

**ANDHRA PRADESH ELECTRICITY REGULATORY
COMMISSION
RENEWABLE POWER PURCHASE OBLIGATION
(COMPLIANCE BY PURCHASE OF
RENEWABLE ENERGY/RENEWABLE ENERGY
CERTIFICATES)
REGULATIONS, 2012
Regulation No. 1 of 2012**

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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, and after previous publication and after holding a public hearing on 12-01-2012, the Andhra Pradesh Electricity Regulatory Commission hereby makes the following regulations for prescribing the obligation for purchase of Renewable Power and its Compliance by purchase of Renewable Energy / Renewable Energy Certificates:

1. Short title and commencement:

- (i). These regulations may be called the APERC - Renewable Power Purchase Obligation (Compliance by purchase of Renewable Energy/Renewable Energy Certificates) Regulations, 2012 (Regulation No. 1 of 2012).
- (ii). These regulations shall come into force from 1st April, 2012.
- (iii). These Regulations shall apply throughout the State of Andhra Pradesh.

2. Definitions and Interpretation: In these regulations, unless the context otherwise requires,

- (a). 'Act' means the Electricity Act, 2003 (36 of 2003);
- (b). 'Central Agency' means the agency operating the National Load Dispatch Centre (NLDC) or such other agency as the Central Commission may designate from time to time;
- (c). 'Central Commission' means the Central Electricity Regulatory Commission referred to in sub-section (1) of section 76 of the Act;
- (d). 'Certificate' means the Renewable Energy Certificate (REC) issued by the Central Agency in accordance with the procedures prescribed by it and under the provisions specified in the Central Electricity Regulatory Commission (Terms and Conditions for recognition and issue of Renewable Energy Certificate for Renewable Energy Generation) Regulations, 2010, as amended from time to time;
- (e). 'Commission' means the Andhra Pradesh Electricity Regulatory commission as referred in sub-section (1) of section 82 of the Act;
- (f). '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;
- (g). 'Forbearance price' means the ceiling price as determined by the Central Commission in accordance with the Central Electricity Regulatory Commission (Terms and Conditions for

recognition and issue of Renewable Energy Certificate for Renewable Energy Generation) Regulations, 2010, as amended from time to time, within which only the Certificate can be dealt in power exchange;

- (h). 'MNRE' means the Ministry of New and Renewable Energy;
- (i). 'Obligated entity' means an entity obligated to purchase renewable power under clause (3) of these Regulations;
- (j). 'Open Access Consumer' means a consumer availing open access under subsection (2) of Section 42 of the Act;
- (k). 'Pooled Cost of Power Purchase' means the weighted average pooled price at which the distribution licensee has purchased electricity in the previous year from all the long-term energy suppliers excluding the purchases based on liquid fuel.

Provided that the purchases from traders, short-term purchases and purchases from renewable sources shall not be taken into account while determining Pooled Cost of Power Purchase;

- (l). 'Power Exchange' means any exchange operating as the power exchange for electricity in terms of the orders issued by the Central Commission;
- (m). 'Renewable energy sources' means renewable sources such as Co-generation (from renewable sources of energy like bagasse), Mini Hydel, Municipal Waste, Industrial Waste, Biomass, Wind, Solar including its integration with combined cycle, bio-fuel cogeneration, Geo-thermal, Tidal and such other sources as recognized or approved by MNRE;

- (n). 'State agency' means the State Load Despatch Centre of the State of Andhra Pradesh as defined under section 2(66) of the Act or the agency so designated by the Commission under Clause (5.4) of these Regulations to act as the agency for accreditation and recommending the renewable energy projects for registration and to undertake functions under these regulations;
- (o). 'Year' means a financial year;
- (p). 'RPPO' means Renewable Power Purchase Obligation prescribed under Clause (3) of these Regulations;
- (q). 'RESCO' means Rural Electricity Supply Co-operative Society. Words and expressions used in these Regulations and not defined herein, but defined in the Act or the regulations issued by the Central Commission or any other regulations issued by the Commission, shall have the same meaning assigned to them respectively in the Act or such regulations issued by the Central Commission or such other regulations issued by the Commission.

3. Renewable Power Purchase Obligation (RPPO):

3.1 Every distribution licensee shall purchase from renewable energy sources, at the generic tariff rates determined by the Commission, for purchase of electricity from different types of renewable energy sources, a quantum of not less than 5% of its consumption of energy, during each of the years from 2012-13 to 2016-17 (each year commencing from 1st April of the Calendar Year and ending on 31st March of the subsequent Calendar Year), provided that the purchase of Renewable Energy Certificates issued under the

Central Electricity Regulatory Commission (Terms and Conditions for recognition and issue of Renewable Energy Certificate for Renewable Energy Generation) Regulations, 2010 as amended from time to time, shall also be treated as fulfilment of the Renewable Power Purchase Obligation (RPPO) prescribed herein;

Provided that a minimum of 0.25 percentage point out of the 5% Renewable Power Purchase Obligation (RPPO) above specified, shall be procured from generation based on solar as renewable energy sources;

Provided that in the event of the obligated entity, fulfilling the Renewable Power Purchase Obligation (RPPO) 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 the fulfilment of such obligation to purchase renewable energy shall be inclusive of the purchases, if any, from renewable energy sources already being made by concerned obligated entity;

Provided further, that the purchase of renewable power, by the distribution licensee, from other distribution licensees in the state of Andhra Pradesh, shall also be taken into account for computing the fulfilment of Renewable Power Purchase Obligation (RPPO) by such a licensee;

Provided further, that the consumption of a Rural Electricity Supply Co-operative Society (RESCO) shall be taken into account for calculating the consumption of a distribution licensee for the purpose of these Regulations. There shall be no separate Renewable Power Purchase Obligation on the RESCOs;

Provided also that the power purchases under the Power Purchase Agreements for the purchase of renewable energy sources already entered into by the distribution licensees and consented to by the Commission shall continue to be made till their present validity, even if the total purchases under such agreements exceed the percentage as specified hereinabove.

Provided further, that the Commission may, either on its own motion or on recommendation of the State Agency or on receipt of an application from the obligated entity(s) or eligible entity(s), revise for any year the percentage targets given herein above as deemed appropriate;

3.2 Every open access consumer in the state of Andhra Pradesh shall purchase from renewable energy sources, a quantum of not less than 5% of its consumption of energy, during each of the years from 2012-13 to 2016-17 (each year commencing from 1st April of the Calendar Year and ending on 31st March of the subsequent Calendar Year), provided that the purchase of Renewable Energy Certificates issued under the Central Electricity Regulatory Commission (Terms and Conditions for recognition and issue of Renewable Energy Certificate for Renewable Energy Generation) Regulations, 2010 as amended from time to time, shall also be

treated as fulfilment of the Renewable Power Purchase Obligation (RPPO) prescribed herein;

Provided that a minimum of 0.25 percentage point out of the 5% Renewable Power Purchase Obligation (RPPO) above specified, shall be procured from generation based on solar as renewable energy sources;

Provided that in the event of the obligated entity, fulfilling the Renewable Power Purchase Obligation (RPPO) 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 the fulfilment of such obligation to purchase renewable energy shall be inclusive of the purchases, if any, from renewable energy sources already being made by concerned obligated entity;

Provided further, that the Commission may, either on its own motion or on recommendation of the State Agency or on receipt of an application from the obligated entity(s) or eligible entity(s), revise for any year the percentage targets given herein above as deemed appropriate;

- 3.3 Every consumer owning a captive generating plant of installed capacity of One (1) MW shall purchase Renewable Energy Certificates issued under the Central Electricity Regulatory Commission (Terms and Conditions for recognition and issue of Renewable Energy Certificate for Renewable Energy Generation)

Regulations, 2010 as amended from time to time, corresponding to a quantum of not less than 5% of its consumption of energy, during each of the years from 2012-13 to 2016-17 (each year commencing from 1st April of the Calendar Year and ending on 31st March of the subsequent Calendar Year) provided that the purchase of energy from renewable energy sources shall also be treated as fulfilment of the Renewable Power Purchase Obligation (RPPO) prescribed herein;

Provided that a minimum of 0.25 percentage point out of the 5% Renewable Power Purchase Obligation (RPPO) above specified, shall be procured from generation based on solar as renewable energy sources;

Provided that in the event of the obligated entity, fulfilling the Renewable Power Purchase Obligation (RPPO) 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 the fulfilment of such obligation to purchase renewable energy shall be inclusive of the purchases, if any, from renewable energy sources already being made by concerned obligated entity;

Provided further, that the Commission may, either on its own motion or on recommendation of the State Agency or on receipt of an application from the obligated entity(s) or eligible entity(s),

revise for any year the percentage targets given herein above as deemed appropriate;

4. Certificates under the Regulations of the Central Commission:

- 4.1 The procurement, by the obligated entity(s), of Renewable Energy Certificates issued under the Central Electricity Regulatory Commission (Terms and Conditions for recognition and issue of Renewable Energy Certificate for Renewable Energy Generation) Regulations, 2010 shall be subject to such directions as the Commission may issued from time to time.
- 4.2 The Renewable Energy Certificates purchased by the obligated entity(s) from the power exchange shall be deposited by the obligated entity(s) with the state agency.

5. State Agency:

- 5.1 The State Agency shall function in accordance with the directions issued by the Commission and shall act in consistent 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 issue of Renewable Energy Certificate for Renewable Energy Generation) Regulations, 2010 as amended from time to time.
- 5.2 The State Agency shall submit quarterly status to the Commission in respect of compliance of Renewable Power Purchase Obligation (RPPO) by the obligated entity(s) in the format as stipulated by the Commission and may suggest appropriate action to the Commission if required for compliance of the Renewable Power Purchase Obligation.

5.3 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.

5.4 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.

6. Eligibility and Registration for Certificates: -

A generating company [including a Captive Power Producer (CPP)] in Andhra Pradesh engaged in generation of electricity from renewable energy sources shall be eligible for obtaining accreditation from the State Agency if it fulfils the following conditions:

- a). It does not have any Power Purchase Agreement for the capacity related to such generation to sell electricity at a tariff determined by the Commission from time to time for sale of energy to a distribution licensee; and
- b). It sells the electricity generated either (i) to the distribution licensee in the State of Andhra Pradesh at the pooled cost of power purchase, or (ii) to any other licensee or to an open access consumer at a mutually agreed price, or through power exchange at market determined price.

Note: (1). For determination of Pooled Cost of Power Purchase for a particular year, DISCOMs shall submit a petition for computation of Pooled Cost of Power Purchase to the Commission by 30th April of that year. The Commission shall issue order relating to the Pooled Cost of Power

Purchase for the particular year within one month of acceptance of such 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 two months or as decided by the Commission in the order determining the Pooled Cost of Power Purchase for that year.

Provided further, that the Pooled Cost of Power Purchase applicable for the period from the date of publication of these Regulations in the Andhra Pradesh Gazette till 31-05-2012 shall be R 2.00 per unit which shall be treated as ad-hoc notional pooled cost of power purchase of the previous year.

(2).The PPA covering the transaction at [Note (1)] above may be developed by APDISCOMs generally keeping in view the standard PPAs being followed by them suitably modifying the same to the extent required and entered with the NCE developer in Andhra Pradesh for the transaction indicated at [Note (1)] above.

c). That in respect of CPP, it has not at all availed or does not at all propose to avail any benefit in the form of concessional / promotional transmission or wheeling charges, banking facility and waiver of electricity duty.

Note: (1).The entire energy generated from CPP including self consumption shall be eligible for RECs.

(2).The dispute, if any, on the question as to whether such concessional / promotional benefits were availed by a CPP or not shall be referred to the Commission.

7. Consequences of default:

7.1 If the obligated entity(s) does not fulfil the Renewable Power Purchase Obligation as provided in clause (3) of these regulations during any year, the Commission may direct the obligated entity(s) to deposit into a separate fund, to be created and maintained by the State Agency, such amount as the Commission may determine on the basis of the shortfall in units of Renewable Power Purchase Obligation (RPPO) and the forbearance price decided by the Central Commission.

Provided that the fund so created shall be utilised, for purchase of the certificates or as may be directed by the Commission;

Provided further that the Commission may empower an officer of the State Agency to procure from the Power Exchange the required number of certificates to the extent of the shortfall in the fulfilment of the obligations, out of the amount in the fund.

7.2 Where any obligated entity(s) fails to comply with the obligation prescribed in clause (3) of these Regulations, it shall, in addition to the compliance of the directions under clause (7.1) above, be liable for penalty as may be decided by the Commission under section 142 of the Act.

8. Repeal and Saving:

8.1 Save as otherwise provided in these Regulations, the Renewable Power Purchase Obligation (RPPO) order dated 31-03-2009 issued in O.P.No. 16 of 2008 (Suo-motu) to the extent amended

vide orders dated 06-07-2010 in O.P.No. 10 of 2010, are hereby repealed.

- 8.2 Notwithstanding such repeal, any thing done or action taken or purported to have been done in pursuance of the provisions of the repealed Renewable Power Purchase Obligation (RPPO) order dated 31-03-2009 issued in O.P.No. 16 of 2008 (Suo-motu) to the extent amended vide orders dated 06-07-2010 in O.P.No. 10 of 2010 shall be considered to be legal and valid.
- 8.3 Any rights and liabilities arising out of the orders so repealed shall be settled within the framework of the repealed orders.

9. Power to remove difficulties:

The Commission, Suo-Motu or on an application from any person generating electricity from renewable sources or an entity mandated under clause (e) of sub-section (1) of section 86 of the Act to fulfil the Renewable Power Purchase Obligation (RPPO), may review, add, amend or alter these regulations and pass appropriate orders to remove any difficulty in exercising the provisions of these regulations.

10. Miscellaneous

- 10.1 Nothing in these regulations shall be deemed to limit or otherwise affect the power of the Commission to make such orders as may be necessary to meet the ends of justice or to prevent abuse of process of the Commission.
- 10.2 Nothing in these regulations shall bar the Commission from adopting a procedure which is at variance with any of the provisions of these regulations, if the Commission, in view of the special circumstances of a matter or class of matters and for

reasons to be recorded in writing, deems it necessary or expedient for so dealing with such a matter or class of matters.

(BY ORDER OF THE COMMISSION)

**Hyderabad
21-03-2012**

**M.D.MANOHAR RAJU
COMMISSION SECRETARY**