

Ref: - GEPL/2021-22/CERC/20220324

Date: 24.03.2022

To,

The Secretary,

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

Subject: - Comments/ Observations/ Suggestion sought by CERC on Draft Central Electricity Regulatory Commission (Terms and Conditions for Renewable Energy Certificates for Renewable Energy Generation) Regulations, 2022

Dear Sir,

At the outset, we extend our gratitude to hon'ble Central Electricity Regulatory Commission for inviting Comments/ Suggestions/ Observations on Central Electricity Regulatory Commission (Terms and Conditions for Renewable Energy Certificates for Renewable Energy Generation) Regulations, 2022. We wish to submit our observations/comments and objections/suggestions as attached herein **Annexure -I**.

We humbly request the hon'ble Commission to favourably consider our comments/ suggestions.

Thanking You,

for M/s Greenko Energies Private Limited



Authorised Signatory

Email ID: Rakesh.s@greenkogroup.com, Pushpinder.h@greenkogroup.com

Contact No.: +91-8448484430, +91-8510967977

Annexure I: Comments on the Central Electricity Regulatory Commission (Terms and Conditions for Renewable Energy Certificates for Renewable Energy Generation) Regulations, 2022.				
Sr. No.	Clause No.	As per the Draft	Suggested Amendment	Explanation
1	Definition 2 (1) (O)	‘Renewable energy sources’ means sources of renewable energy such as 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 the Central Government	‘Renewable energy sources’ means sources of renewable energy such as hydro (including Small Hydro (≤ 25 MW), Large Hydro including Pumped Hydro Storage (> 25 MW)), 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 the Central Government;	<p>We would like to bring to kind attention the notification issued by Ministry of Power (MoP) on 9th March 2019 pertaining to measures for promotion of hydro power projects; wherein, MoP notified that the Large Hydro Project including Pumped Storage Project (> 25 MW) is a renewable energy source.</p> <p>In view of above, we request the hon’ble commission to expand the word “hydro” so that Small Hydro Projects (< 25 MW), Large Hydro Projects including pumped storage projects (≥ 25 MW) are covered under this proposed draft regulation as RE sources. For various categories of hydro plants, based on technology and cost of generation, technology-based multiplier for issuance of REC can be specified separately.</p>
2	Additional insertion under Definition	Additional insertion:	“Energy Storage System” or “ESS” or “Storage” in relation to the electricity system, means a facility, where electrical energy is converted into any form of energy which can be stored, and subsequently reconverted into electrical	Renewable energy sources are intermittent and unpredictable in nature; therefore, such RE generators uses ESS to make RE power firm and schedulable.



			<p>energy and injected back into the grid, facility such as, conventional batteries, flow batteries, pumped storage, compressed air, fuel cells, hydrogen storage or any other technology, to store various forms of energy and to deliver the stored energy in the form of electricity;</p>	<p>It is to be noted that the Ministry of Power, on 22.07.2020, as amended on 03.11.2020, notified “Guidelines for Tariff Based Competitive Bidding Process for Procurement of Round-The Clock Power from Grid Connected Renewable Energy Power Projects, complemented with Power from any other source or storage.”, under section 63 of the Electricity Act, 2003. Clause 22 of the said Guidelines states that if electricity generated from Energy Storage System (ESS) component charged with wind and/or solar sources, bought by obligated entity shall be eligible for non-solar and /or solar RPO compliance.</p> <p>The said clause is read as under:</p> <p>“22. RENEWABLE PURCHASE OBLIGATION (RPO)</p> <p><i>The renewable energy component [including Energy Storage System (ESS) component charged with RE sources] bought under this Scheme shall be eligible for RPO compliance. If RE power has both solar and non-solar component, the apportionment of RPO between solar & non-solar shall be on the lines of principle adopted in case of hybrid plants.”</i></p>
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				Considering the above, we request you to incorporate definition of Energy Storage System as suggested in Sr. no.2.
3	Additional insertion	Renewable Energy Generating Station	Renewable Energy Generating Station means a generating station generating electricity through Renewable energy sources with or without Energy Storage System	
4	Clause 4	4. Eligibility for Issuance of Certificates (1) Following entities shall be eligible for issuance of Certificates: (a) Renewable energy generating station, (b) Captive generating station based on renewable energy sources, (c) Distribution licensee, and (d) Open access consumer	4. Eligibility for Issuance of Certificates Following entities shall be eligible for issuance of Certificates: (a) Renewable energy generating station (b) Captive generating station based on renewable energy sources, (c) Distribution licensee, and (d) Open access consumer (e) Pumped Hydro Storage,	As per our comments, we request the hon'ble Commission to incorporate Pumped Hydro Storage Projects as separate entity in the list of eligible entity for issuance of certificate.
	Clause 4 (2) (a)	4 (2) A renewable energy generating station shall be eligible for issuance of Certificates, if it meets the following conditions: (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	4 (2) A renewable energy generating station shall be eligible for issuance of Certificates on the extent of power generated which meets the following conditions: (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	Recently Renewable players are adopting business models with part capacity in open market and part capacity with long terms PPAs. Such models are driven by Policy and Regulatory decisions like MBED and GNA. Such business models will require to sell part capacities under RPO and part outside of RPO, part capacity availing concessions and other part not to avail any concessions. To address the REC aspect of such scenario's



		the Power Exchange, for RPO compliance by an obligated entity;	Power Exchange, for RPO compliance by an obligated entity; Explanation: a renewable energy generating station may sell the electricity generated for RPO compliance by an obligated entity, as aforesaid, at one point of time or for partial capacity; during such point of time or for such part of the capacity it shall not be eligible for issuance of Certificate. However, it may not sell the electricity generated for RPO compliance by an obligated entity at another point of time or for another part capacity; during such point of time or for such part capacity, it shall be eligible for issuance of Certificate	Explanatory notes, as proposed, may be included
	Clause 4 (2) (b)	4 (2) A renewable energy generating station shall be eligible for issuance of Certificates, if it meets the following conditions: (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;	4 (2) A renewable energy generating station shall be eligible for issuance of Certificates on the extent of power generated which meets the following conditions: (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>Explanation: a renewable energy generating station may avail any of the the aforesaid concessions at one point of time or for partial capacity; during such point of time or for such part of the capacity it shall not be eligible for issuance of Certificate. However, it may not avail any of the aforesaid concessions at another point of time or for another part capacity; during such point of time or for such part capacity, it shall be eligible for issuance of Certificate</p>	
5	Clause 4 (3)	<p>(3) Captive generating stations based on renewable energy sources and meeting the conditions as specified under clause (2) of this Regulation in respect of renewable energy generating stations shall be eligible for issuance of Certificates: Provided that the Certificates issued to such captive generating stations to the extent of self-consumption, shall not be eligible for sale.</p>	<p>(3) Captive generating stations based on renewable energy sources and meeting the conditions as specified under clause (2) of this Regulation in respect of renewable energy generating stations shall be eligible for issuance of Certificates: Provided that the Certificates issued to such captive generating stations to the extent of self-consumption <u>up to its renewable purchase obligation</u>, shall not be eligible for sale.</p>	<p>A captive generating station procuring renewable energy beyond its RPO should be eligible for issuance as well as sale of Certificates, similar provision has been kept for distribution licensee.</p> <p>As both Captive Generating Stations and Distribution Licensees both are obligated entities, and extended such benefit to Distribution Licensee and depriving such benefits to other are creating a discrimination to other entity.</p>

6	Clause 4 (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 eligible for issuance of Certificates to the extent of purchase of such excess electricity from renewable energy sources.	(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 beyond the national level targets specified by Ministry of Power shall be eligible for issuance of Certificates to the extent of purchase of such excess electricity from renewable energy sources.	<p>Most of the SERCs/ JERCs have been specifying RPO targets since their inception at quite lower than the targets specified MOP from time to time. Issuance of RECs to Discoms simply beyond RPO targets specified by State Commission would result into situation of REC market flooded with such RECs.</p> <p>Clause 6.4 (1) (iii) of the Tariff Policy, 2016 reads as under:</p> <p><i>(iii) It is desirable that purchase of energy from renewable sources of energy takes place more or less in the same proportion in different States. To achieve this objective in the current scenario of large availability of such resources only in certain parts of the country, an appropriate mechanism such as Renewable Energy Certificate (REC) would need to be promoted. Through such a mechanism, the renewable energy-based generation companies can sell the electricity to local distribution licensee at the rates for conventional power and can recover the balance cost by selling certificates to other distribution companies and obligated entities enabling the latter to meet their renewable power purchase obligations. The REC mechanism should also have a solar specific REC.</i></p>
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				<p>Clause 6.4 of the Tariff Policy also states that the long-term growth trajectory of RPOs will be as prescribed by the Ministry of Power in consultation with MNRE.</p> <p>Therefore, it is suggested that the REC issuance for any excess RE procurement by Distribution Licensees /open access consumers should be applicable only beyond the national level targets specified by Ministry of Power.</p>
			<p>Provided however that in case of such distribution licensee not being able to absorb the renewable energy due to low system demand on real time basis, but still absorbing such excess generation from renewable energy and selling on Power Exchange, shall be eligible for issuance of Certificates for such excess renewable energy irrespective of such distribution licensee having achieved or not the national level targets specified by Ministry of Power.</p>	<p>Many RE rich States' Distribution Licensees curtail wind and solar generation as they are not able to absorb such generation due to low system demand. Even though the national level RPO targets not fulfilled, REC should be issued to such Distribution Licensees on the quantum of unabsorbed RE being sold on exchange, upon certificate from the concerned SLDC.</p> <p>Issuance of such RECs would incentivise them by instant revenue from exchange power sale, which could avoid rampant curtailment, which could be reconciled at the year-end.</p>
7	Clause 6 (3)	6 (3) Eligible entities that have been granted accreditation for Certificates, referred to in clause (2) of this Regulation, which have undergone a change in name or change in legal status after the grant of accreditation	(3) Eligible entities that have been granted accreditation for Certificates, referred to in clause (1) or clause (2) of this Regulation, which have undergone a change in name or change in legal status after the grant of accreditation for	Similar to Inter-state projects, there should be a similar provision for getting effected the name change for intra-state projects.

		for Certificates, shall inform, along with relevant documents from the appropriate authority such as Registrar of Companies or National Company Law Tribunal or any other Court, to the concerned RLDC which shall, upon verification of documents, update such change in its records within 30 days from the date of such information and inform the same to the Central Agency.	Certificates, shall inform, along with relevant documents from the appropriate authority such as Registrar of Companies or National Company Law Tribunal or any other Court, to the concerned State Agency and concerned RLDC which shall, upon verification of documents, update such change in its records within 30 days from the date of such information and inform the same to the Central Agency.	
8	Clause 8 (2)	<p>8 (2) The registration for Certificates granted in terms of these regulations shall be valid for 15 years from the date of registration for Certificates:</p> <p>Provided that the registration for Certificates granted under the REC Regulations, 2010 and deemed to have been granted registration for Certificates under these regulations shall be valid for a period of 15 years from the date of deemed registration for such Certificate.</p>	<p>(2) The registration for Certificates granted in terms of these regulations shall be valid for 15 years from the date of registration for Certificates and remain valid up to the end of Useful Life of the project, as provided under the Central Electricity Regulatory Commission Tariff Regulations as amended/ replaced by CERC from time to time:</p> <p>Provided that the registration for Certificates granted under the REC</p>	<p>In 2010, REC Regulation hon'ble Commission considered that the REC Mechanism is an alternative source of revenue for RE projects other than PPA with utilities.</p> <p>Keeping REC Registration valid for only 15 years will be unjust and discriminatory. In case of, a project set up for selling under section 62 or section 63, a Discom shall utilize the energy for fulfilment of its obligation for the entire life of the project, whereas in case of developer opting for REC mechanism is getting deprived of revenue from REC for a substantial life of the project. Further, the investment decisions for a project are taken on the basis of entire useful life of the project.</p> <p>For the old project deemed registered under these regulations, the deemed registration</p>

			Regulations, 2010 and deemed to have been granted registration for Certificates under these regulations shall be valid till its useful life of the project or a period of 15 years from the date of deemed registration for such Certificate.	date shall be the original date of registration. The registration should be valid till its useful life of the project.
9	Clause 10 (2)	10 (2) Application for issuance of Certificates shall be made to the Central Agency within six months from the corresponding generation by the eligible entity: Provided that no Certificate shall be issued for applications made beyond the period of six months from corresponding generation.	(2) Application for issuance of Certificates shall be made to the Central Agency within six months from the corresponding generation by the eligible entity month in which the electricity gets duly accounted in the energy Accounting System of concerned Distribution Licensee in accordance with clause 10 (4): Provided that no Certificate shall be issued for applications made beyond the period of six months from corresponding generation the month in which the electricity gets duly accounted in the energy Accounting System of concerned Distribution Licensee in accordance with clause 10 (4).	In case of any delay in the accounting, or communication by distribution licensee or concerned SLDC, the applicant should not be adversely affected for no delay on its end. In past no. of such litigations has been adjudicated by the hon'ble commission under similar provision under existing regulation. The same could be avoided, if the amendment as suggested by us under this regulation. In some of the states, the process at the Discom/SLDC itself takes 8-12 months. It would be unfair to penalize the generator for such delays.
10	Clause 11 (2)	11 (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.	(2) The Certificates shall be exchanged through power exchanges or through electricity traders or by way of bilateral sale in such periodicity as may be stipulated by the Central Agency in the Detailed Procedure.	This is very essential, for example, in case of eligible entity and obligated entity being group companies, or eligible entity and obligated entity being located in different state (and therefore under different state agencies). There should be no reason for forcing the group companies to seek

				intervention of a Power Exchange or a Trader to utilize its own Certificates.												
11	Clause 11 (4)	11 (4) Exchange of Certificates through electricity traders shall be subject to the following:	(4) Exchange of Certificates through electricity traders or by way of bilateral sale shall be subject to the following:													
12	Clause 11 (4)	11 (4) (d) The electricity trader shall intimate to the Central Agency consequent upon sale of the Certificates blocked under sub-clause (b) of this clause;	(d) The electricity trader in case of exchange of Certificates through electricity trader, or the eligible entity in case of exchange of Certificates by way of bilateral sale , shall intimate to the Central Agency consequent upon sale of the Certificates blocked under sub-clause (b) of this clause;													
13	Clause 12	12. Denomination of Certificate	<table border="1"> <thead> <tr> <th>Renewable Energy Technologies</th> <th>Certificate Multiplier</th> </tr> </thead> <tbody> <tr> <td>On-shore Wind and Solar</td> <td>1</td> </tr> <tr> <td>Hydro</td> <td>1.5</td> </tr> <tr> <td>Municipal Solid Waste (MSW) and non-fossil fuel-based cogeneration</td> <td>2</td> </tr> <tr> <td>Biomass and Biofuel</td> <td>2.5</td> </tr> <tr> <td>Large Hydro including Pumped Hydro Energy Storage</td> <td>2</td> </tr> </tbody> </table>	Renewable Energy Technologies	Certificate Multiplier	On-shore Wind and Solar	1	Hydro	1.5	Municipal Solid Waste (MSW) and non-fossil fuel-based cogeneration	2	Biomass and Biofuel	2.5	Large Hydro including Pumped Hydro Energy Storage	2	Ministry of Power in its notification has specified the price of Hydro Energy Certificate at Rs. 5.5 for projects commissioned from 8 th March 2019 to 31 st march 2020. Thereafter, for subsequent years, proposes 5% escalation on same. Accordingly, FY 2022-23, it comes at Rs. 6.37/ unit. Hence, considering the tariff of recent large hydro including pump storage projects, it is justifiable that at-least 2.0 Certificate Multiplier has to be provided.
Renewable Energy Technologies	Certificate Multiplier															
On-shore Wind and Solar	1															
Hydro	1.5															
Municipal Solid Waste (MSW) and non-fossil fuel-based cogeneration	2															
Biomass and Biofuel	2.5															
Large Hydro including Pumped Hydro Energy Storage	2															



		<p>Provided further that the Commission may, from time to time, based on review of the maturity level and cost of various renewable energy technologies, revise the Certificate Multiplier.</p>	<p>Provided further that the Commission may, from time to time, based on review of the maturity level and cost of various renewable energy technologies, revise the Certificate Multiplier.</p> <p>Provided further that the Commission may also issue vintage multiplier for the projects already registered and based on the cost of renewable energy technologies at the time of commissioning of those projects.</p>	<p>The multiplier is based on the maturity level and cost of various technologies, that keep on changing with time. It is therefore appropriate to review from time to time and revise the multiplier for such upcoming RE-Technologies.</p> <p>In the same spirit, it would also be appropriate to assign vintage multiplier for projects that were commissioned at a time when the level of maturity and the cost of the same technology was at different level.</p>						
<p>14</p>		<p>Additional clause</p>	<p>Provided further that in case, eligibility having RE generator along with Pumped Hydro Storage and same is charged with Wind and / or Solar, such eligible entity shall be issued separate Certificates based upon the respective multiplier/s.</p> <p>Illustration:</p> <table border="1" data-bbox="974 1026 1507 1142"> <thead> <tr> <th>Technology Deployment</th> <th>Multiplier</th> </tr> </thead> <tbody> <tr> <td>Solar + PSP</td> <td>3</td> </tr> <tr> <td>Wind + PSP</td> <td>3</td> </tr> </tbody> </table>	Technology Deployment	Multiplier	Solar + PSP	3	Wind + PSP	3	<p>We submit that the issuance of RECs of solar/Wind and Pumped Hydro Storage would not be amount to double counting of RECs, as such entity has incurred investment in both RE Technology as well as Pumped Hydro Storage.</p> <p>In order to encourage large scale Pumped Hydro Storage, it is very much essential to provide additional RECs to such projects.</p>
Technology Deployment	Multiplier									
Solar + PSP	3									
Wind + PSP	3									