

Tata Power Comments on Draft (Terms and Conditions for Renewable Energy Certificates for Renewable Energy Generation) Regulations, 2022

Clause	Proposed Regulations	Comments/Changes Suggested	Rationale for suggested changes
<p>2. (9) Explanatory Memorandum</p>	<p>Categorisation 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.</p>	<p>Since the draft proposes for removal of categorization of certificates (Non-Solar and Solar) with the concept of technology multiplier, it is suggested that the State RPO policies are also modified in line with the proposed changes to remove classification of solar and non-solar RPOs. It may be clarified whether the proposed regulations would permit to use the Certificate against compliance of any category of RPOs (be it Solar, Non-solar, Hydro etc.</p> <p>As with the proposed regulations, large hydro projects have also been included as renewable energy source, it is requested that Hydro REC (HREC) should only be used against the HPO compliance.</p>	<p>MOP vide notifications dated 8.3.2019 & 29.1.2021 on 'Measures to Promote Hydropower' and 'RPO trajectory' respectively have provided for meeting HPO through Hydro REC too. Hon'ble CERC may please clarify how this can be complied with under the proposed regulations which envisages elimination of REC categories.</p>
<p>4.(1) Explanatory Memorandum</p>	<p>The primary criteria for the entity to be eligible under REC mechanism are that the entity should be engaged in generation of electricity from approved RE sources and connected to the grid</p>	<p>Under Regulation 4 of the proposed regulations, which defines eligibility for issuance of certificates, connection to the grid is not a pre-requisite for a project to be eligible under REC mechanism. Therefore, this 4.1 in Explanatory Memorandum is</p>	<p>Many captive plants including behind the meter installations are off grid and with the proposed regulations have been made eligible under REC mechanism.</p>

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<p>4. (4) Eligibility of Issuance of Certificates</p>	<p>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.</p>	<p>We suggest modification as follows: An obligated entity being a distribution licensee or an open access consumer, purchase of such excess electricity from renewable energy sources. <i>Provided that the Certificates issued to such distribution licensees shall also be eligible for meeting the renewable purchase obligations in the subsequent years by the Distribution Licensee in addition to being traded.</i></p>	<p>REC issued for excess electricity purchase from renewable energy sources in a Financial year should be allowed to be used by the distribution licensee in the next financial year to meet its RPO compliance targets and thus avoid extra cost to be paid for such Certificates to Power Exchange or Traders and consequently reduce burden on consumers.</p>
<p>6.(3) Grant of Accreditation of Certificates</p>	<p>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 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.</p>	<p>We suggest modification as follows: Eligible entities that have been granted accreditation for Certificates, referred to in clause (1) and (2) of this Regulation, which have undergone a change in name or change in legal status after the grant of accreditation 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 <i>SLDC or RLDC as applicable</i> 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</p>	<p>The proposed draft has covered for the projects connected to inter-state transmission network but is silent on projects connected to Intra-state Transmission network, hence it is requested to kindly incorporate similar clause for Intra-state transmission connected projects with SLDC as nodal agency.</p>

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<p>8.(2) Grant of Registration for Certificates</p>	<p>The registration for Certificates granted in terms of these regulations shall be valid for 15 years from the date of registration for Certificates: 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>The proposed draft doesn't have any provision for Re-registration of project similar to those provided in the current Regulations. Clarity may be provided whether the registration of the project is extendable or not.</p> <p>Further, we suggest that the following may be added in clause 8 (2) of the proposed Regulations: <i>In case the RE generator wishes to supply power to any obligated entities (DISCOM, OA consumers etc.) for a period which falls within the tenure of the stipulated 15 years, the registration shall remain suspended for the duration it is supplying power to obligated entities (making the generator ineligible under the REC mechanism). The eligibility and the registration shall be reinstated once the generator sells power again under the REC mechanism upon such intimation by the Generator.</i></p> <p>It is also requested that the period for grant of accreditation should also be in line with the period for grant of registration</p>	<p>In the current regime, registration can be extended by 10 years</p> <p>Under the current regulations, generator has to de-register during this period (sale to obligated entities) and must apply for registration again whenever it intends to sell under the REC mechanism. Our suggestion is for ease of doing business under the REC mechanism.</p> <p>The registration granted by the Central Agency under the REC Regulations 2010 and these draft regulations is for 15 years from the date of registration, whereas under the REC Regulations</p>

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			2010, the accreditation is granted for 10 years. In our opinion, this will create an anomaly as the project will remain registered at the central agency, however accreditation of the project with State Agency will expire after 10 years.
11.(2) Exchange and Redemption	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.	As the REC market is already mature, it is requested that bilateral trade between RE generator and Obligated entities be allowed towards RPO compliance. By allowing bilateral trade, the DISCOMs can invite ST/MT/LT bids for procurement of RECs. A strong penalty mechanism for carryover of RPO obligation may be considered for consideration.	This will provide flexibility to both generator and obligated entity
11.(4) Exchange and Redemption	Exchange of Certificates through electricity traders shall be subject to the following: a) The eligible entities shall inform, in advance, to the Central Agency about the number of Certificates intended to be sold through electricity traders;	It is suggested to provide clarification on the mechanism/process of bilateral trade through traders.	As bilateral trade is not allowed in the current regulations, further clarity is being sought

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12.(2) Denomination of Certificate	Renewable Energy Technologies	Tariff Range in Rs/kWh	Certificate Multiplier	<p>Battery Storage charged from Renewable Energy Sources be also included and certificate multiplier be determined.</p> <p>It may also be clarified whether pumped storage hydro would be considered under hydro generating stations or there shall be a new category defined under storage, which would include all the storage technology options</p>	<p>India has an ambitious renewable energy addition target set for 2030 and Battery Storage will play a vital role to support this target. Energy from Battery storage which has been charged with RE will be equivalent to use of Renewable Energy and hence the need to include it also and issue certificate multiplier. It may be noted that a couple of tenders for standalone BESS & that for charging through excess RE has already been floated. Will the price discovered under these tenders become the basis for the certificate multiplier?</p>
	On shore Wind and Solar	<=4	1		
	Hydro	4-6	1.5		
	Municipal Solid Waste (MSW) and non-fossil fuel-based cogeneration	6-8	2		
	Biomass and Biofuel	8-10	2.5		
Additional Point				<p>The following provision may be added:</p> <p>Entities manufacturing green hydrogen should be allowed to purchase energy from conventional sources provided they purchase RECs equivalent to the quantum of conventional power utilized in manufacturing of green hydrogen.</p>	<p>The hydrogen manufactured using conventional source of energy is termed as 'Grey Hydrogen' while hydrogen manufactured using green energy is termed as 'Green Hydrogen'. There should be a provision of labelling the grey hydrogen as green provided</p>

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			<p>the RECs are bought equivalent to the amount of conventional power used in electrolyser for manufacturing of grey hydrogen. To achieve economic viability of green hydrogen, it is imperative that the capacity utilization of the electrolyser is ~80%. This can only be possible with an uninterrupted and firm power supply for the electrolysis process. This currently is not possible through RE which is intermittent and infirm in nature. However, purchase of an equivalent quantum of RECs can offset the conventional power being used for production of hydrogen.</p>
<p>Additional Point</p>		<p>In order to comply RPOs, companies set up Solar/Wind/RE plants as per the availability of resource. The generated power may be tied up with DISCOM, OA or through Power Exchanges as grey power and Register the project under REC mechanism. Such companies shall be permitted to use the generated RECs towards fulfillment of its RPO obligation under Self retention category. This provision was available in the earlier regulation which is missing in the proposed draft. We also request Hon'ble Commission to extend similar provision</p>	

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		for fulfillment of its group/ parent companies' RPOs.	
Additional Point		<p>Co-generation should be allowed to be used as renewable source of energy in light of the recent Judgment of the Hon'ble High Court of Calcutta, dated 15.03.2022 and accordingly co-generation projects should be allowed to be registered under REC.</p> <p>The definition of 'renewable energy sources' provided under clause 2.(o) and technology multipliers provided under clause 12.(2) may be suitably modified so as to incorporate RECs for co-generation.</p>	<p>The Hon'ble High Court of Calcutta, in the matter WPA No. 19019 of 2021 (M/s. Bengal Energy Limited & Anr. Vs. The West Bengal Electricity Regulatory Commission & Ors.)</p> <p>With WPA No. 21013 of 2021(Tata Power Company Limited (Haldia) & Anr. Vs. West Bengal Electricity Regulatory Commission) has held the following:</p> <p><i>"54. Again, co-generation, although defined as a "process" in the 2003 Act, can also acquire the characteristics of a "source". Taking a pragmatic approach, a co-generation gives rise to two phases – the first, where the cogenerators themselves utilize other resources, either fossil fuel or renewable sources, for undertaking the process of co-generation itself. However, at the second level, the cogenerators, by definition, "co-generate" electricity as energy. In the latter phase, thus, the co-generation itself becomes a "source" of electricity, to be transmitted to distribution licensees for being distributed to the</i></p>

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			<p>consumers. Therefore, “co-generation”, in the same breath, can signify a process using energy and a source of energy (including electrical energy). Taken in the second sense, such source would have characteristics of a “renewable” alternative energy source from the perspective of a distribution licensee. From such perspective, “industrial waste”, along with municipal and urban waste, is a renewable source of the co-generated electricity, since such source can replenish itself with reasonable frequency. There is no demarcation line, strictly speaking, to delineate a renewable from a non-renewable source. The terms “renewable” and “non-renewable” denote differences of degree and frequency of refilling and are not pigeon-hole straitjacket entities qualitatively.</p> <p>55. Hence, it would be equally valid to argue that the proviso to Clause 6.4 (1) of the 2016 Tariff Regulations indicates that the cogenerators, as generators, are entitled to get the benefit of the incentive given in the form of RPOs which bind the distribution licensees to</p>
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			<p><i>the obligation to purchase their electricity from the cogenerators on an equal footing as that of renewable sources of generation, as it would be to reason that, as per the said proviso, the co-generators are subject to the RPO regime as distribution licensees.</i></p> <p><i>56. The sub-classification of co-generation into co-generation from renewable and non-renewable sources does not find place in the governing statute, that is, the 2003 Act....."</i></p>
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