

TAMIL NADU ELECTRICITY REGULATORY COMMISSION

Draft Renewable Purchase Obligation and its compliance Regulations, 2010

Draft Notification No. TNERC/REC Regn./...../1 Dated 28-04-2010

(Comments/Suggestions are invited on or before 15-05-2010)

In exercise of powers conferred under sections 61, 66, 86(1)(e) and 181 of the Electricity Act, 2003 (Act 36 of 2003) and all other powers enabling it in this behalf, and after previous publication, the Tamil Nadu Electricity Regulatory Commission hereby makes the following regulations for the Renewable Purchase Obligation and its compliance:

1. Short title and commencement

- (2) These regulations may be called the Tamil Nadu Electricity Regulatory Commission (Renewable Purchase Obligation and its compliance) Regulations, 2010.
- (3) These regulations shall come into force from the date of their publication in the Tamil Nadu Government Gazette.

2. Definitions

- (1) In these regulations, unless the context otherwise requires,
 - a) **'Act'** means the Electricity Act, 2003 (Act 36 of 2003);
 - b) **'Central Agency'** means the agency operating the National Load Dispatch Centre or such other agency as the Central Commission may designate from time to time;
 - c) **'Central Commission'** means the Central Electricity Regulatory Commission;
 - d) **'Certificate'** means the renewable energy certificate 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 issuance of Renewable Energy Certificate for Renewable Energy Generation) Regulations, 2010;

- e) **'Commission'** means the Tamil Nadu Electricity Regulatory commission;
- f) **'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 issuance 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;
- g) **'MNRE'** means the Ministry of New and Renewable Energy;
- h) **'Obligated entity'** means the distribution licensee and the captive power plant users in the state of Tamil Nadu, which is mandated to fulfill renewable purchase obligation under these Regulations;
- i) **'Power Exchange'** means any exchange operating as the power exchange for electricity in terms of the orders issued by the Central Commission;
- j) **'preferential tariff'** means the tariff fixed by the Commission for sale of energy from a generating station based on renewable energy sources to a distribution licensee;
- k) **'Quantum of purchase'** means percentage share of total purchase of electricity from renewable sources **as specified in the Commission's tariff orders on renewable energy**. The quantum would be the sum of all direct purchases from generating stations based on renewable sources and purchase from any other licensee, which would arise from renewable sources.
- l) **'Renewable sources'** means sources as defined in the regulation 2(1) (g) of the Power Procurement from New and Renewable Sources of Energy Regulations, 2008.
- m) **'State agency'** means the agency in the State of Tamil Nadu to be

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 regulations;

n) **'Year'** means a financial year, i.e. from 1st April to 31st March of the succeeding year.

(2) Words and expressions used in these Regulations and not defined 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 meanings 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 Purchase Obligation

(1) Every obligated entity shall purchase not less than defined minimum percentage of its consumption of energy from renewable energy sources under the Renewable Purchase Obligation (RPO) during a year **as specified in the Commission's tariff orders on renewable energy.**

Provided that some percentage point out of the renewable purchase obligation so specified in the Commission's tariff order on Solar energy shall be procured from generation based on Solar as renewable energy source;

Provided further, 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 also that the power purchases under the power purchase agreements for the purchase of renewable energy sources already entered into by the distribution licensees shall continue to be made till their present validity, even if the total purchases under such agreements

exceed the percentage as specified hereinabove.

If the Obligated entity has established the fact that the minimum quantum of power purchase from solar energy is not available in the market either in the form of solar Renewable Energy Certificate (REC) or solar energy in a particular year and the Commission is satisfied with the fact, then in such cases, the other renewable energy sources shall be purchased for fulfillment of the solar RPO **as mentioned in the Commission's tariff orders on renewable energy.**

- (2) The Commission may, *suo-motu* or at the request of a Licensee or any other stake holder, revise the percentage targets of RPO for a year keeping in view supply constraints or other factors beyond the control of licensee.
- (3) If the RPO for any of the financial year is not specified by the Commission, the RPO specified for the previous financial year shall be continued beyond the period till any revision is effected by the Commission in this regard.

4. Certificates 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 be the valid instruments for the discharge of the mandatory obligations set out in these regulations for the obligated entities to purchase electricity from renewable energy sources.

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.

- (2) Subject to 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 mentioned in clause (1) of this Regulation shall be deposited by the obligated entities to the Commission in accordance with the detailed procedure issued by the Central Agency.

5. State Agency

- (1) The Commission shall designate an agency by a separate order as State Agency for accreditation and recommending the renewable energy projects for registration and to undertake functions under these regulations.
- (2) The State Agency 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.
- (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.

6. Effect of default

- (1) If the obligated entities 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 such obligated entity, such amount as the Commission may determine on the basis of the shortfall in units of RPO and the forbearance price decided by the Central Commission;

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

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 fulfillment of the obligations, out of the amount in the fund;

Provided also that the distribution licensee shall be in breach of its licence condition if it fails to deposit the amount directed by the Commission within 15 days of the communication of the direction.

- (2) Where any obligated entity fails to comply with the obligation to purchase the required percentage of power from renewable energy sources or the renewable energy certificates, it shall also be liable for penalty as may be decided by the Commission under section 142 of the Act:

Provided that in case of genuine difficulty in complying with the renewable purchase obligation because of non-availability of certificates, the obligated entity can approach the Commission for carry forward of compliance requirement to the next year:

7. Sharing of CDM benefits

- (1) The benefits of Clean Development Mechanism and **the revenue realized from sale of RECs shall be shared among the renewable energy promoter and the distribution licensee as specified in the Commission's** tariff orders on renewable energy.

8. Power to remove difficulties

- (1) The Commission shall suo-motu or on an application from any person generating electricity from renewable sources or a Distribution Licensee or captive users or open access consumers may review, add, amend or alter these regulations and pass appropriate orders to remove any difficulty in exercising the provisions of these regulations.

(By order of the Commission)

**Assistant Secretary
Tamil Nadu Electricity Regulatory Commission.**