

## Comments on Draft CERC (Terms and Conditions for Renewable Energy Certificates for Renewable Energy Generation) Regulations, 2022<sup>1</sup>

1. Shakti Sustainable Energy Foundation (SSEF) welcomes following provisions in draft Regulations, however certain observation/clarifications (as listed in the below Table) may addressed:
  - a. Unified Renewable Energy Certificate for all sources of Renewable Energy. Distinction of Solar and non-solar REC is proposed to be removed. After final notification of this Regulations, SERCs have to allow use of unified RECs for meeting solar and non-solar RPO and HPO.
  - b. RECs will be valid until they are redeemed.
  - c. Distribution Licensee will get RECs for Renewable Energy procurement above the RPO target specified by the State Commission.
  - d. Introduction of certificate multiplier for various RE technologies.

### Clause by Clause review

Regulation proposed in the Draft Regulation	SSEF Opinion
<p>4. (2) A renewable energy generating station shall be eligible for issuance of Certificates, if it meets the following conditions:</p> <p>(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 Power Exchange, for RPO compliance by an obligated entity;</p>	<p>Clarification required with respect to RE Generators who already have PPAs with the Discoms @ APPC will not be eligible for issuance of RECs. Some States have also allowed the MoU route between the RE Generator and Buyer (In Jan 2021, Maharashtra allowed MoU between MSEDCL and Bagasse Co-gen plants), whether such projects will be eligible for REC issuance?</p> <p>Further, Clarification is required:</p> <ul style="list-style-type: none"> <li>- If the electricity sold in Green-Day Ahead Market (GDAM) by RE Generators will not be eligible, however if such electricity is sold in Day Ahead Market (DAM), such transaction will be eligible for issuance of RECs.?</li> </ul>

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<p>4. (2) (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>	<p>It may be clarified if a RE Generator avails waiver in GDAM, however not avail waiver in DAM, whether such Generator will be eligible for issuance of RECs. It is suggested that the ineligibility because of waivers availed should be based on the transactions rather than based on the entity which is availing such waiver as it is possible that in one transactions such generator may avail waiver and in another transaction may not avail any waiver.</p>
<p>8. Grant of Registration for Certificates (2) 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>Along with selling the RECs in the market, DISCOMs shall also be provided with the option of retaining them to utilize against any RPO short fall of previous years and for subsequent future years also.</p>
<p>12. Denomination of Certificate (1) Each Certificate issued under these regulations shall represent one Megawatt hour of electricity generated from renewable energy sources and injected or deemed to be injected (in case of self consumption by eligible captive generating station based on renewable energy sources) into the grid:  Provided that Certificate Multiplier may be determined by the Commission as per clause (2) of this Regulation  Provided further that Certificates shall be issued in multiple of the assigned Certificate Multiplier as per clause (2) of this Regulation for one Megawatt hour of electricity generated and injected or deemed to be injected into the grid.</p>	<p>The Central Govt. has taken certain initiatives to promote Large Hydro Power Plants by introduction of Hydro Purchase Obligation (HPO) which can be fulfilled by obligated entities by purchasing power from the LHPs. With the technology agnostic RECs, it is not clear how Large Hydro projects will be promoted and the States/Obligated Entities will find it difficult to comply with HPO.</p>
<p>13. Pricing of Certificates (1) The price of Certificate shall be as discovered in the Power Exchange(s) or as mutually agreed between eligible entities and the electricity traders:  Provided that the Power Exchange(s) and the electricity traders shall report all transactions with details including but not limited to volume, price, buyers and sellers to the Central Agency on a monthly basis.</p>	<p>REC's should be traded only on power exchanges as it will provide a common platform and will keep the prices competitive.</p>

12. (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:

Renewable Energy Technologies based on	Tariff Range in Rs/kWh	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

It is recognized that multiplier would be sufficient for RE technology having tariff at opening of tariff range (Rs. 4/6/8 per unit). RE technology having tariff at end of the range (6/8/10 per unit) may have disadvantage. Eg. in tariff range of 8-10, multiplier of 2.5 is proposed. For RE technology with tariff of Rs. 10/unit and selling power at APPC (@ Rs 4-5/unit), RECs of 2.5 may not be attractive. Hence, it is proposed that REC multiplier may be slightly increase as follows:

Renewable Energy Technologies based on	Tariff Range in Rs/kWh	Certificate Multiplier
On-shore Wind and Solar	<=4	1
Hydro	4-6	2
Municipal Solid Waste (MSW) and non-fossil fuel-based cogeneration	6-8	3
Biomass and Biofuel	8-10	4

Further, Certificate Multiplier for Sub-technologies for Solar like, CSP/Solar Thermal shall also be specified.

14 Validity of certificates :-

1) The Certificates issued shall remain valid until they are redeemed:

Provided that where an eligible entity has obtained accreditation or registration on the basis of false information or by suppressing material information and the accreditation for Certificates or registration for Certificates of such entity is revoked at a later date, the Certificates already issued to such entity, but not redeemed, shall stand extinguished from the date of issue of such Certificates and in respect of Certificates already redeemed, such entity shall deposit to the Central Agency, the amount realized from sale of such Certificates along with the interest at the rate of two hundred (200) basis points above the State Bank of India Marginal Cost of Funds based Lending Rate (MCLR) of one year tenor.

The clause mentions that the REC's are valid until they are redeemed and clause 8(2) of the draft regulations mentions:

*“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.”*

Clarification pertaining to same is required from the Commission.

**Additional Submission:**

As highlighted by the Commission, various RE technologies, other than wind and solar, have Tariff higher than Average Power Purchase Cost (APPC) of most of the States (See Annexure-I). It is observed that with the limited resources/players, competitive bidding for these technologies has not been very successful or the discovered rates are still higher.

Distribution Licensee would be encouraged to procure power from these RE sources if some part of the tariff is absorbed through the modified REC mechanism. The Commission may devise a mechanism where Distribution Licensee procuring power from these RE technologies at generic tariff / project specific tariff/ competitive discovered tariff shall be made eligible for a certificate multiplier equivalent to the 'certificate multiplier - 1' as proposed in above table against Clause 12 (2). Such provision will help promoting high cost RE sources as it will compensate Distribution Licensee to some extent for high tariff of such RE technologies.

## Annexure-I

**APPC for FY 2020-21, as notified by the Commission by its Order in Case No. 01/SM/2021 dated 31 March 2021:**

S No.	State	Volume of Power procured from Non-RE Sources	Cost of Power procured from Non-RE Sources	Average Cost of Non RE Power
		(Estimated)		
		(MUs)	(INR Crores)	(INR/Unit)
1	Odisha	26781.96	6589.24	2.46
2	Himachal Pradesh	9045.29	2325.93	2.57
3	Jammu & Kashmir	14014	3887	2.77
4	Goa	4279.62	1211.62	2.83
5	Kerala	27095.77	7766.85	2.87
6	Chhattisgarh	26525.93	8148.42	3.07
7	Meghalaya	2083.86	642.47	3.08
8	Arunachal Pradesh	429.94	147.6	3.43
9	Madhya Pradesh	62512.2	21450.4	3.43
10	Chandigarh	1705.85	586.78	3.44
11	Uttarakhand	13383.93	4650.64	3.47
12	West Bengal	60400.4	21427.81	3.55
13	Manipur	2627.05	956.36	3.64
14	Tripura	2627.05	956.36	3.64
15	Punjab	50883	18548.46	3.65
16	Gujarat	100333.5	36854.49	3.67
17	Tamil Nadu	95370.33	35545.48	3.73
18	Dadra & Nagar Haveli	5514.82	2121.4	3.85
19	Telangana	52431.61	20570.73	3.92
20	Rajasthan	67456	26595	3.94
21	Daman & Diu	2465.75	977.46	3.96

22	Haryana	60026.27	23932.88	3.99
23	Maharashtra	136234.02	54501.06	4
24	Jharkhand	15425.94	6233.1	4.04
25	Sikkim	577.08	234.58	4.06
26	Nagaland	779.76	317.49	4.07
27	Puducherry	3179.94	1294.42	4.07
28	Delhi	29099.83	11967.54	4.11
29	Bihar	29357.83	12500.41	4.26
30	Karnataka	54106.07	23707.57	4.38
31	Uttar Pradesh	96991.56	43166.87	4.45
32	Mizoram	654.26	292.8	4.48
33	Andhra Pradesh	54509.6	25670.4	4.71
34	Assam	9323.19	4789.79	5.14
35	Lakshadweep	58.87	94.97	16.13
36	Andaman & Nicobar Islands	295.6	545.44	18.45

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