

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 9/SM/2017

Coram:

- 1. Shri Gireesh B. Pradhan, Chairperson**
- 2. Shri A. S. Bakshi, Member**
- 3. Dr. M. K. Iyer, Member**

Date of Order: 06.06.2017

In the matter of:

Empanelment of Compliance Auditor in the area of Renewable Energy Certificate Mechanism.

ORDER

Regulation 13 of the Central Electricity Regulatory Commission (Terms and Conditions for recognition and issuance of Renewable Energy Certificate for Renewable Energy Generation) Regulations, 2010 (hereafter referred to as "REC Regulations"), provides for appointment of compliance auditors. Regulation 13(1) reads as under:

"13. Appointment of compliance auditors:

(1) The Commission may, in consultation with the Central Agency, 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. As required under the aforesaid regulation, Terms of Reference (TOR) for empanelment of Compliance Auditors were prepared in consultation with the Central Agency. Subsequently, technical bids for "Empanelment of Compliance Auditor in the area of Renewable Energy



Certificate Mechanism” were invited vide notice dated 20.10.2016 and the last date for submission of bids was 11.11.2016. In response, Twelve (12) bids were received. In terms of the provisions of the Central Electricity Regulatory Commission (Appointment of Consultants) Regulations, 2008, a Consultant Evaluation Committee (CEC) was constituted under the chairmanship of Secretary, CERC to evaluate the bids received and recommend firms for empanelment as compliance auditors.

3. The CEC after evaluation of the bids has recommended for empanelment of the following firms as compliance auditors, as per the minutes of the meeting dated 16th May 2017 :

S/N	Organization
1	Chandra Wadhwa & Co., New Delhi
2	Darashaw & Co. Pvt. Ltd., New Delhi
3	MCJ Energy Engineers Pvt. Ltd., Bhilai
4	NC Mittal & Co. Chartered, Faridabad
5	Sanjay Gupta Associates, in association with ABPS Infrastructure Advisory Pvt. Ltd., Mumbai
6	TUV SUD, Pune
7	World Institute of Sustainable Energy, Pune

4. The Commission after considering the recommendations of the CEC, orders empanelment of the firms as mentioned in Para 3 above as Compliance Auditors for REC Mechanism. Such empanelment shall be reviewed by the Commission after two years from the date of this order. This empanelment shall remain valid until such review is undertaken.



5. The firms empanelled by the Commission should not have any conflict of interest with RE generators or other agencies which have been selected for audit. As stated in Order dated 10.12.2013 (321/SM/2013), the firms empanelled as Compliance Auditor are debarred from providing consultancy services related to REC to any of the RE generators. Also, NLDC shall call for a confirmation on affidavit from all Compliance Auditors on half-yearly basis to the effect that they do not have conflict of interest with any of the RE generators and submit a report to the Commission at the time of award of projects, and half-yearly thereafter.

6. The Compliance Auditor shall inquire into and report on the compliance of REC Regulations and Procedures by the entity applying for registration, and by renewable energy generators applying for issuance of Certificates. Scope of work includes (but is not limited to) verification of eligibility criteria & accreditation, technology used, veracity of declarations made with regards to contracting of power, etc. and all matters connected thereto as mentioned in Terms of Reference.

7. As per the Regulation 13 (3) of the REC Regulations, the Commission has to fix remuneration and charges payable to the Compliance Auditors.
Regulation 13(3) reads as under:

“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.”

8. In pursuance of the above, we direct the Central Agency to invite financial bids from the empanelled auditors and propose remuneration and charges to be payable to the Compliance Auditors based on the assessment of man-hour effort/requirement for the possible assignments and with due consideration to various RE technologies, location of the project etc. Based on the suggestion from the Central Agency, the Commission will fix remuneration and charges payable to the Compliance Auditors. After the fees have been fixed by the Commission, the Central Agency will formally engage the Compliance Auditor(s) for specific assignments after entering into an agreement.



9. The award of projects will take into account the willingness and team-capacity of the firms to take on a given number of projects, as they will be asked to state at the time of submission of bids. Projects shall be awarded taking into account geographical proximity of the firm vis-à-vis the locations of the projects.
10. Projects to be audited shall be selected from the list of currently registered projects, while ensuring the following:
- The 3 project routes should be equally represented- APPC, Open Access, CGP
 - Within CGP route, old projects that have registered for entire energy generated (including self-consumption) must be included for audit. New CGP projects that are not allowed to receive RECs to the extent of self-consumption must be included for audit. Additionally, it should be ensured that compliance of recent changes to eligibility criteria for accreditation and issuance to captive generating plants is examined.
 - Number of projects by technology should be in proportion to the distribution of total registered projects by technology, at the time of selection.
 - All States must be included i.e. at least two projects should be selected in every State

The Central Agency may include any other criteria as deemed fit for the selection of projects. In all, the Commission suggests that at the minimum, a number equivalent to 10% of currently registered projects may be audited to ensure confidence in audit outcomes.

11. Report of the Compliance Auditors will be submitted as per agreement to the Central Agency who will forward a copy to the Commission, with their comments.

sd/-
[M. K. IYER]
MEMBER

sd/-
[A. S. BAKSHI]
MEMBER

sd/-
[GIREESH B. PRADHAN]
CHAIRPERSON

New Delhi

Dated : 06.06.2017

