

**CENTRAL ELECTRICITY REGULATORY COMMISSION**

**NEW DELHI**

No. L-1/11 /2009-CERC

Dated: 10<sup>th</sup> November, 2009

**NOTIFICATION (DRAFT)**

In exercise of powers conferred under section 66 and clause (y) of sub-section (2) of Section 178 of the Electricity Act, 2003 and all other powers enabling it in this behalf, and after previous publication, the Central Electricity Regulatory Commission hereby makes the following regulations for the development of market in power from Non Conventional Energy Sources by issuance of transferable and saleable credit certificates:

**1. Short title, commencement and extent of application**

- (1) These regulations may be called the Central Electricity Regulatory Commission (Terms and Conditions for recognition and issuance of Renewable Energy Certificate for Renewable Energy Generation) Regulations, 2009.
- (2) These regulations shall come into force from such date as the commission may notify.
- (3) These Regulations shall apply throughout India except the State of Jammu and Kashmir.

**2. Definitions and Interpretation:**

- (1) In these regulations, unless the context otherwise requires,
  - a) 'Act' means the Electricity Act, 2003 (36 of 2003);
  - b) 'Central Agency' means the such agency as the Central Commission may designate from time to time;

- c) 'Certificate' means the renewable energy certificate issued by the Central Agency in accordance with the procedures laid down by it and under the provisions specified in these regulations;
- d) 'Commission' means the Central Electricity Regulatory Commission referred to in sub-section (1) of section 76 of the Act;
- e) 'eligible entity' means the entity eligible to receive the certificates under these regulations;
- f) 'forbearance price' means the ceiling price as determined by the Commission in accordance with these regulations within which only the certificates can be dealt in on the power exchange.
- g) 'MNRE' means the Ministry of New and Renewable Energy;
- h) 'obligated entity' means the entity mandated by State Commissions to fulfill the renewable purchase obligation under clause (e) of sub-section (1) of section 86 of the Act;
- i) 'Power Exchange' means that power exchange which operates with the approval of the Commission;
- j) 'preferential tariff' means the tariff fixed by the Appropriate Commission for sale of energy from a generating station based on renewable energy sources to a distribution licensee;
- k) 'renewable energy sources' means renewable sources such as small hydro, wind, solar including its integration with combined cycle, biomass, bio fuel cogeneration, urban or municipal waste and such other sources as recognized or approved by MNRE ;
- l) 'renewable purchase obligation' means the requirement specified by the State Commissions under clause (e) of sub-section (1) of section 86 of the Act, for the obligated entity to purchase electricity from renewable energy sources;
- m) 'State Agency' means the agency in the concerned state as may be designated by the State Commission to act as the agency for accreditation and recommending the renewable energy projects for registration and to undertake such functions as may be specified under clause (e) of sub-section (1) of section 86 of the Act;

- n) 'State Commission' means the State Commission referred to in sub-section (64) of Section 2 read with sub-section (1) of section 82 of the Act;
  - o) 'Year' means a financial year.
- (2) Words and expressions used in these Regulations and not defined herein but defined in the Act or any other regulations issued by the Commission, shall have the same meaning assigned to them respectively in the Act, or such other regulations issued by the Commission.

### **3. Functions and Role of Central agency:**

(1) The functions of the Central Agency will be to undertake : registration, issuance of certificates, maintaining accounts, settlement, repository, monitoring and such other functions incidental to the implementation of renewable energy certificate mechanism as may be assigned by the Commission from time to time.(2) Subject to provisions of these regulations, the Central Agency, with approval of the Commission and after inviting comments from the State Agency shall issue a detailed procedure for accreditation of generation facility of a renewable energy generator, verification of generation of electricity and its injection into the grid by the eligible entity, and relevant and residual matters:

Provided that the Commission may at any time either on its own motion or on an application or representation made by any interested party direct the Central Agency to modify, add or delete any of the provisions of the detailed procedure as deemed appropriate and upon such directions by the Commission the detailed procedure shall be implemented with modifications.

(3) The Commission may issue directions to the Central Agency in regard to the discharge of its functions and the Central Agency shall always act in accordance with the directions issued by the Commission.

(4) Subject to these Regulations and further with the prior approval of the Commission, the Central Agency may from time to time appoint other bodies or institutions as may be considered necessary and delegate to them such functions as the Central Agency may consider appropriate.

#### 4. **Categories of Certificates:**

(1) There shall be two categories of certificates, viz., solar certificates issued to eligible entities for generation of electricity based on solar as renewable energy source, and non-solar certificates issued to eligible entities for generation of electricity based on renewable energy sources other than solar:

(2) The solar certificate shall be sold to the obligated entities to enable them to meet their renewable purchase obligation for solar, and non-solar certificate shall be sold to the obligated entities to enable them to meet their obligation for purchase from renewable energy sources other than solar.

#### 5. **Eligibility for Certificates:**

The generating companies engaged in generation of electricity from renewable energy sources and not having any power purchase agreement for the capacity related to such generation to sell electricity at a preferential tariff determined by the Appropriate Commission, shall alone be qualified to apply for and register with the Central Agency for the issuance of Certificates in accordance with the provisions of these Regulations:

Provided that such generating companies shall first apply for and obtain accreditation of their generation facility by the State Agency notified by the State Commission:

Provided further that Certificates may be used or dealt by such generating companies when the electricity generated is sold either (i) to a distribution licensee at a price not exceeding the pooled cost of power purchase of such distribution licensee, or (ii) to any other licensee or through power exchange or to an open access consumer at a mutually agreed price.

Explanation : for the purpose of this regulation 'Pooled Cost of Purchase' means the weighted average pooled price at which the distribution licensee has purchased the electricity including cost of self generation, if any, in the previous year from all the energy suppliers, conventional and non-conventional, long term or short term, as the case may be.

## **6. Denomination and issue of Certificates**

- (1) The Certificates shall be issued on the basis of the units of electricity generated from renewable energy Sources and injected into the Grid, and duly accounted in the Energy Accounting System as sold to the purchaser as per the Indian Electricity Grid Code and directions of the authorities constituted under the Act to oversee scheduling and dispatch and energy accounting, or based on written communication of distribution licensee to the concerned State Load Dispatch Centre with regard to the energy input by renewable energy generators which are not covered under the existing scheduling and dispatch procedures.
- (2) The process of certifying the energy injection shall be covered under the detailed procedures to be issued by the Central agency.
- (3) Each Certificate issued shall represent one Megawatt hour of electricity generated from renewable energy source and injected into the grid.
- (4) The Certificates shall be issued to the eligible entity after the Central Agency duly satisfies itself that all the conditions for issuance of Certificate, as may be stipulated in the detailed procedure, are complied with by the eligible entity.

## **7. Dealing in the certificates**

- (1) Unless otherwise specifically permitted by the Commission by order, the Certificates shall be dealt only through the Power Exchange and not in any other manner.
- (2) The Certificate issued to eligible entity by the Central agency may be placed for dealing in any of the Power Exchanges as the Certificate holder may consider appropriate, and such Certificate shall be available for dealing in accordance with the rules and byelaws of such Power Exchange.

## **8. Pricing of Certificate :**

The price of certificate shall be as discovered in the Power Exchange:

Provided that the Commission may, in consultation with the Central Agency and Forum of Regulators from time to time provide for the forbearance price separately for solar and non-solar Certificates.

**9. Validity of Certificates:**

- (1) Eligible entities shall apply for Certificates within three months after corresponding generation from eligible Renewable Energy Projects.
- (2) The Certificate shall remain valid for 365 days from the date of issuance of such certificate.

**10. Fees and charges:**

- (1) The Commission may from time to time specify the fees and charges payable by the eligible entities for participation in the scheme for registration, eligibility of certificates, issue of certificates and other matters connected therewith.
- (2) The fees and charges payable under these regulations may include one-time registration fee and charges, annual fee and charges, the transaction fee and charges for issue of certificate and charges for dealing in the certificate in accordance with these regulations, as the Commission may consider appropriate.
- (3) The fees and charges paid by the eligible entities shall be collected by the Central Agency and utilised for the purpose of meeting the cost and expense towards the remuneration payable to the compliance auditors, the officers, employees, consultants and representatives engaged to perform the functions under these regulations.

**11. Funding for capacity building of State Agency:**

The Commission may, by order, provide for a certain percentage of the proceeds from the sale of Certificates for the purpose of training and capacity building of the State Agencies and other facilitative mechanisms for the implementation and monitoring of the detailed procedures issued by the Central Agency.

**12. Appointment of compliance auditors:**

(1) The Commission in consultation with the Central Agency may appoint from time to time compliance auditors to inquire into and report on the compliance of these Regulations by the person applying for registration, or on the compliance by the renewable energy generators in regard to the eligibility of the Certificates and all matters connected thereto.

(2) The compliance auditor shall have the qualifications and experience as contained in the **Schedule** to these Regulations:

Provided that the Commission may by order amend the Schedule from time to time.

(3) The Commission may from time to time fix the remuneration and charges payable to such auditors and all such amount payable shall be met out of the funds which the Central Agency may collect from the eligible entities.

**13. Power to give directions:**

Subject to the provisions of the Act and the policies of the Government of India the Commission may from time to time issue such directions and orders as considered appropriate for the implementation of these regulations and for the development of market in power for Renewable Energy Sources.

**14. Power to Relax**

The Commission may by general or special order, for reasons to be recorded in writing, and after giving an opportunity of hearing to the parties likely to be affected may relax any of the provisions of these regulations on its own motion or on an application made before it by an interested person.

(Alok Kumar)  
Secretary

## **Schedule**

### **Qualification of Auditors**

The auditor could be an individual person or a firm having persons with qualification and experience in the following areas:

- a. Finance or accounts or commerce, and
- b. having qualifications and experience in the field of engineering with specialisation in generation, transmission or distribution of electricity, experience that demonstrates an adequate understanding of the electricity sector, institutions involved including Regulatory Commission, utilities, government institutions, State agencies and their roles and responsibilities.

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