Karnataka Storage Decision Brief

Banking, General Network Access and BESS economics under KERC's draft Regulations of June 2026

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Status of the draft at 5 October 2026. The draft proposed that the new Regulations come into force on 1 October 2026. No final notification had been located as at 5 October 2026, and the Commission's website could not be reached that day. Until a final notification issues, the draft has no force and the Open Access Regulations, 2025 continue to apply.

Every date in this brief that runs from commencement is therefore stated from commencement, not as a calendar date. When the Regulations are notified, read "commencement" as the date the final notification fixes.

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This is independent research. It is not legal advice, not investment advice, and not a recommendation to procure any battery, equipment or service. Regulatory treatment and project economics must be checked against the final notification and against project-specific documents.

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Sections 0 and 1 — The new Connectivity / GNA Regulations and the ending of banking

Position as at 5 October 2026

Before you read. This brief is based on the **draft** Karnataka Electricity Regulatory Commission (Connectivity and General Network Access to the Intra-State Transmission and State Distribution System) Regulations, 2026 — Notification No. KERC/F-32/V-27/2083 dated 4 June 2026, published in the Karnataka Gazette on 11 June 2026. **Regulation numbers and dates may change in the final notification.**

Every figure carries its source, clause and date. Where verification is outstanding, it is stated. This is not legal advice.

On two terms. In this brief, **"access right"** means the regulatory permission, under a sanctioned Connectivity or General Network Access ("GNA"), **to inject energy into the grid outside solar hours.** It does not mean the right to draw down banked energy — that is a separate question, and it is dealt with in Section 3.

Every operative conclusion carries a status: **Verified** (express in the Gazette or in a KERC order) · **Conditional** (dependent on project approvals, the GNA agreement or SLDC procedure) · **Interpretive** (drawn from the wording of the regulation; clarification required from the Commission or the SLDC) · **Reported** (a named account or secondary source, not a document) · **Unknown** (no public data available).

0 | The decision clock

When	What happens	Regulation
Commencement (proposed in the draft for 1 October 2026; not yet notified — see the status note above)	The Regulations commence. The Open Access Regulations, 2025 stand repealed from the date of notification.	1.2, 54.1
The three months from commencement	The only window in which existing solar entities may apply for additional capacity or for non-solar hour access	Provisos to 5.10(b), 5.20(b)
Within one week after those three months end	Every solar entity that has not applied is converted to solar hour access	5.10(b), 5.20(b)
Not announced	The SLDC begins settling banked energy slot by slot — on the practice reported at 3.3.1, not yet	Clause 12.e, Open Access Regulations, 2025
The renewal date of your WBA	Banking ends for holders of the older agreements	Proviso to 39.1
31 March 2030	Monthly banking closes for everyone	39.1

The first three rows are common to all and turn on three months. The fourth is the one date on the list that cannot be seen coming. The fifth turns on your own Wheeling and Banking Agreement — and for many it falls before the sixth.

The remainder of this brief explains those six rows, and what can be done about them.

1 | What happens to your non-solar hours

1.1 What changes

Under the present regime, the network access granted to a solar project runs for the whole day. The project does not inject at night because it has no energy at night — but it holds the right.

The new Regulations divide that right in two: **solar hour access** and **non-solar hour access**.

Regulations 5.10(b) and 5.20(b) provide that every solar-based Renewable Energy Generating Station ("REGS"), Renewable Hybrid Generating Station ("RHGS") with a solar component, or Renewable Power Park Developer ("RPPD") that has been intimated in-principle or final grant of Connectivity, or whose GNA is effective, **shall be converted into an entity with solar hour access** within one week after the expiry of three months from the date the Regulations take effect.

What remains after conversion:

- During solar hours — injection scheduling rights for the full quantum of Connectivity, as before
- During non-solar hours — injection limited to the capacity of the non-solar source

For a pure solar project, that second figure is nil.

1.2 What that means in practice

After conversion, your solar project cannot inject into the grid in the evening — even if it has the energy to inject.

This is not a question of tariff. It is a question of access. However attractive the price, without the right there is no transaction.

And it is distinct from the slot restriction on banking. That restriction is commercial; this one is physical. (Banking is dealt with in Section 3.)

1.3 To whom it applies

Applies	Does not apply
Solar REGS	Wind REGS
Solar-based RHGS	Standalone ESS ≥ 5 MW
Renewable Power Park Developers	

Under Regulation 4.4, a wind-based REGS or an Energy Storage System ("ESS") of 5 MW and above may elect between non-solar hour access (under Regulation 5.10) and full day access.

Regulation 4.4 does not extend that election to a pure solar project. Adding an ESS to the same project opens it.

Three things should nevertheless be kept apart:

	What it is
Eligibility	Regulation 4.4 confers eligibility to apply for non-solar hour access as an ESS
Technical capability	A battery can charge in solar hours and discharge in non-solar hours
Actual entitlement	Depends on sanctioned Connectivity, effective GNA, metering, scheduling and available network capacity

That the Regulations recognise ESS as a class does not mean that every solar project automatically obtains full day access. (Conditional)

1.4 The window

The provisos preserve a route of defence. Within the same three months — **the three months from the date the Regulations take effect** — an application may be made under Regulation 5.2 (adding capacity within existing Connectivity) or Regulation 5.10(a) (independent non-solar hour access), and in carrying out the conversion the Nodal Agency shall consider that application.

If no application is made, the conversion takes effect automatically.

The draft contains no provision for extension of that window.

1.5 An internal inconsistency — worth recording

Both provisos carry an exception: if the non-solar capacity that would be released exceeds a stated threshold, the conversion does not take place.

But in the two places the condition is written in **opposite directions**:

Clause	Condition
Proviso to 5.10(b)	No conversion if the capacity that can be made available for non-solar hours is **less than** 5 MW
Proviso to 5.20(b)	No conversion if that capacity is **more than** 5 MW

The same inconsistency appears between Regulations 4.5 (transmission) and 4.8 (distribution).

The intended logic appears to be this: **if no meaningful capacity is released for another entity, there is no purpose in withdrawing the full-day right from the original entity.** On that logic, both 4.5 and 5.20(b) have been written the wrong way round.

This is not a matter of opinion. Two clauses give contradictory answers on identical facts. It is to be expected that this will be corrected before the final notification — and **which version survives determines the position of projects at the margin.**

(The full six-clause map, and the third departure at 5.20(c), are set out in Section 5.)

1.6 This is not confined to Karnataka

The structure derives from the Central Electricity Regulatory Commission's Connectivity and General Network Access (Third Amendment) Regulations, 2025, which divided GNA for all renewable projects into solar and non-solar hours. The reason is on record: transmission capacity allotted to solar projects lies unused when solar is not available.

At State level, Karnataka is the first. Maharashtra's new renewable energy and energy storage policy (Government Resolution dated 18 March 2026) records the same possibility at Clause 6.5(C), but there the STU and MSLDC are directed to study it over twelve months.

Karnataka's conversion, three months after commencement, is therefore an early warning for projects in other States.

1.7 One limitation

This brief does not state how much capacity the conversion will affect.

The Regulations say "every" solar REGS / RHGS / RPPD — that is, not merely those holding open access or banking, but everyone holding Connectivity or GNA. That set includes projects contracted to the distribution licensees, and no consolidated list of them is publicly available.

In Section 3 we give a figure for the capacity that loses banking — 3,725 MW. That is not an estimate of all solar capacity in Karnataka, nor of all capacity affected by Regulations 5.10(b) / 5.20(b).

It is the measure of one identifiable subset within the available banking dataset — not the size of the market, but a verifiable floor. (Verified, but a subset)

1.8 Four distinct layers — to avoid confusion

Layer	The question it answers	The instrument
1. Connectivity / GNA	When may I inject into the grid?	Draft Regulations 2026 — the subject of Section 1
2. Banking	When may the injected energy be taken back, and at what cost?	Regulation 39 — the subject of Section 3
3. ToD tariff	What is that energy worth in rupees at that hour?	The Tariff Order — the subject of Section 3
4. ESS	The physical means of moving energy across time	Not a regulatory entitlement — an asset

The first three are regulatory layers. The fourth is technical. **Until the first is settled, discussion of the other three is idle** — without the right, neither the tariff nor the asset is of any use.

The order of this brief follows that sequence: entitlement first, then settlement, then price, then the asset.

Section 2 — The three structural routes

Position as at 5 October 2026

> **Based on the draft.** Every regulation number in this section is taken from the Commission's draft (Connectivity and GNA) Regulations, 2026 — Notification KERC/F-32/V-27/2083 dated 4 June 2026, published in the Karnataka Gazette on 11 June 2026 (Volume 161, Issue 112). The final notification, the commencement date and the STU / SLDC detailed procedures are all awaited. **None of these routes is an operative entitlement today.**
>
> Status marks used: Verified · Conditional (the provision exists, but is subject to contractual, technical or approval conditions at project level) · Interpretive (a conclusion drawn from the text) · Unknown

2.0 These are not recommendations

Section 1 showed that solar entities which have not applied within the three months from commencement will be converted automatically to solar hour access.

The draft contains three routes against that outcome. They are options, not remedies — each carries its own condition, its own cost and its own uncertainty. For each, the same three questions are asked below: when it works, when it does not, and what to check.

2.1 Route A — adding storage within existing Connectivity

Regulation 5.2 (transmission) and 5.12 (distribution)

What it provides. With the prior approval of the Nodal Agency, a generating station or an ESS may add generation capacity or an Energy Storage System within the quantum of Connectivity already granted to it — **including capacity owned by any other entity.**

Conditions: the existing Connectivity grantee remains responsible for compliance with the Grid Code and the other regulations, as "Lead Generator" or "Lead ESS"; and **net injection at any point of time must not exceed the total quantum of Connectivity granted.**

This text is carried across verbatim from the Forum of Regulators' model regulations. Verified — which also means it is not peculiar to Karnataka; it will appear in other States.

Why it matters. Because the regulation has settled the question of **whose capital is at risk.**

A solar developer without the funds for a battery can still preserve its non-solar hour rights — a third party's battery sits inside the developer's own Connectivity. No fresh application, no additional bay, no new line.

This opens the entire commercial structure of storage-as-a-service.

When it does not work.

- If the sanctioned quantum of Connectivity is already fully utilised, there is no headroom
- Prior approval of the Nodal Agency is required, and the draft prescribes **no time limit** for it (Unknown)
- Lead Generator responsibility stays with the solar developer whoever owns the battery — the regulatory consequences of a third party's error fall on the developer

What to check. Conn-BG3 is not one figure. It is two. The draft sets it differently for two distinct situations:

Situation	Conn-BG3	Regulation
Enhancement of capacity, augmentation **without** ATS	₹1 lakh per MW	8.2(b) transmission · 8.6(d) distribution
Enhancement of capacity, augmentation **with** ATS	**The full estimated cost of the ATS**	8.3(f) transmission · 8.7(f) distribution

The general proposition "Conn-BG3 = ₹1 lakh/MW" is therefore wrong. Where an Associated Transmission System is required, the figure is not proportionate to the size of the project — it is proportionate to the network works, and it can be very much larger. (Verified)

And how long that money is tied up: **Regulation 16.2 — Conn-BG2 and Conn-BG3 are returned in five equal parts over five years**, corresponding to capacity declared under commercial operation. Conn-BG1 is returned within thirty days of declaration of commercial operation of the full capacity (16.1).

Neither figure appears in most IRR models — the full cost of the ATS bank guarantee, and its being tied up for five years. On a 100 MW project this is working capital in crores.

Keep MW and MWh distinct. Regulation 5.5 (standalone ESS) and Regulation 5.3 (REGS with storage) both require the quantum of Connectivity to be applied for in **MW** — maximum injection or maximum drawal, whichever is higher. Not in MWh. Moving from a two-hour to a four- or six-hour duration therefore does not increase the quantum of Connectivity or its cost. (Verified)

2.2 The core of Route A — eight questions

The regulation says only that the battery may be owned by another entity. It does not say how that contract is to be built. **And that is where the transaction stalls.**

If the eight questions below are not answered, Regulation 5.2 remains merely a proposition that "capital is saved". If they are answered, it becomes a bankable structure.

#	Question	The document that must capture it
1	Who owns the ESS?	Asset ownership and security documents

#	Question	The document that must capture it
2	Who controls dispatch?	EMS / dispatch protocol and operating agreement
3	Who holds title to, and the attributes of, the charging energy?	Energy accounting, REC / attribute and settlement clauses
4	Who bears deviation / DSM risk?	Scheduling and indemnity clauses
5	Is Connectivity separate or shared?	Connectivity / GNA grant and interconnection agreement
6	Who pays for degradation and augmentation?	Long-term O&M, availability guarantee, lifecycle reserve
7	How does the solar developer obtain firm delivery?	Delivery clause of the tolling agreement / ESA / PPA
8	What step-in and security does the lender have?	Assignment, direct agreement, escrow, step-in

Question 4 is the one most often overlooked. The proviso to Regulation 5.2 is explicit: responsibility for Grid Code compliance rests with the existing Connectivity grantee — that is, with the solar developer. If the battery is scheduled badly, the deviation charges arise in the developer's name. Unless the contract passes that exposure back to the battery owner, the developer is carrying the risk of another party's asset for nothing.

And without Question 8 no lender will proceed. The battery belongs to someone else, the Connectivity belongs to you, and what the lender takes possession of on default must be written down — otherwise the structure stays on paper.

These are not points of legal advice; they are points of diligence. Each requires its own answer.

2.3 Route B — independent non-solar hour access

Regulation 5.10(a) (transmission) and 5.20(a) (distribution)

What it provides. A wind-based REGS (with or without storage) or an ESS may seek Connectivity with non-solar hour access, in one of two places: (i) through a separate dedicated line, or (ii) **at a terminal bay already allocated to another REGS or Renewable Power Park with solar hour access.**

(For transmission these are 5.10(a)(i) and (ii); for distribution the same provision appears at 5.20(a), where the sub-clauses are numbered (iii) and (iv) — a numbering error in the draft, not a difference of substance.)

Why it matters. Limb (ii) is being overlooked — and it is not an inference. The text of Regulation 5.10(a) describes the terminal bay in terms: "*which is already allocated to another REGS or Renewable Power Park, with solar hour access.*"

A solar project's evacuation infrastructure is used in the daytime and stands idle at night. **The draft permits, in express words, another entity to seek non-solar hour access at that same bay.**

The uncertainty is not in the text but in implementation — the commercial agreement, the Nodal Agency's approval, and available capacity. (Verified; implementation Conditional)

And a substantial saving — subject to a condition. Proviso to Regulation 8.2(a): where Connectivity is sought at a terminal bay constructed or being constructed by another Connectivity grantee, **Conn-BG2 is not required.**

But there is a condition: the bay must have been constructed by that other grantee **at his own cost**. The exemption does not apply to a bay built by the licensee. The corresponding provision for distribution is at 8.6(a).

In practice this condition is selective — it determines which bays are worth approaching. (Verified)

When it does not work.

- An agreement with the existing bay holder is required, and he may refuse
- Residual capacity must be available in the bay and in the line (Regulation 9.2)
- The Conn-BG2 exemption applies only to a bay built at the grantee's own cost

The 5 MW threshold is not a barrier — it determines the level. Regulation 5.10(a) applies at transmission for ≥ 5 MW, and Regulation 5.20(a) at distribution for < 5 MW. A smaller project is therefore not denied Route B; it moves to the distribution level — a different Nodal Agency, different fees, and the framework of Regulation 4.1(B).

The 5 MW inconsistency — the picture is larger than it appears. The draft uses the 5 MW threshold in six places. The direction is not consistent:

	Transmission	Distribution
Eligibility (4.5 / 4.8)	≥ 5 MW → full day	< 5 MW → full day
Conversion (5.10(b) / 5.20(b))	< 5 MW → full day	> 5 MW → full day
Fresh application (5.10(c) / 5.20(c))	≥ 5 MW → solar hour	< 5 MW → solar hour

On the transmission side, 5.10(b) and 5.10(c) are consistent with one another and consistent with the Forum of Regulators text — **4.5 alone runs the other way.** On the distribution side the position is exactly reversed: 4.8 matches the FoR text, and both 5.20(b) and 5.20(c) run against it.

The two chapters have thus become mirror images of each other, and within each chapter two clauses give contradictory answers for the same capacity band.

The FoR model uses "less than 5 MW" in all four parallel places, and is internally consistent throughout. The logic is plain: if no meaningful capacity is released for another entity, there is no purpose in withdrawing the full-day right from the original entity.

Accordingly: **there is a strong likelihood that these three departures in the Karnataka draft are unintended drafting errors.** The divergence in the text can be demonstrated beyond argument; the intention cannot. The Commission should clarify the position before the final notification.

The position of projects at the margin turns on which version survives.

2.4 Route C — change of source

Regulation 9.3

What it provides. An applicant that has been issued in-principle or final grant of Connectivity may, for the same quantum of Connectivity, change to another renewable energy source (with or without ESS), in part or in full. The Nodal Agency decides within thirty days (9.3.2).

Three hard conditions

1. **Once only, ever.** (9.3.4)

2. **Six months.** (9.3.1) Within six months of the in-principle grant, or six months prior to the effective date of GNA, whichever is later. The corresponding period in the FoR model regulations is **eighteen months.** The Commission has narrowed the window of defence to a third, and that is an independent choice made in the draft. (Verified)

3. **Availability.** (9.3.3) For an entity with solar hour access, change of source is permitted **only to the extent that non-solar hour access has not been granted to another entity.**

Which means. This is a route of defence, not a guaranteed right of exit. Condition 3 makes it dependent on timing: if another party has already taken the non-solar capacity at your bay, the route is closed. And condition 1 means it can be used once — so there is no sense in holding it in reserve as a last resort; it has to be used in time.

Read conditions 2 and 3 together: a six-month limit, and capacity that queues. This is the route that closes first.

2.5 Two routes out — and they are not the same

The draft leaves two separate doors, and which door is yours is determined by your role, not by your company. A single company may hold both.

The consumer — Regulation 24.1. One year's notice, together with a fee — ₹50 lakh for distribution licensees and ₹5 lakh for all others — which is adjusted against the relinquishment charges.

Use of GNA	Relinquishment charges
More than 5 years at InSTS level, or more than 2 years at distribution level	**3 months' GNA charges**
Less than that	Charges for the shortfall in duration, plus 3 months'

These are not the figures in the FoR model regulations. **The FoR model gives 32–33 months; the Commission has brought that burden down to 3 months.** That is an independent choice made in the draft, and it is worth recording. (Verified)

Limitation — Interpretive. The draft does not state whether "GNA usage" in Regulation 24.1 is measured at the date of notice or at the date the relinquishment takes effect. Because the notice period is a year, the difference is large: a distribution-level consumer six months in who gives notice today faces 21 months' charges on the first reading and 3 months' on the second. **The Commission should make the reference point explicit in the final notification.**

The developer — Regulation 23.1. Regulation 24.1 does not apply to generating stations. It applies only to the entities in Regulation 17.1 — distribution licensees, trading licensees, drawee entities and bulk or captive consumers, and standalone ESS drawing charging power. A solar project is not among them.

The developer relinquishes **Connectivity, not GNA** — and under Regulation 23.4 the corresponding GNA is reduced automatically.

Thirty days' notice, but a different price:

- **23.2** — Conn-BG1 is encashed; the amount paid towards the terminal bay is forfeited if the bay has been developed or its construction awarded; Conn-BG3 is encashed
- **23.3** — where an ATS is involved, Conn-BG2 is encashed to the extent of the ATS already awarded or developed
- On partial relinquishment, BG2 and BG3 are encashed proportionately

And Regulation 16.2 tells you how much that is: Conn-BG2 and BG3 are returned in five equal parts over five years. **A project exiting two years after commercial operation therefore still has roughly 60 per cent of Conn-BG2 on deposit — and it goes.** The amount of Conn-BG2 is the full estimated cost of the ATS.

What this means. A mature consumer can walk away. The developer is tied in.

For an open access consumer who has completed five years at InSTS level or two years at distribution level, the pressure of conversion is essentially commercial — the GNA can be relinquished for three months' charges. A consumer who has not yet crossed the threshold is not so free; he pays the charges for the remaining period and three months on top.

The solar developer's pressure is capital. His cost of exit equals the amount he has already sunk into the grid, and it falls with time, not with his decision.

The consumer's exit cost is determined by how long he has used the network; the developer's, by how much capital is locked in it.

All three routes in this section are therefore for the developer. The consumer has a fourth, and it is cheaper.

2.6 The three routes at a glance

Route	Regulation	For whom	Principal condition	Status
A — ESS within existing Connectivity	5.2 / 5.12	Those with unused headroom in their Connectivity	Nodal Agency approval; Lead Generator responsibility	Draft + Conditional
B — independent non-solar access	5.10(a) transmission ≥ 5 MW · 5.20(a) distribution < 5 MW	Wind REGS or ESS	Agreement with the bay holder; available capacity (9.2); Conn-BG2 exemption only for a bay built at own cost	Draft + Verified, implementation Conditional
C — change of source	9.3	Those still within the six-month period	Once only; residual non-solar capacity must remain	Draft + Conditional

2.7 And one thing common to all three

Eligibility is not entitlement.

All three regulations open a route to apply. The actual right to inject depends on sanctioned Connectivity, effective GNA, metering, scheduling, and available capacity on the network.

And all three carry the same price — **time.** Route A requires the Nodal Agency's approval, Route B another party's consent, Route C residual capacity. All three depend on things that queue.

The window is three months long, and it opens on commencement. And the draft contains no provision for extending it.

Section 3 — The slot trap in banking

Position as at 5 October 2026

> **Two documents, two statuses.** The regulation numbers in this section are from the draft. But the ToD slots, the tariffs and the DERS structure are from the Tariff Order presently in force — KERC, 27 March 2025, Annexure-2 and Chapter 6. That order is operative today.
>
> **And the banking regime in force does not depend on the draft.** Clause 12.e of the Open Access Regulations, 2025 (Gazette, 26 March 2025) already imposes the 8 per cent charge and the same slot asymmetry. The draft does not create that regime; it fixes a terminal date for it.
>
> **And a third question: what is applied in settlement.** A practitioner who works with the Karnataka SLDC and KPTCL reports that, today, banked energy is settled as one monthly quantity, without slot adjustment, and that the 8 per cent charge is not being deducted. That is an account, not a document; what the documents show is set out at 3.3.1. (Reported)

3.1 What Regulation 39 provides

Chapter 8 of the draft, Regulation 39, has five sub-clauses. It carries forward the provisions of the Open Access Regulations, 2025 almost verbatim, with two additions.

39.1 — Duration. Monthly banking is allowed up to **31 March 2030** from the effective date. The effective date is the date of grant of GNA or the signing of the Wheeling and Banking Agreement ("WBA"), whichever is earlier.

★ This is the draft's one substantive change, and it is easy to miss. Clause 12.e(i) of the Open Access Regulations, 2025 presently confers the entitlement for **five years from the effective date** — that is, separately for each WBA, on a rolling basis. The draft removes that rolling right and substitutes a single fixed date for all.

A party executing a WBA in 2027 may today assume a five-year entitlement. Under the draft it stops on 31 March 2030 regardless.

The residual entitlement therefore shortens with the date of the agreement — a 2027 agreement obtains three years, a 2029 agreement one. The cost of waiting is built into the draft itself. (Verified)

And the proviso is the least-read paragraph in this brief: Existing WBAs executed before 13 January 2023 in the case of short-term open access, and before 2 January 2023 in the case of long-term open access, **shall not be entitled to the banking facility from the date of renewal.**

For that cohort the cliff is therefore not 31 March 2030. It falls on their own renewal date. The quantum is at 3.6.

39.2 — Month-end lapse. Unutilised banked energy remaining at the end of the month shall not be carried forward to subsequent months. Renewable Energy Certificates ("RECs") may be obtained for that energy. (Regulation 43.2 makes separate provision to the same effect for excess injection.)

39.3 — The slot asymmetry. This is the heart of the trap.

Energy banked in	May be drawn in
Slot-1 and Slot-3	Slots 1, 2, 3 and 4 — all four
Slot-2 and Slot-4	**Slot-2 and Slot-4 only**

39.4 — Rate. 8 per cent of the banked energy, in kind — "or as determined by the Commission from time to time."

39.5 — Computation. Slot-wise and day-wise, summated at the end of the month, with a worked illustration.

All of the above is Verified — taken directly from the draft text as published in the Gazette.

3.1.1 And the worked example has lost its last step

The illustration at Regulation 39.5 is lifted verbatim from the Commission's own notification — Notification No. KERC-7-CON-2022-23/1276/1191 dated 10 January 2024, "Methodology of TOD Settlement Procedure in the State of Karnataka", Tables 1 and 2. The same three days, the same injection and drawal figures (totals of 1,315 and 1,295), and the same banked balance: 135 kWh × 8 per cent = 10.80 kWh.

But the original notification does not stop there. It goes on: where there is net drawal in peak at month end, it is first to be set off against the net energy banked in off-peak, and an additional 2 per cent is to be levied on the energy so set off. In the illustration that is 0.4 units on 20 kWh — a total of 11.2 kWh.

The draft stops at 10.80. The final step is absent — as it already is from the worked example at Clause 12.e(iv) of the Open Access Regulations, 2025.

That is what one would expect once the paid route from off-peak to peak had been closed (Section 6.1): the step that priced the crossing has nothing left to price. What the documents show is an example carried forward with its last operation removed. (The full treatment is at Section 5.2.) (Verified)

A minor point, worth recording: the table at 39.5 prints the multiplication as **135 × 0.08 = 10.08**, while the sentence that follows states **10.80 kWh**. The correct figure is 10.80.

3.1.2 ★ But ask one question first — which cohort are you in?

Karnataka does not operate a single banking regime. It operates two, in parallel.

	Legacy cohort	Current cohort
Who	Non-REC projects that applied between 1 April 2018 and the commencement of the GEOA Regulations, 2022	Subsequent WBAs and renewals
Period	Annual	Monthly
Charge	2 per cent of energy injected	8 per cent in kind
Month-end lapse	No	Yes (39.2)
Slot restriction	—	Yes (39.3)
Status	Subject to the outcome of Civil Appeal Nos. 9619–9637 of 2019 before the Hon'ble Supreme Court (6.6.3.6)	In force

Source: Open Access Regulations, 2025, Clause 6 and Clause 12.e. (Verified)

This has a direct commercial consequence: the entire model in this brief is built for the current cohort. A legacy-cohort consumer bears no 8 per cent deduction, no month-end lapse and no slot restriction. Applying the figures in this brief to such a consumer would be wrong.

The first question before procurement is therefore not "should we buy a battery". It is this:

What is the application date of your WBA, and which cohort does that place you in?

If the answer is not known, establish it first — the economics of the two cohorts are not comparable.

And the draft is silent here. Regulation 39 makes no mention of the legacy cohort. Whether the 8 per cent charge, the month-end lapse and the 31 March 2030 sunset apply to it is not stated. The proviso to 39.1 addresses only renewal.

There is a candidate answer in the national model. The Forum of Regulators' model State Connectivity and GNA Regulations of January 2026 contain, at Regulation 49.3, a savings clause that preserves existing open access agreements on their own terms and then, by proviso, makes the State's provisions on banking applicable to existing users as well. If Karnataka adopts that structure, the legacy cohort's agreements survive and their banking terms do not.

This is the largest transition gap in the draft, and it is a proper question for the Commission (Section 5.7). (Verified — no such provision appears in the draft)

3.2 The mechanical consequence

The ToD slots, verified from the Tariff Order dated 27 March 2025, Annexure-2:

Slot	Hours	Jul–Nov	Dec–Jun
Slot-1	06:00–09:00	0	+100 paise
Slot-2	09:00–18:00	0	0
Slot-3	18:00–22:00	0	+100 paise
Slot-4	22:00–06:00	0	−100 paise

A separate observation: the ToD differential is **nil across all slots from July to November.** For five months of the year there is no time-of-use incentive at all.

Now put the two together: **Solar generation falls wholly within Slot-2.** Under Regulation 39.3, energy banked in Slot-2 may be drawn only in Slot-2 or Slot-4.

Under the rule, banked solar energy cannot be drawn in Slot-3 — the evening peak, where the ToD premium is +100 paise.

Two further layers sit beneath this:

First — the asymmetry reproduces the peak / off-peak structure of the Commission's own orders. The table in the orders of 8 June 2023 and 10 January 2024 treats 06:00–10:00 and

18:00–22:00 as peak, and 10:00–18:00 and 22:00–06:00 as off-peak. Mapped onto the present slots, Slot-1 is peak, Slot-2 off-peak (solar), Slot-3 peak, Slot-4 off-peak. Regulation 39.3 therefore says: **what is banked in off-peak may be drawn only in off-peak.** That is verification, not inference.

Second — the restricted band has widened. In the same orders the morning peak ran 06:00–10:00, four hours; today Slot-1 runs 06:00–09:00, three hours. The daytime off-peak band has thus moved from eight hours to nine. More solar generation now falls within the restricted slot than before — and that tightening was effected by a second, independent instrument.

3.3 But the conclusion is not "there is no alternative to storage"

This is where most analyses go wrong, and it is where we were ourselves before running the model.

The closure of Slot-3 does not make banking worthless. Slot-4 remains open — and night-time load is real load.

HT-2(a), FY 2026-27, behind the meter. All figures in rupees per kWh of incremental solar:

Route	₹/kWh
Banking at 8 per cent, where the consumer has Slot-4 load	5.88
Physical storage (discharged into Slot-3)	4.24
Banking at 8 per cent, no Slot-2 / Slot-4 load	0 (Regulation 39.2 — lapse)
Banking at ₹3/kWh (Scenario B)	3.39

Basis. A twelve-month seasonal blend — five months July–November, seven months December–June — of the HT-2(a) energy charge of ₹6.60, with the ToD adjustment for the slot, plus the two per-unit components that a displaced unit also avoids: the pension and gratuity surcharge of 35 paise and the fuel adjustment of 2 paise (June 2026). Banking, Slot-4: (5 × 6.97 + 7 × 5.97) ÷ 12 = ₹6.39, less 8 per cent = ₹5.88. Storage, Slot-3: (5 × 6.97 + 7 × 7.97) ÷ 12 = ₹7.55, × 85 per cent round-trip efficiency = ₹6.42, less storage cost of ₹2.18 per kWh charged = ₹4.24. Both sides carry the same components. The fuel adjustment is set monthly and changes sign (−23 paise in July 2026); a single month's figure is not a settled annual value.

Under the rule, banking is closed to the evening peak — but for night-time load it is worth ₹1.64/kWh more than storage.

Report No. 2 of this series values a Karnataka banked unit at ₹6.41. That is the day slot, 09:00–18:00, in a single month. It answers a different question from the ₹5.88 night-load average here; neither replaces the other.

Storage prevails in four situations only:

- The consumer has no load in Slot-2 or Slot-4 — the banked energy lapses and banking is worth nil
- Demand-charge shaving is credited (₹350/kVA/month; but note the 90 per cent contract-demand floor)
- Scenario B is accepted — that is, if the banking charge moves from a charge in kind to a charge in rupees
- After renewal, or after 2030 — when no alternative remains

Three break-evens, and all three are distant:

What would have to change	Present	Break-even
Banking charge	8 per cent	33.6 per cent
Cost of storage, per kWh discharged	₹2.56/kWh	₹0.64/kWh
Slot-3 ToD adder	₹1.00/kWh	₹4.29/kWh

And this defence matters: the cost of storage is computed on the **lowest rate traced for 2025** — APTRANSCO, December 2025, ₹1.48 lakh per MW per month. Both IEEFA and JMK have recorded that this sits below commercially viable levels, and have questioned roughly 75 per cent of the two-hour allocation on that basis. At a benchmark of ₹2.3 lakh the gap widens from ₹1.64 to

₹2.84.

On the most storage-favourable assumption available, storage still loses.

This does not weaken the brief; it makes it credible. Everyone who says "buy storage" is selling something. The analyst is the one who says "not today — but here is your date."

3.3.1 What is applied in settlement today

Everything above describes the regulation. Whether the regulation is applied in settlement is a separate question.

What has been reported. Mr Lingesh H K, who works with the Karnataka SLDC and KPTCL, wrote on 21 and 22 September 2026, and has agreed to be named. In substance:

> Banked energy is settled monthly, without slot adjustment — a monthly bucket. The regulation's slot rule is not being applied.
>
> The 8 per cent banking charge is not being deducted. Unused energy lapses at month end.
>
> This has been the practice since before the Open Access Regulations, 2025, and it applies to captive and third-party consumers alike.
>
> It is practice only; there is no letter or circular. Slot-wise settlement awaits a software update, and there is no date for it.

Paraphrased from his messages. Status: Reported — a named practitioner's account, not a document.

What the documents show. They support part of it.

Point	What the record shows	Status
Monthly bucket, no slot adjustment	The Commission's standard Wheeling and Banking Agreement format for renewable projects (31 March 2023) defines the banking cycle as one calendar month and computes banked energy as a single monthly figure, cl. 6.2.2. Slots, ToD and peak do not appear anywhere in the format.	Reported, and consistent with the standard agreement
No 8 per cent deduction	The same format deducts "banking charges in kind" in that formula, and allows banking "on payment of applicable charges", cl. 6.2.1. It does not support this point. The charge actually applied may differ by cohort.	Reported only
Month-end lapse	Clause 12.e of the Open Access Regulations, 2025 and cl. 5.7 of the format.	Consistent with both
No circular, no date	No KERC order, ESCOM or SLDC circular, or published procedure was found that says either way, in searches of 22–24 September 2026. The SLDC website lists no banking or ToD settlement procedure.	Not found

For contrast: one Tamil Nadu consumer's published HT bills of January 2023 show captive wind energy adjusted slot by slot. The rule can be operated in settlement; Karnataka, on this account, has not yet done so.

What it means for this section. Read "in force today" in this section as "in force in the regulation". On the reported practice, banked solar energy currently reaches Slot-3, where on the same basis as the table above it is worth about ₹6.95 per kWh with the 8 per cent charge (₹7.55 without it), against ₹4.24 for storage. And without the 8 per cent charge, the night-load figure is ₹6.39 rather than ₹5.88. These are sensitivities, not restatements: the brief's figures remain on the regulation's terms, because the "no 8 per cent" point rests on a single account and the standard agreement points the other way.

And it adds a date. For the two-shift consumer, the storage date is the day the SLDC begins settling banked energy slot by slot. It needs no new regulation, the rule already being in force, and no notice period is known. It is the one date in Section 0 that cannot be seen coming.

What would settle it. A redacted monthly banking or energy-accounting statement of any Karnataka open access or captive consumer: one monthly figure means a monthly bucket; four slots carried separately mean slot-wise settlement, and the line for banking charges answers the 8 per cent. Readers who hold one are asked to send it, redacted, to research@dsnikam.in. It will not be reproduced.

3.4 ★ The central finding — they are not competitors

After six iterations of the model, one conclusion did not change across the last three:

Banking and storage are not alternatives to one another. They are two stages in the same queue.

Banking yields more value per kWh, so fill it first. Whatever the consumer's Slot-2 / Slot-4 load can absorb goes through banking; the remainder goes to storage; and what is left after that lapses.

$$V = \min(u_b, 1) \times ₹5.88 + \min(u_3, 1 - u_b) \times ₹4.24$$

u_b = proportion of incremental solar absorbed in Slot-2 / Slot-4 · u_3 = proportion that can be used in Slot-3

The sizing assumption can reverse the conclusion. Show both:

Assumption	Formula	Result
A. As required (default)	$\min(u_3, 1-u_b) \times ₹4.24$	Residual always positive
B. Firm contract — battery contracted in advance	$\min(u_3, 1-u_b) \times ₹6.42 - ₹2.18$	Negative below $u_3 < 33.9$ per cent

The second is the more realistic: a battery is taken on an annual contract, not on monthly requirement. **For a low-utilisation consumer, storage therefore destroys value rather than merely adding little.**

The customer map. The value of banking turns on the consumer's shift pattern, and on nothing else:

Shift pattern	Slot-3 load	Slot-4 load	Outcome
Three shifts	Yes	Yes	Banking — both slots absorb
Two shifts	Yes	No	**Storage — once slot-wise settlement begins (3.3.1). This is the real customer**
Single shift	No	No	Neither
Day plus night	No	Yes	Banking

The opening question is one line: how many shifts do you run?

Do not ask for utilisation. Ask for the shift pattern. It is obtained in a single sentence, and it identifies the likely case.

It does not settle it. Twelve months of 15-minute interval data determines the final answer — and that data is held only by the consumer.

Assumptions — stated. Round-trip efficiency 85 per cent · 2-hour duration · 1 cycle/day · 95 per cent availability · demand-charge savings taken as nil · BESS at ₹1.48 lakh/MW/month · HT-2(a) FY 2026-27 energy charge ₹6.60/kWh, pension and gratuity surcharge 35 paise, fuel adjustment 2 paise (June 2026), demand charge ₹350/kVA · IEX taken as nil (Regulation 5.9(x)(a) closes the contract-free merchant route in Karnataka).

3.5 DERS — a further layer, and it reverses the conclusion

Clause 6.14 of the Tariff Order and Note 10 to the HT conditions: under DERS, consumption above the base level is charged a **flat ₹5**, and ToD does not apply to it. After 31 March 2026 an open access consumer may also opt for DERS. Neither the fuel adjustment (corrigendum of 26 May 2025) nor the pension and gratuity surcharge (amending order of 27 March 2025) is recovered on that block.

For such a consumer the evening premium does not exist at all:

	₹/kWh
Banking	4.60
Storage	2.07

The gap widens from ₹1.64 to ₹2.53.

And there is a commercial consequence worth stating plainly: **DERS eligibility turns on consumption above a base level — so the consumers who qualify are, by construction, high-consumption industrial consumers. On this model, that same qualification weakens the case for storage rather than strengthening it.**

DERS status should therefore be established before any storage economics are run for a consumer. (Verified — Clause 6.14 and Note 10; the inference about who qualifies follows from the clause itself, not from any market observation)

3.6 The renewal cliff — now quantified

The proviso to Regulation 39.1 creates a separate, private cliff ahead of 31 March 2030. Its size has not previously been measured.

Source: **the Karnataka SLDC Wheeling and Banking list, dated 9 July 2024** — 556 entries / 4,924.08 MW, reconciled exactly against the Abstract sheet of that file.

	Agreements	MW
Legacy cohort (executed before 13.01.2023 / 02.01.2023)	358	3,725
GEOA cohort (monthly, 8 per cent)	198	1,199

The legacy cohort is 76 per cent of the W&B fleet. And within it, the distribution of maturities:

When	Agreements	MW
Peak — FY 2027-28	61	1,024
Between now and 31 March 2030	151	1,948
After 31 March 2030	159	1,275

And after 31 March 2030 not a single agreement in the legacy cohort retains banking — those that escape the proviso are caught by the principal date in 39.1.

There are therefore two cliffs, not one. The first has already begun and peaks in FY 2027-28. The second takes everyone remaining on 31 March 2030.

Limitations — stated

- We do not claim that the Old flag in the SLDC file and the cohort under the proviso to 39.1 are exactly the same set. Both rest on the same two dates, but the match has not been verified agreement by agreement
- The denominator is the W&B fleet, not the State's renewable capacity
- The file is 27 months old as at October 2026; renewals, terminations and transfers will have occurred since
- For any named project, the WBA, its amendments and the SLDC's current position must be verified separately

(Verified, but a snapshot)

3.7 And one group is caught from both sides

Grid constraints in the RTPS belt and the banking cliff are two separate problems — but they fall on the same map.

Taking the SLDC's own curtailment notices (7–8 September 2019 · 16 May 2021 · 17 June 2021 · 20 June 2021 · 25 August 2024) together with the W&B list:

In the RTPS belt there are 59 projects / 933.9 MW that lose banking before 31 March 2030.

For context: the belt contains 157 projects / 1,920.6 MW in total, of which the legacy cohort is 123 projects / 1,676.2 MW.

These carry pressure from both directions — the place where energy is curtailed, and the date on which banking ends. **The first genuine demand for storage in Karnataka will come from here.**

Limitation: the notice of 25 August 2024 arose from ICT overload at RTPS and named specific 220 kV substations, which is a locational indicator. But the SLDC notices carry no MW or MU figures — only percentages and durations. This group can therefore be identified but not quantified. (Conditional)

3.8 Conclusion to Section 3

1. **In the regulation, the slot asymmetry extinguishes the evening value of banking.** And that is not by reason of the draft — the rule is in Clause 12.e of the Open Access Regulations, 2025 (Gazette, 26 March 2025), and draft Regulation 39.3 carries the same structure forward. The conclusion therefore survives even if the draft does not. On the practice reported at 3.3.1, the rule is not yet applied in settlement.

2. **But banking is not dead, and for a consumer with night-time load it remains cheaper than storage.** The recommendation today is not "buy storage".

3. That changes on one of four dates: the day the SLDC begins slot-wise settlement (none announced), the renewal of your WBA (for 358 agreements / 3,725 MW), 31 March 2030 (for everyone else), or if the Commission moves the 8 per cent charge from a charge in kind to a charge in rupees — which Regulation 39.4 permits.

4. **The consumer running two shifts, without Slot-4 load, and not on DERS — that consumer becomes a buyer of storage on the day slot-wise settlement begins.** On the reported practice, that day has not yet come. For the rest, the date has not yet arrived either.

The advice of this brief is therefore a single line: find your date, and decide eighteen months before it — because all three defensive routes in Section 2 depend on things that queue. For the one date that will not be announced in advance, the decision cannot wait for it.

Section 4 — The cost of access

Position as at 5 October 2026

> **Based on the draft.** All regulation numbers are from the Commission's draft (Connectivity and GNA) Regulations, 2026 — Notification KERC/F-32/V-27/2083 dated 4 June 2026, Gazette 11 June 2026. Where a figure comes from the Tariff Order or another order instead, that is stated.
>
> The structure of the bank guarantees, their release under Regulation 16.2, and the cost of exit are set out in Section 2 and are not repeated here.

4.0 Three distinct costs — do not aggregate them

	What it is	When it arises
Entry	Application fees, bank guarantees, cost of the terminal bay	Once, at the outset
Running	The charge stack at 36.3, the monthly charges, the security deposit	Every month, permanently
Patching	T-GNA — temporary access	When the entitlement does not suffice

The third is the least understood, and it contains the largest trap. Half of this section is devoted to it.

4.1 Entry cost

Application fees

For what	Level	Fee	Regulation
Connectivity	Transmission — RE, with or without ESS	₹1.0 lakh	3.2
Connectivity	Transmission — non-RE	₹3.0 lakh	3.2
Connectivity	Distribution	₹0.5 lakh	3.2
GNA	Transmission — distribution licensee	₹1.0 lakh	3.3
GNA	Transmission — all others	₹0.5 lakh	3.3
GNA	Distribution	₹0.10 lakh	3.3
T-GNA	Any	₹5,000 per application, non-refundable	27.2

All amounts exclusive of applicable taxes.

The T-GNA fee of ₹5,000 is per application — not per MW and not per month. That structure becomes material at 4.4.

The forfeiture ladder — do not confuse it with the bank guarantees. This concerns the application fee, and it is entirely distinct from the encashment of bank guarantees dealt with at 2.5. It escalates in steps:

When	What is lost	Regulation
Minor deficiency not rectified within 5 working days	20 per cent (balance 80 per cent refunded within 15 days)	3.5
Deficiency outside the published list	Application treated as incomplete — rejected, fee returned excluding taxes	3.5
Withdrawal before in-principle grant	50 per cent	3.7
Withdrawal after in-principle grant	**100 per cent**	3.7
T-GNA application rejected	100 per cent (excluding GST)	27.8

And three further doors close after that:

- **8.2(c) / 8.6(b)** — if Conn-BG1, the cost of the terminal bay and Conn-BG3 are not furnished within one month of intimation of in-principle grant, the application is closed and the fee forfeited
- **8.3(e)** — if Conn-BG2 is not furnished within one month, the application is closed, Conn-BG1 is encashed, and the fee forfeited
- **10.5** — failure to sign the Connectivity Agreement attracts an extension of not more than thirty days, after which the final grant itself is revoked

And the door that opens on the LOA is different. The provisos to 8.2(a) and 8.3(d): once the transmission licensee has issued the Letter of Award for the terminal bay or the ATS, withdrawal

results in forfeiture of the amount paid — not a bank guarantee, but money actually paid over.

Withdrawal therefore becomes expensive on the date of the LOA, not on the date of commercial operation. That date is not in the developer's hands. (Verified)

4.2 Running cost

Regulation 36.3 lists the GNA charges — payable both for reserving and for using the network:

Component	Figure today
(a) Transmission charges	Per the Tariff Order of 27 March 2025
(b) Wheeling charges	29 paise/kWh (BESCOM), Tariff Order
(c) Cross-subsidy surcharge	186 paise/kWh, Tariff Order
(d) Additional surcharge	**40 paise/kWh** — KERC order in OP No. 29 of 2025, 17 February 2026; prospective from March 2026; not levied on energy drawn for captive consumption; interim, pending the next annual determination
(e) Banking charges in kind	8 per cent — Section 3
(f) Standby charges	125 per cent of the normal energy charge (40.1)
(g) Losses in kind	Per the Tariff Order (41.1)
(h) Other fees and charges	Below

(a) is payable to the transmission licensee; (b) to (f) to the distribution licensee — the Note to Regulation 36.3.

The additional surcharge arrived by order, not by regulation. The Tariff Order of March 2025 had recorded that none would be levied until BESCOM petitioned and the Commission ordered (Clause 6.13.6). BESCOM petitioned in August 2025 asking for 58 paise; the Commission recomputed the stranded charges and approved 40 paise, refused a retrospective levy, and directed BESCOM to file for the following year. The 40 paise is therefore the latest order-based figure, not a settled annual one. (Verified — order in OP No. 29 of 2025)

Two small but permanent charges. Regulation 42: monthly transaction charges of ₹3,000 per month, and meter reading charges of ₹1,000 per month.

And Regulation 42(v) contains a concession that is routinely missed: **where AMR meters with remote reading are installed and data is transferred automatically to the SLDC or the distribution licensee, no meter reading charges are collected.** ₹12,000 a year — a small sum, but it goes some way to supporting the case for AMR capex.

Standby — one day's notice is free. The proviso to Regulation 40.1: where standby is required on account of an outage of the generator, and notice is given to the distribution licensee before the close of the Day Ahead Market on D–1, the 125 per cent charge does not apply.

This is a provision to build into the O&M schedule. Planned outages are known in advance. (Verified)

Security deposit — and it is not a bank guarantee. Regulation 47.1: an applicant for GNA shall furnish, as security deposit, an amount equal to **two months' estimated GNA charges** — in cash or by demand draft.

The distinction matters. A bank guarantee is a line; this is cash. It comes straight off the balance sheet.

And it revolves: 47.2 — proportionate forfeiture on non-payment; 47.3 — replenishment within 15 days; 47.4 — cancellation of GNA on failure to maintain it.

The consequences of default are severe: under 46.1, GNA or Connectivity may be discontinued after fifteen days' notice, and the SLDC may refuse to schedule and direct disconnection. The third proviso to 36.3 goes further — once GNA is cancelled, a fresh application must be made, after clearing the dues.

4.3 The multiplier trap in T-GNA

Now the cost of patching. And here the draft sets a trap that is not visible on a first reading.

Regulation 31.3: after the first three T-GNA transactions in a financial year, a multiplier attaches to the transmission and wheeling charges —

Transaction	Multiplier
4th	1.25×
5th	1.5×
6th	2.0×
Every one thereafter	2×

And the operative words in the clause are these: **"irrespective of period of T-GNA sought."**

The multiplier attaches to the number of transactions, not to their duration.

Which means: a party doing daily or weekly arbitrage — taking T-GNA whenever the market price moves — reaches double charges within the first week of the financial year. From the fourth transaction onward he pays a penalty on every one.

Merchant-style short-duration BESS arbitrage is therefore discouraged in Karnataka by the regulation itself. The LOA/PPA requirement at Regulation 5.9(x)(a) was the first door; 31.3 is the second. (Verified)

4.4 The eleven-month structure — the most valuable finding in these Regulations

Regulation 27.1 is a single sentence, and it neutralises 31.3:

> "T-GNA may be applied for any period from 1 (one) time block and up to eleven (11) months."

One time block to eleven months. And the multiplier at 31.3 attaches to number, not duration. Therefore:

Method	Transactions	Multiplier
Taking T-GNA daily	Over 200	2×, from the fourth
A single eleven-month T-GNA	**1**	**None**

Take access for eleven months in one application. One transaction, a ₹5,000 fee, no multiplier — and power may be scheduled every day within that period.

The remedy is present in the FoR model regulations themselves, so it will appear in other States. But it is not written down in any published analysis. (Verified)

Limitation — Interpretive. Regulation 2.1 of the draft contains **no definition of "transaction"** — it defines only "Bilateral Transaction", which is a different thing. Whether "three transactions" means three grants of T-GNA or three scheduled trades cannot be settled from the definitions.

The text inclines to the first reading: the opening words of 31.3 are "*instead of resorting to avail T-GNA repeatedly*" — the penalty is directed at repeated availing; and the parenthesis "irrespective of period" appears to have been inserted precisely so that a long T-GNA cannot be counted as several. But that is a reading, not a definition.

The decisive document is the one required by Regulation 49.2 — the detailed procedure for T-GNA, to be issued by the SLDC within three months of notification. Whether the eleven-month structure works will be settled there.

And a second question sits beside it: the penalty in 31.3 is directed in terms at a **"GNA Grantee"**. Whether an entity with solar hour access seeking T-GNA for injection under Regulation 25.1(c) falls within that description is not stated in the draft.

But read two conditions.

1. **Getting out costs a month.** Regulation 31.2 — an advance T-GNA for more than one month may be reduced for the balance period on one month's prior notice, and the T-GNA charges for that notice month remain payable.

2. **A short T-GNA cannot be revised at all.** Regulation 31.1 — an exigency T-GNA, and an advance T-GNA for up to one month, cannot be revised. And under any T-GNA, no revision of schedule is permitted within eight time blocks.

The eleven-month structure is therefore cheap but not flexible. It is a decision to be taken at the start of the year, not in the middle of it.

4.5 But do not treat T-GNA as firm

Giving T-GNA the same standing as GNA in an IRR model would be the most common error available. **The draft says in four separate places that it is subordinate:**

Regulation	What it provides
28.1	T-GNA is granted only within the Available Transfer Capability — and that, after accounting for the GNA of GNA grantees
28.2	GNA grantees have priority over T-GNA grantees
33.2 / 33.3	The day-ahead schedule for GNA is finalised first; T-GNA takes the balance corridor, and where that is insufficient, pro rata
35.1(a)	**In curtailment, transactions under T-GNA are curtailed first**, followed by transactions under GNA

And the structure for refusal is strict — **29.2**: where the full quantum and full period sought cannot be granted, the application is rejected, unless the applicant has consented in the application itself to a part grant.

Accordingly: **apply an availability factor to any revenue attributed to T-GNA.** What that factor should be cannot be stated today — there is no public historical data on ATC. (Unknown)

This will change once SOAR is operational — under Regulation 26.1(v) that dashboard is to display corridor availability, pending applications, and T-GNA granted and rejected. **Today no one holds that figure.**

One small concession, and it is free: the second proviso to Regulation 21.3(a) — where GNA is yet to become effective, the entity may schedule power up to the quantum of Connectivity, treated as deemed T-GNA, and **shall not be required to pay T-GNA charges.** For the interval between commercial operation and the effective date of GNA, that is a direct cash saving.

4.6 Regulation 25.1(c) — where to sell once the storage date arrives

Section 3 ended with an instruction: find your date. This is the provision that operates after it.

Regulation 25.1(c):

- An entity with solar hour access may seek T-GNA for injection during non-solar hours — **subject to availability**
- An entity with non-solar hour access may seek T-GNA during solar hours — on the same terms
- Condition: the total schedule must remain within the quantum of Connectivity

(The corresponding provision for distribution appears in limb B of Regulation 25.1, by reference to Regulation 5.20.)

This is the only lawful route by which a solar-plus-storage project may sell into the evening after conversion.

Section 1 showed that after conversion a solar entity cannot inject during non-solar hours. Regulation 25.1(c) opens that door again — but not as an entitlement.

And this is where 4.3 to 4.5 come together:

- The access is a concession — "subject to availability"
- It is T-GNA, and therefore behind GNA under 28.2, and the first to be curtailed under 35.1(a)
- Sought repeatedly, it attracts the multiplier at 31.3 — which makes the eleven-month structure at 27.1 necessary rather than merely useful

Evening sales from a solar-plus-storage project are therefore a matter of annual planning, not of daily trading.

And they rest on a corridor that is available only to the extent GNA grantees have left it. **This line cannot be entered as contracted revenue in a lender's model.** (Conditional)

4.7 At a glance

Cost	Amount	Regulation	Note
Connectivity application (transmission, RE)	₹1.0 lakh	3.2	
GNA application (transmission, others)	₹0.5 lakh	3.3	
T-GNA application	₹5,000	27.2	Per application — this is where 4.4 comes from
Application-fee forfeiture	20 / 50 / 100 per cent	3.5, 3.7	Distinct from encashment of bank guarantees
Withdrawal after LOA	Full amount paid	8.2(a), 8.3(d)	The date is not in the developer's hands
Wheeling	29 paise/kWh	Tariff Order	BESCOM
Cross-subsidy surcharge	186 paise/kWh	Tariff Order	
Additional surcharge	40 paise/kWh	OP No. 29 of 2025	Interim; not on captive consumption
Banking (in kind)	8 per cent	39.4	Section 3; on settlement practice see 3.3.1
Standby	125 per cent	40.1	Nil if notice is given a day ahead
Monthly transaction	₹3,000/month	42(iv)	
Meter reading	₹1,000/month	42(v)	Nil with AMR
Security deposit	2 months' GNA charges	47.1	Cash / DD — not a bank guarantee
T-GNA multiplier	1.25× → 2×	31.3	From the fourth transaction

4.8 Conclusion to Section 4

1. **The small fees do not matter. The structure does.** ₹1 lakh or ₹5,000 are rounding on any project. But the multiplier at 31.3 and the cash at 47.1 show up on the balance sheet.

2. **Two things are outside the developer's control** — the date of the LOA (8.2(a), 8.3(d)) and the availability of ATC (28.1). Both enter the model as assumptions, and there is no public historical data for either.

3. **One sentence may save a substantial sum annually.** Regulation 27.1 — a single eleven-month T-GNA, one transaction, no multiplier. It is written in the Regulations and nobody is using it — on the reading that one grant is one transaction. But with "transaction" undefined, the final answer lies in the procedure under Regulation 49.2 — and that procedure is worth making representations on.

4. **And Regulation 25.1(c) answers the question left by Section 3 — but answers it incompletely.** Once the storage date arrives, power can be sold into the evening through T-GNA. But it is a concession and not an entitlement; it is the first to be curtailed; and it must be arranged at the start of the year.

In one line: the cost of entry for storage in Karnataka is not large. Its uncertainty is — and the data needed to measure that uncertainty will not exist until SOAR is running.

Section 5 — Inconsistencies in the draft

Position as at 5 October 2026

> **The claim made in this section is deliberately narrow.** A divergence in the text can be demonstrated. An intention cannot. In each case below the words of both documents are set side by side; the conclusion is the reader's.

5.0 Two different things — do not run them together

	What it is	Status
An error	The draft contradicts itself — two clauses give different answers on identical facts	Demonstrable
A departure	The draft diverges from the Forum of Regulators model, but remains internally consistent	Demonstrable

The first the Commission will have to correct. The second is within its powers — a State Commission is not bound to adopt the FoR model as it stands. But the direction of a departure is worth recording. Both appear below, and they are kept apart.

5.1 The 5 MW mirror — the draft at odds with itself

The draft uses the 5 MW threshold in six places: in two chapters, three clauses each.

	Transmission	Distribution
Eligibility	4.5 — ≥ 5 MW → full day	4.8 — < 5 MW → full day
Conversion	5.10(b) — < 5 MW → full day	5.20(b) — > 5 MW → full day
Fresh application	5.10(c) — ≥ 5 MW → solar hour	5.20(c) — < 5 MW → solar hour

(In every instance the threshold attaches to the same thing: whether enough capacity is released for non-solar hours to be made available to another entity.)

The same error in both chapters, running in opposite directions.

Transmission: 5.10(b) and 5.10(c) are wholly consistent with one another — less than 5 MW released → remain full day; 5 MW or more released → become solar hour. But 4.5 says precisely the opposite.

A transmission project releasing 5 MW or more is therefore given full day access by 4.5 and solar hour access by 5.10(c). The same project, the same facts, two clauses, two answers.

Distribution: exactly reversed. 5.20(b) and 5.20(c) are consistent with one another — but both run counter to the FoR direction, and 4.8 runs counter to them.

What the FoR model says. The FoR model regulations use "less than 5 MW" in all four parallel places, and are internally consistent throughout. The logic is plain: if no meaningful capacity is released for another entity, there is no purpose whatever in withdrawing the full-day right from the original entity — because the withdrawal benefits no one.

What can and cannot be drawn from this. What can: the three transmission clauses and the three distribution clauses are mirror images of one another. Three clauses depart from the FoR text — 4.5, 5.20(b) and 5.20(c) — and in each case the effect of the departure is the same: an internal contradiction within that chapter. What cannot: whether this is deliberate policy or a drafting error. No such claim is made in this brief.

One observation is nevertheless worth recording: **a deliberate change of policy does not contradict its own chapter.** When policy is changed, all three clauses are changed together.

(Verified — as to the divergence in the text; intention Unknown)

Who is affected. Those whose bay releases non-solar capacity in the region of 5 MW. Such a transmission project, reading 4.5, will assume a full-day right; the Nodal Agency, reading 5.10(c), will grant it solar hour access. **That dispute will surface not at the application stage but at the grant stage — that is, after the bank guarantees have been furnished.**

5.2 The 2 per cent step — what the illustration shows

Where the draft's illustration came from. Regulation 39.5 of the draft contains a worked illustration of the banking computation — a thirty-day table, four slots, charges computed daily. That illustration is lifted verbatim from the Commission's own notification:

> Notification No. KERC-7-CON-2022-23/1276/1191 dated 10 January 2024, "Methodology of TOD Settlement Procedure in the State of Karnataka" — Tables 1 and 2

The same three days. The same injection and drawal figures. The same totals — injection 1,315 / drawal 1,295. And the same final banked quantum: 135 kWh.

But the original notification does not stop there.

	Original notification (10.01.2024)	Draft (39.5)
Banking charge at 8 per cent	135 × 0.08 = 10.80 kWh	135 × 0.08 = 10.80 kWh
Net peak drawal set off against net off-peak banked energy	Present	**Absent**
Additional 2 per cent on the energy so set off	20 × 0.02 = 0.40 kWh	**Absent**
Total	**11.20 kWh**	**10.80 kWh**

The draft stops one step short — and so does the worked example at Clause 12.e(iv) of the Open Access Regulations, 2025, which the draft carries forward.

What the removal does, and does not, mean. The step that has gone was the price of drawing off-peak-banked energy in peak. Since the Open Access Regulations, 2025 (Clause 12.e(ii)), and in draft Regulation 39.3, off-peak-banked energy may not be drawn in peak at all. With the crossing closed, the step that priced it has nothing left to price. The removal therefore lightens nothing for the consumer; it is the imprint, in the worked example, of the prohibition traced at Section 6.1.

This is established by placing primary documents side by side. No secondary source is required. The signed originals are in hand: the KERC order dated 8 June 2023 (the ToD principle) and the notification dated 10 January 2024 (the method of computation). (Verified)

What remains open. The 10 January 2024 notification still contains the step. Whether that notification continues to operate alongside the Regulations — and so whether two different worked examples are in force at once — is not stated in either instrument. That is a question for the Commission (5.7, question 2).

5.3 Three departures that appear deliberate

These are not inconsistencies. The draft is internally consistent here; it simply differs from the FoR model. And it differs in a way worth noticing.

#	Subject	FoR model	KERC draft	Direction
1	Window for change of source (9.3.1)	18 months	**6 months**	Window narrowed to a third
2	Burden of relinquishing GNA (24.1)	32–33 months' charges	**3 months'**	Burden reduced roughly tenfold
3	Secondary use of GNA (22.1)	To other GNA grantees	**Only within the "same group company"**	Market closed

The direction is not uniform, and that is the point: #1 and #3 tighten the entry side — less time to defend, and no facility to lend the entitlement to another; #2 loosens the exit side — a consumer can leave for three months' charges.

The draft therefore makes it harder to come in and to stay in, but easier to leave.

#3 has a separate consequence: had 22.1 been left open, a market would have formed in unused GNA let out to other entities — and the SLDC portal at 22.3 is being built for exactly that. **The draft retains the portal and removes the market.** In Karnataka that option is closed. (Verified)

5.4 And the chain of internal references is broken in many places

This is not important as a point in its own right. It bears on the reading of 5.1. Internal cross-references and numbering in the draft are wrong in a number of places:

Where	What
5.20(a)	Sub-clauses numbered (iii) and (iv) — there is no (i) or (ii)
8.6	Sub-clauses in the order a) → d) → b)
Proviso to 8.6(a)	Sub-clauses (i), (i), (ii) — the first numeral appears twice
23.5(c)	"clause (a) of Regulation 23.2" — there is no such clause in 23.2; it is 21.3(a)
23.5(c)	"sub-clause (a)(i) of Regulation 23.5" — 23.5(a) has no sub-clauses
23.5(d)	"sub clauses (a) to (d)" — the list runs (a) to (e)
28.6(iv)	"Declarations as provided in Regulation 27.6" — the declarations are in 27.7, not 27.6
49.1.1 / 49.1.2	Both cite "Regulation 5.8/5.18" — the contents of the application are at 5.9/5.19
49.2(a) / 49.2(b)	Both cite "Regulation 27.5" — advance and exigency applications are at 27.4
8.6(a)(i)	"supervision charges under Regulation 12.9" — 12.9 does not concern supervision charges
12.5 / 12.6	One sentence broken across two clause numbers — "In case of an entity covered under" / "12.6 Regulation 4.1 (A), the dedicated line…"
Table at 39.5	Prints 135 × 0.08 = 10.08; the following sentence reads 10.80. The correct figure is 10.80

And therefore. In twelve places a number, a cross-reference or an arithmetical result is wrong.

These could be set aside as typographical — but they bear directly on the reading advanced at 5.1. **Where the internal referencing of a document has failed in this many places, the likelihood that the reversed 5 MW direction in the same document represents a policy choice is correspondingly reduced.**

That is a line of inference, not of proof — but it is better stated openly than left implied. (Interpretive)

5.5 And one question nobody has been able to put

Regulation	What it provides
1.2	"These regulations shall come into force from **01.10.2026**."
54.1	"…the KERC (Terms and Conditions for Open Access) Regulations, 2025 shall stand repealed, **from the date of notification** of these Regulations."

If the date of notification and the date of commencement differ, which regulations govern the interval?

The old ones repealed, the new ones not yet in force. Regulations 54.2 and 54.3 say nothing about that gap — they provide only that what has been done remains valid, and that subsisting agreements continue.

With 1 October 2026 now passed and no final notification located (see the status note at the head of this brief), the question has changed shape: if the final notification keeps a commencement date that has already gone by, or fixes a new one, the gap described here is the first thing it will have to deal with. (Verified — as to the divergence in the text)

5.6 And one thing that is not an inconsistency

Regulation 27.1 permits T-GNA for any period from one time block up to eleven months. Regulation 31.3 imposes a multiplier beyond three T-GNA transactions in a financial year.

These appear to conflict. They do not.

Both operate in the same direction: make short, repeated transactions expensive; keep long, planned access cheap. The commercial signal is clear — **planned access, not daily arbitrage.**

Placing this in a list of inconsistencies would be an error. Its proper place is Section 4, where it is presented as an opportunity — with its limitation.

5.7 Six questions the Commission should answer in the final notification

The objection window has closed. The draft was published in the Gazette on 11 June 2026, and the Commission's own Draft Regulations listing gives 3 July 2026 as the last date for suggestions.

This is therefore not a representation. These are six questions to which the draft still contains no answer, and **the final notification, or the reasoning accompanying it, should address them** — because bank guarantees are being furnished against them now.

(Anyone still wishing to file a formal representation should take advice on whether a late submission remains open.)

1. **The 5 MW threshold — state the direction.** 4.5 or 5.10(c)? 4.8 or 5.20(c)? And why are transmission and distribution mirror images of each other?

2. **The 2 per cent step — does the 10 January 2024 notification still operate?** Its worked example contains the step; the example in the Regulations does not. If the notification has been overtaken, say so; if not, which example governs?

3. **"GNA usage" in Regulation 24.1** — measured at the date of notice, or at the date relinquishment takes effect? (Section 2.5)

4. **"Transaction" in Regulation 31.3** — provide a definition. Does one eleven-month T-GNA count as one transaction? (Section 4.4; the answer will fall to the procedure under Regulation 49.2)

5. **Regulations 1.2 and 54.1** — which regulations govern the interval between notification and commencement? (Section 5.5)

6. **And what of the legacy cohort?** A Non-REC cohort with annual banking at 2 per cent exists under Clause 6 of the Open Access Regulations, 2025, subject to the outcome of Civil Appeal Nos. 9619–9637 of 2019. The draft makes no mention of it. Do the 8 per cent charge, the month-end lapse and the 31 March 2030 sunset apply to it — and if so, under what saving or transition provision? The national model offers one: Regulation 49.3 of the FoR model preserves existing agreements and carves banking out of that protection. Will Karnataka adopt it? (Section 3.1.2)

And one broader request: **the internal cross-references in the draft (the table at 5.4) should be checked before the final text is settled.** A chain broken in twelve places will generate disputes at the implementation stage — and by then those disputes will involve projects that have already furnished bank guarantees.

5.8 Conclusion to Section 5

1. Among the six clauses using the 5 MW threshold there are **three departures**, and in each chapter their effect is an internal contradiction. The text can be demonstrated; the intention cannot.

2. The illustration at Regulation 39.5 comes from the Commission's own notification — the same figures, with the final 2 per cent step missing, as in the 2025 Regulations. The removal follows from the closing of the off-peak-to-peak route; what is open is whether the 2024 notification still operates.

3. Three departures appear deliberate — the window at 9.3 narrowed, the burden at 24.1 lightened, the market at 22.1 closed. Within the Commission's powers, but a direction worth recording.

4. And the chain of internal references is broken in twelve places. That is not a separate problem — it conditions how point 1 should be read.

This brief has one message for the Commission: the six questions should be answered in the final notification, because money is being committed against them now.

Section 6 — What other States are doing

Position as at 5 October 2026

This section is not about Karnataka, but it shows Karnataka where it stands.

Sections 3 and 5 showed what the slot asymmetry does. The question here is different: how have others handled the same difficulty?

The answer is not simple. Karnataka is not at the extreme — but in one specific respect it stands alone.

6.1 First, where the rule comes from

The slot asymmetry is not a Karnataka invention — but neither is it in the national model regulations.

The peak / off-peak structure that Karnataka built on comes from the Commission's own ToD settlement orders of 8 June 2023 and 10 January 2024. Under them, energy banked in peak may be drawn in either band; energy banked in off-peak may be drawn in off-peak on payment of the banking charge; and off-peak-banked energy may be drawn in peak on payment of an additional 2 per cent — an additional charge which, the 8 June 2023 order records, follows the methodology developed by the Forum of Regulators.

It is not in the FoR's model Connectivity and GNA Regulations of January 2026. Their Regulation 39 provides for banking with the distribution licensee and a banking charge of 8 per cent in kind, or as the State Commission specifies, and leaves the rest to the State's own regulations. **There is no slot rule in the model.** The 8 per cent is the national default; the slot rule is not.

And the paid route from off-peak to peak is precisely the limb Karnataka has removed.

It did not go at one stroke. It was removed in stages, and every stage is on record:

Date	What happened
★ 9 January 2018	KERC order — banking reduced from one year to six months, and in the same order drawal during peak hours confined to energy banked during peak hours. Set aside by APTEL (Appeal 42/2018 and batch) — Section 6.6.3
8 June 2023	KERC order — ToD settlement introduced. An additional 2 per cent for drawing off-peak energy in peak
10 January 2024	Method of computation notified — off-peak to peak adjustment permitted on payment of 2 per cent
December 2024 draft	KERC proposal — "having regard to grid security", off-peak energy not to be used during peak hours
26 March 2025	Open Access Regulations, 2025, Clause 12.e(ii) — **the 2 per cent route is gone**
2026 draft	Regulation 39.3 — the same text carried forward, plus the sunset of 31 March 2030

Six stages, eight years, and a primary document available for each. (Verified — the 2018 order read in part)

The point at Section 5.2 therefore completes itself here: Karnataka closed the paid off-peak-to-peak route — and the worked example at Regulation 39.5 carries the imprint

of that closure.

6.2 Four States, four different treatments

State / instrument	Slot rule	Charge	Distinguishing feature
Karnataka — OA Regs 2025 + draft 2026	Off-peak-banked only in off-peak	8 per cent in kind	The off-peak-to-peak route has been removed
Gujarat — GERC GEOA (Sixth Amendment) Regulations, 2026, gazetted 19 August 2026	The same — off-peak-banked not drawable in peak	₹1/kWh from 1 September 2026; methodology prescribed from FY 2027-28	A cap of 30 per cent of monthly consumption on banked energy
Andhra Pradesh — APERC GEOA 2024, 1st amendment	Three slots. Peak-banked in all three; off-peak-banked in off-peak only; normal-banked in normal and off-peak	—	A grid-level ceiling — 5 per cent of State peak demand
Maharashtra — RE & ESS Policy, GR dated 18 March 2026	Slot crossing permitted in the >100 kW open access category	Per kWh, on a stated principle	Banking priced, not prohibited

Three distinct approaches emerge, and they are alternatives to one another:

- **Karnataka — prohibition.** The slot cannot be crossed, and price is not considered
- **Gujarat and Andhra Pradesh — a ceiling.** Crossing is limited, but the limit is placed on quantity
- **Maharashtra — price.** Crossing is permitted, and it is charged for on a computed basis

6.3 Maharashtra — and it has moved in the opposite direction

The Maharashtra policy sets out a banking table at Clause 7.1.1, differentiated by consumer category:

Consumer category	Period	Slot crossing?	Charge
Up to 3 kW	Annual	Yes	None
3–10 kW	Monthly	Yes	Grid Support Charge, per kW
10–100 kW	Monthly	No	Grid Support Charge, per kW
>100 kW (Green Open Access)	**Monthly**	**Yes — across slots**	**Per kWh banked**

That is to say: **in the very category with which this brief is concerned — the open access consumer above 100 kW — Maharashtra permits the slot to be crossed, and charges for it.**

In Karnataka, under the rule, energy banked in Slot-2 can never reach Slot-3, at any price.

And the principle for setting the charge — note this. The Maharashtra policy records what the banking charge is to be based upon: (a) the cost of energy storage, or (b) the difference between the ToD tariffs in the non-solar peak and the solar slot.

Both of those figures are produced by the model in Section 3 — subject to one important correction of basis:

	Our figure
(a) Cost of storage — per kWh banked	₹2.18/kWh
(b) The ToD differential	₹2.00 (Dec–Jun), ₹0 (Jul–Nov)
Karnataka's 8 per cent charge in kind	Far below either
Our break-even	33.6 per cent

A note on units — this error is easily made. The levelised storage cost in the model is ₹2.56/kWh, but **per discharged kWh** — that is, per unit leaving the battery. The Maharashtra banking charge, by contrast, is levied **on the kWh banked** — the unit going in.

At 85 per cent round-trip efficiency, one input kWh yields 0.85 discharged kWh, so the correct figure for comparison is ₹2.56 × 0.85 = **₹2.18 per kWh banked.**

Both figures are correct; they sit on different denominators. Use ₹2.18 when comparing against the Maharashtra principle. (Verified)

The Maharashtra policy has adopted precisely the principle that Prayas urged upon the Commission and that the Commission declined.

That is a policy choice, not an error. But it marks a difference between two neighbouring States, and the difference runs against Karnataka. (Verified)

And Maharashtra has a storage mandate — but not the one usually reported. This is misreported almost everywhere, and it is worth correcting here:

Provision	To whom	How much
Clause 5.4 — rooftop	Solar/wind above 100 kW	50 per cent of RE capacity, 2 hours
Clause 7.2 — open access	Solar/wind/hybrid above 100 kW	50 per cent of RE capacity, 2 hours
Clause 5.2.1 — DISCOM procurement	Co-located RE procured by the licensee	50 per cent, 2 hours to FY 2029-30; **minimum 4 hours from FY 2030-31**

⚠ **The "4 hours after 2030" condition appears only in Clause 5.2.1 — for projects procured by the DISCOM.** The open access and rooftop mandates (5.4, 7.2) make no mention of four hours. They provide only for "review every two years".

The trade press has run the two provisions together. A developer planning a 2031 open access project will size on the wrong basis as a result. (Verified — original Government Resolution dated 18 March 2026)

And three further points — these are regulations, not policy:

- MERC has already amended the RPO-REC regulations — **RPO of 43.33 per cent and an Energy Storage Obligation of 4 per cent by FY 2029-30.** Binding.
- **Clause 5.1** — transmission charges, wheeling charges, electricity duty and cross-subsidy surcharge do not apply to energy drawn for storage. Condition: the stored energy must be consumed within Maharashtra.
- **Clause 7.2.2** — captive Green Open Access, supply within Maharashtra, minimum 4 hours of storage → electricity duty exemption for ten years. (Four hours does appear here — and only for captive.)

6.4 Gujarat — an answer to how the charge should be set

Gujarat's slot rule is much the same as Karnataka's — energy banked in off-peak may not be drawn in peak. Its Sixth Amendment, gazetted on 19 August 2026, says so in terms.

But the method of setting the charge is entirely different. From FY 2027-28 the Sixth Amendment derives the banking charge from:

- Actual 15-minute block data
- Market prices
- Variable cost of generation
- Transmission charges and losses
- The ratio of net revenue impact on the DISCOM to the energy banked

The figure for 1 September 2026 to 31 March 2027 is ₹1/kWh (it was ₹1.50 until 31 August 2026), and the methodology is written down — which means the figure is recomputed each year.

And a second provision: **a cap of 30 per cent of monthly consumption on banked energy.**

Karnataka's 8 per cent is a proportion. Gujarat's ₹1 is a price, and there is a method behind it.

The difference is not in the number but in accountability: Gujarat must justify its figure annually; Karnataka need justify the 8 per cent not at all.

6.5 Andhra Pradesh — a third slot, and a ceiling on the grid

The APERC structure has one slot more than Karnataka's — peak, normal and off-peak:

- Peak-banked → drawable in all three
- Normal-banked → normal and off-peak
- Off-peak-banked → off-peak only

The middle slot is thus partly flexible, and that is what Karnataka lacks.

But Andhra Pradesh's real distinction lies elsewhere: **a grid-level ceiling on banking — 5 per cent of the State's peak demand.** The SLDC conducts an annual study, and the figure is notified on 1 March each year. Capacity commissioned before 2024 is excluded.

This is a direct alternative to Karnataka's "grid security" rationale. Karnataka gave the security of the grid as its reason and closed the route. Andhra Pradesh gave the same reason, kept the route open and placed a measurable ceiling on it — and that ceiling is determined by an annual study.

Both are concerned for the grid. One measures the quantum; the other does not.

6.6 And in Maharashtra the same fight is running now

6.6.1 MERC has imposed the same restriction as Karnataka

MERC, Case No. 75 of 2025, order dated 25 March 2026.

MSEDCL sought that energy banked during solar hours be drawn back only in the same ToD slot. **The Commission accepted that.**

And the reasoning is worth noting: the Commission held that the banking provision in its own Multi-Year Tariff order of 28 March 2025 was "not consistent with the DOA Regulations" — that is, an "error apparent on the face of the record" requiring correction.

What the earlier position had been: paragraph 7.13.93 of the MYT order — energy banked in solar hours could be drawn at any time other than peak hours. That is roughly seventeen hours a day.

The Maharashtra Commission has therefore moved in the same direction as Karnataka — and did so mid-term, by way of review. (Verified — original order, mahadiscom.in)

6.6.2 But the restriction is reported to have been stayed

Date	What happened
28 March 2025	MYT order — banking of about 17 hours (para 7.13.93)
25 June 2025	First review order — restriction imposed
3 November 2025	Bombay High Court — order quashed for breach of natural justice; remanded
17 Nov 2025 / 9 Feb 2026	Supreme Court — remanded with a twelve-week deadline
25 March 2026	Fresh MERC order — restriction re-imposed after hearings
24 April 2026	Bombay High Court — writ dismissed, petitioners relegated to APTEL (no view on merits)
★ 27 April 2026	APTEL, interim order (reported): the revised banking dispensation stayed, the invoices issued under it stayed, and MSEDCL restrained from coercive action

On the reported interim order, the restriction is not being enforced pending final judgment. The appeals are pending. (Court judgments to 24 April 2026 Verified. The APTEL interim order is Reported — three independent law-firm notes; the order itself has not been confirmed from an official docket.)

6.6.3 And the "no abrupt change" argument — it is not here, but elsewhere

The passage in the MERC order that relies on that argument appears at paragraph 4.3.8, and it is a **stakeholder's objection, not the Commission's conclusion.** The Commission's analysis of banking is at paragraphs 18.1–18.22, and the argument is not accepted there. The High Court in fact recorded that the Commission's analysis contains "absolutely no discussion" of why the solar companies' objections did not find favour.

And the decision cited in that objection is **not a KERC order.** It is a judgment of APTEL — **Fortune Five Hydel Projects Pvt. Ltd. v. KERC, Appeal No. 42 of 2018 and 18 connected appeals, dated 29 March 2019**, before Justice N. K. Patil and Shri S. D. Dubey. (The original judgment has been read in full on aptel.gov.in — 167 pages.)

6.6.3.1 And that judgment produces something that changes Section 6.1

The judgment concerns the KERC order dated 9 January 2018 — Petition Nos. 90/2016, 100/2016, 104/2016, 47/2017 and 130/2017. The ESCOMs had sought reduction of banking from one year to three months; the Commission reduced it to six months.

But the same order contained a second provision: it confined drawal during peak ToD hours to energy banked during peak ToD hours.

The notion of a slot restriction was therefore not born in 2023. It is visible in 2018 — in the very order that cut banking, and it was set aside in the same appeal.

It is a possible regulatory antecedent of the present slot structure. That it is the direct parent of Regulation 39.3 is an inference, not a finding. (Verified — as to the content of the 2018 order, read in part)

6.6.3.2 And the same judgment contains a substantial defence for the Commission

The appellants' central argument rested on **PTC India Ltd. v. CERC, (2010) 4 SCC 603.** That Constitution Bench judgment holds:

> A regulation under Section 178 is subordinate legislation, and it can override subsisting contracts, including power purchase agreements. An order cannot.

In 2018 the Commission acted by order. In 2026 it is acting by regulation. And that is the route PTC India itself sanctions.

The 2026 draft is therefore not vulnerable on the ground that made the 2018 order vulnerable. The brief should say so plainly — because if it does not, the reader will draw the wrong conclusion, and a lender's counsel will catch it on the first page.

The surviving argument is narrow but live. In the same appeal (para 5.18) the appellants contended that such an amendment "has to be prospective in nature", and should apply only to agreements executed "post the Impugned Order".

Karnataka's question in 2026 is exactly that: **the sunset of 31 March 2030 in Regulation 39.1 applies to WBAs already in existence.** Whether that is prospective or retrospective is the only real question that remains. The Tribunal's own reasoning on it is set out at 6.6.3.4.

6.6.3.3 What governs the legacy cohort today

The outcome of the appeal is visible in the Commission's own regulations, and the Commission has said more in its orders.

Open Access Regulations, 2025, Clause 6: Non-REC projects that applied between 1 April 2018 and the GEOA Regulations, 2022 are entitled to **annual banking at 2 per cent of energy**

injected — and that entitlement is expressly **"subject to the outcome before the Hon'ble Supreme Court"**.

The Commission's interim order of 7 September 2021 continued existing wheeling and banking charges and the annual banking facility, and divided the cohort by commissioning date. Projects commissioned on or before 31 March 2018 with an executed agreement were continued "for the present". Projects commissioned after that date were continued only to 31 March 2022, and only against a written undertaking to abide by the outcome in WA No. 1061 of 2019 and Civil Appeal Nos. 9619–9637 of 2019.

The Commission's order of 7 August 2023 continued annual banking and a charge of 2 per cent of injected energy for Non-REC projects that applied for an agreement between 1 April 2018 and the green open access cut-off, expressly subject to the Supreme Court's final decision. By letter of 30 March 2023 it had already told the transmission utility and the ESCOMs that an agreement executed with a six-month banking period was to be read as annual.

So the entitlement is real, written down and currently honoured. It is also expressly provisional — and the proceeding it hangs on is identified at 6.6.3.6.

Karnataka therefore operates two banking regimes in parallel today — the legacy regime of annual banking at 2 per cent (subject to the outcome of the appeal) and the current monthly regime at 8 per cent. The 2026 draft does not mention the first at all.

And the legacy cohort loses that concession on renewal — the proviso to Regulation 39.1. (Verified — OA Regs 2025, Clause 6; KERC orders of 7 September 2021 and 7 August 2023)

6.6.3.4 The Tribunal's holding — from the primary judgment

The Tribunal framed three issues of its own (page 129):

Issue	
1	Whether the impugned order modifying the terms of banking arrangements and concluded contracts, retrospectively, is sustainable in law
2	Whether it was passed in violation of natural justice, promissory estoppel, legitimate expectation
3	Whether it was passed without substantial data / analysis and is a non-speaking order

Its findings are at paragraphs 14.16–14.17, 15.11–15.14, 16.7–16.8 and 17.1–17.3, and the operative order is at page 166. In terms:

- **Para 15.14 (p. 157)** — "…we are of the considered opinion that the impugned order has been passed by the Respondent Commission in gross violation of the principles of natural justice, doctrine of promissory estoppels and legitimate expectation, etc."
- **Para 17.1–17.2 (p. 165)** — in the absence of supervening public interest, the Commission reduced the banking period "in a pre-matured manner giving the promises / assurances go by before the expiry of the validity period of 10 years guaranteed by the previous orders." The appellants "cannot be left in lurch in the mid-stream", and the tests in Pawan Alloys are not satisfied.
- **Para 17.3 (p. 166)** — the order "is not sustainable in the eyes of law… passed without adhering to the principles of natural justice, doctrine of promissory estoppels & legitimate expectation… Besides, the order is not supported by sufficient / requisite data and analysis. Hence, the impugned order is liable for setting aside and the batch of appeals deserves to be allowed."
- **ORDER (p. 166)** — the appeals are allowed, and the KERC order dated 09.01.2018 in Petition Nos. 90/2016, 100/2016, 104/2016, 47/2017 and 130/2017 is set aside.

The grounds are the Tribunal's own: no supervening public interest; breach of natural justice, solar generators never having been noticed although the operative part reached them; promissory estoppel and legitimate expectation, the agreements having guaranteed annual banking for ten years; and no data or analysis of the financial injury on either side. The Tribunal also held that the

Commission had revisited a question it had already decided and on which it had become *functus officio*, and applied PTC India — the terms of concluded agreements may be altered by regulations, prospectively, not by an order. (Verified — primary judgment)

And the Tribunal's reasoning at 15.13 is worth noting separately: the Commission may alter the conditions of an executed contract at the instance of either party after hearing both sides; here the amendment was made suo motu. The WBAs themselves provided (Clause 13.6 / 12.6) that they could be amended by KERC only after such a hearing.

And the remand did not survive. The judgment as pronounced sent the matter back to the Commission to pass a fresh order within six months. By order of **5 August 2019** on IA No. 962 of 2019 in the same appeal — Chairperson Justice Manjula Chellur and Technical Member S. D. Dubey — the Tribunal deleted the remanding paragraph from the operative part, holding that since modification of the terms and conditions of a banking arrangement in concluded contracts had been held bad in law and confined to future contracts, nothing remained for fresh consideration. That is why no fresh Karnataka order on the 2018 reduction was ever passed. (Verified — order of 5 August 2019)

6.6.3.5 But state the holding narrowly

This matters more than the verification itself.

Do not write: "Fortune Five prevents KERC from changing the banking rules." Write this instead:

> In Appeal No. 42 of 2018 and batch (29 March 2019), APTEL set aside KERC's order of 9 January 2018 insofar as it modified the terms of banking arrangements in concluded Wheeling and Banking Agreements. The Tribunal held the order to have been passed in violation of natural justice, promissory estoppel and legitimate expectation, and to be unsupported by sufficient data and analysis. Its reasoning turned on a suo motu amendment of executed contracts without hearing the affected parties — the agreements themselves permitted amendment only after such a hearing — and on the absence of supervening public interest before the ten-year validity guaranteed by earlier orders had expired. By its order of 5 August 2019 it deleted the remand, holding that modification of banking terms in concluded contracts is bad in law and may apply only to future contracts.

The result turned on the instrument and the process, not on any general immunity from future regulation.

And the distinction at 6.6.3.2 holds from the other direction. In 2018 the Commission acted by order, amending concluded agreements suo motu. In 2026 it is proceeding by regulation, with a published draft and a thirty-day objection window — the route PTC India sanctions, and with the process defect cured.

So the surviving question is narrow, and it is the right one: the sunset of 31 March 2030 applies to agreements already concluded. Is that prospective regulation, or the modification of concluded contracts by another name? On the Tribunal's own reasoning at 17.1–17.2 and in the order of 5 August 2019, much may turn on whether supervening public interest is established — which the draft, as it stands, does not attempt.

6.6.3.6 The Supreme Court proceeding

The ESCOMs' appeals against the Tribunal's judgment are **Civil Appeal Nos. 9619–9637 of 2019**, *Bangalore Electricity Supply Company Ltd and others v. M/s Fortune Five Hydel Projects Pvt Ltd and others*, on the Supreme Court's record under **Diary No. 26531 of 2019** (filed 27 July 2019, registered 20 December 2019, CNR SCIN010265312019). The Commission cites the same numbers itself, in its interim order of 7 September 2021.

The appeals were admitted on 17 December 2019, when notice issued on the prayer for interim relief. On 27 February 2020 the Court directed counter affidavits from two respondents, permitted service on the unserved, and listed the matter for 24 March 2020. No later substantive order was located in the public record as checked on 13 September 2026, and **no order granting interim**

relief was found.

That is the commercially material fact. "Pending before the Supreme Court" ordinarily suggests a live threat. Here the appeal has not been listed since February 2020, and the Tribunal's judgment has operated, unstayed, throughout. A lender looking at a pre-2023 Karnataka agreement is not looking at a right that might not exist; it is looking at a right that exists on the condition that an appeal last listed in February 2020 is never decided the other way. (Verified — Supreme Court docket)

A note on the number, because it is easily mistaken. The diary number in this matter is 26531, not 9619. The number 9619 belongs to the appeal register. A search that treats 9619 as a diary number lands in a different register and returns an unrelated case.

6.6.4 And one further point emerges from this

In Karnataka the route of hearing is open. In Maharashtra it had been closed, and the Court held that to be the breach.

MERC's first review order (25 June 2025) was quashed for breach of natural justice — for altering the MYT order without hearing stakeholders. KERC, by contrast, has published a draft and allowed a thirty-day objection period, and in January 2026 MERC was required to hold hearings at six centres.

On procedure, therefore, the Commission's position is strong. A challenge will not rest on process but on substance — on legitimate expectation.

6.7 Where Karnataka sits

	Prohibition	Ceiling	Price	Must a reason be given?
Karnataka	✔	✘	✘	**No**
Gujarat	Partly	✔ (30 per cent)	✔ (with methodology)	Yes, annually
Andhra Pradesh	Partly	✔ (5 per cent of peak)	✘	Yes, annual study
Maharashtra — policy (GR 18.03.2026)	✘	✘	✔ (with a stated principle)	Yes, principle written down
Maharashtra — MERC order 25.03.2026	✔	✘	✘	Reported stayed by APTEL

⚠ **The position in Maharashtra is not settled today.** The State policy permits the >100 kW open access category to cross slots and charges for it; the MERC order closed that for MSEDCL's consumers; and APTEL is reported to have stayed that order on 27 April 2026.

Maharashtra is therefore not Karnataka's alternative today — **it is Karnataka's own fight, in court.** And that is the material difference: in Maharashtra it is being contested; in Karnataka no challenge to the slot restriction itself has been located.

Karnataka is not at the extreme — Gujarat's slot rule is as strict, and MERC has imposed the same restriction.

But Karnataka is the only one where no measurable reason need be given for the restriction. Gujarat's methodology, Andhra Pradesh's annual study, Maharashtra's pricing principle — each has at least one quantitative test. And in Maharashtra, where there was no such test, the order is reported to have been stayed.

Which is why the 8 per cent is difficult to defend: no document states where it came from.

6.8 Conclusion to Section 6

1. **The slot asymmetry is not in the national model, and it is not Karnataka's alone.** The peak / off-peak structure comes from the Commission's own ToD settlement orders, with a paid off-peak-to-peak route that followed the FoR's methodology. Karnataka has closed that route —

and the same closure is visible in the worked example at Regulation 39.5 (Section 5.2).

2. **Three alternative treatments exist, and all three are in operation** — Gujarat's methodology, Andhra Pradesh's 5 per cent ceiling, Maharashtra's pricing principle. The argument that there was no alternative does not hold.

3. **Maharashtra's policy moved the other way, but its Commission moved Karnataka's way.** The Government Resolution permits slot crossing and prices it; MERC closed that route; APTEL is reported to have stayed the order. Maharashtra is not the answer — it is a matter still running.

4. **And an appellate judgment on Karnataka itself already exists.** Fortune Five Hydel Projects Pvt. Ltd. v. KERC & Ors. — APTEL, Appeal No. 42 of 2018 and batch, 29 March 2019 — arose from the Commission's own reduction of banking. Its outcome is recorded in the Commission's own regulations (Clause 6, OA Regs 2025) and orders, its holding is in the judgment itself, and the remand was deleted on 5 August 2019. The ESCOMs' appeal to the Supreme Court has not been listed since February 2020, and no stay was granted.

But state it narrowly. The Tribunal set aside an order that modified concluded agreements suo motu, without hearing the affected parties; it did not bar prospective regulation. In 2026 the Commission is proceeding by regulation, with a published draft and an objection window. **The surviving question is therefore whether a sunset applied to agreements already concluded is prospective regulation or the modification of a concluded contract** — and, on the Tribunal's own reasoning, whether supervening public interest has been established (6.6.3.5).

One question can be put to the Commission, and it is not a hostile one: on what basis was the figure of 8 per cent arrived at?

Three neighbouring States have that answer written down.

Annexure — Method, sources and limitations

Position as at 5 October 2026

This part is not for readers. It is for those who wish to check.

If any figure in this brief does not persuade you, its origin is here. And where it is not here, that is stated.

A. Method and scope

A.1 What this brief examines

Three consequences of the draft Regulations for open access and captive solar projects in Karnataka: the conversion of the right to inject during non-solar hours, the slot restriction on banking, and the terminal date for banking. And when, out of those, the storage decision arrives.

A.2 What it does not examine

- It is not legal advice. The arguments in Sections 5 and 6 should be settled with counsel
- It is not investment advice. The model uses an example project; yours is different
- Project-specific 15-minute load and injection data has not been used — it is not public, and it makes the largest difference of all
- The full open access charge stack has not been modelled. The principal model is for behind-the-meter / captive self-consumption. Wheeling, cross-subsidy surcharge and additional surcharge are set out separately in Section 4 and are not blended into the model
- No procurement negotiation is reflected. The BESS rate is taken from a public tender, not from a quotation

A.3 Draft, operative law and practice — three things, kept apart

In force today	Still a draft (not notified as at 5 October 2026)
Open Access Regulations, 2025, Clause 12.e — 8 per cent, slot asymmetry, month-end lapse, the condition on renewal	Connectivity/GNA Regulations, 2026 — Regulation 39, plus the sunset of 31 March 2030
Tariff Order dated 27 March 2025 — ToD slots, tariffs, DERS; additional surcharge order of 17 February 2026	—

The core of Section 3 — the slot asymmetry — therefore survives whether or not the draft is notified.

What depends on the draft: the three-month window in Section 1, the three routes in Section 2, the T-GNA material in Section 4, and the date of 31 March 2030.

And a third question sits beside both: whether the rule in force is applied in settlement. On the account reported at 3.3.1 it is not yet. The brief's figures are stated on the rule; the practice is shown as a sensitivity.

B. Status marks — definitions

Mark	Meaning
Verified	Taken directly from the specific clause, table or computation in a primary document
Conditional	The provision exists, but its use depends on contract, technical condition or approval
Interpretive	A conclusion drawn from the text — not stated in the text
Reported	A named practitioner's account or a secondary source — not a document. Recorded, never treated as a finding
Assumption	A model input; if it changes, the conclusion changes
Unknown	The question is posed; no answer is available

And **draft-based** is not a status mark — it is the status of the document. A clause in the draft may be verified and still not be in force.

B.1 The rule of verification

A claim is "verified" only where its basis can be located in the relevant text, order, table or computation of a primary document. A name in a bibliography is not evidence.

And in a judgment or an order, a paragraph number is not enough either — the block it sits in has to be identified. Submissions, objections and findings all carry paragraph numbers. "Ought to be set aside" is the language of counsel; "we are of the considered opinion" is the language of a tribunal.

That test alone is not sufficient. A doctrine can appear in the submissions and in the findings. **Where a claim rests on a judgment, the judgment is read to its operative order — and to any later order that amends it — or the claim is not made.** The order of 5 August 2019 (6.6.3.4) is the reason for the second half of that sentence.

And a citation is checked in the register it belongs to. A Supreme Court matter carries a diary number and, once registered, an appeal number; the two are different registers, and the same integer can appear in both for unrelated cases (6.6.3.6).

Nor is the first rule abstract. In the course of preparing this brief it was found more than once that a claim had been attributed to a document which could not possibly have contained it. Reading the footnote is not enough; it has to be opened.

C. Source register

C.1 Primary — regulatory

Document	Identification	Used for
Draft KERC (Connectivity & GNA) Regulations, 2026	Notification KERC/F-32/V-27/2083 dated 4 June 2026 · Karnataka Gazette Part III, Volume 161, Issue 112, dated 11 June 2026 · not notified as at 5 October 2026	All regulation numbers in Sections 1–5
KERC (Terms & Conditions for Open Access) Regulations, 2025	KERC-2-TR-2024-25/1805 dated 26 March 2025 · Gazette Part III No. 200	Clause 6 and Clause 12.e — the operative banking regime
KERC Tariff Order	dated 27 March 2025 — Annexure-2 (ToD), HT-2(a) tariffs, Clause 6.14 (DERS), Clause 6.13.6, Note 10 to the HT conditions; corrigendum dated 26 May 2025	All tariffs in Sections 3 and 4
KERC orders on the pension and gratuity surcharge	dated 18 March 2025 and 27 March 2025	The 35 paise in the banked-unit value; its exclusion on the DERS block
KERC Review Order	dated 3 March 2026	Checked — it revised tariffs for FY 2025-26 only; FY 2026-27 is untouched
KERC order — additional surcharge	OP No. 29 of 2025, dated 17 February 2026	The 40 paise at 4.2 and 4.7
KERC order — ToD settlement	dated 8 June 2023	The 2 per cent route — Section 5.2
KERC notification — ToD settlement methodology	KERC-7-CON-2022-23/1276/1191 dated 10 January 2024, Tables 1 and 2	The source of the illustration at Regulation 39.5
KERC standard Wheeling and Banking Agreement format for RE projects	KERC upload of 31 March 2023 — definition (e), clauses 5.7, 6.2.1, 6.2.2	The monthly banking cycle and the in-kind charge — 3.3.1
KERC orders on wheeling and banking for renewable projects	Interim order dated 7 September 2021; order dated 7 August 2023; letter of 30 March 2023	What governs the legacy cohort — 3.1.2, 6.6.3.3
KERC common order	OP Nos. 90/2016, 100/2016, 104/2016, 47/2017 and 130/2017, dated 9 January 2018 — read in part	The order set aside; the peak-ToD drawal limb — 6.6.3.1
FoR Model Connectivity / GNA Regulations	Forum of Regulators, January 2026	Comparison for every departure; Regulation 39 on banking; the savings clause

C.2 Primary — data

Source	Particulars	Used in
Karnataka SLDC — Wheeling & Banking list	dated 9 July 2024 · 556 entries / 4,924.08 MW · reconciled against the Abstract sheet of that file	Sections 3.6, 3.7
SLDC curtailment notices	7–8 Sept 2019 · 16 May 2021 · 17 June 2021 · 20 June 2021 · 25 Aug 2024 (RTPS ICT overload, named 220 kV substations)	Section 3.7
APTRANSCO BESS tender	December 2025 · 2-hour · ₹1.48 lakh per MW per month	The storage cost assumption

C.3 Primary — other States and judicial

State / forum	Document
Maharashtra	RE & Energy Storage Policy 2025-26 to 2035-36 · Government Resolution dated 18 March 2026, Unique Code 202603181848365810 · Cabinet approval 22 February 2026
Maharashtra	MERC Case No. 75 of 2025, order dated 25 March 2026 (signed copy on mahadiscom.in)

State / forum	Document
Gujarat	GERC Green Energy Open Access (Sixth Amendment) Regulations, 2026 — Notification No. 07 of 2026, Gujarat Government Gazette Extraordinary, 19 August 2026
Andhra Pradesh	APERC GEOA Regulations 2024, 1st amendment
APTEL	M/s Fortune Five Hydel Projects Pvt. Ltd. v. Karnataka Electricity Regulatory Commission & Ors., Appeal No. 42 of 2018 and batch, judgment dated 29 March 2019 — read in full, 167 pages (aptel.gov.in) · order dated 5 August 2019 on IA No. 962 of 2019, deleting the remand
Supreme Court	Civil Appeal Nos. 9619–9637 of 2019, Diary No. 26531 of 2019 · orders of 17 December 2019 and 27 February 2020
Bombay High Court	Orders of 3 November 2025 and 24 April 2026

C.4 Secondary and reported — used only as signposts, or marked Reported

The Prayas Energy Group's submission to the Commission (the ₹3/kWh in Scenario B); the cautions of IEEFA and JMK on BESS viability; three independent law-firm notes on the APTEL interim order of 27 April 2026 in the Maharashtra matter (marked Reported at 6.6.2 — the order itself has not been confirmed from an official docket); and Mr Lingesh H K's account of settlement practice (3.3.1, named with his agreement).

No conclusion in this brief rests on any of these. Each is either a pointer to a document or is shown, where it appears, as Reported.

D. Model assumptions — all in one place

Parameter	Value	Note
Consumer category	HT-2(a) Industrial	Tariff Order
Energy charge, FY 2026-27	₹6.60/kWh	Tariff Order
Pension and gratuity surcharge	35 paise/kWh	KERC order of 27 March 2025; not recovered on the DERS block
Fuel adjustment	2 paise/kWh (June 2026)	Monthly and formula-driven; −23 paise in July 2026. Not recovered on the DERS block
Demand charge	₹350/kVA/month	Tariff Order
DERS rate	₹5/kWh, no ToD	Clause 6.14; corrigendum of 26 May 2025
Banking charge — Scenario A	8 per cent in kind	Clause 12.e, OA Regulations 2025; draft Regulation 39.4
Banking charge — Scenario B	₹3/kWh	Prayas submission
Round-trip efficiency	85 per cent	Assumption
Duration · cycles · days · availability	2 hours · 1/day · 365 · 95 per cent	Assumptions
BESS capacity charge	₹1.48 lakh/MW/month	The lowest rate traced for 2025 — ₹2.56 per kWh discharged, ₹2.18 per kWh charged
Demand-charge savings	Nil	Deliberately conservative — note the 90 per cent contract-demand floor
Incremental solar, example project	10 lakh kWh/year	Variable

D.1 A caution on units

The levelised cost of storage is ₹2.56/kWh — but **per discharged kWh.** At 85 per cent round-trip efficiency one input kWh yields 0.85 discharged kWh. Per kWh charged it is therefore ₹2.18.

Both are correct; the denominators differ. Use ₹2.18 when comparing against a banking charge — because the banking charge is levied on the unit going in.

D.2 The one assumption that reverses the conclusion

Only one: how much of the incremental solar is absorbed in the consumer's Slot-2 and Slot-4. At 100 per cent, banking wins. At 0 per cent, banking is worth nothing (Regulation 39.2 — lapse). Every other assumption is secondary to this, and it is the same point the customer map at 3.4 makes.

And one fact, outside the model, that suspends it: whether settlement is slot-wise at all (3.3.1).

E. Limitations — consolidated

#	What	Where
1	The final notification of the Connectivity / GNA Regulations had not been located as at 5 October 2026, and the Commission's website could not be reached that day. Everything stated from "commencement" waits on it	Status note, 0, 1.4
2	The W&B file is 25 months old at the date of first publication; the denominator is the W&B fleet, not the State's renewable capacity	3.6
3	The file's Old flag and the cohort under the proviso to 39.1 have not been matched agreement by agreement	3.6
4	The curtailment notices carry no MW or MU figures — the group can be identified but not quantified	3.7
5	Settlement practice rests on one named account. The monthly bucket is consistent with the standard agreement format; the absence of the 8 per cent deduction is not, and is Reported only	3.3.1
6	The fuel adjustment is a single month's figure (June 2026) and changes sign month to month	3.3
7	"GNA usage" in Regulation 24.1 — the draft does not say whether it is measured at notice or at effect	2.5
8	"Transaction" in Regulation 31.3 is undefined; the answer will fall to the procedure under Regulation 49.2	4.4
9	No public historical data on ATC — no availability factor can be placed on T-GNA revenue	4.5
10	The three 5 MW departures — the divergence in the text can be shown; the intention cannot	5.1
11	The 2018 order has been read in part; its continuity with Regulation 39.3 is an inference	6.6.3.1
12	The APTEL interim order of 27 April 2026 in the Maharashtra matter is Reported, not confirmed from an official docket	6.6.2
13	The model is for the current cohort only. It does not apply to the legacy annual-2 per cent cohort, which requires a separate base case	3.1.2

F. What would sharpen this — and who holds it

Four of the six below are not public. If you hold any of them, it would move this brief from estimate to measurement, and I would be glad to say so.

1. A redacted monthly banking or energy-accounting statement of any Karnataka open access or captive consumer — one monthly figure means a monthly bucket; four slots carried separately mean slot-wise settlement; the banking-charge line answers the 8 per cent
2. The full text of the KERC order dated 9 January 2018 — to establish continuity with Regulation 39.3
3. An updated W&B list from the SLDC, for 2026
4. Project-specific 15-minute load and injection data — to move the model from example to reality
5. A commercial quotation for BESS, in place of a tender rate

6. The SOAR dashboard — Regulation 26.1(v); once operational, the ATC figure becomes available for the first time

G. And a request

This brief is free, and it may be wrong.

If any figure, any clause or any conclusion appears to you to be incorrect, say where it fails. Corrections are made in the text itself, and credited.

And if you hold any of the six items above — particularly a banking statement or interval data — send it, redacted, to research@dsnikam.in. Nothing identifying is kept or reproduced.

Version 1.5, 5 October 2026, replaces Version 1.3 and the separate corrections of Version 1.4; all changes are made in the text above. The banked-unit value is stated with the pension and gratuity surcharge and the fuel adjustment, now on both sides of the comparison (₹5.88 against ₹4.24 for storage). Dates that ran from 1 October 2026 are stated from commencement. Added: the practice reported at 3.3.1; the additional surcharge of 40 paise; the APTEL order of 5 August 2019; the Supreme Court citation; Gujarat's Sixth Amendment as gazetted. The APTEL interim order in Maharashtra is marked Reported.

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