

**ODISHA ELECTRICITY REGULATORY COMMISSION
BIDYUT NIYAMAK BHAWAN
PLOT NO. 4, CHUNOKOLI, SHAILASHREE VIHAR,
BHUBANESWAR-751021**

**Present: Shri G. Mohapatra, Officiating Chairperson
Shri S. K. Ray Mohapatra, Member**

Case No. 37/2024

M/s Vedanta Ltd.	Petitioner
Vrs		
M/s TPWODL	Respondents

In the matter of: Miscellaneous petition under Regulations 4.1 of OERC (Procurement of Energy from Renewable Sources and its compliance) Regulations, 2021 seeking continuation of the dispensation with respect to Special Green Tariff, provided by this Hon'ble Commission to CGPs in earlier tariff order dated 23.03.2023 in Case No. 80 of 2022, in the FY 2024-25 to meet its RPO compliance.

For Petitioner: Shri Hemant Singh, Learned Advocate on behalf of M/s. Vedanta Ltd.

For Respondents: Shri K. C. Nanda, G.M. (RA & Strategy), TPWODL.

ORDER

Date of Hearing: 09.07.2024

Date of Order: 25.07.2024

1. This Petition has been filed by M/s Vedanta Ltd. under Regulations 4.1 of OERC (Procurement of Energy from Renewable Sources and its compliance) Regulations, 2021 seeking continuation of the dispensation with respect to Special Green Tariff, provided by this Commission to CGPs in earlier tariff order dated 23.03.2023 in Case No. 80 of 2022, in the FY 2024-25 to meet its RPO compliance. The Petitioner has prayed the Commission to allow the continuation of the Special Green Tariff dispensation at 20 paise per unit over and above the normal tariff from DISCOM for the total drawl in case of Captive Generating Plants as provided in the earlier tariff order dated 24.03.2022 in Case Nos.108, 109, 110 & 111 of 2021 and order dated 23.03.2023 in Case Nos.82, 83, 88 & 80 of 2022 for FY 2022-23 and 2023-24 respectively with effect from April, 2024.
2. The Petitioner- M/s. Vedanta Ltd. has submitted the followings:
 - a) It is a Public Limited Company incorporated under the provisions of the Companies Act, 1956. The petitioner has set up a thermal power plant of capacity 2,400 MW (4x600 MW), located at Jharsuguda and is inter-alia engaged in the business of generation and supply of electricity in the state of Odisha.

- b) In order to promote Renewable Sources of Energy in the state of Odisha, the Commission in the Retail Supply Tariff order dated 24.03.2022 for FY 2022-23 had introduced a provision for special tariff, whereby on payment of a premium of 50 paise per unit over and above the normal tariff of respective consumer category, a consumer can get a Green Consumer Certification for drawing 100% of their requirement as green power from DISCOMs.
- c) Thereafter, DISCOMs viz. TPSODL, TPNODL, TPCODL and TPWODL filed annual tariff petition bearing case Nos.82, 83,88 & 80 of 2022, before the Commission seeking approval of their Aggregate Revenue Requirement (ARR), wheeling tariff and Retail supply Tariff for the FY 2023-24. Under the aforesaid petition, the DISCOMs presented the proposal to reduce the premium rate of Special Green Tariff approved by the Commission from 50 paise per unit to 25 paise per unit and further requested to revise the methodology for issuance of Green Power Certificates. DISCOMs had also submitted that CGP industries are not able to avail green power upon payment of green tariff premium, in spite of CGP industries being allowed to fulfill 100% of power requirement through RE.
- d) Accordingly, the Commission passed an order dated 23.03.2023, while considering the aforesaid proposal of the DISCOMs. From the order, it is clear that the Commission reduced the premium rate of Special Green Tariff from 50 paise to 25 paise per unit. Accordingly, consumers, in order to get Green Consumer Certification for drawing 100% of their requirement as green power from DISCOMs, will have to pay 25 paise per unit over and above the normal tariff for their total drawl. Further, with respect to CGPs, the Commission noted that the CGPs in order to fulfil their Renewable Purchase Obligation (RPO) can purchase the required obligated quantum of RE by paying 25 paise per unit over and above the normal tariff. But since, CGPs are not 100% green power consumers, Green Consumer Certification cannot be issued to them. In view of the above, the CGPs in the State including the Petitioner herein, have been fulfilling their RPO by purchasing power from DISCOMs, amongst other sources, in terms of the above dispensation provided by the Commission for the FY 2022-23 and FY 2023-24.
- e) However, from the Retail Supply Tariff order passed by the Commission for FY 2024-25, it appears that there is ambiguity with respect to application of the aforesaid dispensation to the CGPs in the State of Odisha. In the above context, it is submitted that the DISCOMs of Odisha had filed Tariff petition in Case Nos. 116 of 2023, 119 of 2023, 122 of 2023 and 125 of 2023, seeking approval of their ARR, Wheeling and

Retail Supply tariff for the FY 2024-25. Accordingly, the Commission passed an order dated 13.02.2024 where it becomes abundantly clear that the Commission has retained the Green Tariff premium for consumers who are interested to avail Green Consumer Certification for the drawl of 100% of their requirement as green power from DISCOMs. For the said purposes, such consumers have to pay 20 paise per unit over and above the normal tariff. However, there is an ambiguity on the applicability of green tariff premium to industries having CGPs, in line with the dispensation provided earlier. The order mentions that industries having CGPs cannot be issued Green Consumer Certification but does not mention that whether the special tariff dispensation as provided by earlier tariff order is continued in the FY 2024-25 or not.

- f) The respondent TPWODL had written to the Commission vide letter dated 18.03.2024 seeking clarification on the aforesaid issue. The Commission has stated that since none of the CGPs brought it to the notice of the Commission about the requirement of purchasing power directly from DISCOMs to meet their RPO, therefore, industries having CGPs have not been considered for Special Green Tariff dispensation.

3. The Respondent-M/s. TPWODL has submitted the followings:

- a) In the Tariff order for FY 2022-23, the Commission set a premium of 50 paise/kWh for consumers opting for 100% Green Energy through Green Consumer Certificate mechanism. Due to the higher rate and operational issues, consumers showed little interest. For FY 2023-24, and as such, the DISCOMs proposed a reduction to 25 paise per unit, resulting in successful efforts to convince to consumers to switch to Green Energy. The additional revenue generated through this mechanism is entirely passed through.
- b) In the RST order for FY 2023-24, even though Green Certification was not extended to industries having CGP, however, they were permitted to draw RE Power from DISCOM to meet RPO.
- c) The Commission had issued the Tariff order for FY 2024-25 on 13.02.2024. The Commission, vide Para No. 241, at page No.158 of RST Order for FY 2024-25, had further reduced the Green Tariff Premium from 25 paise/unit to 20 paise/unit. A brief reading of the direction provides that the earlier observation of the Commission for FY 2023-24 remains valid for the current financial year FY 2024-25. The Commission has held that Green Consumer Certification is not available to industries with Captive Generating Plants (CGPs). However, they can avail RE power from DISCOM with a premium of 20 paise per unit for their RE requirement.

- d) The Licensee, vide letter dated 18.03.2024, had sought clarification regarding applicability of selling renewable power to industries having CGPs for meeting their RPO. As emphasized in the communication from the Commission, none of the CGPs have raised concerns about purchasing renewable power directly from DISCOMs to meet their RPO. It is worth noting that CGPs which availed RE power from DISCOMs in FY 2023-24 were under the impression that the previous mechanism would continue in FY 2024-25 as well. Further, as highlighted in the communication from the Commission, the rationale behind GRIDCO's renewable energy purchases is towards meeting the RPO of DISCOMs within the state. Therefore, the ARR projection of DISCOMs includes the consumption of CGPs.
- e) TPWODL serves approximately 26 CGP industries within its operational area, representing a substantial portion of energy consumption landscape. These industries collectively accounted for approximately 4373 MUs in FY 2023-24, constituting 41% of the total units sold within the jurisdiction. It is evident that CGPs play a significant role in contributing to the overall consumption patterns of DISCOMs.
- f) In FY 2023-24, the Commission approved 1359.79 MUs of Renewable share for TPWODL. However, GRIDCO allocated only 1122.950 MUs, out of which 1002.44 MUs has been sold with green tariff premium charges to different consumers including CGPs. The input for the licensee remained at 12751 MUs against the approved quantum of 13286 MUs. Therefore, the RE share should have been 1305 MUs, but the actual allocation was limited to 1123 MUs, resulting in a shortfall of 182 MUs. This raises concerns about GRIDCO's capacity to meet the current requirement of DISCOMs and the future needs of CGPs.
- g) Further, as per RST order FY 2024-25, industries intending to purchase RE power directly from GRIDCO does not have to pay Cross Subsidy Surcharge (CSS) in line with RE policy. It is submitted that in the current scenario GRIDCO itself is facing difficulties to meet the requirement of Odisha DISCOMs and hence there is no margin available to facilitate RE power for such industries.
- h) Despite DISCOM's key responsibility of meeting all consumers' power needs, this restriction is preventing CGPs from drawing RE Power from DISCOMs to meet their RPO and simultaneously hinders DISCOMs from fulfilling consumer demand for RE power. This poses a barrier to DISCOM business operations. If they will not be permitted, industries will prefer open access power from the market available at cheaper rate instead of drawal from DISCOMs and allocated RE power will remain unsold.

- i) Further, for FY 2024-25, the Commission has approved an input of 11940 MUs for TPWODL including EHT & HT wherein they are also entitled for RE share based on their consumption from DISCOMs. The Commission has allocated 1138.85 MUs of RE power in the BST order which is meant for collective use of all consumer segments, including CGPs. As like of previous order, DISCOMs may be permitted to sell RE power to all its consumer without any discrimination.
 - j) Considering the above aspects, industries having CGPs desiring to avail Green Power with premium of 20 paise per unit may be permitted with effect from 1st April, 2024 as like the previous year.
4. Heard the Petitioner and Respondent through Hybrid mode and considered their written notes of submissions. The Commission had passed an Order on date 25.06.2024 in Case No. 31/2024 M/s. JSL Vrs GRIDCO Ltd. & Others and in Para 7(c), the Commission has clarified about purchase of renewable energy by CGPs from DISCOMs at Green Tariff Premium which is reproduced below:

“Para 7(c) Purchase of Renewable Energy at Green Tariff Premium from TPNODL to meet its RPO compliance of various kinds:

The contention of the Petitioner, in its submission, is that it can avail Green Tariff Premium from DISCOM for the FY 2024-25 so as to comply with its RPO. We observe that in the RST Order for the FY 2023-24, the Commission had allowed the industries having CGPs to purchase their obligated quantum of renewable power from DISCOMs to fulfill their RPO by payment of premium of 25 paise/ kWh over and above the normal tariff available to them. However, in the RST Order for the FY 2024-25, the Commission has not allowed the industries having CGPs to purchase renewable power from DISCOMs on payment of premium to meet their RPO. In this regard, Para 241 of the RST Order of DISCOMs for FY 2024-25 may be referred which is reproduced below:

241. “The Consumers of any category can get a Green Consumer Certification by DISCOMs, if 100% of their power requirement is met from renewable sources by DISCOMs. The Consumer has to pay additional 20 paise per unit as premium over and above the normal rate of Energy Charges. This facility shall be in force for one year from the effective date of this order. The Consumer has to apply the concerned DISCOM in advance for this purpose. This facility shall not be available to the Consumers having Captive Generating Plant (CGP). For this matter, our observations made earlier may be referred to.”

From the submission of the Petitioner, it appears that there is confusion regarding interpretation of the last sentence “For this matter, our observations made earlier may be referred to” of the above paragraph. We would like to clarify that “For this matter...” means for the matter relating only to Green Consumer Certification as mentioned in the aforesaid paragraph. It is also to mention here that RST and BST Order issued by the Commission for each financial year is based on elaborate public hearing.

*It may further be mentioned that, though the total renewable energy available to GRIDCO has been apportioned in favor of each DISCOM in the BSP Order of GRIDCO for FY 2024-25. In the instant case, since the allocated green power to TPNODL (i.e. 778.60 MU) would be accounted for RPO Compliance of DISCOM/ GRIDCO, there will be double accounting, if certain quantum of such power is sold to M/s. JSL for compliance of its RPO. Hence, in view of the above observations, the purchase of renewable power at Green Tariff Premium from a DISCOM (here TPNODL) by the industries having Captive Generating Plant (here M/s. JSL) is not allowed. The OERC ...
XXXX”*

6. During the course of the hearing on 09.07.2024, the Learned Advocate appearing on behalf of the Petitioner- M/s. Vedanta Ltd. submitted that in the instant case, directions may be issued in the light of Order dated 25.06.2024 of the Commission in Case No. 31 of 2024 M/s. JSL Vrs. GRIDCO Ltd & Others.
7. The prayer of the Petitioner- M/s Vedanta Ltd. regarding purchase of renewable power at Green Tariff Premium is similar in nature to the prayer of the Petitioner- M/s JSL in Case No. 31/2024. Therefore, in line with the above observations in Case No. 31/2024 and as per the RST Order of DISCOMs for FY 2024-25, the Commission cannot consider the prayer of the Petitioner for allowing continuation of the Special Green Tariff dispensation at 20 paise per unit over and above the normal tariff for industry having CGP as provided for the FY 2022-23 and FY 2023-24. The RST & BST Order of one Financial Year cannot be implemented/ extended in another Financial Year for which separate RST & BST Orders have been issued. Hence, the Commission reiterates that the purchase of renewable power at Green Tariff Premium from a DISCOM (in this case M/s. TPWODL) by the industries having Captive Generating Plant (in this case M/s. Vedanta Ltd.) is not allowed.
8. With above observations, the Case is disposed of.

**Sd/-
(S.K. Ray Mohapatra)
Member**

**Sd/-
(G. Mohapatra)
Officiating Chairperson**