

Date: 15th March 2022

To,

The Chairperson,
The Central Electricity Regulatory Commission,
3 rd & 4 th Floor, Chanderlok Building,
36, Janpath, New Delhi- 110001

Subject: Comments/observations on Draft Central Electricity Regulatory Commission (Terms and Conditions for Renewable Energy Certificates for Renewable Energy Generation) Regulations, 2022

Dear Sir,

The Honourable Commission has come up with Draft Central Electricity Regulatory Commission (*Terms and Conditions for Renewable Energy Certificates for Renewable Energy Generation*) Regulations, 2022 dated 15th Feb 2022.

We are pleased to provide our comments to the Commission, and hope that in making this important amendment, it will find our feedback useful. Further, please provide us an opportunity to present our case in front of the Commission during the hearing for finalizing the above regulation.

Thanking you,

Yours Sincerely,

Adani Green Energy Ltd


Kartik Pandya



Authorized Signatory

Enclosed:

1. AGEL Comments on Draft CERC REC Regulations 2022

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AGEL Comments on Draft CERC REC Regulations, 2022

S. No.	Clause Number	Clause Excerpts	AGEL Comments
1	2.(1) K, P & Q	<p>2.1.K- 'Obligated entity' means an entity for which the State Commission has specified requirement under clause (e) of sub-section (1) of Section 86 of the Act to fulfil the renewable purchase obligation.</p> <p>2.1.P- 'renewable purchase obligation' or 'RPO' means the requirement specified by the State Commissions under clause (e) of sub-section (1) of Section 86 of the Act for an entity to purchase electricity from renewable energy sources.</p> <p>2.1.Q- 'State Agency' means the agency designated by the State Commission for accreditation of eligible entities for grant of Certificates;</p>	<ul style="list-style-type: none"> It is submitted that the present Regulations should include suitable provisions to mandate strict compliance to RPO obligations by obligated entities and not to allow carry forward of the unfulfilled RPO obligations to subsequent years. Failing to comply with the prescribed RPO obligation, there should be some penalty to be imposed on obligated entities in light of substantial penetration of various solar and non-solar RE generation in to the grid. The Regulations ought to set a certain minimum percentage of RPO obligation to be fulfilled only through REC purchase in order to promote the project under RECs Mechanism.
2	3.(2)	<p>(2) The functions of the Central Agency shall be to:</p> <p>(i) undertake registration of eligible entities,</p> <p>(ii) undertake issuance of Certificates,</p> <p>(iii) maintain and settle accounts in respect of Certificates,</p> <p>(iv) act as repository of transactions in Certificates,</p> <p>(v) maintain Registry of Certificates,</p> <p>(vi) perform such other functions incidental to sub-clauses (i) to (v) of this clause, and</p> <p>(vii) undertake any other function</p>	<p>The following may be added to the functions of the Central Agency:</p> <p>1. Review the state wise yearly RPO compliance status and issue directives for compliance with defined timeline and issue direction for penalties, if required further in case of .</p>

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		that may be assigned by the Commission.	
3	6.1 & 6.2	<p>6. (1) Accreditation for Certificates to the eligible entities connected to intra-State transmission system shall be granted by the State Agency.</p> <p>6.(2) Accreditation for Certificates to eligible entities connected to inter-State transmission system shall be granted by the RLDC of the region in which such eligible entities are located, in accordance with the Procedure for Accreditation for Certificate to be issued by the Central Agency as part of the Detailed Procedure</p>	<ul style="list-style-type: none"> The accreditation and registration of project under REC mechanism requires substantial documentation and is a time-consuming process and the generator loses the REC for the power generated during such period. Therefore, the Regulations should include provisions for an online single window process with identified documentation requirements and specified timelines. Eligibility criteria shall be made applicable on the electricity generated and not on the Generating Station/Project. With introduction of alternate market for sale of RE power, the RE Generators shall be provided flexibility to sell power under GTAM/GDAM/Bilateral market and no RECs should be issued against such power sold in Green Market or Bilateral for RPO fulfilment. In such case cancellation of the accreditation and registration of project should not take place as being practiced presently, rather REC issuance be hold for such period.
4	4.(2)	<p>(2) A renewable energy generating station shall be eligible for issuance of Certificates, if it meets the following conditions:</p> <p>(a) the tariff of such renewable energy generating station has not been either determined or adopted under section 62 or section 63 of</p>	<p>It is submitted that the following provision may be added:</p> <ul style="list-style-type: none"> A renewable energy generating station shall also be eligible for issuance of certificates from the date of commissioning (including partial commissioning) of project and Central Agency (NLDC) shall allow issuance of RECs

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		<p>the Act, or the electricity generated is not sold either through an electricity trader or in the Power Exchange, for RPO compliance by an obligated entity;</p> <p>(b) such renewable energy generating station has not availed any (i) waiver or concessional transmission charges or (ii) waiver or concessional wheeling charges or (iii) facility of banking of electricity.</p>	<p>retrospectively for the power generation from date of commissioning to the date of registration of project under REC scheme.</p> <p>or, in case if the project is shifted from Non-REC to REC mechanism, REC issuance may be applicable and be issued from such date of eligibility under REC mechanism.</p>
5	4. (3)	<p>Provided that the Certificates issued to such captive generating stations to the extent of self-consumption, shall not be eligible for sale.</p>	<ul style="list-style-type: none"> MoP vide its notification dated 01.10.2019 directed that for CPPs commissioned before 01.04.2016, RPO ought to be kept at same level as specified by the appropriate commission for FY 2015-2016 and for CPPs commissioned from 01.04.2016 onwards, the RPO targets as specified by the appropriate commission or MoP, whichever is higher, for the year of commissioning of the CPP ought to be considered. However, it is submitted that old captive power plant has already reached breakeven point and completed the payback period and any power generated from these plants generates additional/bonus revenue. Therefore, capping RPO with year of commissioning is an unfair advantage to captive plants at cost of other RPO obligated entities. Accordingly, no such cap for CPPs should be there in the Regulations in order to provide level playing field to all players in the sector. Deduction in fuel cost- The success of PAT cycle—I & II make it

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			<p>evident that energy intensive companies are now turned as energy efficient companies by constant improvement of technologies. This implies that the fuel cost with increase in technologies has witnessed a substantial decline, making generation cost for CPP very low but RPO percentage for CPP has not changed due to above foresaid MOP order.</p> <p>Further, we welcome the honorable commission decision to allow inclusiveness of captive generating stations to the extent of self-consumption.</p> <ul style="list-style-type: none"> In line with this, we further urge commission to kind allow RPO compliance at group captive plants RE Captive Generating Stations are of SPV in nature, therefore the generated RECs to the extent of self-consumption shall be permitted to off-set the RPOs of its Group Companies and 100% subsidiaries of the Group companies The aforesaid proposed change will revamp overall RPO compliance and definitely broaden the REC mechanism
6	11.(2)	(2) The Certificates shall be exchanged through power exchanges or through electricity traders in such periodicity as may be stipulated by the Central Agency in the Detailed Procedure	<ul style="list-style-type: none"> Roles and responsibilities of electricity traders need to be clearly defined to understand how they can contribute to the success of the proposed mechanism and ensure no

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			<p>hoarding or price manipulation happens.</p> <ul style="list-style-type: none"> Allow Bilateral Sale of REC Certificate: Referring Ministry of Power discussion paper on Redesigns Renewable Energy Certificate (REC) Mechanism dated 04th June 2021 wherein MOP has proposed allowing bilateral transactions in REC mechanism. <p>Union Minister of Power and New & Renewable Energy, Shri RK Singh has also given his assent to such amendments. Hence, we urge honourable Commission to kindly permit bilateral transaction of REC Certificate in the matter.</p> <ul style="list-style-type: none">
7	12.2	12.(2) The Certificate Multiplier for the period of three years from the date of effect of these regulations or such other period as may be decided by the Commission, as determined in Appendix-1 shall be as under:	<p>It is submitted that the Certificate Multiplier for on-shore wind and solar projects is 1 as per the draft Regulations. However, older on-shore wind and solar projects have been constructed at higher capital cost and have higher cost of generation as compared to the new projects which have the benefit of improved technology and supplier competition. Therefore, in order to treat the older on-shore wind and solar projects at par with new entrants, the Commission may grant multiplier based on the following factors viz. 1. Technology of Renewable Energy 2. Vintage multiplier based on Year of commissioning of the RE project including for on-shore wind and solar plant.</p>

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8	13.(1)	The price of Certificate shall be as discovered in the Power Exchange(s) or as mutually agreed between eligible entities and the electricity traders:	The present Regulations propose to do away with the Commission specifying the floor and forbearance prices of RECs. However, the ATPEL judgment dated 09.11.2021 in Appeal No. 113 of 2020 did not prohibit the Commission from fixing such floor and forbearance prices, the Commission ought to fix such prices in terms of the provisions of the REC Regulations, 2010. Therefore, relegating the price discovery of RECs through market mechanism or mutual agreement especially within such short time after the APTEL judgment and when the conditions may not be conducive for the same would be incorrect. There should be some minimum price support for each accrued RECs to enable the business decision to choose between REC and Non REC mechanism.
9	11	(8) Introduction of REC future contract on Power Exchange	<ul style="list-style-type: none"> In terms of the Supreme Court order, there is clarity now that CERC has jurisdiction over trade of electricity future contract wherein the Supreme Court states that CERC will regulate all the physical delivery based forward contracts. Keeping above said order in due consideration, CERC should permit/come up with REC future contracts sale via power exchange. Here, buyer will agree to purchase REC certificate from the seller at a 'pre-agreed price', also known as the 'strike price' against defined monthly contract that will expire on last week Wednesday of next month. However, unlike a regular trade of REC wherein the buyer bids at the

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			<p>buy price and seller bids at the sell price for same day delivery of certificates (Double-sided anonymous closed bidding auction) in REC future contracts buyer will not receive the certificate. Rather REC future contract will trade virtually over the power exchange during the said period. If the market price of certificate traded at IEX/PXIL exceeds the pre-agreed price under the REC future contract, the excess amount is paid by the generators to the buyer. If the market price is less than the pre-agreed price, the difference is paid by the buyer to the generators/seller. Here base price will be last month discovered price at power exchange.</p> <ul style="list-style-type: none"> • Similar products are being traded in American and European power exchanges such as Nodal exchange and European Energy Exchange. • The introduction of REC future contract will bring more liquidity in the REC market and further deepen the power market • Apart from this, the entire process will enable Discoms and large obligated entities to plan their short-term/long term RPO compliance more efficiently. • This will be a significant development in electricity market and has the potential to change the landscape of the power market in the country,

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