

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

No. RA-14026(11)/1/2022-CERC

Date: 15-02-2022

NOTIFICATION (DRAFT)

No. RA-14026(11)/1/2022-CERC: In exercise of powers conferred under sub-section (1) of Section 178 and Section 66 read with clause (y) of sub-section (2) of Section 178 of the Electricity Act, 2003 and all other powers enabling it in this behalf, and after previous publication, the Central Electricity Regulatory Commission hereby makes the following regulations for the development of market in power from renewable energy sources through renewable energy certificates:

1. Short title and commencement

1. These Regulations may be called the Central Electricity Regulatory Commission (Terms and Conditions for Renewable Energy Certificates for Renewable Energy Generation) Regulations, 2022.
2. These Regulations shall come into force from such date as may be notified by the Commission in the Official Gazette.

2. Definition

- (1) In these Regulations, unless the context otherwise requires,
 - a) **'Act'** means the Electricity Act, 2003 (36 of 2003);
 - b) **'Central Agency'** means the agency as referred to in Regulation 3 of these regulations;
 - c) **'Certificate'** means the renewable energy certificate issued by the Central Agency in accordance with these regulations;

- d) **‘Certificate Multiplier’** means the multiplier as determined under Regulation 12 of these regulations;
- e) **‘Commission’** means the Central Electricity Regulatory Commission referred to in sub-section (1) of Section 76 of the Act;
- f) **‘Complete application’** means the application complete in all respects in the format as may be stipulated in the Detailed Procedure;
- g) **‘Detailed Procedure’** means the procedure issued by the Central Agency under these regulations;
- h) **‘eligible entity’** means an entity eligible for issuance of Certificates under these regulations;
- i) **‘Grid Code’** means means the Grid Code specified by the Commission under clause (h) of sub-section (1) of Section 79 of the Act;
- j) **‘National Load Despatch Centre’** means the National Load Despatch Centre established under sub-section (1) of Section 26 of the Act;
- k) **‘Obligated entity’** means an entity for which the State Commission has specified requirement under clause (e) of sub-section (1) of Section 86 of the Act to fulfil the renewable purchase obligation;
- l) **‘Power Exchange’** means a power exchange as defined under sub-clause (as) of clause (1) of Regulation 2 of the Central Electricity Regulatory Commission (Power Market) Regulations, 2021;
- m) **‘REC Regulations, 2010’** means 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;
- n) **‘Regional Load Despatch Centre’** or **‘RLDC’** means the Regional Load Despatch Centre established under sub-section (1) of Section 27 of the Act;

- o) **‘renewable energy sources’** means sources of renewable energy such as hydro, wind, solar including its integration with combined cycle, biomass, bio fuel cogeneration, urban or municipal waste and such other sources as recognized or approved by the Central Government;
- p) **‘renewable purchase obligation’ or ‘RPO’** means the requirement specified by the State Commissions under clause (e) of sub-section (1) of Section 86 of the Act for an entity to purchase electricity from renewable energy sources;
- q) **‘State Agency’** means the agency designated by the State Commission for accreditation of eligible entities for grant of Certificates;
- r) **‘State Commission’** means the State Commission referred to in sub-section (64) of Section 2 of the Act;
- s) **‘State Grid Code’** means the State Grid Code specified by the State Commission under clause (h) of sub-section (1) of Section 86 of the Act;
- t) **‘Trading Licence Regulations, 2020’** means the Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of trading licence and other related matters) Regulations, 2020, as amended from time to time and any re-enactment thereof; and
- u) **‘Year’** means a financial year.

(2) Words and expressions used in these regulations and not defined herein but defined in the Act or any other regulations issued by the Commission, shall have the same meaning assigned to them respectively in the Act, or such other regulations issued by the Commission.

3. Central Agency and its Functions

(1) The National Load Despatch Centre shall be the Central Agency for the purpose of these regulations:

Provided that the Commission may designate any other agency as the Central Agency after satisfying itself that such agency has the required capability of performing functions as provided under these regulations.

- (2) The functions of the Central Agency shall be to:
 - (i) undertake registration of eligible entities,
 - (ii) undertake issuance of Certificates,
 - (iii) maintain and settle accounts in respect of Certificates,
 - (iv) act as repository of transactions in Certificates,
 - (v) maintain Registry of Certificates,
 - (vi) perform such other functions incidental to sub-clauses (i) to (v) of this clause, and
 - (vii) undertake any other function that may be assigned by the Commission.

4. Eligibility for Issuance of Certificates

- (1) Following entities shall be eligible for issuance of Certificates:
 - (a) Renewable energy generating station,
 - (b) Captive generating station based on renewable energy sources,
 - (c) Distribution licensee, and
 - (d) Open access consumer
- (2) A renewable energy generating station shall be eligible for issuance of Certificates, if it meets the following conditions:
 - (a) the tariff of such renewable energy generating station has not been either determined or adopted under section 62 or section 63 of the Act, or the electricity generated is not sold either through an electricity trader or in the Power Exchange, for RPO compliance by an obligated entity;
 - (b) such renewable energy generating station has not availed any (i) waiver or concessional transmission charges or (ii) waiver or concessional wheeling charges or (iii) facility of banking of electricity.

(3) Captive generating stations based on renewable energy sources and meeting the conditions as specified under clause (2) of this Regulation in respect of renewable energy generating stations shall be eligible for issuance of Certificates:

Provided that the Certificates issued to such captive generating stations to the extent of self-consumption, shall not be eligible for sale.

(4) An obligated entity being a distribution licensee or an open access consumer, which purchases electricity from renewable energy sources in excess of the renewable purchase obligation determined by the State Commission shall be eligible for issuance of Certificates to the extent of purchase of such excess electricity from renewable energy sources.

5. The Processes

The process involves (i) accreditation and registration for Certificates and (ii) issuance, exchange and redemption of Certificates, as specified in these regulations.

6. Grant of Accreditation for Certificates

(1) Accreditation for Certificates to the eligible entities connected to intra-State transmission system shall be granted by the State Agency:

Provided that the entities granted accreditation for Certificates under the REC Regulations, 2010 shall be deemed to have been granted accreditation for Certificates under these regulations till validity of their accreditation under the REC Regulations, 2010.

(2) Accreditation for Certificates to eligible entities connected to inter-State transmission system shall be granted by the RLDC of the region in which such eligible entities are located, in accordance with the Procedure for Accreditation for Certificate to be issued by the Central Agency as part of the Detailed Procedure:

Provided that the entities granted accreditation for Certificates under the REC Regulations, 2010 shall be deemed to have been granted accreditation for Certificates under these regulations

and their accreditation shall remain valid till the date of validity of their accreditation under the REC Regulations, 2010.

(3) Eligible entities that have been granted accreditation for Certificates, referred to in clause (2) of this Regulation, which have undergone a change in name or change in legal status after the grant of accreditation for Certificates, shall inform, along with relevant documents from the appropriate authority such as Registrar of Companies or National Company Law Tribunal or any other Court, to the concerned RLDC which shall, upon verification of documents, update such change in its records within 30 days from the date of such information and inform the same to the Central Agency.

7. Revocation of Accreditation

The concerned RLDC, after making an enquiry and giving notice may revoke, recording reasons for such revocation, accreditation granted to an eligible entity referred to in clause (2) of Regulation 6 of these regulations in case the eligible entity breaches any of the terms and conditions of its accreditation, the breach of which is expressly declared by such accreditation to render it liable to revocation.

8. Grant of Registration for Certificates

(1) An eligible entity which has been granted accreditation for Certificates or deemed to have been granted accreditation for Certificates under these regulations, shall be eligible for grant of registration for Certificates by the Central Agency in accordance with the Procedure for Registration for Certificate to be issued by the Central Agency as part of the Detailed Procedure:

Provided that the entities granted registration for Certificates under the REC Regulations, 2010 shall be deemed to have been granted registration for Certificates under these regulations.

(2) The registration for Certificates granted in terms of these regulations shall be valid for 15 years from the date of registration for Certificates:

Provided that the registration for Certificates granted under the REC Regulations, 2010 and deemed to have been granted registration for Certificates under these regulations shall be valid for a period of 15 years from the date of deemed registration for such Certificate.

(3) The entities having been granted registration for Certificates which have undergone change in name or change in legal status after the grant of registration for Certificates, shall inform, along with relevant documents from the appropriate authority such as Registrar of Companies or National Company Law Tribunal or any other Court, to the Central Agency which shall, upon verification of documents update such change in its records within 30 days from the date of such application.

9. Revocation of Registration

The Central Agency, after making an enquiry and giving notice may revoke, recording reasons for such revocation, registration granted to an eligible entity referred to in clause (1) of Regulation 8 of these regulations in case the eligible entity breaches any of the terms and conditions of its registration, the breach of which is expressly declared by such registration to render it liable to revocation.

10. Issuance of Certificates

(1) An eligible entity which has been granted registration for Certificates or deemed to have been granted registration for Certificates may apply for issuance of Certificates, to the Central Agency in accordance with the Procedure of Issuance of Certificate to be issued by the Central Agency as part of the Detailed Procedure.

(2) Application for issuance of Certificates shall be made to the Central Agency within six months from the corresponding generation by the eligible entity:

Provided that no Certificate shall be issued for applications made beyond the period of six months from corresponding generation.

(3) The Central Agency shall, within fifteen days from the date of receipt of complete application for issuance of Certificate by the eligible entities, issue Certificate or reject the application recording reason for such rejection and intimate the same to the concerned entity.

(4) The Certificates shall be issued on the basis of the electricity generated and injected into the grid or deemed to be injected in case of self-consumption by the eligible captive generating stations based on renewable energy sources and duly accounted in the Energy Accounting System:

(i) as per the Grid Code or the State Grid Code, as the case may be, or

(ii) based on written communication of distribution licensee to the concerned State Load Despatch Centre or Regional Load Despatch Centre with regard to the energy input by the renewable energy generating stations and captive generating stations based on renewable energy sources which are not covered under the existing scheduling and despatch procedures.

(5) The entities granted registration for Certificates or deemed to have been granted registration for Certificates under these regulations shall be eligible for issuance of Certificates for the validity period of their registration for Certificates.

11. Exchange and Redemption of Certificates

(1) The Central Agency shall maintain a Registry of Certificates.

(2) The Certificates shall be exchanged through power exchanges or through electricity traders in such periodicity as may be stipulated by the Central Agency in the Detailed Procedure.

(3) The Power Exchange(s) shall seek approval of the Commission, if required under the Central Electricity Regulatory Commission (Power Market) Regulations, 2021 to the respective Bylaws and Rules for exchange of Certificates in the Power Exchange(s).

(4) Exchange of Certificates through electricity traders shall be subject to the following:

(a) The eligible entities shall inform, in advance, to the Central Agency about the number of Certificates intended to be sold through electricity traders;

- (b) The Central Agency shall block the Certificates in the Registry as informed by eligible entity in terms of sub-clause (a) of this clause;
- (c) The Certificates blocked under sub-clause (b) of this clause shall not be allowed to be exchanged through Power Exchange(s);
- (d) The electricity trader shall intimate to the Central Agency consequent upon sale of the Certificates blocked under sub-clause (b) of this clause;
- (e) The trading margin to electricity traders for trade of Certificates shall be governed by the Trading Licence Regulations, 2020, treating one Certificate representing one Megawatt hour of electricity.

(5) The Certificates once exchanged through Power Exchange(s) or through electricity traders and used for compliance of RPO by the obligated entities, shall stand redeemed.

(6) Upon redemption, the Central Agency shall extinguish the said Certificates from the Registry and update its records.

(7) The Certificates issued to captive generating stations based on renewable energy sources to the extent of self-consumption shall stand redeemed on compliance of RPO:

Provided that the State Agency shall inform the Central Agency about such redemption of Certificates, upon which the Central Agency shall extinguish such Certificates and update its records.

12. Denomination of Certificate

(1) Each Certificate issued under these regulations shall represent one Megawatt hour of electricity generated from renewable energy sources and injected or deemed to be injected (in case of self-consumption by eligible captive generating station based on renewable energy sources) into the grid:

Provided that Certificate Multiplier may be determined by the Commission as per clause (2) of this Regulation:

Provided further that Certificates shall be issued in multiple of the assigned Certificate Multiplier as per clause (2) of this Regulation for one Megawatt hour of electricity generated and injected or deemed to be injected into the grid.

(2) The Certificate Multiplier for the period of three years from the date of effect of these regulations or such other period as may be decided by the Commission, as determined in **Appendix-1** shall be as under:

Renewable Energy Technologies	Certificate Multiplier
On-shore Wind and Solar	1
Hydro	1.5
Municipal Solid Waste (MSW) and non-fossil fuel-based cogeneration	2
Biomass and Biofuel	2.5

Provided that the Certificate Multiplier for other renewable energy technologies, not covered in the above table, shall be notified by the Commission on a case-to-case basis based on the principles stipulated in Appendix-1:

Provided further that the Commission may, from time to time, based on review of the maturity level and cost of various renewable energy technologies, revise the Certificate Multiplier.

(3) Applicable Certificate multiplier as per clause (2) of this Regulation shall be assigned to the renewable energy generating stations and captive generating stations based on renewable energy sources, commissioned after the date of effect of these regulations.

(4) The Certificate Multiplier once assigned to a renewable energy generating station, shall remain valid for a period of fifteen years from the date of commissioning of such renewable energy generating station or captive generating station based on renewable energy sources.

13. Pricing of Certificates

(1) The price of Certificate shall be as discovered in the Power Exchange(s) or as mutually agreed between eligible entities and the electricity traders:

Provided that the Power Exchange(s) and the electricity traders shall report all transactions with details including but not limited to volume, price, buyers and sellers to the Central Agency on a monthly basis.

(2) The Commission, on being satisfied that any of the following circumstances exist or is likely to occur, may by an order give such directions as may be considered necessary:

- (a) Abnormal increase or decrease in prices of Certificates;
- (b) Sudden volatility in the prices of Certificates;
- (c) Sudden high or low transaction volumes of Certificates on a Power Exchange.

14. Validity of Certificates

(1) The Certificates issued shall remain valid until they are redeemed:

Provided that where an eligible entity has obtained accreditation or registration on the basis of false information or by suppressing material information and the accreditation for Certificates or registration for Certificates of such entity is revoked at a later date, the Certificates already issued to such entity, but not redeemed, shall stand extinguished from the date of issue of such Certificates and in respect of Certificates already redeemed, such entity shall deposit to the Central Agency, the amount realized from sale of such Certificates along with the interest at the rate of two hundred (200) basis points above the State Bank of India Marginal Cost of Funds based Lending Rate (MCLR) of one year tenor.

15. Fees and Charges

The Commission may, based on the proposal from the Central Agency, determine the fees and charges payable by the eligible entities for accreditation, registration, issuance of Certificates and other matters connected therewith.

16. Detailed Procedure

- (1) The Central Agency shall issue the Detailed Procedure after stakeholders' consultation within a period of 3 months of notification of these regulations and submit the same for information to the Commission.
- (2) The Detailed Procedure shall contain procedures including, but not limited to:
 - (a) Procedure for Accreditation for Certificate as referred in clause (2) of Regulation 6 of these regulations;
 - (b) Procedure for Registration for Certificate as referred to in clause (1) of Regulation 8 of these regulations;
 - (c) Procedure for Issuance for Certificate as referred to in clause (1) of Regulation 10 of these regulations;
 - (d) Periodicity for exchange of Certificate through power exchange or through electricity traders as referred to in clause (2) of Regulation 11 of these regulations;
 - (e) other related and incidental matters.

17. Power to give directions

The Commission may, from time to time, issue such practice directions and orders as considered appropriate for the implementation of these regulations.

18. Power to Relax

The Commission may by general or special order, for reasons to be recorded in writing, and after giving an opportunity of hearing to the parties likely to be affected may relax any of the provisions of these regulations on its own motion or on an application made before it by interested person(s).

19. Repeal and Savings

- (1) Save as otherwise provided in these regulations, the REC Regulations, 2010 and all subsequent amendments and Procedures thereof shall stand repealed from the date of effect of these regulations.

(2) Notwithstanding such repeal:

(a) anything done or any action taken or purported to have been done or taken or any accreditation or registration or permission granted or any document or instrument executed or any direction given under the repealed regulations shall, in so far as it is not inconsistent with the provisions of these regulations, be deemed to have been done or taken under the corresponding provisions of these regulations.

(b) any order or direction issued or approval granted, or any appointment made in pursuance of the repealed regulations shall, if in force at the commencement of these regulations, continue to be in force, and shall have effect as if made, directed or issued under or in pursuance of these regulations, unless otherwise specifically required under these regulations.

Sd/-

(Sanoj Kumar Jha)

Secretary

Principles for Determination of Certificate Multiplier

- A) Certificate Multiplier has been determined based on the tariff range of various renewable energy sources, by taking into account the:
- Tariffs of renewable energy projects discovered through bidding process under Section 63 of the Act;
 - Tariff Orders issued by the Commission for projects based on various Renewable Energy Sources;
 - Tariff Orders issued by State Electricity Regulatory Commissions for Renewable Energy Projects;
 - Renewable Energy Project Specific Tariffs determined by the Appropriate Commission, if any.
- B) Based on the above principles, the levelized tariff for renewable energy technologies estimated and Certificate Multiplier assigned to renewable energy technologies are as follows:

Renewable Energy Technologies based on	Tariff Range in Rs/kWh	Certificate Multiplier
On-shore Wind and Solar	<=4	1
Hydro	4-6	1.5
Municipal Solid Waste (MSW) and non-fossil fuel-based cogeneration	6-8	2
Biomass and Biofuel	8-10	2.5