

Deepak Sood

Secretary General

15 March 2022

Dear Shri Pujari,

Draft Central Electricity Regulatory Commission (Terms and Conditions for Renewable Energy Certificates for Renewable Energy Generation) Regulations, 2022

ASSOCHAM commends the role of Central Electricity Regulatory Commission (CERC), in developing the Electricity Market in the Country.

CERC vide notification dated February 15, 2022, had published the Draft (Terms and Conditions for REC for Renewable Energy Generation), Regulation 2022. We strongly believe will go long way in promoting Renewable Energy Generation, in line with the vision of Government of India to move towards Carbon Neutral Energy Market.

ASSOCHAM would like to submit its views on draft regulations. We hope these will merit your consideration.

With kind regards,



Deepak Sood

Shri P. K. Pujari
Chairperson
CERC

ASSOCHAM Inputs for Draft Terms and Conditions for Renewable Energy Certificates for Renewable Energy Generation) Regulations, 2022

THE ASSOCIATED CHAMBERS OF COMMERCE AND INDUSTRY OF INDIA

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| Sr. No | Existing Provisions of Draft Regulation No. RA-14026(11) / 1 / 2022 -CERC | As mentioned in Regulation | Suggestion | Rationale |
|--------|--|---|---|--|
| 1 | Sub Clause No. (3) Of the Clause No. (4) Eligibility for Issuance of Certificates. | <p><i>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:</i></p> <p><i>Provided that the Certificates issued to such captive generating stations to the extent of self-consumption shall not be eligible for sale</i></p> | <p><i>Captive / <u>Group Captive</u> 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:</i></p> <p><i>Provided that the Certificates issued to such captive generating stations <u>in excess of Renewable Purchase Obligation of the Captive / Group Captive Consumer as determined by State Commission shall be eligible for Sale.</u></i></p> <p><i>Further more Self consumption shall mean the Electricity consumed by the Captive Consumers from the RE Generating Station after all considering the Losses. Captive Users intending to be eligible for issuance of Certificates has to forego the following benefits</i></p> <ol style="list-style-type: none"> <i>1. Any Concession Transmission Charges and Losses.</i> <i>2. Any Concession Wheeling Charges and Losses.</i> <i>3. Any Concessional Banking Support provided by Discom.</i> | <ul style="list-style-type: none"> ✓ With increased requirement of ESG Compliance many Captive / Group Captive Generating Station would be willing to invest in higher than mandated Generation and Consumption from Renewable Captive Facility. ✓ The potential of Captive / Group Captive Generation and consumption will eventually increase in Percentage Terms for many Entity, willing to invest without the requirement of Banking Support (i.e. grid banking without any cost) from the Grid with the development of Commercialization of Power Storage Systems. In such scenario depriving the benefits of excess renewable Generation beyond the mandated will not encourage new technologies like Energy Storage System. ✓ This flexibility will promote the development of Renewable Energy along with Storage System will drive Captive Consumers for early adoption of Future ready Technologies and rationalize their costs. ✓ Since the objective of law is to incentivize the Obligated Entities to not only to achieve RPO but also go beyond the RPO level. This would facilitate and promote REC market as well. |

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| | | | | <ul style="list-style-type: none"> ✓ Captive Plants securing the benefits of Transmission Charges & Losses, Wheeling Charges & Losses, and Grid Banking may be excluded from getting the benefits. ✓ This will be a forward Looking regulation catering to future development and not only current scenarios in the Market. ✓ Such a self-consumption of electricity generated from renewable energy should also be made eligible for REC mechanism because such self-consumption actually replaces the demand from the grid power and the entity having such self-consumption in effect incurs comparatively higher costs vis-à-vis the cost of the power obtained from grid. ✓ This will lead to parity between Discom and captive user with respect to excess RE generated. |
| 2 | Sub Clause No. (4) Of the Clause No. (4) Eligibility for Issuance of Certificates. | <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 shall be eligible for issuance of Certificates to the extent of purchase of such excess electricity from renewable energy sources.</i> | <i>An obligated entity being a distribution licensee or an open access consumer or an <u>Captive / Group Captive Consumer</u>, which purchases <u>or Consumes</u> 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 or <u>Consumption</u> of such excess electricity from renewable energy sources.</i> | <ul style="list-style-type: none"> ✓ Will promote Captive / Group Captive Consumers to generate and consume higher than the specified Renewable Power Obligation. ✓ Will Promote Open Access Consumer, Captive/ Group Captive Consumer to consumer higher than its Obligation, thereby increasing the share of Green Power consumption, which is the core objective of the Regulation. ✓ Will create a parity between Discom and Captive Consumers. |
| 3 | Clause No. 6: Grant of Accreditation for Certificates. | <i>Provision for Grant of Renewable Certificates to Entities not connected to either Intra-State or</i> | <i>A new sub-clause no. 3 to be added after Clause No. 2 Accreditation for Certificates to the eligible entities not connected to intra-State</i> | <ul style="list-style-type: none"> ✓ <i>This clause will be required to operationalize the REC certificates for Renewable System operating on Island or</i> |

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| | | <p><i>Inter State-Transmission System.</i></p> | <p><i>Transmission system or Inter-State Transmission system shall be granted by the State Agency.</i></p> | <p><i>Isolation or off-grid Mode / Behind the Meter.</i></p> <p><i>By the same logic that off-grid captive consumers/users are required to fulfil RPO, the off-grid captive generators must also be brought within the ambit of REC dispensation. If not, then it would result in discriminatory treatment and cause great prejudice to such off-grid captive consumers taking power from their off-grid generating plant because while the former would have RPO, any RE power in excess of its RPO cannot be utilized in any manner because off-grid plants are kept outside REC mechanism. Excluding of such excess RE capacity from REC fold actually is a disservice to the RE sector as a whole and it also disincentives setting up of off-grid captive plants in far-flung remote areas which the Discom generally find economically less lucrative. —</i></p> |
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