



To,

07 August 2020

Shri Sanoj Kumar Jha, I.A.S  
The Secretary, Central Electricity Regulatory Commission (“CERC”)  
3rd & 4th Floor, Chanderlok Building  
36, Janpath, New Delhi -110 001, INDIA

**Subject: Draft Central Electricity Regulatory Commission (Power Market) Regulations, 2020 (“Draft Regulation”)**

Dear Sir,

Greetings from Amazon Internet Services Private Limited (AISPL). AISPL is an Indian company affiliated with Amazon Web Services (AWS).

Amazon is committed to building a globally sustainable business for our customers and the planet<sup>1</sup>. In 2019, Amazon implemented The Climate Pledge—a public commitment to achieve net zero carbon across Amazon’s business by 2040, 10 years ahead of the time frame set by the Paris Agreement. Amazon also enacted a company-wide goal to power our operations with 100% renewable energy by 2025. In 2018, AWS exceeded 50% renewable energy usage globally, making promising progress towards both the Climate Pledge and our renewable energy goal.<sup>2</sup>

AWS has a long term vision in India and we are excited to participate in India’s growth story. AWS launched the Asia Pacific (Mumbai) region in 2016 to better serve our Indian customers. In 2017, the Ministry of Electronics and IT empaneled AWS for the delivery of cloud services to Indian government agencies. AWS is also fully committed to delivering on its sustainability goal in India, and we sincerely thank CERC for the opportunity to provide input to the Draft Regulation.

Our preliminary views on the Draft Regulation are as follows:

**1. Extend the scope of the Draft Regulation to include Contract for Difference (CfD) / Virtual Power Purchase Agreements (Virtual PPAs).**

We understand that Virtual PPAs (described below), are currently not covered under the Draft Regulation (or by any other existing regulation in India).

*A Virtual PPA is a contract between a power producer and an offtaker buyer (like AWS) in which the price for the underlying electricity is settled under a CfD - typically over a long period of time - and without physical exchange or delivery of power. Under the CfD, power producer and offtaker agree a ‘strike price’ for the electricity and a market-based reference price over the duration of the contract. When the strike price is lower than the market reference price, the off-taker tops up the power producer to the strike price. When the market reference price is higher than the strike price, the power producer pays the difference to the off-taker. As a Virtual PPA provides a power producer with a long term, fixed price for its power, this has traditionally enabled a power producer– in other jurisdictions - to obtain project financing for the power project without recourse to public subsidies.*

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<sup>1</sup> <https://sustainability.aboutamazon.com/>

<sup>2</sup> <https://aws.amazon.com/about-aws/sustainability/>

We understand that regulation of CfDs is still an open discussion, but would appreciate CERC's leadership and kind assistance in keeping cross-regulatory attention on clarifying and resolving the path forward for CfDs in India, as these are a sorely needed means of quickly scaling renewable development and enabling corporate consumers to contribute to the effort to meet India's nationwide renewable energy goals. We request the Hon'ble Commission to extend the applicability of the Draft Regulation to include Virtual PPAs, or provide clarity on how this would be handled elsewhere.

**2. Seek clarification on bilateral transfer of Renewable Energy Certificates (RECs) (part 3, Clause 4)**

An important aspect of Virtual PPA's is the ability for the power producer to sell RECs directly to the offtaker on a bilateral basis. This enables the offtaker to demonstrate that it has procured renewable energy from a specific power plant, in furtherance of its renewable energy goals. At the moment, a power producer may only sell renewable energy certificates from a power plant to the energy exchange, and not on a bilateral basis to an offtaker or corporate. We request that the Hon'ble Commission expressly permit the bilateral transfer of renewable energy certificates from power producer to offtaker, outside of the India energy exchange.

**3. Clarify scheduling flexibility for renewable energy (part 3, clause 5)**

We understand that the deviation settlement mechanism for renewable energy projects dispatching on a merchant basis to the energy exchange is treated the same as conventional power plants. We also understand that some State Electricity Regulatory Commissions (SERCs) have published regulations that allow dispatch flexibility for renewable power plants, permitting deviations for generator imbalance considering the variable nature of wind and solar resources. While it is important to have rules governing delivery of power, the flexible approach to managing a generator's imbalance adopted by SERC will encourage maximum deployment of renewable power. We therefore request the Hon'ble Commission to provide a similar level of imbalance flexibility to renewable generators when power is traded on the energy exchanges.

We thank you for the opportunity to present our views, and look forward to the ongoing dialogue on the Draft Regulation. Our teams would be very happy to formally present our views to the Hon'ble Commission. We are also available to provide any other support that may be needed to create a robust renewable energy policy framework from a corporate buyer's perspective.

Yours Sincerely,



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