallel with the grid. Such parallel operation enables the captive system to draw support from the grid during disturbances, outages, load variations and other operating conditions, even where the generated energy is primarily consumed within the premises.

An IPP or a non-co-located generating station, on the other hand, ordinarily injects electricity into the transmission system for delivery to another point of supply or consumption under the applicable transmission, open-access or power-procurement

framework. The use of the transmission network for such conveyance is addressed through the applicable transmission and open-access charges.

Some stakeholders have also suggested that GSC should be applicable only to co-located CGPs. The Commission has considered the said suggestion along with the other submissions and, having regard to the electrical configuration and nature of grid interaction discussed above, has confined the applicability of these Regulations to co-located CGPs operating in parallel with the intra-State transmission system.

The distinction made in these Regulations is based on the electrical configuration and nature of grid usage associated with parallel operation of co-located CGPs, and not merely on the classification of a generating station as a CGP or an IPP.

The principle of non-discriminatory access to the transmission system does not require that every category of user must necessarily be subjected to identical charges irrespective of the nature, extent and purpose of its use of the system. Different treatment based on relevant and intelligible differences in electrical configuration and system usage is permissible where it bears a rational nexus to the object sought to be achieved.

The Commission also clarifies that Section 9 of the Electricity Act, 2003, which provides for captive generation and regulates supply from a CGP through the grid, does not by itself determine the applicability or otherwise of a charge specifically associated with parallel operation. The present Regulations operate within the regulatory framework prescribed under Section 181 and are confined to the category specified therein.

Accordingly, the objection seeking extension of GSC to all IPPs or all generating stations is not accepted.

4.3 Recognition of reciprocal support provided by CGPs

Stakeholders have raised a specific technical objection that while the methodology recognises support provided by the grid to CGPs, it does not adequately recognise the reciprocal support provided by CGPs to the grid, particularly through their fault contribution at the PCC. It has been suggested that CGPs providing substantial fault MVA should receive a credit or should be subjected to minimal or nil GSC.

Commission's View

The Commission has examined this issue carefully. The contention that the methodology wholly disregards the reciprocal electrical interaction between the CGP and the grid is not consistent with the provisions of the Regulations. Regulation 4.1 expressly provides that the Base MVA Support Method takes into consideration the support taken from/given to the grid by a CGP at the PCC and the contribution to and benefits derived from the system due to parallel operation.

Further, the determination procedure requires SLDC to collect and furnish the fault contribution of the Grid, the fault contribution of the CGP and the total fault level at the PCC of the concerned CGP. These parameters enable the electrical interaction at the PCC to be taken into account in the determination framework.

The Commission clarifies, that the Base MVA is determined with reference to the rated installed capacity, Contract Demand and scheduled export under a Long-Term contract. At the same time, the GSC rate is determined for each CGP with reference to the fault contribution of the System/Grid at its PCC and the total fault level at that PCC, thereby incorporating PCC-specific system conditions in the determination of the applicable rate.

Accordingly, the suggestion that the methodology is one-sided and wholly ignores the reciprocal support provided by CGPs is not accepted. The reciprocal electrical interaction is recognised within the overall determination framework under the present methodology.

4.4 Base MVA methodology and individual determination of GSC

Stakeholders have questioned the use of a normative Base MVA methodology and have sought site-specific determination based on actual operation, fault MVA, auxiliary consumption, surplus injection and other parameters.

Commission's View

The Commission has considered the above submissions. Regulation 2.2 defines Base MVA as the minimum dependable grid support capacity availed by a CGP at the Point of Common Coupling (PCC) for safe and reliable parallel operation. Regulation 4.1 further provides that the Base MVA Support Method shall take into consideration the support taken from/given to the grid by a CGP at the PCC and the contribution to and benefits derived from the system due to parallel operation.

Under Regulation 4.2, the Base MVA is determined with reference to the rated installed capacity of the CGP, Contract Demand and scheduled export under a Long-Term contract, with the calculated Base MVA being subject to a minimum of zero.

The Commission further notes that the methodology does not prescribe a common GSC rate for all CGPs. While the Base MVA is determined with reference to the parameters applicable to the respective CGP, the rate of GSC per MVA is also determined for each CGP with reference to the fault contribution of the System/Grid at its PCC and the total fault level at that PCC. The Regulations further require SLDC to collect the requisite information and carry out the necessary system studies for determination of GSC.

The Commission considers that the adoption of objectively ascertainable parameters provides a consistent and transparent basis for determination of GSC, while incorporating CGP-specific and PCC-specific parameters in the determination process. The methodology is intended to provide a normative basis for a recurring monthly charge and, therefore, does not require recalculation of the charge on the basis of each individual operational event or short-term variation in the operation of a CGP.

Accordingly, the suggestion to undertake a separate bespoke technical and financial assessment of each CGP based on actual operational events and additional parameters such as auxiliary consumption or surplus injection, beyond those incorporated in the Regulations, is not accepted. The Commission considers that the Base MVA Support Method, read with the CGP-specific and PCC-specific parameters prescribed under the Regulations, provides an appropriate basis for determination of GSC.

The Commission has also considered the concern regarding application of a common normative rate to all CGPs. The final methodology provides for determination of the applicable GSC rate for each CGP, based on the fault-level parameters at its PCC, and therefore does not apply a single averaged rate uniformly to all CGPs.

4.5 Renewable Energy-based CGPs

Stakeholders, particularly the representatives of rooftop and distributed solar generation, have sought exemption of renewable energy-based CGPs from GSC, particularly where generation is consumed within the premises or where the net grid interaction does not exceed the Contract Demand. Suggestions have also been made for exemption of solar-BESS configurations satisfying specified conditions. On the other hand, some stakeholders have suggested that GSC should be applicable to renewable-based CGPs also.

Commission's View

The Commission has taken into consideration the policy and regulatory framework for promotion of renewable energy in the State. The Odisha Renewable Energy Policy, 2022 seeks to create an enabling environment for harnessing the renewable energy potential of the State and facilitates development of renewable energy projects for, inter alia, captive and open access consumption. The OERC (Promotion of Renewable Energy through Green Energy Open Access) Regulations, 2023 have also been framed with the objective of promoting green energy through open access.

Having regard to the prevailing policy and regulatory framework for promotion of renewable energy in the State, the Commission considers it appropriate, at this stage, to exempt Renewable Energy-based CGPs from GSC under these Regulations. The extent and manner of applicability of GSC to such generating plants, if considered necessary, may be specified separately by the Commission by Order.

4.6 Consideration of ARR for computation of GSC

Some stakeholders have suggested that the full Aggregate Revenue Requirement (ARR) of the Transmission Licensee should not be considered for computation of GSC, as GSC is intended to recover only the grid-support requirement attributable to the parallel operation of eligible CGPs.

Commission's View

The Commission has considered the above concern. GSC is intended to provide compensation for the grid-support requirement attributable to the parallel operation of co-located CGPs and is not intended to recover the entire ARR of the Transmission Licensee. It was deliberated that the total thermal capacity of the CGPs is nearly 50% of the total installed thermal capacity of the State. Accordingly, the Commission considers it appropriate to take 50% of the approved ARR, excluding Miscellaneous Receipts, for the purpose of computation of GSC under these Regulations.

The Commission has, therefore, provided in the Regulations that 50% of the approved ARR (excluding Miscellaneous Receipts) shall be considered for computation of GSC.

4.7 Treatment of GSC as Non-Tariff Income

Stakeholders have expressed concern that GSC would result in additional revenue to OPTCL and could amount to double recovery of transmission-system costs.

Commission's View

The Commission has considered the above concern. The Regulations provide that the revenue realised from GSC shall be treated as Non-Tariff Income and its treatment shall be governed by the applicable Tariff Regulations of the Commission. Accordingly, GSC revenue shall be taken into account for the purpose of determination of the Transmission tariff which shall ultimately be in the best interest of the State.

The Commission, therefore, does not find merit in the apprehension of double recovery on account of GSC.

4.8 Billing of GSC through Distribution Licensees

Certain stakeholders have questioned the involvement of Distribution Licensees in collection of GSC, contending that the service is associated with the transmission system and that the Distribution Licensee merely acts as an intermediary.

Commission's View

The Commission has considered the practical and regulatory aspects of collection. A significant number of eligible CGPs are consumers of Distribution Licensees. Their Contract Demand, electricity dues and other consumer-related billing are already administered through the concerned Distribution Licensee.

Accordingly, the Regulations provide that where an eligible CGP is a consumer of the Distribution Licensee, the GSC shall be shown as a separate line item in the monthly electricity bill and recovered along with applicable electricity dues. Where an eligible CGP is not a consumer of the Distribution Licensee, the Transmission Licensee shall directly raise the monthly bill towards GSC along with the applicable transmission charges.

The role of the Distribution Licensee is thus limited to billing and collection in cases where the CGP is already its consumer. The charge itself remains a charge payable to the Transmission Licensee and does not become a charge for distribution service. The objection is therefore not accepted.

4.9 Collection and administrative charges

Stakeholders have objected to retention of a percentage of the GSC collected by Distribution Licensees towards collection and administrative expenses, contending that such retention would amount to double recovery.

Commission's View

The Commission has considered the submissions regarding the collection and administrative charges. Where the eligible CGP is a consumer of the Distribution Licensee, billing and collection of GSC entail additional administrative functions for the Distribution Licensee, although the GSC itself remains payable to the Transmission Licensee. The Commission has, therefore, considered it appropriate to provide for a normative collection and administrative charge of one percent (1%) of the GSC collected.

The amount so retained is limited to the prescribed one percent and is not a wheeling charge. The balance GSC collected, together with applicable LPS, is required to be remitted to the Transmission Licensee. Further, the treatment of the collection and administrative charge shall be governed by the applicable tariff framework.

The Commission, therefore, does not consider the prescribed one percent retention to constitute double recovery. The request for any enhancement of the prescribed percentage, not being supported by adequate evidence of the incremental cost of the collection function, is not accepted.

4.10 Late Payment Surcharge

The Commission has considered the issue of delayed remittance of Grid Support Charges by the Distribution Licensee. Since GSC is a separate regulatory charge under these Regulations, the Commission considers it appropriate to prescribe the Late Payment Surcharge directly herein. Having regard to the rate of 1.25% per month applied by the Commission for delayed payment of transmission charges by Distribution Licensees, the Commission considers the same rate appropriate for delayed remittance of GSC.

Accordingly, delayed remittance of GSC by the Distribution Licensee shall attract Late Payment Surcharge at the rate of 1.25% per month on the delayed amount payable to the Transmission Licensee.

4.11 Requirement of technical studies and data

The Commission has considered the suggestion that determination of GSC should be supported by technical studies and objectively ascertainable parameters rather than by a uniform normative assumption.

The Regulations require SLDC to act as the Nodal Agency, collect the requisite information from the CGPs, Transmission Licensee and Distribution Licensee, and undertake the necessary system studies for determination of GSC. The information includes the installed capacity and Contract Demand of each CGP, scheduled export, fault-level contribution of the Grid and the CGP at the PCC, and the total fault level at the PCC.

The Commission considers that these requirements provide objectively ascertainable CGP-specific and PCC-specific parameters for application of the prescribed normative methodology. Accordingly, the determination of GSC is not based solely on a uniform assumed system condition, while retaining a consistent and administratively workable methodology for determination of the charge.

4.12 Other comments and suggestions

The Commission has also considered the other comments and suggestions received from stakeholders concerning definitions, terminology, treatment of Contract Demand, scheduled export, applicability to different configurations of CGPs, billing procedure and procedural timelines.

Where such suggestions were found to improve clarity, consistency or operational implementation, corresponding modifications have been incorporated in the final Regulations.

The Commission has not considered it necessary to incorporate suggestions which would materially alter the Base MVA Support Method or introduce additional parameters without sufficient technical justification for their inclusion in the present methodology.

5. Commission’s Overall Findings

After considering:

1. the directions of the Hon’ble High Court of Orissa in W.P.(C) No. 2220 of 2021, W.P.(C) No. 16513 of 2021 and W.P.(C) No. 38361 of 2021;
2. the subsequent proceedings in OERC Case No. 44 of 2024;
3. the technical study submitted by OPTCL pursuant to the Commission’s directions;
4. the applicable provisions of the Electricity Act, 2003 and the relevant regulatory framework;

5. the technical and operational characteristics of co-located CGPs operating in parallel with the intrastate transmission system; and

6. the comments, objections and suggestions received from the 17 stakeholders, the Commission considers that a regulatory framework for levy and recovery of Grid Support Charges on the category of co-located CGPs operating in parallel with the intrastate transmission system is justified.

The Commission has adopted the Base MVA Support Method as a normative methodology for determination of GSC. The methodology recognises the minimum dependable grid-support capacity associated with the CGP and incorporates relevant PCC fault-level parameters. The Regulations also provide for the collection of CGP-specific technical data and system studies through SLDC.

The Commission considers that the methodology provides a transparent and predictable basis for determination of GSC while incorporating CGP-specific and PCC-specific electrical parameters and remaining administratively workable.

The Commission has also ensured that the revenue realized through GSC is treated as Non-Tariff Income under the applicable tariff framework so that the benefit of such revenue is appropriately reflected in transmission tariff determination.

6. Conclusion

The comments, objections and suggestions received from the stakeholders have been duly considered by the Commission and, wherever found justified, appropriate modifications have been incorporated in the final Regulations. Accordingly, the Odisha Electricity Regulatory Commission (Grid Support Charges for Captive Generating Plants) Regulations, 2026 have been finalised**.**

Sd/-
(S. S. Barpanda)
Member

Sd/-
(B. Mohanty)
Chairperson

Annexure-I

Sl No	Name of the Stakeholders
1	Odisha Power Transmission Corporation Limited (OPTCL)
2	GRIDCO Limited
3	TP Central Odisha Distribution Limited (TPCODL)
4	TP Northen Odisha Distribution Limited (TPNODL)
5	TP Western Odisha Distribution Limited (TPWODL)
6	TP Southern Odisha Distribution Limited (TPSODL)
7	The Utkal Chamber of Commerce & Industry Ltd. (UCCI)
8	Confederation of Captive Power Plants, Odisha
9	Indian Metals & Ferro Alloys Limited (IMFA)
10	Distributed Solar Power Association (DISPA)
11	CleanMax
12	Power Tech Consultants
13	Jindal Steel, Angul
14	Bhusan Power & Steel Limited
15	VISA Steel Limited
16	Jindal Stainless Limited, Jajpur
17	Vedanta Limited