



No. IEX/RA/084/24-25

31st Dec. 2024

To,

The Secretary,
Central Electricity Regulatory Commission,
7th Floor, Tower-B, World Trade Centre,
Nauroji Nagar,
New Delhi 110029

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

Dear Sir,

The Hon'ble Commission has issued the Draft Central Electricity Regulatory Commission (Terms and Conditions for Purchase and Sale of Carbon Credit Certificates) Regulations, 2024 broadly laying down the regulatory framework for trading of the Carbon Credit Certificates (CCC) at the Power Exchanges. We welcome the proposed regulation on trading of Carbon Credit Certificates. This shall definitely pave way for creation of a robust domestic carbon market in the country and help us achieve the NDC goals.

The draft has defined the role of key entities, the bifurcation of the market into Compliance and the Offset market, trade aspects etc. w.r.t the exchange of CCCs. Other details of trade modalities are likely to be covered under the procedure to be prepared by the Bureau of Energy Efficiency in its role as an Administrator. We have the following suggestions on the draft-

- 1. Clarity on 'Dealing in the certificates'**- Regulation 9(1) of the draft states – *"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"*. However, the Carbon Credit Trading Scheme 2023 and the scope of these regulations proposed in Regulation 4 provides only Power Exchange as a mode for trade of certificates. Therefore, regulation 9(1) need to be aligned with the CCTS and scope of these regulations. Suggested modification in Regulations 9(1) is as under:

~~"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"~~.

IEX comments on the Draft CERC (Terms and Conditions for Purchase and Sale of Carbon Credit Certificates) Regulations, 2024

2. **Price discovery mechanism-** Regulation 9(6) of the draft requires the Power Exchanges to seek approval of the Hon'ble Commission on the CCCs price discovery mechanism. While the Exchanges may propose price discovery mechanisms differently for Compliance and the Offset markets, it is pertinent that the Hon'ble Commission may adopt uniform price discovery methodology while approving the contracts across Power Exchanges. A uniformity in the mechanism will help in development of the market.

We request you to consider the suggestions while finalising the regulations.

Thanking You
Yours Sincerely,

Gaurav Maheshwari
AVP- Regulatory Affairs

