

15 Mar 2022

Dear Sir,

Vardhman Textiles Limited is a major player in textile arena in India having their manufacturing units in five states. We also have captive solar generation capacity besides generating our own fossil fuel power. We have the following suggestions with regard to the draft REC regulations -

1) Clause 6: Grant of Accreditation for Certificates : In order to provide clarity about accreditation of captive RE generating stations whose generated electricity is directly consumed by the captive obligated entities without injection into intra-State or inter-State transmission system, we request that first para under clause 6(1) and 6(2) be modified as under :

(1) Accreditation for Certificates to the eligible entities connected to intra-State transmission system or whose entire generation is captively consumed without injection into intra-State transmission system shall be granted by the State Agency:

(2) Accreditation for Certificates to eligible entities connected to inter-State transmission system or whose entire generation is captively consumed without injection into 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:

2) Clause 10(4)(ii): The clause provides that certificates shall be issued based on written communication of Discom certifying the electricity generated and injected into the grid or deemed to be injected with regard to energy input by RE generating stations and CGPs.

Kindly note that in case of CGPs, especially those falling under deemed injection (self consumption without injection into Discom grid), monitoring or recording of generation of RE power and its consumption might not be done by Discom. Thus Discom would not be in a position to certify the quantum of RE eligible for issue of RECs which will be the total RE

generation minus RE considered towards fulfillment of RPO. State agency, which we assume would be the same agency who is the agency for monitoring of fulfillment of RPO, would be in a better position to provide this information to SLDC or RLDC. Therefore, we request that clause 10 (4)(ii) may be modified as under:

‘(ii) based on written communication of distribution licensee or State Agency to the concerned State Load Despatch Centre or Regional Load Dispatch Centre with regard to the energy input or deemed to be input by the renewable energy generating stations and captive generating stations based on renewable energy sources which are not covered under the existing scheduling and despatch procedures. Energy input or deemed to be input in case of self-consumption shall be net of the Renewable Energy accounted towards fulfillment of RPO of the captive obligated entity.’

We request that in case Commission feels that this responsibility cannot be discharged by State Agency, then Discom be specifically assigned this responsibility who can certify the quantum of energy based on documentary evidence such as actual meter reading that can be taken by Discom or the declaration made by RE generator to Electrical Inspector or record of taxes like Electricity Duty and declaration made to State Nodal Agency towards utilization of Captive RE power towards fulfillment of RPO of captive obligated entity.

3) Clause 11(7): The Certificates issued to CGPs should be considered redeemed only to the extent of compliance of RPO against such RECs. However, the wording of the clause gives an impression that the entire Certificates issued to CGPs, even if they are in excess of RPO, shall stand redeemed on compliance of RPO. This clause may be modified to read as under:

‘The Certificates issued to captive generating stations based on renewable energy to the extent of self-consumption shall stand redeemed to the extent of certificates redeemed for compliance of RPO.’

Provided that the State Agency shall inform the Central Agency about such redemption of certificates, upon which the Central Agency shall extinguish such certificates and update its records.’

4) The current REC Regulations provide for self retention of RECs for fulfillment of RPO of other units of the same Company. We request that a similar provision may please be made in the new REC Regulations. Such RECs retained for self consumption may be allowed for fulfillment of RPO of other units of the same Company covered under same PAN number or to 100% owned subsidiary of the Company. This will ensure that the REC component of electricity is not wasted away and also promote setting up economical and efficient solar plants of larger size instead of large number of small, expensive and inefficient solar plants separately by the Company and its 100% owned subsidiaries.

5) The Regulation mentioned that RECs can be issued against of self consumption of RE and these RECs can be utilized for fulfillment of RPO of captive obligated entity of the same CGP. This gives an impression that henceforth RPO of captive obligated entity can be fulfilled only by redeeming RECs issued against self consumption. We request to please clarify in the Regulations that RPO of captive obligated entity can be fulfilled either by consumption of captive RE power or by redemption of RECs issued against self consumption of RE power from CGPs.

6) Clause no. 4 (3) Sale of Certificates issued against self consumption is proposed to be not allowed under the draft Regulation. The reason given in the explanatory memorandum is that the captive consumer gets adequately compensated in terms of savings vis-a-vis Discom tariff applicable. However, it may be noted that this saving requires capital investments, undertaking the risk and bearing the costs of operation of the captive power plant. Also because such power plants are of a very small capacity, thus the capital cost and O&M costs are much much higher than the utility scale projects. The savings, if any, from such small captive RE projects are not so large to justify denying them RECs. We request the Hon'ble Commission to consider allowing sale of RECs issued against self consumption. Additionally, we request Commission to allow utilization of one type of RE power or Certificates towards fulfillment of another type of RPO of the captive obligated entity without any limit provided that RPO of the first type is fully met. As an example, Non-Solar RPO of the captive obligated entity be allowed to be met fully by utilization of captive solar power after Solar RPO has been fully met.

7) As per Explanatory memorandum clause 9, 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.

The existence of REC market is over 11 years, the Renewable power (Wind/Solar) has drastically fallen during this period, the REC market is matured with generation of over 7.7 Crore RECs during this period.

Therefore, in line with power transaction, we request the Commission to permit bilateral trade of RECs between RE generator and Obligated entities towards RPO compliance. By allowing bilateral trade, the DISCOMs/CGP can invite RFP for procurement of RECs and buy at a very economical and competitive rate and the generators shall have a source of income which is bankable for securing a loan. This can give impetus to more investment in RE projects having long-term viability visibility.

8) As per Explanatory memorandum clause 2 (9), Categorization of certificates as solar and non-solar has been dispensed with; instead the concept of Multiplier has been introduced for new RE Projects based on the principle of tariff range for various RE technologies.

The draft CERC REC regulations proposes for removal of Categorization of Certificates (Non-Solar and Solar) with the concept of Multiplier, therefore the State RPOs (Solar, Non-Solar, Hydro) shall be in line with the proposed changes, or else the REC regulations should permit to use the Certificate against compliance of any category of RPOs (Solar, Non-solar, Hydro etc.)