



HYGENCO GREEN ENERGIES PRIVATE LIMITED

To,
Mr. Harpreet Singh Pruthi
Hon'ble Secretary
Central Electricity Regulatory Commission
Janpath, New Delhi – 110 001

Date: 21-11-2024

Sub.: Comments/Suggestion submission on Draft Central Electricity Regulatory Commission (Terms and Conditions for Purchase and Sale of Carbon Credit Certificates) Regulations, 2024

Ref (1): Public Notice for Draft Central Electricity Regulatory Commission (Terms and Conditions for Purchase and Sale of Carbon Credit Certificates) Regulations, 2024 No. RA-14026(13)/1/2024-CERC

Respected Sir/ Ma'am,

At the outset, we are pleased to convey our regards and appreciation for your endeavours to establish carbon credit trading market in India.

We wish to introduce Hygenco Green Energies Private Limited (hereinafter referred as "Hygenco"), a company incorporated under Companies Act 1956 and a green hydrogen/ green ammonia generating company within the meaning of Section 2(28) of the Electricity Act 2003. Hygenco aims to be a global leader in deploying industry ready Green Hydrogen and Green Ammonia powered robust solutions.

We hereby submit our comments as Annexure 1, on aforesaid **Draft Central Electricity Regulatory Commission (Terms and Conditions for Purchase and Sale of Carbon Credit Certificates) Regulations, 2024** as circulated by Hon'ble CERC, for the kind consideration and necessary action.

We sincerely request the Hon'ble Commission to consider these suggestions/requests while finalising the aforementioned regulations.



HYGENCO GREEN ENERGIES PRIVATE LIMITED

Thanking You,
For **Hygenco Green Energies Pvt Ltd**



(Anand Kumar)
Head– Regulatory Affairs & Project development.

HYGENCO GREEN ENERGIES PRIVATE LIMITED

COMMENTS ON DRAFT CENTRAL ELECTRICITY REGULATORY COMMISSION (TERMS AND CONDITIONS FOR PURCHASE AND SALE OF CARBON CREDIT CERTIFICATES) REGULATIONS, 2024

Clause. No.	Clause No of Proposed Reg	Suggestions/Observations
9. Dealing in the Certificates	<p>9. Dealing in the Certificates - (1) Unless otherwise specifically permitted by the Commission by order, the CCCs shall be dealt with only through the Power Exchange and not in any other manner. (2) There shall be two separate market segments in the Power Exchanges for dealing in CCCs, namely, Compliance Market for the obligated entities and Offset Market for the non-obligated entities.</p>	<p><u>Suggestion-1: Create single market for obligated & non-obligated entities on power exchange</u></p> <p>It has been observed that as per Clause 9 of Draft Central Electricity Regulatory Commission (Terms and Conditions for Purchase and Sale of Carbon Credit Certificates) Regulations, 2024 Hon'ble CERC is planning to introduce two separate market segments in Power exchange for dealing in Carbin credit certificates, one is for obligated entities i.e. compliance market and other one is for non-obligated entities i.e. offset market.</p> <p>However as per Clause 3 which states objective of this regulations, the same reproduced as below for ready reference:</p> <p><i>The objective of these regulations is to create a framework for the exchange of Carbon Credit Certificates for the Obligated and the Non-Obligated entities on Power Exchanges.</i></p> <p>It is very clear from above Clause that the sole objective of this regulation is to create a common market framework on power exchange which will facilitate trading of carbon credit certificates to all interested entities which covers obligated as well as non-obligated entities.</p> <p>Also, as per Hon'ble CERC Power Market Regulations, 2021 which is applicable on Power exchanges the very purpose of creating market is to ensure that Market Participants shall have confidence in the integrity and fairness of power markets and also to ensure that the prices are discovered in a transparent and competitive manner for all participants including obligated as well as non-obligated entities.</p> <p>We would like to submit that creation of separate market for obligated as well as non-obligated</p>



HYGENCO GREEN ENERGIES PRIVATE LIMITED

Clause. No.	Clause No of Proposed Reg	Suggestions/Observations
		<p>entities will un-necessary promote unfairness for interested entities by deriving separate prices which may be offered by two proposed market segments. Such different prices will result in less competitive market price discovery, as such price will be derived from subsets of entities which are having same purpose/objective of trading. Also, this will un-necessarily burden Hon’ble CERC who need to regulate two separate markets, which are created with same objectives /purposes and is intended to serve similar nature of entities.</p> <p>In this regard we would like to request Hon’ble CERC to create a single market on power exchange for dealing in trading of carbon credit certificates for both obligated as well as non-obligated entities.</p> <p><u>Suggestion-2: In case separate market created for obligated & non-obligated entities, facilitate overlaps with automative crossovers to settle submitted bid by offering bigger pool for settlement</u></p> <p>We would like to share that in initial/nascent phase of carbon credit certificate trading market on power exchange there will be scarcity of eligible carbon credit certificates because most of the interested entities will still be exploring for potential avenues to comply their emission targets and to reflect more greener portfolio. There will be huge demand supply gap with supply of eligible CCC on lower side because of limited available strength in available pool as created for obligated entities only to trade under compliance market.</p> <p>At the same time there are millions among many which are covered under off-set market with eligible tradable carbon credit certificates and with sufficient strength to offset demands of obligated entities emission compliances, which are sitting in another pool i.e. compliance market. Such enforced scarcity not only will create huge non-compliances but also will discover higher price for CCC certificates under compliance market. The result is creation of bipolar market with more cases of defaults against target emission intensities.</p>



HYGENCO GREEN ENERGIES PRIVATE LIMITED

Clause. No.	Clause No of Proposed Reg	Suggestions/Observations
		<p>Considering above reasoning we request Hon'ble CERC that if in case separate market concept for obligated and non-obligated entities still pursued, then there should be provision which offers overlaps by automatic crossovers among such market segments. Analogy to such provision exists in electricity trading market as created on various power exchanges of India, where if submitted bid quantum for RE power not cleared under G-DAM market then such bids will automatically carry over to DAM market and will be settled based on matching principal.</p> <p>Similarly obligated entities as per Carbon Credit Trading Scheme under compliance market may be given an option to opt for automatic transfer & consideration of their submitted bid quantum against required Carbon credit certificates sale/purchase under offset market, this will make sure the optimal utilization of available green resources by offering more choices, as offered by combined pool, to obligated entities for complying their carbon emission targets.</p>