



# **RAJASTHAN ELECTRICITY REGULATORY COMMISSION JAIPUR**

**NOTIFICATION 23<sup>rd</sup> December, 2010**

No.RERC/Secy/Reg. 82 : In exercise of powers conferred under sections 61, 66, 86(1)(e) and 181 of the Electricity Act, 2003 and all other powers enabling it in this behalf, the Rajasthan Electricity Regulatory Commission after previous publication makes the following regulations :

## **1. Short title and commencement**

- (1) These regulations shall be called the Rajasthan Electricity Regulatory Commission (Renewable Energy Certificate and Renewable Purchase Obligation Compliance Framework) Regulations, 2010.
- (2) These regulations shall come into force from the date of their publication in the Official Gazette.
- (3) These Regulations shall apply throughout the State of Rajasthan.

## **2. Scope of Regulations and Extent of Application :**

These Regulations shall apply to "Obligated Entities" mentioned in RERC (Renewable Energy Obligation) Regulations, 2007 as may be modified from time to time, the existing obligated entities being:

- (1) Distribution Licensee including deemed licensee.
- (2) Open access consumer.
- (3) Captive consumer of a Captive Power Plant of installed capacity one MW and above.

## **3. Definitions and Interpretation :**

In these regulations, unless the context otherwise requires,

- a) 'Act' means the Electricity Act, 2003 (36 of 2003);
- b) 'Captive Power Plant' or CPP shall have meaning as assigned in RERC (Tariff for sale of power by captive power plants to Distribution licensee) Regulations, 2010 as amended from time to time.
- c) 'Central Agency' means the agency as defined in CERC (Terms and



Conditions for recognition and issuance of Renewable Energy Certificate for Renewable Energy Generation) Regulation, 2010.

- d) 'Central Commission' means the Central Electricity Regulatory Commission referred to in sub-section (1) of section 76 of the Act;
- e) 'Certificate' means the Renewable Energy Certificate (REC) issued by the Central Agency in accordance with the procedures prescribed by it under the provisions specified in the Central Electricity Regulatory Commission (Terms and Conditions for recognition and issuance of Renewable Energy Certificate for Renewable Energy Generation) Regulations, 2010, as amended from time to time.
- f) 'Commission' means the Rajasthan Electricity Regulatory Commission as referred in sub section (1) of section 82 of the Act;
- g) 'Consumption of Obligated Entity'
  - i. For determination of Renewable Purchase Obligation of a Distribution Licensee, it shall mean total electricity drawn by the distribution licensee.
  - ii. For Open Access Consumers, it shall mean the total electricity procured other than from distribution licensee through Open Access contracts.
  - iii. For a consumer of Captive Generating Plant, it shall mean the consumption met through its Captive Generating Plant.
- h) 'Distribution Licensee' means a licensee authorized to operate and maintain a distribution system for supplying electricity to the consumers in his area of supply as defined in the Act;
- i) 'Floor price' means the minimum price as determined by the Central Electricity Regulatory Commission in accordance with its (Terms and Conditions for recognition and issuance of Renewable Energy Certificate for Renewable Energy Generation) Regulations, 2010 as amended from time to time ,at and above which the certificate can be dealt in the power exchange;
- j) 'Forbearance price' means the ceiling price as determined by the



Central Commission.

- k) 'MNRE' means the Ministry of New and Renewable Energy, Government of India;
- l) 'Obligated Entity' means the entities as given in regulation 2 of these regulations.
- m) 'Pooled Cost of Power Purchase' means the weighted average price at which the distribution licensee has purchased the electricity including cost of self generation, if any, in the previous year from all the energy suppliers, excluding short term power purchases and those based on renewable energy.
- n) 'Power Exchange' means any exchange operating as the power exchange for electricity in terms of the orders issued by the Central Commission;
- o) 'Preferential tariff' means the tariff fixed / approved by the Commission for sale of energy to a distribution licensee from a generating station based on renewable energy sources.
- p) 'Purchase/Sale of Renewable Energy' means purchase/sale of energy from a renewable energy source at preferential tariff or in the manner specified by the Commission in case of a licensee or at mutually agreed rate in case of other obligated entities, as distinct from purchase/sale of electricity component of RE sources after segregation of Renewable Energy Certificate, and includes cogeneration.
- q) 'Renewable energy sources' means and includes non-conventional renewable generation sources such as mini-hydel, wind, solar including solar component of its integration with combined cycle, bio-mass, bio-fuel cogeneration, urban or municipal waste and other such sources as approved by MNRE, excluding the nuclear power stations and hydel power stations of capacity above 25 MW.
- r) 'State Agency' means the agency in the State of Rajasthan designated by the Commission to act as the agency for



accreditation and recommending the renewable energy projects for registration and to undertake functions under these Regulation;

s) 'Year' means a financial year.

Words and expressions used in these Regulations and not defined in these Regulations but defined in the Act or any Regulations issued by the Commission/CERC shall have the same meaning assigned to them respectively in the Act or any Regulations issued by the Commission /CERC .

**4. Renewable Purchase Obligation**

(1) Every 'Obligated Entity' shall procure electricity generated from renewable energy sources as per purchase obligation under existing regulations/order(s) as may be amended by the Commission from time to time.

(2) The existing obligation is given below:

(a) Distribution licensees:

(i) Obligation in respect of Wind and Biomass energy as per RERC (Renewable Energy Obligation)Regulation, 2007 and RERC(Power purchase & procurement process of distribution licensee) Regulations, 2004 is as under (minimum) :

S.No.	Year	Wind	Bio-mass
1.	2010-11	6.75%	1.75%
2.	2011-12	7.50%	2.00%

(ii) Obligation for Solar Power:

PPA upto 100 MW, excluding capacity under GBI/incentive scheme of Govt. of India as per order dated 25.05.2010 issued for generic tariff of solar power plants.

(b) Captive consumers of CPP/open access consumers:

Purchase obligation as per RERC (Renewable Energy Obligation) Regulations, 2007, including cogeneration:

S.No.	Year	Obligation expressed as percentage of total energy drawn other than from distribution licensee
1.	2010-11	8.50%
2.	2011-12	9.50%



## **5. Certificates issued under the Regulations of the Central Commission**

- (1) Subject to the terms and conditions contained in these regulations, the 'Certificates' issued under the Central Electricity Regulatory Commission (Terms and Conditions for recognition and issuance of Renewable Energy Certificate for Renewable Energy Generation) Regulations, 2010 shall also be a valid instrument along with direct purchase of renewable energy for discharge of the mandatory obligations set out in the Regulations/Orders for the obligated entities to purchase renewable energy:

Provided that in the event of the obligated entity fulfilling the renewable purchase obligation by purchase of certificates, the obligation to purchase electricity from generation based on solar as renewable energy source can be fulfilled by purchase of solar certificates only, and the obligation to purchase electricity from generation based on renewable energy other than solar can be fulfilled by purchase of non- solar certificates:

Provided further that fulfilling of Renewable Energy Purchase Obligation by a distribution licensee for the percentage specified for power purchase from bio-mass plant shall be fulfilled by purchase of power from biomass plant only and not by purchase of REC.

- (2) Subject to provisions of the Regulations notified by the Commission and such direction as the Commission may give from time to time, the obligated entity shall act consistent with the Central Electricity Regulatory Commission (Terms and Conditions for recognition and issuance of Renewable Energy Certificate for Renewable Energy Generation) Regulations, 2010 notified by the Central Commission in regard to the procurement of the certificates for fulfillment of the Renewable Purchase Obligation under these regulations.
- (3) The Certificates purchased by the obligated entities from the power exchange in terms of the Regulation of the Central Commission in



discharge of its renewable purchase obligations shall be deposited by the obligated entities with the State Agency in accordance with the detailed procedure issued by the Central Agency.

## **6. State Agency**

- (1) The State Agency as designated by the Commission shall function in accordance with the directions issued by the Commission and shall act in consonance with the procedures/rules laid by Central Agency for discharge of its functions under the Central Electricity Regulatory Commission (Terms and Conditions for recognition and issuance of Renewable Energy Certificate for Renewable Energy Generation) Regulations, 2010.
- (2) The State agency shall develop methodology for collection of information from renewable energy generating company, obligated entities, SLDC etc. on regular basis, compile the information to compute the RPO fulfillment by the obligated entities indicating separately the direct purchase of renewable energy as well as purchase through REC mechanism. The information shall be placed on a cumulative basis for each quarter by the State Agency on its website.
- (3) The State Agency shall submit quarterly status to the Commission in respect of compliance of renewable purchase obligation by the obligated entities in the format as stipulated by the Commission and may suggest appropriate action to the Commission if required for compliance of the renewable purchase obligation.
- (4) The Commission may from time to time fix the remuneration and charges payable to the State Agency for discharge of its functions under these regulations.
- (5) If the Commission is satisfied that the State Agency is not able to discharge its functions satisfactorily, it may by general or special order, and by recording reasons in writing, designate any other



agency to function as State Agency as it considers appropriate.

## **7. Purchase of Renewable Energy/REC by Obligated Entities**

- (1) Obligated entities shall purchase renewable energy and/or renewable energy certificates for discharge of the specified mandatory obligations. Credit for excess renewable power purchase/REC would be adjusted in the ensuing year. The short fall from targeted quantum would be dealt with as per Regulation 9 of these Regulations. The shortfall in RPO obligation can be fulfilled by purchase of renewable energy and/or REC up to 30th June of the next financial year.
- (2) Each Distribution Licensee shall indicate, along with sufficient proof thereof, the estimated quantum of purchase of renewable energy for the ensuing year in tariff/ARR petition in accordance with Regulations notified by the Commission.
- (3) At the end of each financial year, each obligated entity shall submit a detailed statement regarding total electricity drawn / consumed and renewable energy /REC purchased and duly certified by the auditors to the State agency on or before ensuing 30th September.

## **8. Operating Period**

The REC framework under these Regulations shall commence from the date of coming into effect of these Regulations and shall be valid until March 31, 2016 (i.e., up to the year 2015-16).

## **9. Consequences of Default**

- (1) If the obligated entity does not fulfill the specified renewable purchase obligation, the Commission may direct the obligated entity to deposit into a separate fund, to be created and maintained by obligated entity, an RPO charge as the Commission may determine on the basis of the shortfall in units of RPO and the forbearance price decided by the Central Commission separately in respect of solar and non solar REC:



Provided that the fund so created shall be utilized, as may be directed by the Commission partly for purchase of certificates through State Agency and partly for development of transmission and sub-transmission infrastructure for evacuation of power from generating stations based on renewable energy sources.

- (2) Further where any obligated entity fails to comply with the renewable purchase obligation, it shall also be liable for penalty as may be decided by the Commission under section 142 of the Act:

Provided that the monetary penalty so imposed shall not be allowed as a pass through in the ARR in case of distribution licensee:

Provided further that in case of genuine difficulty in complying with the renewable power purchase obligation because of non-availability of renewable energy and/or certificates, the obligated entity can approach the Commission to carry forward the compliance requirement to the next year or seek its waiver:

Provided also that where the Commission has consented to carry forward of compliance requirement or its waiver, the provision of Regulation 9(1) of these Regulations or the provision of section 142 of the Act shall not be invoked.

#### **10. Pricing and purchase under REC mechanism**

- (1) The REC mechanism entails pricing of two components, namely, electricity component and REC representing environmental attributes of renewable energy.
- (2) The effective electricity component price during the operating period would be as under:
- (a) For distribution licensee(s), shall be equal to the Pooled Cost of Power Purchase. For determination of Pooled Cost of Power Purchase for a particular year, Discoms shall submit petition for computation of Pooled Cost of Power Purchase to the Commission latest by 30th June of the following year. The Commission shall issue order relating to the Pooled Cost of





Power Purchase within one month of acceptance of the petition. Till the issue of order regarding the Pooled Cost of Power Purchase, the Pooled Cost of Power Purchase of the previous year shall continue to be valid as Provisional Pooled Cost of Power Purchase. After the issue of order for the Pooled Cost of Power Purchase by the Commission, the difference with the Provisional Pooled Cost of Power Purchase shall be adjusted equally in the bills of the next four months or as decided by the Commission in the order determining the Pooled Cost of Power Purchase for that year.

- (b) For sale to Open Access Consumers or a Captive User, it shall be at a mutually agreed price.
- (3) The price of RECs shall be as discovered in the Power Exchange: Provided that the Central Commission may from time to time provide for the forbearance and floor price separately for solar and non-solar RECs.
- (4) Purchase of electricity component from the Renewable Energy having been issued REC would not be counted in fulfillment of RPO and would not be mandatory.

Provided that with the progressive development of the electricity sector, the pricing methodologies for electricity component and REC shall be reviewed at periodic intervals as may be considered appropriate by the Commission.

## **11. Pricing for Existing RE projects**

Tariff rate, tariff structure and other conditions for existing renewable energy project(s) already covered under respective renewable energy Tariff Orders issued by the Commission shall continue to be operative:

Provided that the existing projects for which long term PPA for purchase of renewable energy are already put in place, may participate in REC scheme after the expiry of the period of their existing PPA:

Provided further that such a generating company having entered into a



power purchase agreement for sale of renewable energy at a preferential tariff shall not, in case of pre-mature termination of the agreement, be eligible for participating in the REC scheme for a period of three years from the date of termination of such agreement or till the scheduled date of expiry of PPA whichever is earlier.

## **12. Pricing options for new renewable energy projects to be commissioned during Operating Period**

(1) All the new renewable energy projects commissioned during the Multiyear Control Period, after coming into force of these Regulations and which do not have PPA prior to coming into effect of these Regulations for purchase of Renewable Energy shall have the option of either following the tariff structure and other conditions as stipulated in the RERC (Terms and Conditions for Determination of Tariff) Regulations, 2009 as amended from time to time, subject to agreement of licensee or adopt pricing of the REC mechanism.

(2) In case REC mechanism is repealed / expires or RE generator on his own opts out of the REC mechanism, RE generator can switch over to preferential tariff mechanism subject to scope to accommodate the same in the RPO target of the licensee at a tariff to be determined by the Commission and/or sell renewable energy at mutually agreed price to other obligated entities:

Provided that sub-regulation (2) of this regulation shall not be applicable to an entity whose accreditation/registration has been revoked by the State / Central Agency.

## **13. Compliance by SLDC**

The SLDC shall comply with all the responsibilities cast upon it under the detailed procedure for REC Mechanism notified by CERC and as amended from time to time.

## **14. Power to amend**

The Commission may, at any time, vary, alter, modify or amend any



provisions of these Regulation, with reasons to be recorded in writing.

**15. Power to remove difficulties**

If any difficulty arises in giving effect to the provisions of these Regulations, the Commission may Suo-motu or on a petition, by general or specific order, makes such provisions not inconsistent with the provisions of the Act or the Regulation of Central Commission as may appear to be necessary for removing the difficulty.

**16. Repeal and Saving :**

- (1) Save as otherwise provided in these Regulations, provisions contained in regulation 5 of the RERC (Renewable Energy Obligation) Regulations, 2007 are hereby repealed.
- (2) Notwithstanding such repeal anything done or action taken or purported to have been done for the purpose of meeting RE obligation shall be deemed to have been done or taken under the corresponding provisions of these Regulations.
- (3) Any rights and liabilities arising out of the Regulation so repealed shall be settled within the framework of the repealed Regulations.

(Ashwini Bhagat)  
(Secretary)