



NH/Comml./Tariff/29/2022/314

24.03.2022

Secretary
Central Electricity Regulatory Commission,
3rd & 4th Floor, Chanderlok Building,
36 - Janpath, New Delhi- 110 001
Fax: 011-23753923

Sub:- Comments on draft Central Electricity Regulatory Commission (Terms and Conditions for Renewable Energy Certificates for Renewable Energy Generation) Regulations, 2022 - Reg.

Ref:- CERC Public notice No. RA-14026(11)/1/2022-CERC dated 15.02.2022
CERC Public notice No. RA-14026(11)/1/2022-CERC dated 15.03.2022

Sir,

In reference to above public notices dated 15.02.2022 and 15.03.2022, the comments / suggestions / objections of NHPC on the draft CERC (Terms and Conditions for Renewable Energy Certificates for Renewable Energy Generation) Regulations, 2022 are enclosed for further necessary action. The comments / suggestions / objections have been uploaded through SAUDAMINI portal under 'e-Regulation'. The soft copy of the same has also been emailed to secy@cercind.gov.in.

Thanking You,
Encl: As above

Yours Sincerely,

H. Shekhar

(Himanshu Shekhar)
Executive Director (Comml.)

पंजीकृत कार्यालय : एन एच पी सी ऑफिस कॉम्प्लेक्स, सेक्टर-33, फरीदाबाद-121 003, हरियाणा
Regd. Office: NHPC Office Complex, Sector-33, Faridabad-121003, Haryana
CIN : L40101HR1975GOI032564; Website : www.nhpcindia.com
E-mail: webmaster@nhpc.nic.in; EPABX No. : 0129-2588110/2588500

Comments of NHPC on draft CERC (Terms and Conditions for Renewable Energy Certificates for Renewable Energy Generation) Regulations, 2022

Regulation No	Draft Regulation	Comments/ Suggestions
Regulation 4(2)(a)	(a) the tariff of such renewable energy generating station has not been either determined or adopted under section 62 or section 63 of 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>Sub-clause (a) of clause (2) of Regulation 4 mentions that if the renewable energy generating station has determined tariff under section 62 or section 63 of the act or if the renewable generating station has sold the power through electricity trader or in the power exchange for compliance of RPO by the obligated entity, then such RE generating station shall not be eligible for issuance of certificates.</p> <p>When a generating station sells the Power under Section 62 or section 63 of the Act, the cost of the generating station is generally recovered. However, if the generating station is not able to secure the PPA for the entire capacity under section 62 or section 63 of the Act or the generating station is not able to sign the PPA for full capacity at APPC, then the generating station has to sell the power in Power Exchange to recover some of its cost. There is possibility that the entire cost of such generator may not be recovered. Therefore, it is proposed that if such untied RE Power is sold either through electricity trader or in the Power Exchange to meet the RPO compliance by an obligated entity, then certificates needs to be issued to the generating station.</p>
Regulation 4(4)	An obligated entity being a distribution licensee or an open access consumer, which purchases electricity from renewable energy sources in excess of the renewable purchase obligation determined by the State Commission shall be	<p>In the draft regulation, a provision has been kept that if the distribution licensee purchases electricity from renewable energy sources in excess of the RPO shall be eligible for issuance of certificates. The distribution licensee purchases power</p> <p style="margin-left: 20px;">a. under Section 62 or Section 63 of the Act,</p>



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	<p>eligible for issuance of Certificates to the extent of purchase of such excess electricity from renewable energy sources.</p>	<p>b. electricity traded through an electricity trader or in power exchanges, c. at average power procurement cost (APPC).</p> <p>The power purchased through an electricity trader or in power exchanges or at APPC is at the rate which has been preferred by the State DISCOMs. Therefore, it is proposed that the new draft regulation may be modified as follows: <i>“An obligated entity being a distribution licensee or an open access consumer, which purchases electricity from renewable energy sources in excess of the renewable purchase obligation determined by the State Commission at the tariff determined under Section 62 or Section 63 of the Act shall be eligible for issuance of Certificates to the extent of purchase of such excess electricity from renewable energy sources.”</i></p> <p>The same provision was also there in 3rd Amendment of CERC (Terms and Conditions for recognition and issuance of Renewable Energy Certificate for Renewable Energy Generation) Regulations, 2010.</p> <p>Further, it is also proposed that any non-fulfillment of RPO in the past years, any waiver or carry forward of RPO by the Appropriate Commission in the previous year, should be adjusted before issuance of RECs to the distribution licenses.</p>
Regulation 6(1)	<p>Grant of Accreditation for Certificates (1) Accreditation for Certificates to the eligible entities connected to intra-State transmission system shall be granted by the State Agency:</p>	<p>The accreditation for certificates to the eligible entities connected to intra-State transmission system is to be granted by the State Agency, however it has not been mentioned that under which procedure the same shall be accredited. It is therefore proposed</p>



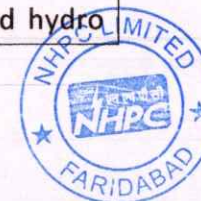
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	<p>Provided that the entities granted accreditation for Certificates under the REC Regulations, 2010 shall be deemed to have been granted accreditation for Certificates under these regulations till validity of their accreditation under the REC Regulations, 2010.</p>	<p>to modify the clause (1) of Regulation 6 of these Regulations as under: “(1) Accreditation for Certificates to the eligible entities connected to intra-State transmission system shall be granted by the State Agency, in accordance with the Procedure for Accreditation for Certificate to be issued by the Central Agency as part of the Detailed Procedure Provided that the entities granted accreditation for Certificates under the REC Regulations, 2010 shall be deemed to have been granted accreditation for Certificates under these regulations till validity of their accreditation under the REC Regulations, 2010.”</p>
Regulation 7	<p>Revocation of Accreditation The concerned RLDC, after making an enquiry and giving notice may revoke, recording reasons for such revocation, accreditation granted to an eligible entity referred to in clause (2) of Regulation 6 of these regulations in case the eligible entity breaches any of the terms and conditions of its accreditation, the breach of which is expressly declared by such accreditation to render it liable to revocation.</p>	<p>The Accreditation for intra-State Transmission system is to be granted by the State Agency under clause (1) of Regulation 6 of these Regulations and the Accreditation for inter-State Transmission system is to be granted by the RLDC under clause (2) of Regulation 6 of these Regulations. However, under revocation of accreditation only accreditation granted under clause (2) of Regulation 6 of these regulations has been mentioned. It is therefore proposed to modify the Regulation 7 as under: <i>“The concerned state agency or RLDC, after making an enquiry and giving notice may revoke, recording reasons for such revocation, accreditation granted to an eligible entity referred to in clause (1) and (2) of Regulation 6 of these regulations in case the eligible entity breaches any of the terms and conditions of its</i></p>



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		<i>accreditation, the breach of which is expressly declared by such accreditation to render it liable to revocation."</i>
Regulation 10	Issuance of Certificates	<p>The Renewable Energy Certificates shall be issued to eligible entities defined under Clause (1) of Regulation 4 of these regulations which include Distribution licensee and open access consumers. Thus, REC is being issued to the distribution licensee or open access consumer for purchase of electricity from renewable energy sources over and above its RPO obligations.</p> <p>Therefore, it is proposed to replace corresponding generation with corresponding generation/purchase and in Regulation 10 of these draft regulations to provide clarity regarding issuance of certificates to distribution licensee for purchase of power in excess of their RPO obligations.</p>
<p>Ministry of Power in its order dated 08.03.2019 in Measure to Promote Hydro Power Sector defined hydro purchase obligations (HPO) as a separate entity under non-Solar RPO for large hydropower projects with capacity more than 25 MW. Subsequent to that Ministry of Power issued an Order No 23/03/2016-R&R dated 29th January 2021 (copy of order attached as Annexure-I), wherein RPO trajectory has been notified including trajectory of HPO as a separate entity under non-Solar RPO. Ministry of Power has prepared the HPO trajectory with the objective of adding 30,000 MW of hydro power commissioned after 8th March, 2019 till 2029-30. Hydro Energy certificate mechanism is to be developed to facilitate compliance of HPO Obligation. In the MoP order dated 29.01.2021, at Sl. No 18, it has been mentioned that CERC may consider to devise a suitable mechanism similar to Renewable Energy Certificate (REC) mechanism to facilitate fulfillment of HPO. It is therefore proposed to issue a separate Regulation for Hydro Energy Certificate Mechanism similar to Renewable Energy Certificate in line with MoP order dated 29th January 2021.</p> <p>In the meanwhile, the comments of NHPC on this draft Regulations in respect of MoP order dated 29th January 2021 are as under:</p>		
	Introduction of New Definition 'hydro purchase obligation' or 'HPO' means the	Ministry of Power in its order dated 08.03.2019 in Measure to Promote Hydro Power Sector defined hydro



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	<p><i>requirement specified by the State Commissions under clause (e) of sub-section(1) of Section 86 of the Act as per the trajectory defined in the Ministry of Power Order No 23/03/2016-R&R dated 29th January 2021 as separate entity under non-Solar RPO</i></p>	<p>purchase obligations (HPO) as a separate entity under non-Solar RPO. After that CEA issued draft guidelines for HPO where in the hydro power projects commissioned/ to be commissioned after 08.03.2019 were identified to be considered for HPO (List of Projects in Annexure-II). Ministry of Power vide order dated 29th January 2021 (Annexure-I) issued the trajectory of HPO as a separate entity under non-Solar RPO with 85% of the target of HPO to be met through purchase of hydro power only. It is therefore proposed to include definition of HPO and to replace RPO with RPO/HPO.</p>
	<p>Introduction of New Clause under Regulation 11 <i>The certificates to be purchased to meet the HPO obligations as notified by the respective State Commission shall be 1.5 times its HPO obligations.</i></p>	<p>The HPO trajectory issued by Ministry of Power as a separate entity under non-solar RPO vide order dated 29th January 2021 has been calculated based on a list of specific hydro power plants expected to be commissioned by FY 2030 which has been considered by CEA in the draft operating guidelines for HPO in January 2020. Thus, the quantum of new hydro power plants which are eligible for HPO to be injected into the grid is fixed.</p> <p>This can result into a scenario where one DISCOM say DISCOM A has purchased 1000 MWh in excess of its HPO obligation and another DISCOM say DISCOM B has purchased 1000 MWh less than its HPO obligation, then as per the draft regulation, DISCOM A shall be issued with 1500 certificates for sale in Power Exchange/ through electricity trader and DISCOM B has to purchase 1000</p>



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		<p>certificates to meet its obligations.</p> <p>As the quantum of Power eligible for HPO to be injected into grid is fixed, this will result into surplus of certificates in the market.</p> <p>It is therefore proposed that the certificates to be purchased to meet the HPO obligations by DISCOMs also needs to be in multiple of 1.5 as defined in clause (2) of Regulation 12 of these regulations.</p>
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