

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 5/SM/2018

Coram:

Shri P.K Pujari, Chairperson

Shri A K Singhal, Member

Shri A.S Bakshi, Member

Dr. M K Iyer, Member

Date of order: 19.4.2018

In the matter of:

Empanelment of Compliance Auditor in the area of Renewable Energy Certificate Mechanism

ORDER

Regulation 13 of the Central Electricity Regulatory Commission (Terms and Conditions for recognition and issuance of Renewable Energy Certificate for Renewable Energy Generation) Regulations, 2010 (REC Regulations), provides for appointment of compliance auditors. Regulation 13 is extracted as under:

“13. Appointment of compliance auditors:

(1) The Commission may, in consultation with the Central Agency, appoint from time to time compliance auditors to inquire into and report on the compliance of these Regulations by the person applying for registration, or on the compliance by the renewable energy generators in regard to the eligibility of the Certificates and all matters connected thereto.

(2) The compliance auditor shall have the qualifications and experience as contained in the Schedule to these Regulations:

Provided that the Commission may from time to time, by order amend the Schedule

(3) The Commission may from time to time fix the remuneration and charges payable to such auditors and all such amount payable shall be met out of the funds which the Central Agency may collect from the eligible entities.”

2. As required under the REC Regulations, the Commission vide its order dated 6.6.2017 (9/SM/2017) empanelled the following firms as Compliance Auditors:

| | |
|----|---|
| 1. | Chandra Wadhwa & Co., New Delhi |
| 2 | Darashaw & Co. Pvt. Ltd., New Delhi |
| 3 | MCJ Energy Engineers Pvt. Ltd., Bhilai |
| 4 | NC Mittal & Co. Chartered, Faridabad |
| 5 | Sanjay Gupta Associates, in association with ABPS Infrastructure Advisory Pvt. Ltd., Mumbai |
| 6 | TUV SUD, Pune |
| 7 | World Institute of Sustainable Energy, Pune |

3. The Commission in the above referred order directed the Central Agency (POSOCO) to invite financial bids from the empanelled auditors and propose remuneration and charges to be payable to the Compliance Auditors based on the assessment of man-hour effort for the possible assignments for various RE technologies. The relevant portion of the said order is reproduced as under:

“8. In pursuance of the above, we direct the Central Agency to invite financial bids from the empanelled auditors and propose remuneration and charges to be payable to the Compliance Auditors based on the assessment of man-hour effort/requirement for the possible assignments and with due consideration to various RE technologies, location of the project etc. Based on the suggestion from the Central Agency, the Commission will fix remuneration and charges payable to the Compliance Auditors. After the fees have been fixed by the Commission, the Central Agency will formally engage the Compliance Auditor(s) for specific assignments after entering into an agreement. “

4. In compliance of the aforesaid order, the Central Agency constituted a committee comprising of representatives of different departments from Central Agency for finalization of bidding documents i.e scope of work, payment terms etc, inviting and evaluating the financial bids from the empanelled auditors to work out the methodology for calculation of the remuneration for the empanelled auditors, finalizing the template of agreement, selection and allocation of assignments for compliance auditors etc. The Committee invited financial bids from the empanelled Compliance Auditors for arriving at the remuneration payable to them for auditing of registered renewable energy generators as well as Central Agency, State Agency, SLDCs and Power Exchanges. Out of 7 (seven) empanelled Compliance Auditors, financial bids from 6 (six) Compliance Auditors were received and 1(one) Compliance Auditor (TUV SUD, Pune) did not submit the financial bid. The Committee evaluated the financial bids and submitted the comparative statements and timelines.

5. The Central Agency vide its letter dated 7.2.2018 submitted a proposal to the Commission on remuneration and charges payable to empanelled Compliance Auditors, based on the L1 price derived from the financial proposals received and recommended following charges payable to all Compliance Auditors uniformly on per project basis:

All figures in Rs. (per project)

| S. No | State | Wind | Small Hydro | Biomass | Bio Fuel Cogeneration | Urban Municipal Waste | Others | Solar PV | Solar Thermal |
|-------|---------------------------|--------|-------------|---------|-----------------------|-----------------------|--------|----------|---------------|
| 1 | Andaman & Nicobar Islands | 65,500 | 65,500 | 77,000 | 77,000 | 77,000 | 77,000 | 65,500 | 65,500 |
| 2 | Andhra Pradesh | 54,000 | 54,000 | 65,500 | 65,500 | 65,500 | 65,500 | 54,000 | 54,000 |
| 3 | Arunachal Pradesh | 65,500 | 65,500 | 77,000 | 77,000 | 77,000 | 77,000 | 65,500 | 65,500 |
| 4 | Assam | 65,500 | 65,500 | 77,000 | 77,000 | 77,000 | 77,000 | 65,500 | 65,500 |
| 5 | Bihar | 65,500 | 65,500 | 77,000 | 77,000 | 77,000 | 77,000 | 65,500 | 65,500 |
| 6 | Chandigarh | 65,500 | 65,500 | 77,000 | 77,000 | 77,000 | 77,000 | 65,500 | 65,500 |
| 7 | Chhattisgarh | 65,500 | 65,500 | 77,000 | 77,000 | 77,000 | 77,000 | 65,500 | 65,500 |
| 8 | Dadra and Nagar Haveli | 54,000 | 54,000 | 65,500 | 65,500 | 65,500 | 65,500 | 54,000 | 54,000 |
| 9 | Daman and Diu | 54,000 | 54,000 | 65,500 | 65,500 | 65,500 | 65,500 | 54,000 | 54,000 |
| 10 | Delhi | 54,000 | 54,000 | 65,500 | 65,500 | 65,500 | 65,500 | 54,000 | 54,000 |
| 11 | Goa | 54,000 | 54,000 | 65,500 | 65,500 | 65,500 | 65,500 | 54,000 | 54,000 |
| 12 | Gujarat | 54,000 | 54,000 | 65,500 | 65,500 | 65,500 | 65,500 | 54,000 | 54,000 |
| 13 | Haryana | 65,500 | 65,500 | 77,000 | 77,000 | 77,000 | 77,000 | 65,500 | 65,500 |
| 14 | Himachal Pradesh | 65,500 | 65,500 | 77,000 | 77,000 | 77,000 | 77,000 | 65,500 | 65,500 |
| 15 | Jharkhand | 65,500 | 65,500 | 77,000 | 77,000 | 77,000 | 77,000 | 65,500 | 65,500 |
| 16 | Jammu and Kashmir | 65,500 | 65,500 | 77,000 | 77,000 | 77,000 | 77,000 | 65,500 | 65,500 |
| 17 | Karnataka | 65,500 | 65,500 | 77,000 | 77,000 | 77,000 | 77,000 | 65,500 | 65,500 |
| 18 | Kerala | 65,500 | 65,500 | 77,000 | 77,000 | 77,000 | 77,000 | 65,500 | 65,500 |
| 19 | Lakshadweep | 65,500 | 65,500 | 77,000 | 77,000 | 77,000 | 77,000 | 65,500 | 65,500 |
| 20 | Madhya Pradesh | 65,500 | 65,500 | 77,000 | 77,000 | 77,000 | 77,000 | 65,500 | 65,500 |
| 21 | Maharashtra | 54,000 | 54,000 | 65,500 | 65,500 | 65,500 | 65,500 | 54,000 | 54,000 |
| 22 | Manipur | 65,500 | 65,500 | 77,000 | 77,000 | 77,000 | 77,000 | 65,500 | 65,500 |
| 23 | Meghalaya | 65,500 | 65,500 | 77,000 | 77,000 | 77,000 | 77,000 | 65,500 | 65,500 |
| 24 | Mizoram | 65,500 | 65,500 | 77,000 | 77,000 | 77,000 | 77,000 | 65,500 | 65,500 |
| 25 | Nagaland | 65,500 | 65,500 | 77,000 | 77,000 | 77,000 | 77,000 | 65,500 | 65,500 |
| 26 | Odisha | 65,500 | 65,500 | 77,000 | 77,000 | 77,000 | 77,000 | 65,500 | 65,500 |
| 27 | Puducherry | 65,500 | 65,500 | 77,000 | 77,000 | 77,000 | 77,000 | 65,500 | 65,500 |
| 28 | Punjab | 65,500 | 65,500 | 77,000 | 77,000 | 77,000 | 77,000 | 65,500 | 65,500 |
| 29 | Rajasthan | 65,500 | 65,500 | 77,000 | 77,000 | 77,000 | 77,000 | 65,500 | 65,500 |
| 30 | Sikkim | 65,500 | 65,500 | 77,000 | 77,000 | 77,000 | 77,000 | 65,500 | 65,500 |
| 31 | Tamil Nadu | 65,500 | 65,500 | 77,000 | 77,000 | 77,000 | 77,000 | 65,500 | 65,500 |
| 32 | Telangana | 54,000 | 54,000 | 65,500 | 65,500 | 65,500 | 65,500 | 54,000 | 54,000 |
| 33 | Tripura | 65,500 | 65,500 | 77,000 | 77,000 | 77,000 | 77,000 | 65,500 | 65,500 |
| 34 | Uttar Pradesh | 65,500 | 65,500 | 77,000 | 77,000 | 77,000 | 77,000 | 65,500 | 65,500 |
| 35 | Uttarakhand | 65,500 | 65,500 | 77,000 | 77,000 | 77,000 | 77,000 | 65,500 | 65,500 |
| 36 | West Bengal | 65,500 | 65,500 | 77,000 | 77,000 | 77,000 | 77,000 | 65,500 | 65,500 |

All Figures in Rs.(perAgency/Org)

| Sno | Agency | Price/project |
|------------|-----------------|----------------------|
| 1 | Central Agency | 58,000 |
| 2 | State Agency | 60,000 |
| 3 | SLDCs | 60,000 |
| 4 | Power Exchanges | 58,000 |

Above mentioned charges are exclusive of all taxes and duties and also exclusive of travelling and out of pocket expenses. The modalities of payment of fees to compliance auditor and travelling /out of pocket expenses such as TA, DA etc. shall be as per TOR circulated by the Central Agency to all empanelled Auditors.

6. Further, it was proposed that:-

- a. the claim made by the Compliance Auditor(s) regarding the number of site visits, man days required to audit, capacity to handle minimum number of projects at given point of time shall not exceed the proposals in their respective bids;
- b. equal number of projects may be awarded to the Auditors; however, the timeline for submission of the reports by the Auditors may vary as per the timelines furnished by the auditors;
- c. the capability of the audit team to handle number of projects at a time. will be taken from compliance auditors before auditing of the projects if not submitted;
- d. 220 projects (about 20% of the 1090 registered projects as on 15.01.2018) may be audited.
- e. award of work to the respective Compliance Auditors may be undertaken by the committee after notification of remuneration payable to the Compliance Auditors by CERC.
- f. a Separate undertaking regarding conflict of interest shall be taken from all the Compliance Auditors at the time of award of work.

7. The Commission has gone through the recommendations along with the remuneration and charges payable to empanelled Compliance Auditors by the Central Agency and accepts them.

8. The Central Agency shall formally engage the Compliance Auditor(s) for specific assignments after entering into an agreement in line with the terms and conditions in the TOR, other supplementary information/ requirements and terms of payment circulated by the Central Agency while inviting the financial bids from the empanelled Compliance Auditors. The deliverables and duration of assignment shall be in line with the TOR issued by Central Agency, attached herewith at Annexure-I.. In case of non-acceptance of remuneration notified herein, no assignment shall be awarded to the concerned Compliance Auditor. The empanelled auditors

shall be assigned projects for compliance audit at a given point of time, preferably in the same region after taking into consideration their capacity to handle such projects. The Central Agency shall ensure while identifying the projects for compliance auditing that projects of different RE technologies spread across different States are selected based on overall framework for selection as provided in the Report of the Central Agency.

9. We direct the Central Agency to, prepare checklist to ensure quality work and also ensure that the empanelled Compliance Auditors deploy sufficient experienced manpower having qualifications in the area of finance/accounts/commerce as well as in engineering with specialization in generation, transmission or distribution of electricity. Also, the Central Agency shall take into consideration the geographical locations of the projects, language etc. for assigning work at L-1 price, with a view to ensure efficiency and reduce cost of travel.

10. The Commission, in its order 9/SM/2017 dated 6.6.2017, empanelled the Compliance Auditors for a period of two years from date of the order. In view of the submissions of Central agency (POSOCO) with respect to fees of the auditors, the Commission extends the validity of order 9/SM/2017 dated 6.6.2017 for a period of two years from the date of this order. Accordingly, the validity of the empanelment as also the fees and other terms stipulated herein shall remain valid for two years from the date of this order.

Sd/ -
[M. K. IYER]
MEMBER

Sd/-
[A. S. BAKSHI]
MEMBER

Sd/-
[A.K SINGHAL]
MEMBER

Sd/-
[P.K PUJARI]
CHAIRPERSON

Terms of Reference (TOR) for remuneration payable to empanelled Compliance Auditor by Central Electricity Regulatory Commission in the area of Renewable Energy Certificate Mechanism

1.0 Background:

1.1 Central Electricity Regulatory Commission (CERC) notified CERC (Terms and Conditions for recognition and issuance of Renewable Energy Certificate for Renewable Energy Generation) Regulations, 2010 (REC Regulations) on 14.01.2010 and amendment thereof. The framework of REC is expected to give push to Renewable Energy (RE) capacity addition in the country. REC is a green component of energy and a tradable instrument into the market.

1.2 Detailed REC Procedures for implementation of REC Mechanism were prepared by Central Agency in line with Clause 3 of the REC Regulations and approved by CERC on 5th November, 2015. These procedures include Registration of eligible entities, Issuance of RECs, Redemption of RECs and Model Guidelines for Accreditation (herein after referred as approved procedures).

1.3 The entire REC framework has been automated to the extent feasible. The entire processes, except trading of RECs under REC Mechanism are carried out through a web based application having URL www.recregistryindia.nic.in. Any stake holder like RE Generator, State Agency and Central Agency shall not be obliged to provide their respective login credentials to the Compliance Auditor. However, the process (es) can be shown to Compliance Auditors by respective stake holders when asked by the Compliance Auditor(s). Further, all the necessary documentary evidence needs to be provided by the stakeholders to the Compliance Auditors in physical form in order to facilitate the audit.

1.4 The Central Electricity Regulatory Commission (CERC) invited technical bids for "Empanelment of Compliance Auditor in the area of Renewable Energy Certificate Mechanism" vide notice dated 20th October, 2016. Subsequently, CERC empanelled Compliance Auditors vide its Order dated 06th June, 2017. Further, CERC directed Central Agency to propose remuneration and charges to be payable to the Compliance Auditors based on the assessment of man-hour effort/requirement for the possible assignments and with due consideration of the requirements for auditing generating stations based on various RE technologies, location of the project etc.

1.5 Accordingly, Financial Bids are invited from the empanelled Compliance Auditors for arriving at the remuneration payable to the compliance auditors.

1.6 **The validity period of remuneration:** The validity period of remuneration will be based on the timelines specified for empanelment in the CERC Order dated 06th June, 2017.

2 Scope of work:

The assignment shall comprise the work to be completed as per the requirements mentioned below. The Compliance Auditor shall verify the following conditions (list is indicative and not limited to) for all the projects:

- (i) Eligibility criteria as specified in the CERC REC Regulations/concerned State RPO/REC Regulations. It may be noted that in the process of registration, issuance and redemption, CERC Regulations would prevail over State Regulations;
- (ii) Checking the completeness of application filed by the RE Generator.
- (iii) Each information provided in online application i.e. Owner Details, Operator Details, Station Details, Connectivity Details with Concerned Licensee, Metering Details, Statutory Clearance Details, General Details, Date of Commissioning and Declaration matches with the supportive documentary evidences provided to State Agency.

- (iv) Information submitted by the generator at the time of accreditation and registration: technology used, renewable energy source etc.;
- (v) Clearances required for setting up RE generation project are obtained and the validity thereof;
- (vi) Sale of electricity generated to local utility at the rate not exceeding average power purchase cost, if applicable;
- (vii) Sale of Power as Green Energy, modalities of PPA (e.g. despite PPA at price other than APPC or preferential tariff, does buyer intend to offset its own RPO, cases of seasonal PPA, mismatch in capacity eligible for accreditation/registration vis a vis capacity mentioned in Accreditation/ registration Certificate, etc.) ;
- (viii) Past history of RE generator as to whether it has entered into any PPA at preferential tariff in between duration of accreditation/ registration, present status;
- (ix) Compliance of the observations raised by the State Agency / any other inspecting agency / other competent authority is made and there is no failure in rectification of the defects;
- (x) Willful or prolonged default by RE generator in doing anything required of him by or under the REC Regulations;
- (xi) Metering arrangement,(main meter, self-consumption meter, auxiliary consumption meter, etc.) calibration status;
- (xii) To check whether Special Energy Meters are installed.
- (xiii) Description of meter details and metering points.
- (xiv) RECs claimed vis a vis actual meter readings for last 12 months.
- (xv) RECs claimed as per the energy injected for generation after the date of registration by Central Agency;
- (xvi) Non Payment of annual charges for accreditation/ registration
- (xvii) Verification of Grid connectivity of project.
- (xviii) Interconnection of Power Station with STU/ Distribution licensee network and the voltage level.

- (xix) In case of CPPs, verify whether the project is availing concessional/promotional transmission or wheeling charges, banking facility benefit and/or waiver of electricity duty.
- (xx) Average CUF/ PLF with respect to monthly RECs issued matches with standards.
- (xxi) Validating the concerned approvals of Joint Meter Reading Report and corresponding Energy Injection Report.
- (xxii) To verify the continuity of application made for issuance of RECs. Investigate the reason in case of intermittent on non-filling of application for issuance of RECs, if any.
- (xxiii) Type of Route (third party / APPC sale/ Self-Consumption) under which the project has been accredited.
- (xxiv) Any other compliance matter as specified/directed by CERC.
- (xxv) To verify and validate Accreditation and Registration of the generator, and Issuance and Redemption of RECs.
- (xxvi) Any other matter which Compliance Auditor deems fit needs to be reported and requires attention to be drawn of CERC
- (xxvii) Any other conditions as mentioned in CERC REC Regulations and its amendment thereof along with relevant state regulations.

2.1. Additional Checks for Biomass based Rankine cycle power project and Bagasse based cogeneration projects

- i. Type of Boiler and its suitability for burning biomass fuel (comments after due observation at site)
- ii. To ensure about the actual fuel being used by spot inspection (with observation of minimum 1 hr. at the plant site)
- iii. What type of fuel is being fed in the Boiler?
- iv.
 - a) If Biomass - its type.
 - b) If coal, give details.
 - c) If combination of Biomass & coal, what percentage of each fuel?

- d) What is the consumption of above fuel in 1 hr with 100% steam generation (maintaining rated temperature & pressure) & what the generation of electricity/hour is?
- v. Stock of total Biomass available at site
 - vi. Stock of total coal available at site.
 - vii. Whether the above availability of Biomass & coal tally with the register records maintained, give details and if not what is the difference?
 - viii. Total Biomass & coal (separately) used for generation of power since the date of accreditation/registration as per the record, tallying with
 - ix. Truck/Tractor No., date of receipt, transportation payments etc.
 - x. Out of total fuel used (as above), what is the percentage of biomass and coal.
 - xi. Whether coal used is within the permissible limit of 15% as per norms.
 - xii. Whether the above fuel used tallies with the generation?
 - xiii. What is the average consumption of Biomass & coal and generation of power per day?
 - xiv. What is average consumption of secondary fuel?.
 - xv. Tallying of Heat Rate with respect to fuel consumption & other observation.
 - xvi. Heat Rate of Turbine , Efficiency of Boiler, Station Heat Rate
 - xvii. Average GCV of fuel (taking into consideration Biomass and coal with respect to their quantity & GCV).
 - xviii. Assessed handling losses of fuel (biomass/coal) in percentage.
 - xix. Actual fuel consumption per unit as worked out based on the records (maintained/ register) for the period from the date of registration for REC.
 - xx. As per the calculation of Heat Rate, what is the average fuel consumption per unit?

- xxi. Difference in fuel consumption per unit as per the record Vs Heat Rate calculation.
- xxii. If the above variation is more than 5%, reason to be furnished what is the explanation of the developer?.
- xxiii. Verification of ash details to ascertain the fuel actually being used.(being ash analysis is an important aspect to countercheck the type of fuel being used).
- xxiv. Sample of ash to be collected and got it tested from the authorized Lab. To ascertain the type of fuel on the basis of the testing results
- xxv. What is the % of ash of Biomass & coal (being used/separately) as per norms?.
- xxvi. Whether quantity of ash tallies with the fuel combination & records?
- xxvii. Assessed quantity of ash lying available at site.
- xxviii. What is arrangement of disposal of ash & where being dumped (to check from records/register – about dispatch by trucks/trailers etc)
- xxix. How much quantity of ash is disposed of (dumped to other area) as per records ash available at site / surrounding from the date of accreditation/registration for REC.?
- xxx. Average quantity of ash being generated per month & quantity since the date of accreditation /Registration and to compare with the electricity being generated.
- xxxi. To verify from past history of biomass generation as to whether it has entered into any agreement for availing preferential tariff and what is the present status & whether now eligible for REC?.

2.2. Additional Checks for Solar PV/Thermal Power Project

- i. Technology used, type of panels, no. of modules, DC voltage, Plant rated capacity, Inverter rated capacity and efficiency, Transformers efficiency, area of solar field;

- ii. Auxiliary power used from utility, if any;
- iii. Details of Solar and weather data measuring set up, insolation data, power generated v/s total insolation measured per month, consumption and source of water used etc.

2.3. Audit of State Agencies

- i. To ascertain that timelines provided under CERC REC Regulations (including amendments), approved REC procedures and relevant State Regulations/ Orders have been followed while accreditation by State Agency.
- ii. Verification of accredited projects technology in line with CERC Regulations and MNRE guidelines.
- iii. To verify that PPA has been examined by State Agency w.r.t. to capacity eligible under REC Mechanism vis a vis capacity accredited, sale of green energy, etc.
- iv. To verify that in case of CPPs, verification regarding the project availing concessional/promotional transmission or wheeling charges, banking facility benefit and/or waiver of electricity duty has been carried out.
- v. To assure, whether State Agency while accreditation has ensured installation of Special energy Meters at project physical location.
- vi. To verify that independent verifications of records submitted by RE Generators has been carried out by State Agency

2.4. Audit of SLDCs

- i. To verify Indian Electricity Grid Code and State Grid Code for the purpose of accounting renewable energy injected into the grid has been followed by SLDC.
- ii. To verify the process adopted by SLDC for verification of meter-reading and energy accounting.

- iii. To verify that in case the Eligible Entity is connected to the distribution network of Distribution Utility, SLDC has established protocol for receipt of information and maintenance of the record of meter readings.
- iv. To verify that SLDC has established protocol with concerned distribution licensees to collect data w.r.t. certification of energy injection report in case of RE Generators connected to discoms.

2.5. Audit of Central Agency

- i. To verify that Central Agency has complied with timelines for processing application for registration and issuance of RECs given in REC Regulations and procedures.
- ii. To verify that Central Agency has taken undertaking from RE Generators with regard to their Power Purchase Agreement.

2.6. Audit of Power Exchanges

- i. To verify that 'Rules & Byelaws approved by CERC for dealing of RECs on Power Exchange, are being complied by Power Exchanges.
- ii. To verify that Purchase Certificate for sale of RECs are being issued by Power Exchanges.
- iii. To verify that Power Exchanges are collecting proceeds from the sale of certificates, for the purpose of capacity building of State Agency, and transfer to the CERC or any such agency as may be directed by the CERC.

3 Deliverables

A Compliance Report on audit work carried out covering each point mentioned explicitly mentioned in the Scope of Work.

The Report along with recommendations shall include issues in detail along with support documents that can be taken up as part of policy advocacy with the stakeholders

Detailed Report(s) along with recommendations and support documents to be submitted after detailed analysis on each of the component and critical issues that emerge during compliance audit apart. A soft copy of Report including attachments shall also be submitted in CD/DVD/Pen Drive.

4 Execution of Assignment:

- 4.1. Central Agency reserves the right to award audit work to Compliance Auditors e.g. decisions like number of projects, award of area, state, technology, etc.
- 4.2. After the award of Contract, the Compliance Auditor shall deliver the deliverables in time. In case of any genuine difficulty arising in delay beyond 15 working days of the assigned duration, the Compliance Auditor shall seek the required time in writing from Central Agency. Delay beyond 30 days may lead to termination of the assignment.
- 4.3. If the Compliance Auditor fails to deliver or refuses to carry out the tasks assigned, in between the duration of assignment, Central Agency/ CERC reserves the right to cancel the order. In the case of termination / cancellation of the order, the Compliance Auditor will not be entitled to recover from Central Agency, any amount by way of damages, loss or otherwise, subject to payment of all its fees up to the effective date of termination / cancellation.
- 4.4. **Timeframe:** Compliance Auditor shall furnish expected timelines inclusive of travel time and all other relevant activities for carrying out audit work for each project source wise. Similar time lines per project shall be given for audit of State Agency, SLDC, Power Exchange and Central Agency. The format for providing timelines is mentioned below:

Timelines Proposed (Per Project):

| S.N. | Source | Timeframe (days) |
|------|-----------------------|------------------|
| 1 | Wind | |
| 2 | Small Hydro | |
| 3 | Bio Fuel Cogeneration | |
| 4 | Biomass | |
| 5 | Solar PV | |

| | | |
|---|-------------------------|--|
| 6 | Solar Thermal | |
| 7 | Urban & Municipal Waste | |
| 8 | Others | |

| S.N. | Agency | Timeframe (days) |
|------|-----------------|------------------|
| 1. | Central Agency | |
| 2. | State Agency | |
| 3. | SLDCs | |
| 4. | Power Exchanges | |

- 4.5. **Submission of Report:** A comprehensive report of audit shall be submitted by the Compliance Auditors to Central Agency/ CERC within the timelines decided, the Compliance Auditor will be required to submit periodical status report of progress of the assignment/task from the date of signing of agreement, to the CERC/ Central Agency.
- 4.6. **Manpower:** Compliance Auditors shall strictly engage only those manpower which has already been identified in their respective technical bid. Any deviation will require separate approval of CERC.
- 4.7. **Confidentiality:** The Compliance Auditor shall keep information related to REC confidential and will not divulge any information to outside agencies without written consent of Central Agency/ CERC.
- 4.7.1. **Injunctive Relief; Other Remedies:** Compliance Auditors shall agree that monetary damages may not be sufficient to avoid or compensate for the unauthorized use or disclosure of Confidential Information. Accordingly, in event of any breach or threatened breach, the concerned Compliance Auditor, in addition to any other remedies at law or in equity it may have, shall be liable to provide equitable relief, including injunctive relief and specific performance.

- 4.8. **Sub- Contracting:** The Compliance Auditor cannot sub-contract part or complete assignment to any other agency or individual under any circumstances. This will lead to termination of the assignment.
- 4.9. **Redressal of Disputes:** In the event that any dispute arises, such a dispute shall be settled in accordance with the Arbitration and Conciliation Act, 1996 and amendments thereof. The arbitration shall take place in New Delhi.
- 4.10. **Conflict of Interest:** The compliance auditor is required to further affirm and confirm that the assignment is not and shall not be, in conflict with any of its past, present and future obligations to any party with whom it has association. The firms empanelled as Compliance Auditor are debarred from providing consultancy services related to REC to any of the RE generators. In this regard, Compliance Auditor shall furnish an confirmation on affidavit on half-yearly basis to the effect that they do not have conflict of interest with any of the RE generators .
Hiding of such facts may lead to disqualification of the concerned Compliance Auditor from the empanelled list. CERC may on its own also debar the concerned Compliance Auditor, if required.
- 4.11. **Anti-Collusion Clause:** In submitting the financial bid, Compliance Auditor(s) shall confirm that they have not breached competition law and have not made their bid in collusion or collaboration with any third party. Any such incidence reported sooner or later would lead to termination of entire contract. Further, CERC may on its own also debar the concerned Compliance Auditor(s) from participating in future. Also Compliance Auditors shall be liable for recovery of all the payments made to them till that stage with interest.
- 4.12. Compliance Auditor shall adhere to any other instruction by CERC/ Central Agency within the scope of the assignment.

5 Understanding & Familiarization

Understanding and Familiarization with various Acts, Policies, Regulations, and practices is critical for the successful delivery of the Consultant assignment. Compliance Auditors is therefore encouraged and required to explore all possible documents that are relevant for the assignment and develop strong understanding and be familiar with the various Acts, Policies, Regulations, practices etc. but not limited to the following:

Familiarization with but not limited to the Electricity Act 2003, CERC REC Regulations, approved procedures, CERC Orders on floor price and forbearance price, CERC Order on REC Fees and charges, State RPO/REC Regulations & regulations and associated Statement of Reasons that may be relevant the scope of the assignment.

6 Others

- 6.1 The Compliance Auditor should submit two (2) copies of each of the report / presentation along with its soft copy in a CD mentioned in deliverables to CERC and Central Agency.
- 6.2 The schedule for presentations, whenever required, shall be intimated by NLDC. The Compliance Auditor's scope of work shall also include presentations to be made to CERC/ NLDC in the discussions, etc.
- 6.3 The above scope of Compliance Audit assignment broadly covers all the aspects, however, any item not specifically mentioned but required to complete the assignment shall be deemed to have been included.

SUPPLEMENTARY INFORMATION FOR COMPLIANCE AUDITORS

A. Proposal

1.0 Proposal should include the following information:

1.1 FINANCIAL PROPOSAL

- a) Power of Attorney of the Signatory for the Proposal.
- b) A description of the manner in which man-hour is calculated.
- c) Compliance Auditors shall quote for the complete scope of work and the prices shall be quoted in Indian Rupees only, exclusive of GST, travel, accommodation and out of pocket expenses. Proposals received for part of the scope of work shall not be considered. All prices shall be firm and not be subject to any price variation whatsoever during the currency of the contract.
- d) Time lines
- e) Compliance to "Anti-collusion law"

B Opening of Proposals

The Financial Proposal shall be opened at the specified time and date in the presence of consultant's designated representatives who choose to attend, at the time, date, and location as stipulated in the bidding documents.

All prices shall be firm and not be subject to any price variation whatsoever during the currency of the Contract.

D Nomination of Staff

If the team of the Compliance Auditor changes during the course of the assignment, the newly appointed personnel should have similar qualifications and experience. Change of team member(s) must be communicated to the Central Agency within two weeks of such a change.

E Review of reports

1.0 NLDC/CERC will review all reports of Compliance Auditor and suggest any modifications/ changes considered necessary.

**Evaluation Criteria / Parameters & Basis of deciding Remuneration for
"Engagement of Compliance Auditor in the area of Renewable Energy
Certificate Mechanism**

1. Evaluation of bids involves the following stages:

- I. Proposed Charges in the financial bid needs to be submitted in the following format:

Fee Proposed (Per Project in Rs.):

Note: The fees should be exclusive of GST, travel, accommodation and out of pocket expenses:

| S.N. | State | Fuel Source | | | | | | | |
|------|---------------------------|-------------|-----|---------|--------------------------|--------------------------------|--------|-------------|------------------|
| | | Wind | SHP | Biomass | Bio fuel Cogeneration | Urban or Municipal Waste | Others | Solar PV | Solar Thermal |
| 1. | Andaman & Nicobar Islands | | | | | | | | |
| 2. | Andhra Pradesh | | | | | | | | |
| 3. | Arunachal Pradesh | | | | | | | | |
| 4. | Assam | | | | | | | | |
| 5. | Bihar | | | | | | | | |
| 6. | Chandigarh | | | | | | | | |
| 7. | Chhattisgarh | | | | | | | | |
| 8. | Daman and Diu | | | | | | | | |
| 9. | Delhi | | | | | | | | |
| 10. | Dadar & Nagar Haveli | | | | | | | | |
| 11. | Goa | | | | | | | | |
| 12. | Gujarat | | | | | | | | |
| 13. | Himachal Pradesh | | | | | | | | |

| | | | | | | | | | |
|-----|-----------------|--|--|--|--|--|--|--|--|
| 14. | Haryana | | | | | | | | |
| 15. | Jharkhand | | | | | | | | |
| 16. | Jammu & Kashmir | | | | | | | | |
| 17. | Karnataka | | | | | | | | |
| 18. | Kerala | | | | | | | | |
| 19. | Lakshadweep | | | | | | | | |
| 20. | Maharashtra | | | | | | | | |
| 21. | Meghalaya | | | | | | | | |
| 22. | Manipur | | | | | | | | |
| 23. | Madhya Pradesh | | | | | | | | |
| 24. | Mizoram | | | | | | | | |
| 25. | Nagaland | | | | | | | | |
| 26. | Orissa | | | | | | | | |
| 27. | Punjab | | | | | | | | |
| 28. | Pudduchery | | | | | | | | |
| 29. | Rajasthan | | | | | | | | |
| 30. | Sikkim | | | | | | | | |
| 31. | Tripura | | | | | | | | |
| 32. | Tamil Nadu | | | | | | | | |
| 33. | Uttranchal | | | | | | | | |
| 34. | Uttar Pradesh | | | | | | | | |
| 35. | West Bengal | | | | | | | | |

| S.N. | Agency | Amount (in Rs/project) |
|------|----------------|------------------------|
| 1. | Central Agency | |
| 2. | State Agency | |
| 3. | SLDCs | |
| 4. | Power Exchange | |

- II. Compliance Auditors shall furnish a detail of number of tentative visits and number of persons required in carrying out audit activities per project. They should also furnish their maximum capacity to handle number of Projects at a time.
- III. Based on the evaluation of financial bid, remuneration payable to Compliance Auditors shall be decided for each State and source wise, for each State Agency, each SLDCs and Central Agency. Compliance Auditors shall enclose the detailed calculation sheet for Man-hour calculation. For each category, the remuneration paid to all Compliance auditors shall be equal to L1 price in that category. All the Compliance Auditors are bound to accept the L1 price. In case of non acceptance of assignment on L1 price, NLDC reserve the right for not awarding any assignment to the concerned compliance auditor.
- IV. The Projects shall be awarded to compliance auditors on the basis of acceptance of L1 price as per para (III) above, and on the basis of capacity of auditors to handle projects at a time as per para (II) above.

2. Terms of payment:

- 4.1. The payment of compliance auditor shall be made by Central Agency subsequent to satisfactory submission of the Audit report.
- 4.2. 100% of the payment will be released after successful completion and acceptance of final report by CERC. TDS/ other statutory deduction, if applicable as per rules of Government of India will be done at source for payments made by Central Agency. Further, GST shall be reimbursed based on documentary evidence.
- 4.3. The compliance Auditor has to raise invoice for payment.

4.4. Payments shall be made by Central Agency within 30 working days after submission of invoice along with requisite documents by the Compliance Auditor and acceptance of the Report by the Central Agency.

All bookings for travelling, accommodation, etc. has to be arranged by the Compliance Auditors. Compliance Auditors shall plan the audit activities in such a way that minimum travelling cost is incurred e.g. all projects located in common area should be audited in a single plan. Accommodation charges, DA, Travelling Allowances and local conveyance expenses would be paid on actual basis but limited to entitlement as given below:

| S. No. | Particulars (Entitlement) | Partners/ Chief Compliance Auditors | Deputy Compliance Auditor |
|--------|---------------------------|---|---|
| 1 | Accommodation | Principal Cities – Rs. 5,600/- Other Principal Cities- Rs. 4,400/- Other Cities - Rs.3520/- | Principal Cities – Rs. 3150/- Other Principal Cities- Rs. 2475/- Other Cities - Rs.1980/- |
| 2 | Daily Allowance | Principal Cities – Rs. 900/- Other Cities- Rs. 720/- | Principal Cities – Rs. 700/- Other Cities- Rs. 560/- |
| 3 | Journey | By air (limited to economy class) | By air (limited to economy class) |
| 4 | Local Conveyance Charges | Actual Taxi Fare | Actual Taxi Fare |

Note:

- Partners/ Chief Compliance Auditors can avail accommodation as per the entitlement of Chief Manager (E-6) and Deputy Compliance Auditor can avail accommodation as per the entitlement of Accounts Officer (E-2) as mentioned in the above table. No advance towards TA/DA expenditure/professional fees will be made under any circumstances.
- Hotel accommodation claim- Receipt and bills of the hotel must be enclosed in original
- **Principal cities** - Delhi, Mumbai, Bangalore, Hyderabad, Chennai & Kolkata
- **Other principal Cities:** are Agra, Ahmedabad, Allahabad, Amritsar, Asansol, Bangalore, Bhopal, Chennai, Coimbatore, Delhi, Dhanbad, Faridabad, Greater Mumbai, Hyderabad, Indore, Jabalpur, Jaipur, Jamshedpur, Kanpur, Kochi, Kolkata,

Lucknow, Ludhiana, Madurai, Meerut, Nagpur, Nasik, Patna, Pune, Rajkot, Surat, Vadodara, Varanasi, Vijayawada, Vishakhapatnam / as other cities notified by Central Govt.

- Claim for reimbursement of Journey fare must be supported with adequate proof of the amount spent, e.g. Original Air Ticket Jacket/ Boarding Pass, Railway Ticket No. and PNR No., Money Receipt or Air Folder/Travel Agents Bill No. etc.

AGREEMENT

This Agreement made this day ofbetween National Load Despatch Centre, Power System operation Corporation Ltd., having its registered office at, B-9, First Floor, Qutab institutional Area, Katwaria Sarai, New Delhi-110016 (herein referred to as "Central Agency" which expression shall include its administrators, successors, executors and permitted assigns) on the one part and M/s,India (herein after referred to as the "Compliance Auditor" which expression shall include its administrators, successors, executors and permitted assigns) on the other part.

Whereas appointment of M/s as Compliance Auditors for audit of Renewable Energy projects against its Letter of Invitation dated.....

AND

Whereas the Compliance Auditor had participated in the above referred bidding and submitted their bid and Central Agency issued Letter of Award to Compliance Auditor, referred to at 1.1 below on Terms and Conditions referred to therein, which has been duly acknowledged by the Compliance Auditor, resulting in to a "Contract".

NOW THEREFORE THIS DEED WITNESSED AS UNDER:

1) ARTICLE

1.1 Award of Contract

Central Agency has awarded the Contract to Compliance Auditor for audit of Renewable Energy projects against its Letter of Invitation for financial bids Ref. No: dated on the Terms & Conditions contained in its Letter of Award Ref. No..... dated..... and the documents referred to therein. The award has taken effect from the date of aforesaid

Letter of Award. The Terms and expression used in this agreement shall have the same meaning as are assigned to them in the "Contract Documents" referred to in the succeeding Article.

2) **CONTRACT DOCUMENTS**

2.1 The contract shall be performed strictly as per the Terms & Conditions stipulated herein and in the following documents attached herewith (herein after referred to as "Contract Documents"):

1. This contract Agreement
2. CERC Orders dated
3. Letter of Invitation for financial bids Ref. No.:dated
4. Your bid Ref. No.dated our Letter of Invitation for financial bids Ref. No.: dated
5. Our letter Ref. No.: dated
6. Your acceptance Ref. No.dated of our letter Ref. No.: dated
7. Letter of Award Ref. No.:.....dated..... and the Annexures/Appendices thereto.

3) **CONDITIONS AND COVENANTS**

1. For administrative purpose Sh./Smt..... has been assigned to administer the assignment and to provide the Compliance Auditor with all relevant information needed to carry out the assignment.
2. The services to be performed and the audit reports to be submitted will be in accordance with Letter of Invitation for financial bids Ref. No.: dated
3. This Agreement, its meaning and interpretation and the relations between the parties shall be governed by the Laws of Union of India.

4. Time is the essence of the Contract and Schedules shall be strictly adhered to and Compliance Auditor shall perform the work in accordance with the time schedule as per Letter of Award.
5. This Agreement will become effective upon signing of this Agreement by both parties. Compliance Auditor will complete work as per time schedule of Letter of Award. In case of genuine difficulty arising in delay beyond 05 (Five) working days of the time schedule, Compliance Auditor will seek the required time in writing from Central Agency. Delay beyond 30 (Thirty) days may lead to termination of the contract.
6. Central Agency may find it necessary to postpone or cancel the assignment and/or shorten or extend its duration. However, every effort will be made to give compliance Auditor, as early as, possible notice of any changes. In the event of termination, Compliance Auditor shall be paid for the services rendered for carrying out the assignment to the date of termination, and Compliance Auditor will provide the Central Agency with any reports or parts thereof, or any other information and documentation gathered under this Agreement prior to the date of termination.
7. The Central Agency will pay Compliance Auditor within 30 (Thirty) days of receipt of invoice along with the required documents as follows:
 - 7.1 100% payment will be released after successful completion and acceptance of final report by Central Agency. TDS/other statutory taxes shall be deducted at source by Central Agency.
 - 7.2 GST shall be reimbursed based on documentary evidence.
8.
 - 7.3 Compliance Auditor will plan the audit work in such a way that minimum travelling cost is incurred. Out of pocket, accommodation & travel expenses shall be admissible as per our Letter of Invitation for financial bids Ref. no.: Ref. No.: datedand shall be paid as per actuals.
The above includes all the costs related to carrying out the audit work including overhead and any taxes imposed on Compliance Auditor.

9. You will be responsible for appropriate insurance coverage. In this regard, you shall maintain workers compensation, employment liability insurance for your staff on the assignment. You will also maintain comprehensive general liability insurance including contractual liability coverage adequate to cover the indemnity of obligation against all damages, costs and charges & expenses for injury to any person or damage to any property arising out of, or in connection with, the services which result from either your or yours staff fault. You will provide the Central Agency with certification thereof upon request.
10. You will indemnify and hold harmless for Central Agency against any and all claims, demands and/or judgements of any nature brought against the Central Agency arising out of the services by you and yours staff under this Agreement. The obligation under this paragraph shall survive the termination of this Agreement.
11. All the audit reports and other documents submitted by you in the performance of the services shall become and remain the property of the Central Agency. You may retain a copy of such documents but shall not use them for purposes unrelated to this contract without the prior written approval of the Central Agency.
12. Compliance Auditor will undertake to carry out the assignment in accordance with the highest standard of professional and ethical competence and integrity, having due regard to the nature and purpose of the assignment, and to ensure that the staff assigned to perform the services under this Agreement, will conduct themselves in a manner consistent herewith.
13. Compliance Auditor will pay all the taxes, duties, fees, levies and other impositions levied under applicable law and the Central Agency shall have no liability whatsoever on this account and any subsequent variation. The Central Agency shall perform such duties in this regard to the deduction of tax at source as may be applicable.
14. Compliance Auditor will also agree that all knowledge and information not within the public domain which may be acquired during the carrying out of this

Agreement, shall be, for all time and for all purpose, regarded as strictly confidential and held in confidence, and shall not be directly or indirectly disclosed to any person whatsoever, except with Central Agency's written permission.

15. Compliance Auditor will engage only manpower which has already been identified in the Technical bid submitted to Central Electricity Regulatory Commission (CERC) by them. Any deviation will require separate approval of CERC.

16. **ENGINEER-IN-CHARGE:**

GM (Renewables), NLDC or his/her authorized representative shall be engineer-in-charge for this contract. Compliance Auditor will co-ordinate /report to him/her during audit work.

17. **SETTLEMENT OF DISPUTES:**

(i) **Amicable Settlement**

The Parties shall use their best efforts to settle amicably all disputes arising out of or in connection with this Contract or the interpretation thereof.

(ii) **Dispute Settlement**

Any dispute between the Parties as to matters arising pursuant to this Contract which cannot be settled amicably within thirty (30) days after receipt by one Party of the other Party's request for such amicable settlement may be submitted by either Party for settlement by a sole arbitrator or an arbitration panel composed of three arbitrators, in accordance with the following provisions:

- a) Where the Parties agree that the dispute concerns a technical matter, they may agree to appoint a sole arbitrator or, failing agreement on the identity

of such sole arbitrator within thirty (30) days after receipt by the other Party of the proposal of a name for such an appointment by the Party who initiated the proceedings, either Party may apply to the President, Institution of Engineers India, New Delhi, for a list of not fewer than five nominees and, on receipt of such list, the Parties shall alternately strike names therefrom, and the last remaining nominee on the list shall be the sole arbitrator for the matter in dispute. If the last remaining nominee has not been determined in this manner with sixty (60) days of the date of the list, the President, Institution Engineers, New Delhi, shall appoint, upon the request of either Party and from such list or otherwise, a sole arbitrator for the matter in dispute.

- (b) Where the Parties do not agree that the dispute concerns a technical matter, the Central Agency and the Compliance Auditor. As shall each, appoint one arbitrator, and these two arbitrators shall jointly appoint a third arbitrator, who shall chair the arbitration panel. If the arbitrators named by the Parties do not succeed in appointing a third arbitrator within thirty (30) days after the latter of the two arbitrators named by the Parties has been appointed, the third arbitrator shall, at the request of either Party, be appointed by Secretary, the Indian Council of Arbitration, New Delhi.
- (c) If, in a dispute subject to Clause 16(ii) b, one Party fails to appoint its arbitrator within thirty (30) days after the other Party has appointed its arbitrator, the Party which has named an arbitrator may apply to the Secretary, Indian Council of Arbitration, New Delhi, to appoint a sole arbitrator for the matter in dispute, and the arbitrator appointed pursuant to such application shall be the sole arbitrator for that dispute.

(iii) Rules of Procedure

Arbitration proceedings shall be conducted in accordance with procedure of the Arbitration & Conciliation Act 1996, of India as in force on the date of this contract.

(iv) In any arbitration proceeding hereunder:

- (a) Proceedings shall, unless otherwise agreed by the Parties, be held in New Delhi.
- (b) The English language shall be the official language for all purposes; and
- (c) The decision of the sole arbitrator or of a majority of the arbitrators (or of the third arbitrator if there is no such majority) shall be final and binding and shall be enforceable in any court of competent jurisdiction, and the Parties hereby waive any objections to or claims of immunity in respect of such enforcement.

18. **Liability of the Compliance Auditor:**

- (i) Should any mistake or inadequacy appear in the documents submitted by the Compliance Auditor, the Compliance Auditor shall perform at its own initiative and no extra cost to CENTRAL AGENCY, all such services as shall be necessary to remedy the said mistake or inadequacy.
- (ii) The Compliance Auditor shall be further liable for the consequences resulting from errors and commissions due to negligence or from inadequacy on its part or on the part of its employees or associates or experts to the extent of the total value of this contract.

19. Should be liable to abide by all the Terms and Conditions mentioned in the Letter of Invitation for financial bids Ref. No.: dated

20. Force Majeure

- (a) If either party is temporarily unable by reason of force majeure or the laws or regulations of Government of India to meet any of its obligations under the Contract, and if such party gives to the other party written notice of the event within fourteen (14) days after its occurrence, such obligations of the party as it is unable to perform by reason of the event shall be suspended for as long as the inability continues.
- (b) Neither party shall be liable to the other party for loss or damage sustained by such other party arising from any event referred to in Clause 18 (a) or delays arising from such event.
- (c) The term "force majeure", as employed herein shall mean acts of God, strikes, lock-outs or other industrial disturbances, acts of the public enemy, wars, blockades, insurrection, riots, epidemics, landslides, earthquakes, storms, lightning, floods, washouts, civil disturbances, explosions, and any other similar events, not within the control of either party and which by the exercise of due diligence neither party is able to overcome.

1. (Signature & Seal of Authorized Representative on behalf of **Central Agency**)

2. (Signature & Seal of Authorized Representative on behalf ofCompliance Auditor)