

**MEGHALAYA STATE ELECTRICITY REGULATORY COMMISSION
SHILLONG**

NOTIFICATION

The 21st December 2010

NO.MSERC/05/61. In exercise of the powers conferred by section 181 read with sections 61(b) and 86(1)(e) of the Electricity Act, 2003 and all powers enabling it in that behalf, the Meghalaya State Electricity Regulatory Authority hereby makes the following regulations, the same having been previously published in the Gazette of Meghalaya of issue dated 21st October 2010 and objections or comments, as may have been received from interested parties, considered, namely -

**THE MEGHALAYA STATE ELECTRICITY REGULATORY COMMISSION
(RENEWAL ENERGY PURCHASE OBLIGATION AND COMPLIANCE)
REGULATIONS, 2010**

(2 OF 2010)

1. Short title and commencement

(1) These regulations may be called the Meghalaya State Electricity Regulatory Commission (Renewal Energy Purchase Obligation and its Compliance) Regulations, 2010.

(2) They shall come into force on the date of their publication in the Gazette of Meghalaya.

2. Definitions and Interpretation : (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 designated as such under the provisions of the Central Regulations, 2010.
- c) 'Central Commission' means the Central Electricity Regulatory Commission referred in sub-section (1) of section 76 of the Act;
- d) 'Central 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.

- e) 'certificate' means the renewable energy certificate issued by the Central Agency in accordance with the procedure prescribed by it under the Central Regulations;
- f) 'Commission' means the Meghalaya State Electricity Regulatory Commission;
- g) 'floor price' and 'forbearance price' mean respectively the minimum price and the ceiling price as determined by the Central Commission in accordance with the Central Regulations, 2010 as amended from time to time , at and between which the certificates can be dealt in the Power Exchange;
- h) 'Inter-connection Point' means the interface point of renewable energy generating facility with the transmission system or distribution system as the case may be and -
 - (i) in relation to wind energy projects and Solar Photovoltaic Projects, inter-connection point shall be line isolator on outgoing feeder on HV side of the pooling sub-station; and
 - (ii) in relation to the small hydropower, biomass power and non-fossil fuel based co-generation power projects and solar thermal power projects, the inter-connection point shall be line isolator on outgoing feeder on HV side of generator transformer.
- i). 'obligated entity' means a distribution licensee, a consumer owning a captive power plant and an open access consumer in the State of Meghalaya which is mandated to purchase electricity from renewable energy sources and to fulfill the requirements under these regulations.
- j). 'Power Exchange' means any exchange operating as the power exchange for electricity in terms of the orders issued by the Central Commission;
- k). 'renewable energy sources' means renewable sources such as small 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 Ministry of New and Renewable Energy;
- l). 'State Agency' means the agency designed as such by the Commission under sub-regulation (1) of regulation 5; and

m). 'year' means a financial year commencing from April and ending March next following.

(2). Words and expressions used in these regulations and not defined but defined in the Act or the Central Regulations shall have the same meaning assigned to them respectively in the Act or the Regulations, as the case may be.

3. Operative Period:

The Renewable Purchase Obligation (RPO) framework stipulated under these regulations shall commence from the date of notification of these regulations in the Gazette of Meghalaya and shall remain operative until it is revised.

4. Quantum of Renewable Purchase Obligation (RPO)

(1) Every obligated entity shall purchase electricity (in KWh) from renewable energy sources at a quantum which is not less than the minimum calculated on the basis of percentage of the total consumption of the consumers in an area of the entity.

(2) At the commencement of these regulations the minimum percentage shall be as hereinbelow specified, that is –

Year	Minimum quantum of purchase (in %) from renewable energy sources (in kWh)			
	Total	Wind	Solar	Others
2010-11	0.5 %	0.1 %	0.2 %	0.2 %
2011-12	0.75 %	0.15 %	0.3 %	0.3 %
2012-13	1.0 %	0.20 %	0.4 %	0.4 %

(3) At the end of 2012-13 The Commission may, by Order passed, refix the percentage for subsequent years:

Provided that if no such Order is passed the percentage specified for 2012-13 shall continue until it is revised.

(4) The percentage specified in sub regulation (2) shall be inclusive of purchase, if any, from renewable energy sources already being made by the obligated entity concerned.

(5) Any agreement for purchase of renewable energy sources already entered into by a distribution licensee shall continue to be valid till it expires, even if the total purchase under such agreement exceeds the percentage as specified in sub-section (2).

(6) The Commission may, suo moto or at the request of a licensee, revise the percentage targets for a year keeping in view the supply constraints or other factors which are beyond the control of the licensee.

5. Certificates issued under the Regulations of the Central Commission

(1) The certificates issued under the Central Regulations, 2010 shall be the valid instruments for the discharge of the mandatory obligation set out under these regulations:

Provided that where an obligated entity has fulfilled the obligation by purchase of certificates, the obligation to purchase electricity from generation based on solar renewable energy source shall be deemed to have been fulfilled by purchase of solar certificates only and the obligation to purchase electricity from other renewable energy sources shall be fulfilled by purchase of such non-solar certificates.

(2) Subject to such direction as the Commission may give from time to time, the obligated entity shall act consistent with the Central Regulations, 2010 in regard to the procurement of the certificates for fulfillment of the obligation under these regulations.

(3) certificates purchased by the obligated entities from the Power Exchange shall be deposited by the obligated entities with the appropriate agency in accordance with the detailed procedure to be issued by the Central Commission or the Central Agency, as the case may be.

6. State Agency

(1) The Commission shall designate an agency to be the State Agency for accreditation and recommending the renewable energy projects for registration and for undertaking other functions as may be entrusted by the Commission.

- (2) The State Agency shall function in accordance with the directions issued by the Commission and shall act consistent with the procedures laid down by Central Agency in the discharge of its functions under the Central Regulations, 2010.
- (3) The State Agency shall submit quarterly report to the Commission in respect of compliance of renewable purchase obligation by the obligated entities in the format as may be laid down by the Commission and may also suggest appropriate action, if any, for securing compliance with 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 and the same may be recovered from the accredited entities and from the obligated entities.
- (5) If the Commission is satisfied that the State Agency is not able to discharge its functions satisfactorily, it may by Order, and after recording reasons in writing, designate another agency to function as State Agency as it considers appropriate.

7. Distribution licensee.

- (1) A distribution licensee shall indicate along with sufficient proof the estimated quantum of energy to be purchased from renewable energy sources for an ensuing year in tariff and also the annual performance review petition in accordance with regulations as may be specified by the Commission and the estimated quantum of purchase shall be in accordance with sub-regulation (2) of regulation 4 of these regulations.
- (2) In the event of the actual consumption in the license area being different from that approved by the Commission, the RPO shall be deemed to have been modified accordingly.
- (3) If the distribution licensee is unable to fulfill the obligation, the shortfall in the specified quantum for the year shall be added to the specified quantum for the

following year, and credit for excess purchase shall not be adjusted in the ensuing year.

- (4) If despite availability of renewable energy sources the distribution licensee fails to fulfill the minimum quantum of purchase the licensee shall be liable to pay compensation as per regulation 9 of these regulations.

8. Application of RPO to captive power plant owners and open access consumers

- (1) The obligation to purchase electricity and the percentage as specified in sub-regulation (2) of regulation 4 may, by an Order of the Commission, be made applicable to captive power plant owners and open access consumers from such date as it may appoint.

- (2) A captive power plant owner or an open access consumer who fails to purchase the minimum percentage as so specified shall be liable to pay regulatory charges.

- (3) Captive power plant owners and open access consumers shall-

- (a) submit details of total consumption of electricity and purchase of electricity made from renewal energy sources before the thirtieth day of April of each year; and

- (b) fulfill the obligation by purchase of certificates referred to in regulation 5.

9. Consequences of default

- (1) If an obligated entity does not fulfill the renewable purchase obligation as provided in these regulations during any year and also does not purchase the certificates, the Commission may direct the obligated entity 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 RPO and at the forbearance price.

- (2) The fund so created shall be utilized for purchase of the certificates as the Commission may direct.

- (3) The Commission may empower an officer of the State Agency to operate the fund and procure from the Power Exchange the required number of certificates to the extent of the shortfall to fulfill of the obligation.
- (4) An obligated entity shall be in breach of its license condition if it fails to deposit the amount directed by the Commission under sub-regulation (1) within 15 days of the communication of the direction.
- (5) In case of genuine difficulty in complying with the obligation because of non availability of certificates, the obligated entity may apply to the Commission for carrying over the compliance requirement to the following year.

10. Renewable Energy pricing

- (1) A new renewable energy project commissioned during the operative period shall have an option of following either the tariff pricing structure and other conditions as may be stipulated in the relevant technology specific tariff regulations of the Commission or adopt the REC mechanism for pricing of the electricity generated from the project.
- (2) Projects which opt for preferential tariff shall have to continue with the same tariff pricing structure until the validity of Power Purchase Agreement ceases.

Explanation : Preferential tariff means the tariff fixed by the Commission for sale of electricity for the purpose of these regulations.

- (3) Such a new renewable energy project shall exercise its choice for selection of appropriate pricing mechanism prior to execution of the PPA with the distribution licensee or with open access consumer, as the case may be.
- (4) An existing renewable energy project for which a long term PPA is already in place, may be allowed to participate in REC scheme only after the expiry of the PPA and prior termination of the PPA will not entitle the project to participate in the REC mechanism.

Note 1 - The REC mechanism entails pricing of two components, namely, electricity component and renewable energy component or REC representing environmental attributes of renewable energy generation. For the purpose of the operating period the effective

electricity component price shall be equivalent to “Pooled Cost of Power Purchase” of the host Utility, whereas, the price of RECs shall be as discovered in the Power Exchange.

Note 2- “Pooled Cost of Power Purchase” is the weighted average pooled price at which the distribution licensee has purchased the electricity including cost of self generation, if any, in the previous year from all the long-term and short-term energy suppliers, but excluding those based on renewable energy sources.

Note 3 - The Central Commission may, in consultation with the Central Agency and the Forum of Regulators, from time to time provide for the forbearance price separately for solar and non-solar RECs.

Note 4 - With the development in the electricity sector, the pricing methodology for electricity component and REC may be reviewed at periodic intervals by the Commission.

11. Grid connectivity

- (1) An entity generating electricity from renewable energy sources irrespective of installed capacity shall have open access to any licensee’s transmission system or distribution system or grid, as the case may be, and such a licensee shall provide appropriate interconnection facilities, as far as possible, before commercial operation commences.
- (2) The interconnection facilities, whenever provided, shall follow the grid connectivity standards as specified in the Indian Electricity Grid Code.
- (3) For evacuation of the power, the entity generating the electricity shall develop the necessary infrastructure from the generation point to the interconnection point and, the licensee beyond the interconnection point, and the cost for such development shall be according to the pricing framework as may be laid down by the Commission.
- (4) The State transmission utility and the distribution licensees shall take timely steps to strengthen the system to facilitate open access for transmission of electricity from renewable energy sources.

12. Power to remove difficulties

If any difficulty arises in giving effect to the provisions of any of these regulations, the Commission may, by general or specific order, relax the provisions to such extent as it deems necessary to remove the difficulty.

13. Power to amend

The Commission shall have the power to review and to amend these regulations or any provisions thereof.

Secretary
Meghalaya State Electricity Regulatory Commission.