

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No266/SM/2012

**Coram: Dr. Pramod Deo, Chairperson
Shri S. Jayaraman
Shri V.S. Verma, Member
Shri M. Deena Dayalan, Member**

Date of Order : 19.12.2012

In the matter of:

Extension of validity of the Renewable Energy Certificates beyond the period specified in Regulation 10(1) of the Central Electricity Regulatory Commission (Terms & Conditions for issuance of Renewable Energy Certificate for Renewable Energy) Regulations, 2010.

And

In the matter of:

National Load Despatch Centre
Indian Energy Exchange, New Delhi
Power Exchange of India Ltd., Mumbai

Respondents

ORDER

Regulation 10(1) of the Central Electricity Regulatory Commission (Terms & Conditions for issuance of Renewable Energy Certificate for Renewable Energy) Regulations, 2010 (hereinafter "REC Regulations"), provides that Renewable Energy Certificates (REC) once issued would remain valid for 365 days from the date of issuance of such certificates. The trend of issue of RECs and their redemption over the past two years has been examined. It is noticed that non solar REC prices have



remained at floor price since September, 2012 (₹155/REC/IX/PXIL) as supply of REC remains far in excess of demand. The total RECs available in October were 15 lakh, out of which only 2.2 lakh RECs had been redeemed, leaving an inventory of 12.8 lakhs RECs. As number of RECs available for sale are much larger than the RECs being actually sold, this has the effect of sizeable quantity of RECs being lapsed after their validity period of one year. Needless to say, the main reason for lapsing of RECs is the reluctance and / or apathy on the part of distribution licensees to come forward to buy the RECs to meet their RPO obligations.

2. The Commission has received suggestions from the Ministry of New and Renewable Energy (MNRE) and also requests from some of the RE generators to extend the validity period of RECs beyond one year to obviate the prospect of RECs being lapsed before their redemption.

3. We have considered the concern expressed by the MNRE and RE generators. The validity of period of one year for RECs has been laid down in the REC Regulations, since it was expected that the RECs would be redeemed within that period. However, from the experience, it is now found that distribution licensees have not been purchasing the RECs commensurate with their RPO obligations. As a result, all efforts to encourage the growth of RE generation get defeated. The Commission is of the view that generation of electricity through renewable source should be promoted. Therefore, the Commission considers it necessary to extend the validity period of the RECs



appropriately, in order to give the RE generators sufficient time and opportunity to trade the RECs at the power exchanges.

4. We direct the staff to examine the REC Regulations to make appropriate provision through amendment to address the issue of lapsing of REC due to non-redemption within the permissible timeline. Pending amendment of the REC Regulations, the Commission proposes to grant relief to the affected RE generators, whose RECs have lapsed with effect from 1.11.2012 or are likely to lapse in near future, in exercise of the 'power to relax' under Regulation 15 of the REC Regulations.

5. The Commission intends to hear the affected RE generators, NLDC and the Power Exchanges before taking a decision to relax Regulation 10(1) of the REC Regulations to extend the period of validity of the RECs. Accordingly, the respondents and affected RE generators are directed to make their submissions on the issue for consideration of the Commission by 5.1.2013.

6. This petition shall be listed for hearing on 15.1.2013.

sd/-
(M. Deena Dayalan)
Member

sd/-
(V.S. Verma)
Member

sd/-
(S. Jayaraman)
Member

sd/-
(Dr. Pramod Deo)
Chairperson

