



ELECTRICITY REGULATORY COMMISSION

(Electricity sector regulator of the Government of Nepal)



विद्युत नियमन आयोग सानो गौचरण, काठमाडौं

राय, सल्लाह, सुझाव तथा प्रतिक्रिया उपलब्ध गराईदिने सम्बन्धी सूचना

मिति: २०८३।०६।२६ गते

यस आयोगद्वारा तयार गरिएको Captive Power Plant Directive for Open Access, 2083 र Connectivity Directive for Open Access 2083 को मस्यौदा आयोगको वेबसाइटमा प्रकाशित गरिएको छ। साथै, उक्त मस्यौदाहरू उपर ३० दिन भित्र राय, सल्लाह, सुझाव तथा प्रतिक्रिया उपलब्ध गराईदिनुहुन समेत सम्पूर्ण सरोकारवालाहरूमा अनुरोध छ।

विद्युत नियमन आयोग
सानो गौचरण, काठमाडौं

सम्पर्क नं: +977-1-4522442/4539004/4543390

इमेल: info@erc.gov.np

वेबसाइट: <https://www.erc.gov.np>

ELECTRICITY REGULATORY COMMISSION

Sanogaucharan, Kathmandu, Nepal

Email : info@erc.gov.np | Web: www.erc.gov.np

Phone: +977-1-4422442, 4439004, 4443390 | Fax : +977-1-4432582

DRAFT

ELECTRICITY REGULATORY COMMISSION (CAPTIVE POWER PLANT) DIRECTIVES, 2083



Electricity Regulatory Commission

Sano Gaucharan, Kathmandu, Nepal

Ashwin, 2083 (September, 2026)

Table of Contents

PREAMBLE	3
Chapter 1: Preliminary.....	3
Chapter 2 : Objectives and Eligibility Criteria for Captive Power Generation for Open Access. 5	
Chapter 3: Verification of Status of Captive Power Plant	6
Chapter 4: Methodology of Monthly Energy Accounting	8
Chapter 5: Miscellaneous.....	10

PREAMBLE

The Electricity Regulatory Commission, in exercise of the powers conferred under section 43 of the Electricity Regulatory Commission Act, 2074, hereby makes the following Directives, namely, -

Chapter 1: Preliminary

1. Short Title and Commencement: (1) These Directives may be cited as “Captive Power Plant Directives for Open Access, 2083.”

 (2) These Directives shall come into force on the date of notification by the Commission.
2. Interpretation: (1) Unless the context otherwise requires, in these Directives;

 (a) “Act” means the Electricity Regulatory Commission Act, 2074;

- (b) “Captive Power Plant (CPP)” means a power plant set up by an entity to generate electricity primarily for its own use, consuming not less than fifty-one percent (51%);
- (c) “Captive User” means a person, whether an individual, company, partnership firm, or group of companies, who owns not less than twenty-six percent (26%) of the equity share capital of the entity establishing a power plant and who, on relevant period basis, consumes not less than fifty-one percent (51%) of the electricity generated from such Captive Power Plant;
- (d) “Commission” means the Electricity Regulatory Commission constituted under the Act;
- (e) “Open Access Directives” means the Directive on Open Access in Electricity Transmission and Distribution System, 2082;
- (f) “Relevant Period” means that, where an open access transaction continues for the whole of the Nepali financial year, the relevant period shall be deemed to be that entire financial year. If the open access transaction takes place for a portion of the financial year, relevant period shall be limited to the period during which such open access transaction takes place.

(3) Any other words or expressions used in these Directives but not defined herein shall have the same meanings as are assigned to them in the Open Access Directives.

Chapter 2 : Objectives and Eligibility Criteria for Captive Power Generation for Open Access

3. Objective of the Directives: The objective of these Directives is to specify the criteria to be fulfilled for designating a power generation plant as a Captive Power Plant for the purpose of open access transactions.
4. Exemption of Cross—Subsidy and Additional Surcharge: Subject to fulfilment of the eligibility criteria only, the Captive User(s) of a Captive Power Plant shall be exempted from the Cross-Subsidy Surcharge and the Additional Surcharge.
5. Eligibility Criteria to be recognized as Captive Power Plant: For a power generating plant to be recognized as a Captive Power Plant for the purpose of Open Access, it shall satisfy the following criteria, namely: -
 - (a) Ownership Criterion:
 - (i) The Captive User(s) must own, with voting rights, **not less than 26% of the equity share capital** of the generating (CPP) plant;
 - (ii) This applies whether the captive plant is set up directly by the Captive User (s), entity;
 - (iii) The ownership criteria shall be fulfilled for the entire relevant period.
 - (b) Consumption Criterion:
 - (i) Of the total electricity generated by the plant, at least 51% must be used (consumed) by the captive user(s) during the relevant period;
 - (ii) While computing the consumption, the actual consumption by the user(s) shall be considered;

- (iii) If the captive plant is owned via an SPV / association of persons (i.e. multiple users pooling together), then besides meeting the 26% ownership and 51% consumption in aggregate, the consumption by each user must be in proportion to their shareholding — with a permissible variation margin ($\pm 10\%$) under the “proportionality” test.
- (iv) If this consumption threshold criteria are not met in the relevant period, the entire generating plant for that relevant period shall not be treated as a CPP for the purpose of open access transaction and the open access customer shall be liable to pay Cross Subsidy Surcharge and Additional Surcharge.

Chapter 3: Verification of Status of Captive Power Plant

6. Verification of Ownership Criteria: (1) any Captive Users(s) who wishes to use open access for captive purpose, while submitting the application to the Nodal Agency for Open Access, shall submit the following documents duly certified by a registered Chartered Accountant, for the verification of ownership criteria:
- (a) Shareholding pattern;
 - (b) Paid-up equity details;
 - (c) Ownership held by captive users $\geq 26\%$.
- (2) Notarized copies of the relevant records shall be submitted along with the documents pursuant to Sub-section (1).

(3) The Nodal Agency, based on the documents received pursuant to Sub-section (1) furnished by the open access applicant, shall decide whether the ownership criteria have been fulfilled by the applicant.

(4) Within one month from the end of the relevant period, the user(s) shall submit to the Nodal Agency the details specified in Clauses (a), (b) and (c) of sub-section (1), duly certified by a registered Chartered Accountant that the Ownership Criteria pursuant to sub-section (1) have been fulfilled during the entire relevant period.

(5) The Nodal Agency, after scrutinising the documents received as per sub-section (4) and all relevant documents, shall decide whether the Captive User(s) has fulfilled the ownership criteria for the entire relevant period.

(6) Failure to submit the information pursuant to sub-section (4) within specified time shall be construed as failure in fulfilling the eligibility criteria of ownership.

7. Verification of Consumption Criteria: (1) for the verification of consumption, the following data shall be furnished to the Nodal Agency by the following entities within one month from the end of the relevant period:
- (a) Generating Plant/ Captive User(s): Meter readings pertaining to Gross Generation and Auxiliary consumption for the relevant period;
 - (b) Transmission Licensee/Distribution Licensee: Meter readings for actual consumption by the Captive User(s) during the relevant period;
 - (c) The Load Dispatch Centre: Transmission and Distribution Losses applicable during the relevant period.

(2) The Nodal Agency, based on the data furnished, shall calculate the followings:

- (a) Gross Generation (MWh);
- (b) Auxiliary Consumption (MWh);
- (c) Net Generation (MWh);
- (d) Consumption (MWh) by the Captive User(s);
- (e) Consumption of energy (%) by the Captive User(s) from the Captive Power Plant in the following way:

Consumption by the Captive User (%) =

$$\left[\frac{\text{Consumption by the user during the relevant period (MWh)}}{\text{ex – bus net generation (MWh)} \times (\text{Transmission and Distribution loss factor during the relevant period})} \right] \times 100$$

Whereas,

ex – bus net generation (MWh) = Gross Generation (MWh) – Auxiliary Consumption (MWh)

Transmission and Distribution loss factor during the relevant period =

$$\left(1 - \frac{\text{Transmission Loss (\%)}}{100} \right) \times \left(1 - \frac{\text{Distribution Loss (\%)}}{100} \right)$$

(3) The Nodal Agency shall have the right to verify the meter readings pertaining to gross generation, auxiliary consumption, and net power injected into the grid and drawal by the user.

(4) Failure to submit the required data in time by the user/generating plant shall be construed as failure in fulfilling the eligibility criteria for consumption.

Chapter 4: Methodology of Monthly Energy Accounting

8. Methodology of Monthly Energy Accounting: (I) to avoid the financial implication on generating plant for not satisfying the consumption criteria at

the end of the relevant period, a cumulative monthly reconciliation method of accounting of Cross Subsidy Surcharge and Additional Surcharge shall be adopted.

(2) At the end of i-th month, the consumption criteria shall be tested based on cumulative total generation and cumulative total consumption by the Captive User(s).

(3) If the consumption criteria are not satisfied at the end of i-th month, then the Distribution Licensee shall raise bill for Cross Subsidy Surcharge and Additional Surcharge upto i-th month reduced by the payment already made in the earlier month(s) of the relevant period.

(4) If the consumption criteria are satisfied, then the Distribution Licensee shall refund the user(s) the payments, if any, received earlier towards Cross Subsidy Surcharge and Additional Surcharge during the relevant period.

(5) This mechanism of payment shall considerably reduce the one-time payment liabilities of both the Captive User(s) and the Distribution Licensee.

9. To furnish relevant data: (1) The Captive User(s) / Captive Power Plant shall furnish all relevant data to the Nodal Agency with 7 days from the end of each month.

(2) Failure to submit the data in time shall be construed as failure in fulfilling the consumption test up to the end of the month and accounting of Cross Subsidy Surcharge and Additional Surcharge shall be accordingly done by Nodal Agency.

Chapter 5: Miscellaneous

10. Grievance Redressal: Any grievance arising in connection with the use of open access for a Captive Power Plant or the Captive User(s) under these Directives shall be resolved in accordance with the provisions of the Electricity Regulatory Commission (Grievance Redressal Mechanism for Open Access Customers) Directives.
11. Power to remove difficulty: If any difficulty arises in implementing any provision of these Directives, the Commission may take appropriate steps on its own or on receipt of a petition from Nodal Agency or CPP/its users, to resolve such difficulty, so long as such steps are not inconsistent with the provisions herein and the Open Access Directives.
12. Other matters in connection with CPP: all other matters relating to a Captive Power Plant (CPP), including metering, connectivity, scheduling, energy accounting, payment, and the payment security mechanism, shall be governed by the applicable provisions of the Open Access Directives, and other associated directives.