

At the outset, Statkraft would like to thank the Honorable Commission to consider proposing the Central Electricity Regulatory Commission (Terms and Conditions for Renewable Energy Certificates for Renewable Energy Generation) Regulations, 2022. Honorable Commission has invited comments/suggestions/objections from the stakeholders on the draft regulations. Regarding same we humbly submit our comments / suggestions on the proposed regulations. Clause wise comments / suggestions are submitted as below:

S.No	Clause	Statkraft's Comments/ Suggestion
1	<p>11 Exchange and Redemption of Certificates: (4) Exchange of Certificates through electricity traders shall be subject to the following:</p> <ul style="list-style-type: none"> a) The eligible entities shall inform, in advance, to the Central Agency about the number of Certificates intended to be sold through electricity traders; b) The Central Agency shall block the Certificates in the Registry as informed by eligible entity in terms of sub-clause (a) of this clause; c) The Certificates blocked under sub-clause (b) of this clause shall not be allowed to be exchanged through Power Exchange(s); d) The electricity trader shall intimate to the Central Agency consequent upon sale of the Certificates blocked under sub-clause (b) of this clause; 	<p>The proposed regulation mandates the eligible entities to inform, in advance, to the Central Agency about the number of Certificates intended to be sold through electricity traders. These Certificates once blocked for sale through a Trader, can't be exchanged through Power Exchanges.</p> <p>In this regard, we would like to propose that flexibility should be provided to eligible entities to transfer unsold RECs between Power Exchanges and Traders, to maximize REC's value and improve liquidity in both markets, enhancing their efficiency.</p>
2	<p>11 Exchange and Redemption of Certificates: (4) Exchange of Certificates through electricity traders shall be subject to the following:</p> <ul style="list-style-type: none"> e) The trading margin to electricity traders for trade of Certificates shall be governed by the Trading License Regulations, 2020, treating one Certificate representing one Megawatt hour of electricity. 	<p>The proposed regulation mandates trading margin to electricity traders for trade of RECs to be governed by the Trading License Regulations, 2020, which caps the trading margin of traders.</p> <p>With capping of trading margin, traders' role is restricted to only brokerage, and restricts market making activities like provide hedging solutions to power generators to manage their risk.</p>

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		<p>In this regard, we would like to propose that trading margin cap on traders should not be imposed to enable wider role of traders.</p>															
3	<p>12. Denomination of Certificate: 2) The Certificate Multiplier for the period of three years from the date of effect of these regulations or such other period as may be decided by the Commission, as determined in Appendix-1 shall be as under:</p> <table border="1" data-bbox="331 742 1055 1321"> <thead> <tr> <th data-bbox="331 742 667 853">RE Technologies</th> <th data-bbox="667 742 831 853">Tariff Range</th> <th data-bbox="831 742 1055 853">Certificate Multiplier</th> </tr> </thead> <tbody> <tr> <td data-bbox="331 853 667 954">On-shore Wind and Solar</td> <td data-bbox="667 853 831 954"><=4</td> <td data-bbox="831 853 1055 954">1</td> </tr> <tr> <td data-bbox="331 954 667 1045">Hydro</td> <td data-bbox="667 954 831 1045">4 – 6</td> <td data-bbox="831 954 1055 1045">1.5</td> </tr> <tr> <td data-bbox="331 1045 667 1230">Municipal Solid Waste (MSW) and non-fossil fuel-based cogeneration</td> <td data-bbox="667 1045 831 1230">6 – 8</td> <td data-bbox="831 1045 1055 1230">2</td> </tr> <tr> <td data-bbox="331 1230 667 1321">Biomass and Biofuel</td> <td data-bbox="667 1230 831 1321">8 – 10</td> <td data-bbox="831 1230 1055 1321">2.5</td> </tr> </tbody> </table>	RE Technologies	Tariff Range	Certificate Multiplier	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	<p>The proposed regulations include RECs for new technologies like hydro in the overall pool of RECs including solar and wind RECs.</p> <p>This may defeat the fundamental objective of RECs to support new technologies. The RECs prices are expected to be driven majorly by solar and wind, which are in advanced stage of achieving financial viability at current tariffs. Linking hydro REC prices with other mature technologies, without provision of floor prices might not provide adequate benefits for new technology development.</p> <p>In this regard, we would like to mention that development of hydro based projects require very high upfront capital. Also, with high gestation period, the project risks and uncertainties are very high for hydro projects. We propose to change Certificate multiplier for Hydro to 2.5 instead of proposed 1.5.</p>
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On-shore Wind and Solar	<=4	1															
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4	<p>12. Denomination of Certificate:</p>	<p>The proposed regulations assign Certificate multiplier to the entities commissioned after the date of effect of these regulations.</p>															

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	(3) Applicable Certificate multiplier as per clause (2) of this Regulation shall be assigned to the renewable energy generating stations and captive generating stations based on renewable energy sources, commissioned after the date of effect of these regulations.	In this regard we would like to mention that large hydro projects which will be commissioned before the date of effect of these regulations will not be befitted with certificate multiplier. We propose to increase eligibility period for certificate multiplier for hydro to plants commissioned after issuance of these draft regulations.
5	The proposed regulation has no provision for 'Floor and Forbearance price' for RECs	Removing floor price can lead to sudden disruption in the market for existing projects. To promote investments and development of new technologies, we propose to reinstate floor price of RECs to previous value of Rs 1000 / MWh.