

CSTEP Comments:

Draft Central Electricity Regulatory Commission (Terms & Conditions for Purchase and Sale of Carbon Credit Certificates) Regulations, 2024

On November 13, 2024, the Central Electricity Regulatory Commission (CERC) issued the draft Carbon Credit Certificate (CCC) Regulations (*Draft Regulations*) for public comments. After reviewing the draft, we, from the Centre for Study of Science, Technology and Policy (CSTEP) are submitting our feedback on the proposed regulations. These regulations are a welcome step toward realizing the Government of India's vision of establishing a streamlined carbon market and facilitating the trading of carbon certificates. They align with recent reforms, including the 2022 amendment to the Energy Conservation Act, which introduced a carbon credit trading scheme under Section 14AA; the Carbon Credit Trading Scheme 2023 (*CCTS 2023*) issued on June 28, 2023; and the Detailed Procedure for Compliance Mechanism under CCTS released in July 2024.

The draft CCC Regulations aim to complement these initiatives by specifically regulating the transaction of carbon certificates through power exchanges. We appreciate this initiative to enhance transparency and accountability in the sector. Recognizing the similarities between the Renewable Energy Certificate (REC) framework and the Energy Saving Certificate (ESC) framework, we also reviewed the CERC REC Regulations (May 9, 2022) and ESC Regulations (May 27, 2016) to provide further insights.

We hope our comments and suggestions prove helpful in refining these regulations.

Yours Sincerely,

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Provision	Heading	Proposed Amendment	Comments
6(2)(ii)	Functions of the Administrator	The Draft Regulations grant the responsibility to register obligated and non-obligated entities with the Administrator, i.e., the Bureau.	Section 6(2)(b) of the CCTS 2023 Notification issued by the Ministry of Power dated June 28, 2023, grants the same power to the Registry, i.e., the Grid Controller. <i>The Draft Regulations need to clarify which authority will have the responsibility to register entities.</i>
7(2)	Validity of certificates	The validity of CCCs shall be specified in the Detailed Procedure for Compliance Mechanism.	The Detailed Procedure does not provide the information on validity of the CCCs. Note that RECs are valid for a period of 25 years and ESCs are valid till the completion of the compliance period. <i>Similarly, validity of CCCs needs to be introduced.</i>
9(3)	Dealing in Certificates	CCCs issued to obligated or non-obligated entities and credited in the CCC Registry may be placed for dealing in any of the Power Exchanges by the CCCs holder.	What are the eligibility criteria to be a CCC holder? Does a CCC holder have to be Registered Entity as defined under section 2(qa) of the Energy Conservation Act, 2001 (i.e., an entity registered for the carbon credit trading scheme)?
9(10)	Dealing in Certificates	Power Exchanges shall report to the Registry with the details of the CCCs transacted by the eligible entities.	Eligible entities in not defined in the Draft Regulations nor used in any other provision. <i>Either define or replace with obligated/non-obligated entities or Registered Entities.</i>
Proposed provision	Accreditation of entities	Currently, the Draft CERC Regulations does not recognise accrediting participating entities.	<i>Add a requirement to accredit entities prior to registration, like clause 6 of REC Regulations 2022 which required entities to be granted accreditation. The Draft Regulations</i>

			need to further provide the eligibility criteria for accrediting participating entities, particularly non –obligated entities.
Proposed provision	Suspension or revocation of registration	Currently, the Draft CERC Regulations does not provide circumstances where registration can be suspended or revoked .	<i>Authorities need to have the power to suspend or revoke registrations in certain circumstances.</i> For instance, clause 9 of the REC Regulations 2022 allows the Central Agency, after making an enquiry and giving notice, to revoke registration granted to entities in case the eligible entity breaches any terms and conditions of its registration.
Proposed provision	Public display of information	Clause 6(2)(c) & (d) requires the Bureau to disseminate relevant market information to all stakeholders and monitor to ensure that exchange of CCCs takes place in a transparent manner.	<i>CERC website or Power Exchange websites need to mandatorily publish monthly/quarterly/annual reports with information of number of CCCs issued and redeemed, along with purchaser information. Similar to reports issued by the Market Monitoring Cell, monthly or annual reports need to be published with a summary of all the transactions.</i>