

**(A Govt. of Maharashtra Undertaking)**

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Date: 29-03-2022

To,

**Central Electricity Regulatory Commission**

3<sup>rd</sup> & 4<sup>th</sup> Floor, Chanderlok Building,

36, Janpath, New Delhi- 110001

**Sub:** Comments of MSEDCL on Draft CERC (Terms and Conditions for Renewable Energy Certificates for Renewable Energy Generation) Regulations, 2022.

**Ref:** Notice No. RA-14026 (11)/1/2022-CERC dated 15.03.2022.

In connection with above subject, please find attached herewith the Comments of MSEDCL on Draft CERC (Terms and Conditions for Renewable Energy Certificates for Renewable Energy Generation) Regulations, 2022.

The delay in submission of comments may kindly be condoned.

Submitted please.

Regards,

*K. Bharat*

**Chief Engineer (Renewable Energy)**

**MSEDCL**

Copy s.w.r.t.

The Director (Commercial), MSEDCL, Mumbai.

Comments on ***“Draft CERC (Terms and Conditions for Renewable Energy Certificates for Renewable Energy Generating Stations) Regulations, 2022”***

<b>Clause/Existing page</b>	<b>Existing Clause in the Draft Regulations</b>	<b>MSEDCL Comments</b>
3. Central Agency and its Functions	<p>(1) The National Load Despatch Centre shall be the Central Agency for the purpose of these regulations: Provided that the Commission may designate any other agency as the Central Agency after satisfying itself that such agency has the required capability of performing functions as provided under these regulations.</p> <p>(2) The functions of the Central Agency shall be to:</p> <p>(i) undertake registration of eligible entities,</p> <p>(ii) undertake issuance of Certificates,</p> <p>(iii) maintain and settle accounts in respect of Certificates,</p> <p>(iv) act as repository of transactions in Certificates,</p> <p>(v) maintain Registry of Certificates,</p> <p>(vi) perform such other functions incidental to sub-clauses (i) to (v) of this clause, and</p> <p>(vii) undertake any other function that may be assigned by the Commission.</p>	<p>Following functions may also be included in the list:</p> <ol style="list-style-type: none"> <li>1. Monitoring of REC related activities,</li> <li>2. Avoidance of fraud practices in REC mechanism</li> <li>3. Authenticity of REC certificate etc. or any other functions for smooth functioning of REC issuance and trading</li> </ol>
	<p>(1) Following entities shall be eligible for issuance of Certificates:</p> <p>(a) Renewable energy generating station,</p> <p>(b) Captive generating station based on renewable energy sources,</p> <p>(c) Distribution licensee, and</p> <p>(d) Open access consumer</p>	No comments
	<p>(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</p>	It is submitted that the Hon’ble Commission should clearly state which renewable energy stations would be eligible for issuance of certificates in accordance with the adjoining clause.

<b>Clause/Existing page</b>	<b>Existing Clause in the Draft Regulations</b>	<b>MSEDCL Comments</b>
4. Eligibility for Issuance of Certificates	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; (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>It is submitted that maximum number of renewable generating stations are selling power either under Section 62 or Section 63 or on power exchanges, which is being used for fulfilment of RPO by obligated entity. There would be only a handful to almost negligible number of generators in the country who are not fulfilling the above conditions and hence are eligible for issuance of REC.</p> <p>Further, the waiver in transmission and wheeling charges are availed by almost all RE generators. RE Generators not taking the benefit of transmission and wheeling charges would be very minimum.</p> <p>Hence the Hon’ble Commission is requested to review this clause which makes RE generators eligible for REC mechanism. The clause should not result scarcity of REC in the country.</p> <p>The terms like “waiver or concessional transmission charges”, “waiver or concessional wheeling charges” and “Banking facility” should be defined in the regulation so to avoid it open to various interpretation.</p>

Clause/Existing page	Existing Clause in the Draft Regulations	MSEDCL Comments
	<p>(3) 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: Provided that the Certificates issued to such captive generating stations to the extent of self consumption, shall not be eligible for sale.</p> <p>(4) 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>No comments</p> <p>The Regulation shall define the detailed procedure and mechanism to be followed by the Distribution Licensee in case it purchases RE power more than the RPO defined in the Regulations. Following factors needs to be considered in these Regulations</p> <ol style="list-style-type: none"> <li>1. Whom shall the DISCOM approach for getting the REC</li> <li>2. Time period for applying for REC from date of closing of financial year</li> <li>3. Time period for issuance of REC by the Central Agency after scrutiny of documents</li> <li>4. Validity of such REC and time period allowed for trading of such REC's</li> </ol>
5. The Processes	The process involves (i) accreditation and registration for Certificates and (ii) issuance, exchange and redemption of Certificates, as specified in these regulations	It is submitted that the Discom being a Licensee shall be exempted from the process of accreditation for issuance of REC and the REC shall be issued to Distribution Licensee only on the basis of its application and after verification of additional purchase by the Licensee over and above its RPO.

Clause/Existing page	Existing Clause in the Draft Regulations	MSEDCL Comments
		Accordingly, proviso may be added to this clause
6. Grant of Accreditation for Certificates	<p>(1) Accreditation for Certificates to the eligible entities connected to intra-State transmission system shall be granted by the State Agency:  Provided that the entities granted accreditation for Certificates under the REC Regulations, 2010 shall be deemed to have been granted accreditation for Certificates under these regulations till validity of their accreditation under the REC Regulations, 2010.</p> <p>(2) Accreditation for Certificates to eligible entities connected to 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:  Provided that the entities granted accreditation for Certificates under the REC Regulations, 2010 shall be deemed to have been granted accreditation for Certificates under these regulations 6 and their accreditation shall remain valid till the date of validity of their accreditation under the REC Regulations, 2010.</p> <p>(3) 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</p>	With reference to the comments submitted above, DISCOMs should have easy and simplified procedure to avail/claim REC's in case of purchase of excess electricity from renewable energy sources over and above its RPO. Discom may not necessarily follow the same procedure followed by RE generators

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	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	
7. Revocation of Accreditation	The concerned RLDC, after making an enquiry and giving notice may revoke, recording reasons for such revocation, accreditation granted to an eligible entity referred to in clause (2) of Regulation 6 of these regulations in case the eligible entity breaches any of the terms and conditions of its accreditation, the breach of which is expressly declared by such accreditation to render it liable to revocation.	The adjoining provision may not be applicable to Distribution Licensee claiming REC for purchase of additional power than its RPO.
8. Grant of Registration for Certificates	<p>(1) An eligible entity which has been granted accreditation for Certificates or deemed to have been granted accreditation for Certificates under these regulations, shall be eligible for grant of registration for Certificates by the Central Agency in accordance with the Procedure for Registration for Certificate to be issued by the Central Agency as part of the Detailed Procedure:  Provided that the entities granted registration for Certificates under the REC Regulations, 2010 shall be deemed to have been granted registration for Certificates under these regulations.</p> <p>(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>	Discom being a Licensee shall, be exempted from the process of registration and shall be issued REC's directly through an application and thereafter necessary scrutiny by the Central Agency.

Clause/Existing page	Existing Clause in the Draft Regulations	MSEDCL Comments
	(3) The entities having been granted registration for Certificates which have undergone change in name or change in legal status after the grant of registration 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 Central Agency which shall, upon verification of documents update such change in its records within 30 days from the date of such application.	
9. Revocation of Registration	The Central Agency, after making an enquiry and giving notice may revoke, recording reasons for such revocation, registration granted to an eligible entity referred to in clause (1) of Regulation 8 of these regulations in case the eligible entity breaches any of the terms and conditions of its registration, the breach of which is expressly declared by such registration to render it liable to revocation.	The adjoining provision may not be applicable to Distribution Licensee claiming REC for purchase of additional power than its RPO.
10. Issuance of Certificates	(1) An eligible entity which has been granted registration for Certificates or deemed to have been granted registration for Certificates may apply for issuance of Certificates, to the Central Agency in accordance with the Procedure of Issuance of Certificate to be issued by the Central Agency as part of the Detailed Procedure.	DISCOMs should be granted with deemed registration certificate as they already have licence to undertake trading in power exchanges. DISCOMs should be exempted from this procedure and should be allowed to claim REC's in simplified procedure.
	(2) Application for issuance of Certificates shall be made to the Central Agency within six months from the corresponding generation by the eligible entity: Provided that no Certificate shall be issued for applications made beyond the period of six months from corresponding generation.	Timelines for DISCOM's to claim REC's in case of purchase of excess electricity from Renewable Sources over and above its RPO, shall be defined in the Regulations.

Clause/Existing page	Existing Clause in the Draft Regulations	MSEDCL Comments
	<p>(3) The Central Agency shall, within fifteen days from the date of receipt of complete application for issuance of Certificate by the eligible entities, issue Certificate or reject the application recording reason for such rejection and intimate the same to the concerned entity</p> <p>(4) The Certificates shall be issued on the basis of the electricity generated and injected into the grid or deemed to be injected in case of self-consumption by the eligible captive generating stations based on renewable energy sources and duly accounted in the Energy Accounting System:  (i) as per the Grid Code or the State Grid Code, as the case may be, or (ii) based on written communication of distribution licensee to the concerned State Load Despatch Centre or Regional Load Despatch Centre with regard to the energy 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 dispatch procedures</p> <p>(5) The entities granted registration for Certificates or deemed to have been granted registration for Certificates under these regulations shall be eligible for issuance of Certificates for the validity period of their registration for Certificates.</p>	<p>No comments</p> <p>Similar to the RE generating stations/Captive generating stations, DISCOMs' should have basis for issuance of REC certificates.</p> <p>As the draft regulations have not specifically mentioned about the validity of REC's issued to the DISCOMs, MSEDCL assumes that REC shall remain valid until it is redeemed. However, if not, CERC may specify the validity of the REC issued to DISCOMs.</p>
11. Exchange and Redemption of Certificates	<p>(1) The Central Agency shall maintain a Registry of Certificates.</p> <p>(2) 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</p>	No comments



Clause/Existing page	Existing Clause in the Draft Regulations	MSEDCL Comments
	<p>Procedure.</p> <p>(3) The Power Exchange(s) shall seek approval of the Commission, if required under the Central Electricity Regulatory Commission (Power Market) Regulations, 2021 to the respective Bylaws and Rules for exchange of Certificates in the Power Exchange(s).</p> <p>(4) Exchange of Certificates through electricity traders shall be subject to the following:</p> <p>(a) The eligible entities shall inform, in advance, to the Central Agency about the number of Certificates intended to be sold through electricity traders;</p> <p>(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;</p> <p>(c) The Certificates blocked under sub-clause (b) of this clause shall not be allowed to be exchanged through Power Exchange(s);</p> <p>(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> <p>(e) The trading margin to electricity traders for trade of Certificates shall be governed by the Trading Licence Regulations, 2020, treating one Certificate representing one Megawatt hour of electricity.</p> <p>(5) The Certificates once exchanged through Power Exchange(s) or through electricity traders and used for compliance of RPO by the obligated entities, shall stand redeemed.</p> <p>(6) Upon redemption, the Central Agency shall extinguish the said Certificates from the Registry and update its</p>	

Clause/Existing page	Existing Clause in the Draft Regulations	MSEDCL Comments						
	<p>records.</p> <p>(7) The Certificates issued to captive generating stations based on renewable energy sources to the extent of self-consumption shall stand redeemed on 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</p>							
12. Denomination of Certificate	<p>(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:</p> <p>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>(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 <b>Appendix-1</b> shall be as under:</p> <table border="1" data-bbox="479 1209 1220 1361"> <thead> <tr> <th data-bbox="479 1209 913 1289">Renewable Energy Technologies</th> <th data-bbox="913 1209 1220 1289">Certificate Multiplier</th> </tr> </thead> <tbody> <tr> <td data-bbox="479 1289 913 1326">On-shore Wind and Solar</td> <td data-bbox="913 1289 1220 1326">1</td> </tr> <tr> <td data-bbox="479 1326 913 1361">Hydro</td> <td data-bbox="913 1326 1220 1361">1.5</td> </tr> </tbody> </table>	Renewable Energy Technologies	Certificate Multiplier	On-shore Wind and Solar	1	Hydro	1.5	<p>The said regulation should be revised as follows in line with the Clause (4) of Regulation 4:</p> <p><i>“(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 or one Megawatt hour of electricity purchase from renewable energy source in excess of Renewable Purchase Obligation in case of DISCOMs:”</i></p> <p>A higher multiplier can be specified for Hydro, MSW and Biomass and Biofuel. Defining a higher multiple for Hydro, MSW and Biomass and Biofuel energy can provide greater impetus to the same. The need to promote Hydro, MSW and Biomass and Biofuel energy can be addressed by setting higher multiplier for MSW and Biomass and Biofuel</p>
Renewable Energy Technologies	Certificate Multiplier							
On-shore Wind and Solar	1							
Hydro	1.5							

Clause/Existing page	Existing Clause in the Draft Regulations	MSEDCL Comments				
	<table border="1" data-bbox="483 288 1216 437"> <tr> <td data-bbox="483 288 909 400">Municipal Solid Waste (MSW) and non-fossil fuel-based cogeneration</td> <td data-bbox="916 288 1216 400">2</td> </tr> <tr> <td data-bbox="483 405 909 437">Biomass and Biofuel</td> <td data-bbox="916 405 1216 437">2.5</td> </tr> </table> <p data-bbox="483 442 1227 624">Provided that the Certificate Multiplier for other renewable energy technologies, not covered in the above table, shall be notified by the Commission on a case-to-case basis based on the principles stipulated in Appendix-1:</p> <p data-bbox="483 628 1227 770">Provided further that the Commission may, from time to time, based on review of the maturity level and cost of various renewable energy technologies, revise the Certificate Multiplier.</p> <p data-bbox="483 775 1227 956">(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.</p> <p data-bbox="483 960 1227 1142">(4) The Certificate Multiplier once assigned to a renewable energy generating station, shall remain valid for a period of fifteen years from the date of commissioning of such renewable energy generating station or captive generating station based on renewable energy sources</p>	Municipal Solid Waste (MSW) and non-fossil fuel-based cogeneration	2	Biomass and Biofuel	2.5	<p data-bbox="1245 288 1921 363">energy. Further, to mee the HPO targets higher multiplier is necessary for Hydro.</p> <p data-bbox="1245 400 1921 507">The validity of the certificate multiplier assigned to Hydro projects should be longer than 15 years as useful life of Hydro projects is more than 30 years.</p>
Municipal Solid Waste (MSW) and non-fossil fuel-based cogeneration	2					
Biomass and Biofuel	2.5					
13. Pricing of Certificates	<p data-bbox="483 1147 1227 1254">(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:</p> <p data-bbox="483 1259 1227 1334">Provided that the Power Exchange(s) and the electricity traders shall report all transactions with details including</p>	<p data-bbox="1245 1147 1921 1254">The Commission can exclude the following clause “<i>or as mutually agreed between eligible entities and the electricity traders</i>”</p> <p data-bbox="1245 1291 1921 1361">It is submitted that such clause may lead to uncertainty in prices of REC and can result in foul</p>				

Clause/Existing page	Existing Clause in the Draft Regulations	MSEDCL Comments
	<p>but not limited to volume, price, buyers and sellers to the Central Agency on a monthly basis.</p> <p>(2) The Commission, on being satisfied that any of the following circumstances exist or is likely to occur, may by an order give such directions as may be considered necessary:</p> <p>(a) Abnormal increase or decrease in prices of Certificates;</p> <p>(b) Sudden volatility in the prices of Certificates;</p> <p>(c) Sudden high or low transaction volumes of Certificates on a Power Exchange.</p>	<p>practices by entities. Hence it is requested that the price of REC shall be determined only through market discovery and not by mutual agreement</p>
14. Validity of Certificates	<p>(1) The Certificates issued shall remain valid until they are redeemed:</p> <p>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.</p>	<p>It is submitted that entities that have obtained accreditation or registration on the basis of false information or by suppressing material information and the accreditation for Certificates shall be not only penalized for such practices but also be debarred from trading of REC's in the future. These punitive actions needs to be taken to ensure that such practices are not continued in future.</p>
15. Fees and Charges	<p>The Commission may, based on the proposal from the Central Agency, determine the fees and charges payable by the eligible entities for accreditation, registration,</p>	<p>DISCOM being a Licensee shall not be charged any fees for accreditation, registration of issuance of Certificates. As stated earlier, DISCOM shall be</p>

<b>Clause/Existing page</b>	<b>Existing Clause in the Draft Regulations</b>	<b>MSEDCL Comments</b>
	issuance of Certificates and other matters connected therewith	issued REC simply through application process without any accreditation or registration
16. Detailed Procedure	<p>(1) The Central Agency shall issue the Detailed Procedure after stakeholders' consultation within a period of 3 months of notification of these regulations and submit the same for information to the Commission.</p> <p>(2) The Detailed Procedure shall contain procedures including, but not limited to:</p> <p>(a) Procedure for Accreditation for Certificate as referred in clause (2) of Regulation 6 of these regulations;</p> <p>(b) Procedure for Registration for Certificate as referred to in clause (1) of Regulation 8 of these regulations;</p> <p>(c) Procedure for Issuance for Certificate as referred to in clause (1) of Regulation 10 of these regulations;</p> <p>(d) Periodicity for exchange of Certificate through power exchange or through electricity traders as referred to in clause (2) of Regulation 11 of these regulations;</p> <p>(e) other related and incidental matters.</p>	It is submitted that the detailed procedure shall also be part of these Regulations and shall be subject to stakeholder consultation along with these Regulations instead of separately stating it after three months of notification of these Regulations. If the detailed procedure is made part of these Regulations, then any related issue in the detailed procedure may be addressed at the time of finalisation of Regulation itself.