

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 14/SM/2017

Coram:

Shri Gireesh B. Pradhan, Chairperson

Shri A.K. Singhal, Member

Shri A.S. Bakshi, Member

Dr. M.K. Iyer, Member

Date of Order: 29th September, 2017

IN THE MATTER OF

Extension of validity of Renewable Energy Certificates due to expire between October, 2017 and March, 2018

ORDER

A. BACKGROUND

The Commission had notified Order dated 30.3.2017 in Petition No. 2/SM/2017 in the matter of Determination of Forbearance and Floor Price for the REC framework to be applicable from 1st April, 2017.

2. In the aforesaid Order, the Commission, in exercise of Power to Relax provisions under Regulation 15 of CERC (Terms and Conditions for Recognition and Issuance of Renewable Energy Certificate for Renewable Energy Generation) Regulations, 2010. (henceforth "REC Regulations") had extended the validity of RECs expiring between 31st March, 2017 and 30th September, 2017 up to 31st March, 2018.

3. The implementation of the aforesaid Order had been stayed as per the directions of Hon'ble Supreme Court in its Order in Civil Appeal No. 6083/2017 dated 8.5.2017. The relevant extract of the Order is quoted below:



“.....

In the meantime, there shall be stay of the order of the Central Electricity Regulatory Commission.”

4. Accordingly, the Central Agency and Power Exchanges were directed to suspend the trading of RECs until the stay of the aforesaid order is vacated, vide letter dated 24.5.2017.

5. The Hon'ble Supreme Court in its Order in Civil Appeal No. 6083/2017 with I.A. Nos. 42490 and 42496 of 2017 dated 14.7.2017 substituted its Order dated 8.5.2017 by allowing the resumption of trading of Non-Solar RECs and directing the obligated entities purchasing Non-Solar RECs to deposit the difference between the floor price applicable up to 31.3.2017 and the floor price determined vide Order dated 30.3.2017 with the Commission during the pendency of Appeal No. 105 of 2017 before the Appellate Tribunal of Electricity (APTEL). The relevant extracts of the Order are quoted below:

“5) That being the case, we now substitute our order dated 8.5.2017 by granting prayer (c) instead of staying the Appellate Tribunal's order.”

Wherein prayer (c) made by the appellants was:

“(c) In the alternative, direct the Respondents to ensure that any obligated entity purchasing RECs at the floor price determined vide the order dated 30.3.2017 shall deposit the difference between the earlier floor price and the present Floor Price with the Respondent No.1, Central Commission during the pendency of the Appeal No. 105 of 2017 before the Appellate Tribunal.”

6. As per the above revised order, the Central Agency and Power Exchanges were directed to resume the trading of Non-Solar RECs subject to the specific directions including but not limited to Obligated entities/power exchanges shall deposit the difference between earlier floor price (₹1,500) and present floor price (₹1,000) i.e. ₹500 (hereinafter referred to as “differential price”) with the Commission.



Deposit of such amount shall continue until Appeal No. 105 of 2017 is disposed of by Hon'ble APTEL or until further orders.

B. REPRESENTATION BY CENTRAL AGENCY ON RECs DUE TO EXPIRE BETWEEN OCTOBER, 2017 AND MARCH, 2018

7. The Central Agency has presented the data on RECs likely to expire, if not traded/self-retained by the end of March, 2018, as under:-

The details of such RECs are given below:

S. No.	Month	Number of Solar RECs	Number of Non-Solar RECs	Total number of RECs
1	Oct – 17	58,638	86,829	1,45,467
2	Nov – 17	59,605	73,028	1,32,633
3	Dec – 17	72,480	1,02,266	1,74,746
4	Jan – 18	0	1,08,382	1,08,382
5	Feb – 18	42,665	1,24,388	1,67,053
6	Mar - 18	1,19,426	4,18,278	5,37,704
RECs likely to expire		3,52,814	9,13,171	12,65,985

8. It is noted that a total of 12,65,985 nos. of RECs are due to expire within the next six months, which include 3,52,814 Solar RECs and 9,13,171 Non-Solar RECs. Given the current stay on trading of solar RECs as well as the potential incertitude around trading of Non-Solar RECs in the backdrop of the pending appeal at APTEL, the Commission decides to extend the validity of such RECs.

C. CLARIFICATION BY HON'BLE SUPREME COURT

9. The Hon'ble Supreme Court in its Order in Civil Appeal No. 6334/2017 with I.A. Nos. 82970 of 2017 dated 20.9.2017 has clarified that the validity of RECs can be extended until 31.3.2018. The relevant extracts of the Order are quoted below:

“The limited prayer sought in the present I.A. No. 82970 of 2017 is that our Order dated 8.5.2017 be clarified only to a limited extent, namely that the



respondent be allowed to extend RECs until 31.3.2018. Accordingly, we modify our order to this limited extent.

The Civil Appeal also stands disposed of. This order to continue until the Appellate Tribunal finally decides the appeal.”

10. As regards above, the Commission in exercise of Power to Relax provisions under Regulation 15 of REC Regulations extends the validity of RECs which are expiring in the next six months up to 31st March, 2018. That is, RECs expiring between 1st October, 2017 and 31st March, 2018 shall now remain valid up to 31st March, 2018.

11. To summarize, including the extension as notified in the Order dated 30.3.2017, RECs expiring between 1st April, 2017 and 31st March, 2018 shall now remain valid up to 31st March, 2018.

12. Petition No. 14/SM/2017 is disposed of in terms of the above.

sd/-
(Dr. M. K. Iyer)
Member

sd/-
(A.S. Bakshi)
Member

sd/-
(A.K. Singhal)
Member

sd/-
(Gireesh B. Pradhan)
Chairperson

