

**THE MEGHALAYA STATE ELECTRICITY
REGULATORY COMMISSION**

(DEMAND SIDE MANAGEMENT)

REGULATIONS 2016



**NEW ADMINISTRATIVE BUILDING, 1st FLOOR, LEFT WING, LOWER
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THE MEGHALAYA STATE ELECTRICITY REGULATORY COMMISSION

SHILLONG

Dated, Shillong, the 05th January 2016

NOTIFICATION

Notification No. MSERC/DSM/2015/04 : In exercise of powers conferred by clause (zp) of Sub-section (2) of Section 181 of the Electricity Act 2003 (Central Act 36 of 2003), the Meghalaya State Electricity Regulatory Commission hereby makes the following Regulations, namely, the Meghalaya State Electricity Regulatory Commission (Demand Side Management) Regulations 2016.

Sd/-

(J.B. Poon)

Secretary

Meghalaya State Electricity Regulatory Commission

Shillong

Chapter I: General

1. Short Title, extent and Commencement
 - 1.1. These Regulations may be called the “Meghalaya State Electricity Regulatory Commission (Demand Side Management) Regulations, 2015”.
 - 1.2. These Regulations shall be applicable to the Distribution Licensee in the State in its areas of supply.
 - 1.3. These Regulations shall come into force from the date of their publication in the Meghalaya Gazette.
2. Definitions
 - 2.1. In these Regulations, unless the context otherwise requires –
 - a) “Act” means the Electricity Act, 2003 (36 of 2003) or its amendments.

- b) “Baseline data” means the initial base level consumption and/or demand for electricity before a DSM programme begins to provide a starting point for comparison for assessing programme impact”.
- c) “Bureau” means the Bureau of Energy Efficiency established under sub-section (1) of Section 2 of The Energy Conservation Act, 2001.
- d) “Commission” means the Meghalaya State Electricity Regulatory Commission constituted under sub-section (1) of Section 82 of the Act.
- e) “Cost Effectiveness Index” means an indicator of the attractiveness of any investment in DSM programme or when compared to the costs of energy produced and delivered in the absence of such an investment.
- f) “Demand Side Management” means the actions of a Distribution Licensee, beyond the customer’s meter, with the objective of altering the end-use of electricity – whether it is to increase demand, decrease it, shift it between high and low peak periods, or manage it when there are intermittent load demands in the overall interests of reducing Distribution Licensee costs.
- g) “DSM Resource Acquisition” means a mechanism to implement DSM projects through customers, Energy Service Companies, Non-Government Organizations, manufactures / suppliers, or other private sector organizations for the resultant energy and load reductions.
- h) “Energy Services Company” means a company which is in the business of providing energy efficient and load management equipment and/or services to end-user customers and is approved by Bureau.
- i) “Evaluation, Measurement and Verification” means activities which evaluate, measure and verify performance or other aspects of DSM/energy efficiency programs or their market environment.
- j) “Monitoring and Reporting” means activities which monitor and evaluate the progress of DSM/energy efficiency programmes of the Distribution Licensee.

Chapter II : DSM-Objectives, Targets And Guidelines

3. DSM Objectives

3.1. The Commission shall formulate DSM objectives that shall be considered in the advancement and implementation of cost effective DSM initiatives in the State keeping in view the requirement and conditions of the State. The

objectives may include power shortage mitigation, seasonal peak reduction, cost effective energy savings, lowering the cost of electricity, reduction in emission of greenhouse gases etc.

3.2. While formulating the DSM Objectives, the Commission may take into consideration the National DSM Objectives/Plans formulated by BEE, if any.

3.3. The DSM objectives may be consistent with the DSM objectives set out by Bureau as a part of Energy Conservation plan for the country.

4. Assessment of technical potential for DSM

4.1. The Distribution Licensee in the State shall carry out assessment of potential for DSM in the State one year before the start of every MYT Control Period. Notwithstanding above provision, the first assessment of technical potential for DSM shall be carried out within twelve months of the notification of these Regulations.

4.2. Distribution Licensee shall be guided by methodology developed by Bureau while assessing of technical potential for DSM.

5. DSM Targets

5.1. The Commission shall establish DSM targets for each Distribution Licensee in the State from time to time as per the requirement and ground realities.

5.2. While setting DSM target for the Distribution Licensee, the Commission will also give due consideration to factors such as consumer mix, load profile, etc.

5.3. Examples of DSM targets may include the following:

- a) Percentage reductions in load growth;
- b) Savings in kW, kWh;
- c) Savings as a percent of total resources to meet load;

5.4. While establishing the targets, the Commission shall consider the technical potential in the State as assessed by the Distribution Licensee.

6. Guidelines on DSM Process

6.1. The Commission may issue guidelines to guide the Distribution Licensee in execution of the following activities:

- a) Load and market research
- b) Implementation of DSM programmes
- c) Cost Effectiveness Assessment of DSM programmes
- d) Monitoring and Reporting of DSM Plans and programmes
- e) Eligibility criteria for DSM programmes
- f) Methodology for setting DSM targets and funding levels

- g) Database development framework
- h) Evaluation, measurement and verification (EM&V) of DSM programmes/Plan
- i) Design & development of DSM plans & programmes

6.2. These guidelines may be issued from time to time. The licensee may also file its proposal/suggestion on the above to the Commission within the time frame as given by the Commission.

6.3. However, issuance of such guidelines shall not be a pre-requisite for preparation and submission of the first DSM plan by the Distribution Licensee.

Chapter III: DSM CELL

7. Constitution of DSM Cell, its Roles & Responsibilities

7.1. The Distribution Licensee shall, constitute DSM Cell within one month of notification of these regulations, if it is not constituted before the notification.

7.2. The DSM Cell so constituted shall be provided with necessary authority and resources so as to execute the functions assigned to it under these Regulations.

7.3. The DSM Cell shall be responsible for:

- a) Load research and development of baseline data.
- b) Formulation of DSM Plan.
- c) Design and development of DSM projects including cost benefit analysis, plans for
- d) Implementation, monitoring & reporting and for measurement & verification.
- e) Seeking necessary approvals to DSM Plan and individual programmes.
- f) Implementation of DSM programmes.
- g) Any other additional function that may be assigned by the Commission from time to time.

Chapter IV: DSM Process

8. Load and market research and development of baseline data

- 8.1. Distribution Licensee shall undertake load research to identify the target consumer segment/s and end uses for DSM programmes to build the necessary database.
 - 8.2. Distribution Licensee shall undertake market research to estimate market potential for specific energy efficiency technologies and applications, establish key performance indicators, and determine existing baseline market conditions.
 - 8.3. On the basis of the results of load and market research, the Distribution Licensee shall develop baseline data for its area of supply.
 - 8.4. Distribution Licensee shall design, develop and implement the initial few DSM programmes on the basis of available data and studies completed by BEE till the complete baseline data is available for its area of supply and establishment of base line data shall not be a pre-requisite for design of such initial DSM programmes by the Distribution Licensees.
9. Formulation of DSM Plan
- 9.1. Distribution Licensee shall formulate and submit to the Commission a perspective DSM Plan covering period of the control period, within one year of notification of these regulations. The Plan shall include :
 - a) An overall goal for DSM Plan.
 - b) Description of DSM programmes to form a part of DSM Plan.
 - c) Implementation process and schedule of each programme in the plan as a whole.
 - d) Plan for Monitoring and Reporting.
 - e) Indicative cost effectiveness assessment of programmes.
 - f) Notwithstanding above, the first DSM Plan shall be prepared within one year of the date of these Regulations and shall be for the period till the end of ongoing MYT Control Period.
 - 9.2. The Distribution Licensee shall include all relevant DSM programmes (including multi-state programmes) developed by Bureau in its perspective plan as and when such programmes are announced by Bureau.
 - 9.3. The Distribution Licensee shall submit on rolling basis, an annual plan, not inconsistent with the perspective plan, for upcoming year, along with the Annual Tariff Petition. The Licensee may, to start with, propose a pilot project under DSM for evaluating the cost & benefit of the program in the State.

9.4. Selection and prioritisation of various DSM programmes in the DSM Plan shall be guided by the following factors:

- a) The Cost effectiveness guidelines issued by the Commission
- b) DSM Objectives identified in Regulation 3
- c) Whether the proposed programmes supplement National level efforts adopted by the Bureau
- d) Programmes with high visibility and therefore potential for creation of awareness within consumers

10. Commission review and approval of DSM plan

10.1. Distribution Licensee shall submit the DSM Plan to the Commission for approval at least six months before the start date of the next MYT period.

10.2. The Commission may adopt procedures as specified in its Regulations for according approval to the DSM Plan.

11. Preparation of DSM Programme Document

11.1. For each DSM programme included in the DSM Plan, a detailed description shall be provided in a separate Programme Document. The description shall include general information, technology, schedule for deployment, budget, cost effectiveness assessment, detailed implementation plan, estimation of savings, etc.

11.2. For each DSM programme cost benefit analysis shall be carried out as per guidelines issued by the Commission on Cost effectiveness from time to time.

12. Approval of DSM Programme Document

12.1. Prior to implementing any DSM programme, Distribution Licensee must obtain approval of the Commission.

12.2. Each Programme Document shall include the following:

- a) Description of the programme.
- b) Objectives and rationale for the programme.
- c) Consumer segments and estimated level of participation.
- d) Estimate of baseline.
- e) Assessment of programme in line with Cost Effectiveness Guidelines issued by the Commission.
- f) Mechanism for recovery of cost and performance incentives.
- g) Marketing, delivery strategy and Implementation schedule.
- h) Implementation mechanism e.g. Energy Service Companies, DSM Bidding, DSM Resource Acquisition, etc.
- i) Monitoring and evaluation plan.
- j) Plan for Training/Seminars/Workshops to increase consumer awareness.

12.3. The Commission shall approve a DSM program if it is in line with the Objectives set out in Section 3 of the Regulations. The Commission may direct modifications to proposed or ongoing programmes to ensure consistency with the DSM Objectives. However, the Commission shall allow Distribution Licensee adequate time to notify consumers of programme modification.

13. Implementation of DSM programmes

13.1. Distribution Licensee shall undertake implementation of DSM programmes in line with the guidelines issued by the Commission from time to time.

13.2. The implementation of the programme shall be undertaken in the manner as approved by the Commission.

13.3. Distribution Licensee shall undertake implementation of quick gain DSM programmes.

13.4. Distribution Licensee shall carry out implementation of activities assigned to it either by itself or through engagement of appropriate independent entity. While doing so, the Distribution Licensee shall ensure that continuity and consistency is maintained and interest of the consumers is not compromised.

14. Mechanism for Cost Recovery

14.1. Distribution Licensee shall identify the net incremental costs, if any, associated with planning, design and implementation of programmes

14.2. Distribution Licensee may propose methodology for recovery of net incremental costs either through tariff or any other mechanism.

14.3. In order to qualify for cost recovery, each program must be

- a) Approved prior to implementation.
- b) Implemented in accordance with the approved program plan in a transparent & cost effective manner
- c) Regular monitoring at licensee level.

14.4. Distribution Licensee shall provide all necessary assistance to the Commission, or third party assigned by the Commission in undertaking Evaluation Measurement and Verification of DSM programmes implemented by it.

14.5. The Commission may direct the Distribution Licensee to undertake DSM programmes that may not be cost effective but is highly beneficial to the society.

15. Monitoring and reporting of DSM Programmes

15.1. Distribution Licensee shall prepare plan and undertake monitoring and reporting of DSM programmes as per Guidelines on Monitoring and

Reporting issued by Commission from time to time or as approved by the Commission while approving the DSM programme.

16. Evaluation Measurement and Verification of DSM Programme

- 16.1. Distribution Licensee shall prepare plan for evaluation, measurement and verification of savings from DSM programmes as per Guidelines on Evaluation, Measurement and Verification issued by the Commission from time to time.
- 16.2. Third party Evaluation Measurement and Verification of DSM programmes may be undertaken by the Commission or third party assigned by Commission. While engaging the agency, the Commission shall ensure that the Agency is not undertaking any other engagement which could conflict with the interests of the consumers in the State.
- 16.3. Distribution Licensee shall make available necessary information/data to the Commission or third party assigned by the Commission to measure and verify the savings from DSM programmes.

Chapter V : DSM Plan and Programme Completion Report

17. Reports on progress of DSM Plan and expenses incurred on implementation of DSM Plan shall be submitted by the Distribution Licensee every twelve months.
18. The Distribution Licensee will prepare and submit a detailed Program Completion Report and submit the same to the Commission within three month of completion of such programme.
19. The Report shall cover the programme expenses, achievements, outcomes and outputs, constraints and difficulties faced, conclusions, recommendations, lessons learned and way forward.

Chapter VI : Incentives

20. The Commission may consider incentives to Distribution Licensee for achieving or exceeding DSM targets as identified in Section 3 of the Regulations.

Chapter VII : Miscellaneous

21. Power to remove difficulties
 - a) In case of any difficulty in giving effect to any of the provisions of these Regulations, the Commission may by General or special order, direct the Licensee to take suitable action not inconsistent with the provisions of

Electricity Act 2003 which appears to be necessary or expedient for the purpose of removing the difficulty.

- b) The Distribution Licensee may make an application to the Commission and seek suitable orders to remove any difficulty that may arise in implementation of these Regulations.

22. Issue of Orders and Directions

Subject to the provisions of the Act and these regulations, the Commission may, from time to time, issue orders and practice directions with regard to the implementation of these regulations and procedure to be followed for such implementation and matters incidental or ancillary thereto.

23. Saving of Inherent Powers of the Commission

Nothing contained in these Regulations shall limit or otherwise affect the inherent powers of the Commission to adopt a procedure, which is at variance with any of the provisions of these regulations, if the Commission, in view of the special circumstances of the matter or class of matters and for reasons to be recorded in writing, deems it necessary or expedient to depart from the procedure specified in these regulations.

24. Power to Amend

The Commission may from time to time add, vary, alter, suspend, modify, amend or repeal any provision of these regulations.

25. Interpretation

All issues arising in relation to interpretation of these regulations shall be determined by the Commission and the decision of the Commission on such issues shall be final.

Sd/-

(J.B. Poon)

Secretary

Meghalaya State Electricity Regulatory Commission

Shillong