

# Policy for Net-Metering based Solar Rooftop Applications, Madhya Pradesh, 2015

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## 1. PREAMBLE

- 1.1 The state of Madhya Pradesh is endowed with high solar radiation with around 300 clear, sunny days. The state offers good sites that have a potential of more than 5.5 kWh/m<sup>2</sup>/day. The Madhya Pradesh Solar policy, 2012 provided a major thrust to the installation of solar projects in the state. Clause 5(b), section I of the policy brings out its intention to promote the decentralised solar energy generation.
- 1.2 The solar power policy registered a great success in attracting investment in this sector, as a consequence of which, the systems cost plummeted downwards year by year. Bankability of Solar photovoltaic (SPV) projects and trained manpower within the country also increased subsequently, in addition to the huge interest shown in the sector by private investors. This created a highly competitive atmosphere. Solar SPV has vast potential for its use at decentralised load locations. The SPV small power plants can be installed on roofs or within the premises of consumers. The power generated is to be used by the consumers for captive consumption. The power generated over and above the consumer's requirement can be feasibly injected into low tension (LT) electricity network. The energy exported and that which is purchased by the consumer from the electricity utilities can be adjusted by way of installation of bidirectional meter. The consumer after settlement of energy within the settlement period shall pay for the energy purchased by him from power utilities.
- 1.3 In order to have broader community participation, *the New and Renewable Energy Department, Government of M.P. is notifying the policy for implementation of rooftop SPV projects, 2015 on its use in net metering system.* This policy has been structured so as to promote consumption of energy generated from solar energy resources at decentralized location by the individual users like 'household', primarily to decrease the burden on conventional sources of energy. It is also envisaged, through this policy, to help the community realize the importance judicious use of electricity, and involve them in the process of reducing dependence on conventionally produced electricity.
- 1.4 This policy shall be within the ambit of the "Implementation of solar power based projects in Madhya Pradesh 2012 (Policy 2012)" notified by GoMP. Wherever any interpretation of any provision is required, the policy 2012 shall have precedence over this policy.

## 2. REGULATORY FRAMEWORK

- 2.1 The Electricity Act, 2003 has been in force since June 2003. In accordance with the provisions of this act, any private individual or agency is free to set up a power generation plant.
- 2.2 Madhya Pradesh Electricity Regulatory Commission (MPERC) is functioning since 1999 and any orders/regulations passed by this commission from time to time shall be applicable to the provisions of this policy. MPERC has brought out notification for application of renewable

energy resources (RES) as per net metering process vides notification no. Acts passed by the GoI in respect of power sector shall also be applicable to provisions of this policy. In case of any discrepancy between the provisions of this policy and orders/regulations of the Commission, the orders/regulations of the Commission shall prevail.

### **3. OBJECTIVES OF THE POLICY**

- 3.1. To encourage broader community involvement and growth of decentralized Solar Photo Voltaic (SPV) systems.
- 3.2. To encourage job creation in the downstream SPV market segment.
- 3.3. To provide further impetus to growth of clean technology in the state of Madhya Pradesh.
- 3.4. To reduce carbon emissions.

### **4. GUIDING PRINCIPLES OF THE POLICY**

#### **4.1. OPERATIVE PERIOD:-**

The policy shall become applicable from the date of its notification in the Madhya Pradesh State Gazette.

#### **4.2. APPLICABILITY OF THE POLICY:-**

All solar photovoltaic technology based rooftop power plants adopting net-metering mechanism shall be covered under this policy.

#### **4.3. ELIGIBILITY CRITERIA:-**

In order to promote utilization of solar energy, all categories of consumers, who use Solar Rooftop system (either self-owned or third party owned) installed in the consumer premises, to offset part or all of their own electrical requirements are considered as 'Eligible Consumers'. The eligible consumer shall be as defined under "MPERC regulation".

#### **4.4. CAPACITY CAP:-**

Minimum capacity of 0.5 kW and maximum capacity of 250 kW. Beyond this capacity guideline as per "solar Policy 2012" shall be applicable.

#### **4.5. REGISTRATION PROCEDURE:-**

The eligible consumer is required to follow the following procedure for registration under this policy:-

- Technical feasibility application form shall be prepared in consultation with Energy department and made available for eligible consumers within 2 months of notification of this policy.
- Submission of application in the prescribed format (to be made available on website) for solar connectivity with a DISCOM along with a fee of 2000INR towards the application. This rate can be reviewed as and when required in consultation with energy department.
- After receipt of duly filled technical feasibility forms from the eligible consumers, the Distribution Licensee shall inform the consumer regarding the technical feasibility through registered post/email/fax within 30 days of the receipt of the application.
- The Distribution Licensee shall make the information available to the nodal office through its website within 30 days of receipt of duly filled application.

- On acceptance of technical feasibility by the DISCOM, the application shall be registered under the NRE department for further participation of consumer in the policy.

**4.6. POST REGISTRATION PROCESS FACILITATION:-**

The applicant shall avail connectivity of the Solar Rooftop system within 3 months from the date of registration, failing which the registration shall be cancelled under intimation to the DISCOM and the DISCOM can proceed for allotment of such capacity to other applicants, strictly on the basis of first come first serve basis. The DISCOM shall provide the commissioning certificate to the nodal office within 30 days of commissioning.

**4.7. TECHNOLOGY:-**

Only Solar Photovoltaic (PV) systems with or without storage conforming to the technical specifications specified by MPERC/MNRE/CEA will be eligible for incentives available under this policy.

**4.8. ENERGY ACCOUNTING AND COMMERCIAL ARRANGEMENTS:-**

Provisions for energy accounting and commercial arrangements will conform to MPERC Grid Connect Net Metering Regulations, 2014 and subsequent amendments thereof. The excess energy produced by the SRPs during a billing period shall be carried over to the next billing period in the form of energy credits, which can be utilized for calculation of net electricity injected or consumed in the future billing periods. At the end of a settlement period, the excess energy generated shall be adjusted in the subsequent billing period. The settlement period shall be of one year (as per the draft MPERC regulations.)

**4.9 INTERCONNECTION NORMS:-**

The interconnection of the renewable energy system with the network of the distribution licensee shall be made as per the technical standards for connectivity of distributed generated resources regulations notified by the Central Electricity Authority.

**4.10 METERING ARRANGEMENT:-**

Provisions for metering arrangements will conform to MPERC Grid Connect Net Metering Regulations, 2014 and subsequent amendments thereof.

Small SRPs of capacity up to 10kW can approach concerned DISCOM authority for inter-connection and metering arrangements on the basis of charges as notified by energy department.

**4.11 NODAL AGENCY:-**

*Office of the Commissioner, New and Renewable Energy, Government of M.P. shall be the nodal agency for Solar Rooftop based net metering projects under this policy.*

**5. INCENTIVES**

- 5.1.** Installation of SRPs under the policy shall be exempted from banking, wheeling and cross-subsidy surcharges as per MPERC regulation. The settlement of energy, billing period and settlement period shall be as per the MPERC regulation. The energy generated from the solar

rooftop system shall be exempted from electricity duty.

**5.2. TAX EXEMPTIONS:-**

SRPs installed under the policy shall not be considered as a “construction activity”, and as such, there shall be no liability of property tax for installation of solar panels on their rooftops or premises.

The equipment purchased for installation of Solar Rooftop projects under this policy shall be exempted from VAT and entry tax as per the exemption granted to these systems under Madhya Pradesh Solar Policy, 2012.

**5.3. CENTRAL INCENTIVES:-**

All Eligible Consumers can avail *Central Financial Assistance from MNRE* as per the applicable scheme for Solar PV systems. The nodal agency shall take necessary action for processing the request accordingly.